

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION  
OF THE 2017/18 BUDGET FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

**1. PURPOSE**

The purpose of the report is for the Executive Mayor to consider and note the statement of financial performance and the implementation of the 2017/18 budget of the Buffalo City Metropolitan Municipality for the period ended 30 September 2017.

**2. AUTHORITY**

Executive Mayor

**3. LEGAL / STATUTORY REQUIREMENTS**

The Constitution of the Republic of South Africa, 1996  
Municipal Finance Management Act No 56, 2003  
Municipal Budget and Reporting Regulations, 2009

**4. BACKGROUND**

In terms of Section 71 of the Municipal Finance Management Act No 56, 2003, *“the Accounting Officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality’s budget”*.

According to the Municipal Budget Reporting and Regulations (MBRR), 2009, *“the monthly budget statement of a municipality must be in a format specified in Schedule C and include all the required tables, charts and explanatory information taking into account any guidelines issued by the Minister in terms of S168(1) of the Act” (MFMA)*.

This report follows the legislative requirements of the Municipal Budget and Reporting Regulations (Schedule C format).

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# **PART 1: IN-YEAR REPORT**

## **5. RESOLUTIONS**

It is recommended that:

- (i) The Executive Mayor considers and notes the report on the statement of financial performance and the implementation of the 2017/18 budget for the period ended 30 September 2017 including supporting documentation attached as Annexure A to F.
- (ii) The Executive Mayor notes the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.
- (iii) The Executive Mayor notes the year to date collection rate for the period ended 30 September 2017 of 84.06%.

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**A. SIHLAHLA**

**CITY MANAGER**

**BUFFALO CITY METROPOLITAN MUNICIPALITY**

VINCENT PILLAY/ NS

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**DATE**

**6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

**6.1. Dashboard / Performance Summary**

**Table 1: Performance Summary**

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 1,645,051,790	Bank Balance	R 7,724,865
Expenditure	(R 1,437,364,227)	Call investments (excl. int.)	R 1,935,736,602
Operating Surplus	R 207,687,563	<b>Cash and cash equivalents</b>	<b>R 1,943,461,467</b>
Transfers Recognised - Capital	R 94,038,838	<i>Account Payables</i>	<i>(R 595,500,233)</i>
Surplus After Capital Transfers	R 301,726,401	<i>Unspent conditional grants</i>	<i>(R 402,589,294)</i>
<b>DEBTORS</b>		<i>Committed to Capital budget-own funds</i>	<i>(R 875,404,878)</i>
Total debtors book	R 1,992,345,178	<b>Therefore, Cash and Cash equivalents ring fenced for assets renewal in outer years</b>	<b>R 69,967,062</b>
Total debtors - Government	R 49,601,319	Total Long term loans	R 437,521,992
Total debtors - Business	R 487,236,172	<b>SURPLUS / (DEFICIT) PER SERVICE</b>	
Total debtors - Households	R 1,200,589,631	Water	R 18,098,754
Total debtors - Other	R 254,918,056	Electricity	(R 79,248,444)
Total debt written off	R 31,940	Refuse	R 42,010,755
<b>REPAIRS AND MAINTENANCE</b>		Sewerage	R40,707,403
<b>2016/2017:</b> Exp. = R63.3 m, which is 15% of approved budget of R414.79 m	<b>2017/2018:</b> Exp.= R61.39 m, which is 13% of approved budget of R462.45 m		
<b>CAPITAL EXPENDITURE</b>		<b>OPERATING PROJECTS EXPENDITURE</b>	
<b>2016/2017: Exp. as a % of Adjusted Budget of R1.69b:</b> Exp. (excl. vat) = R127.15 mil % exp. (Excl. vat) : 8%  Exp. (incl. vat) = R135.78 mil % exp. (incl. vat): 8%	<b>2017/2018: Exp. as a % of Adjusted Budget of R1.71b:</b> Exp. (excl. vat) = R127.63 mil % exp. (Excl. vat) :7%  Exp. (incl. vat) = R136.23 mil % exp. (incl. vat): 8%	<b>2016/2017: Exp. as a % of Adjusted Budget of R327.39m:</b> Exp. (excl. vat) = R33.56 mil % exp. (excl. vat): 10%  Exp. (incl. vat) = R39.19 mil % exp. (incl. vat): 12%	<b>2017/2018: Exp. as a % of Adjusted Budget of R300.91m:</b> Exp. (excl. vat) = R27.20 mil % exp. (excl. vat): 9%  Exp. (incl. vat) = R27.85 mil % exp. (incl. vat): 9%
<b>FINANCIAL</b>		<b>HUMAN RESOURCES</b>	
Operating Surplus for the period	R 207,687,563	Total staff complement	5 179
Debtors collection ratio	84.06%	Staff Appointments	82
YTD Grants and subsidies	R 453,310,309	Staff Terminations	26
% of Creditors paid within terms	100%	Number of funded vacant posts	657
Current ratio	2.49:1	Total overtime paid (YTD)	R 32,033,433
Total Debt to Revenue	9.08%	Allowances and benefits - Councillors	R 13,955,953
Capital Charges to Operating Expenditure	1.36%	Salary bill - Officials	R 446,106,518
Cost coverage ratio	4.61 months	Workforce costs as a % of expenditure	32.01%

## **6.2 Liquidity position**

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 2.49:1 which indicates the ability of Municipality's current assets to cover its current liabilities. Debtors constitute 40% of the current assets, inventory constitutes 1% and cash & cash equivalents comprise 58% of the current assets. The City has a stronger cash and cash equivalent and can easily meet its immediate obligations.

## **6.3 Collection Rate and Outstanding Debtors**

The year to date collection rate for the month ended 30 September 2017 is 84.06% (2016/17: 82.15%). The collection rate has increased by 6.7% from last month where 77.36% was achieved for the period ended 31 August 2017. This ratio denotes the City's ability to collect the billed revenue from its consumers. The corrective measures that are implemented to improve the collection are detailed under section 8 of the report under debtors' management.

Total debtors book (including current accounts) as at 30 September 2017 amounts to R1.99 billion (2016/17: R1.84 billion). Households: R1.2 billion, Business: R487.24 million, Government: R49.6 million, Other: R254.92 million.

Refer to section 8.1 of the report for details on debtors' management. The debtors' age analysis report is reflected on Annexure B – SC3.

## **6.4 Capital Expenditure**

BCMM has spent 8% (R136.23 million, inclusive of reclaimed vat) of its 2017/18 adjusted capital budget of R1.71 billion as at 30 September 2017. This depicts a slight improvement in rand value terms when compared to the same period in the previous financial year where 8% (R135.78 million, inclusive of reclaimed vat) of the adjusted capital budget of R1.69 billion was spent. The capital expenditure will progressively improve during the year once the procurement processes have been concluded. (Refer to Section 14 for further details).

A detailed schedule of the capital projects expenditure is outlined in Annexure E.

## **6.5 Operating projects**

The Metro has spent 9% (R27.85 million, inclusive of reclaimed vat) of its 2017/18 adjusted operating projects budget of R300.91 million as at 30 September 2017. This reflects a regression in both percentage and rand value terms when compared to the same period in the previous financial year where 12% (R39.19 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R327.39 million was spent. The operating expenditure will progressively improve during the year once the procurement processes have been concluded. (Refer to Section 15 for further details).

A detailed schedule of the operating projects expenditure is outlined in Annexure D.

## **6.6 Expenditure on Conditional Grants (DoRA Allocation)**

The Metro has spent 13% (R114.64 million, inclusive of reclaimed vat) of its 2017/2018 conditional grants budget of R882.77 million as at 30 September 2017. This reflects an improvement when compared to the same period in the previous financial year where 11% (R89.42 million, inclusive of reclaimed of vat) of conditional grants budget of R828.70 million was spent. It is anticipated that expenditure will progressively improve during the year once the procurement processes have been concluded. (Refer to Section 11 for further details).

### **6.6.1. Urban Settlement Development Grant (USDG) funded projects**

BCMM has spent 14% (R104.78 million, inclusive of reclaimed vat) of its 2017/2018 USDG budget of R768.13 million as at 30 September 2017. This reflects an improvement in both percentage and rand value terms when compared to the same period in the previous financial year where 12% (R87.53 million, inclusive of reclaimed of vat) of USDG budget of R731.5 million was spent. It is anticipated that expenditure will progressively improve during the year once the procurement processes have been concluded. (Refer to Section 11 for further details).

## **6.7 Cash and Cash Equivalents**

The cash and cash equivalents of the City as at 30 September 2017 are R1.94 billion made up of cash and bank amounting to R7.72 million and call investment deposits of R1.936 billion. This funding is invested with various financial institutions in compliance with the MFMA. Refer to Section 7.7 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown. The cost coverage ratio of the City is 4.61 months. This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue during that period. This ratio denotes that the City can meet its monthly operating commitments 4.61 times, which is above the norm of 1-3 months as per the MFMA circular 71.

## **6.8 Outstanding Creditors**

The Metro is paying its creditors within 30 days as stipulated by the MFMA except when there are disputes on received invoices. However, Small Micro Medium Enterprises (SMME) are paid on a fortnightly basis to assist emerging service providers. Refer to Section 9 for details.

## **6.9 Long-Term Debt Profile**

The total long term borrowings of the municipality as at 30 September 2017 amounts to R437.52 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 30 September 2017 is 1.36%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6 and 8%; BCMM is below the norm and has the capacity to take on additional borrowing to invest in infrastructure projects that generate revenue. The City is currently in the process of securing additional loan funding which will result in the actual ratio moving closer to the norm.

The total debt to revenue ratio is 9.08% as at 30 September 2017, this indicates the extent of total borrowings (short and long term debt financing) in relation to total operating revenue of the municipality. The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities. The municipality is therefore highly solvent to meet its debt obligation as it is below the set ceiling of 45% in accordance with the MFMA circular 71.

## 7. IN-YEAR BUDGET STATEMENT MAIN TABLES

### 7.1 Monthly Budget Statement Summary

The table below provides a high-level summation of the Metro's financial performance, capital expenditure, financial position, cash flow, debtors and creditors analysis.

**Table 2:C1: Monthly Budget Statement Summary**

BUF Buffalo City - Table C1 Monthly Budget Statement Summary - M03 September									
Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	1 225 285	1 225 285	81 946	343 475	372 760	(29 285)	-8%	1 225 285
Service charges	-	3 011 895	3 011 895	271 679	748 215	769 813	(21 598)	-3%	3 011 895
Investment revenue	-	157 002	157 002	11 277	33 670	42 878	(9 208)	-21%	157 002
Transfers and subsidies	-	1 368 106	1 369 045	2 230	453 311	473 554	(20 244)	-4%	1 369 045
Other own revenue	-	426 719	426 719	28 662	66 381	96 452	(30 071)	-31%	426 719
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	<b>6 189 006</b>	<b>6 189 946</b>	<b>395 794</b>	<b>1 645 052</b>	<b>1 755 458</b>	<b>(110 406)</b>	<b>-6%</b>	<b>6 189 946</b>
Employee costs	-	1 733 321	1 733 321	149 549	446 107	427 001	19 106	4%	1 733 321
Remuneration of Councillors	-	62 398	62 398	4 492	13 538	14 964	(1 427)	-10%	62 398
Depreciation & asset impairment	-	778 273	778 273	64 914	186 551	194 322	(7 771)	-4%	778 273
Finance charges	-	54 318	54 318	1 888	5 663	11 049	(5 385)	-49%	54 318
Materials and bulk purchases	-	1 578 167	1 578 167	132 304	498 228	490 487	7 741	2%	1 578 167
Transfers and subsidies	-	328 637	328 637	22 374	29 381	50 406	(21 025)	-42%	328 637
Other expenditure	-	1 652 966	1 653 905	101 203	257 897	371 311	(113 414)	-31%	1 653 905
<b>Total Expenditure</b>	-	<b>6 188 080</b>	<b>6 189 019</b>	<b>476 725</b>	<b>1 437 364</b>	<b>1 559 539</b>	<b>(122 175)</b>	<b>-8%</b>	<b>6 189 019</b>
<b>Surplus/(Deficit)</b>	-	<b>926</b>	<b>926</b>	<b>(80 931)</b>	<b>207 688</b>	<b>195 918</b>	<b>11 769</b>	<b>6%</b>	<b>926</b>
Transfers and subsidies - capital (monetary allocations)	-	795 307	804 572	66 005	94 039	107 533	(13 494)	-13%	804 572
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	<b>796 234</b>	<b>805 499</b>	<b>(14 926)</b>	<b>301 726</b>	<b>303 451</b>	<b>(1 725)</b>	<b>-1%</b>	<b>805 499</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	-	<b>796 234</b>	<b>805 499</b>	<b>(14 926)</b>	<b>301 726</b>	<b>303 451</b>	<b>(1 725)</b>	<b>-1%</b>	<b>805 499</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	-	<b>1 645 204</b>	<b>1 713 563</b>	<b>85 095</b>	<b>127 625</b>	<b>68 836</b>	<b>58 789</b>	<b>85%</b>	<b>1 713 563</b>
Capital transfers recognised	-	795 307	804 343	66 005	94 039	32 311	61 727	191%	804 343
Public contributions & donations	-	-	229	-	-	9	(9)	-100%	229
Borrowing	-	69 000	69 000	-	-	2 772	(2 772)	-100%	69 000
Internally generated funds	-	<b>780 897</b>	<b>839 991</b>	<b>19 090</b>	<b>33 586</b>	<b>33 743</b>	<b>(157)</b>	<b>-0%</b>	<b>839 991</b>
<b>Total sources of capital funds</b>	-	<b>1 645 204</b>	<b>1 713 563</b>	<b>85 095</b>	<b>127 625</b>	<b>68 836</b>	<b>58 789</b>	<b>85%</b>	<b>1 713 563</b>
<b>Financial position</b>									
Total current assets	-	3 690 664	3 690 664	-	3 345 340	-	-	-	3 690 664
Total non current assets	-	15 248 547	15 316 906	-	16 421 275	-	-	-	15 316 906
Total current liabilities	-	1 336 012	1 336 012	-	1 344 193	-	-	-	1 336 012
Total non current liabilities	-	1 146 211	1 146 211	-	915 192	-	-	-	1 146 211
<b>Community wealth/Equity</b>	-	<b>16 456 988</b>	<b>16 525 347</b>	-	<b>17 507 230</b>	-	-	-	<b>16 525 347</b>
<b>Cash flows</b>									
Net cash from (used) operating	-	1 809 846	1 819 111	(7 544)	379 791	454 778	74 987	16%	1 819 111
Net cash from (used) investing	-	(1 582 484)	(1 713 563)	(66 005)	(94 039)	(428 391)	(334 352)	78%	(1 713 563)
Net cash from (used) financing	-	20 252	20 252	(8 246)	(8 246)	5 063	13 309	263%	20 252
<b>Cash/cash equivalents at the month/year end</b>	-	<b>2 539 412</b>	<b>2 417 597</b>	-	<b>1 943 461</b>	<b>2 323 248</b>	<b>379 786</b>	<b>16%</b>	<b>1 791 754</b>
<b>Debtors &amp; creditors analysis</b>									
	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	312 270	110 633	76 969	54 011	51 577	47 628	298 724	1 040 534	1 992 345
<b>Creditors Age Analysis</b>									
Total Creditors	582 606	12 894	-	-	-	-	-	-	595 500

## 7.2 Monthly Budget Statement – Financial Performance (standard classification)

The table below is an overview of the budgeted financial performance in relation to revenue and expenditure per standard classification.

**Table 3: C2: Monthly Budget Statement – Financial Performance (standard classification)**

**BUF Buffalo City - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M03 September**

Description	Ref	Budget Year 2017/18								
		2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		–	2 447 732	2 448 051	111 575	736 627	768 182	(31 555)	-4%	2 448 051
Executive and council		–	29 589	29 907	76	287	6 390	(6 103)	-96%	29 907
Finance and administration		–	2 418 143	2 418 143	111 499	736 340	761 792	(25 452)	-3%	2 418 143
Internal audit		–	–	–	–	–	–	–	–	–
<i><b>Community and public safety</b></i>		–	402 630	402 984	13 703	36 184	82 340	(46 156)	-56%	402 984
Community and social services		–	31 607	31 961	1 131	3 390	3 419	(29)	-1%	31 961
Sport and recreation		–	5 909	5 909	150	327	270	57	21%	5 909
Public safety		–	88 321	88 321	6 145	26 062	25 412	651	3%	88 321
Housing		–	276 769	276 769	6 276	6 403	53 240	(46 837)	-88%	276 769
Health		–	24	24	1	2	–	2	#DIV/0!	24
<i><b>Economic and environmental services</b></i>		–	432 207	441 243	20 743	47 029	28 961	18 068	62%	441 243
Planning and development		–	45 006	45 006	2 379	12 123	8 833	3 291	37%	45 006
Road transport		–	386 748	395 784	18 000	34 457	19 827	14 630	74%	395 784
Environmental protection		–	452	452	364	450	301	148	49%	452
<i><b>Trading services</b></i>		–	3 673 575	3 674 071	314 060	914 138	975 660	(61 522)	-6%	3 674 071
Energy sources		–	1 926 400	1 926 400	145 636	437 114	508 728	(71 614)	-14%	1 926 400
Water management		–	655 778	655 778	80 291	190 063	188 823	1 239	1%	655 778
Waste water management		–	639 215	639 711	60 266	167 583	152 551	15 032	10%	639 711
Waste management		–	452 182	452 182	27 867	119 379	125 558	(6 179)	-5%	452 182
<i><b>Other</b></i>	4	–	28 170	28 170	1 718	5 112	7 848	(2 736)	-35%	28 170
<b>Total Revenue - Functional</b>	2	–	6 984 313	6 994 518	461 799	1 739 091	1 862 991	(123 900)	-7%	6 994 518
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		–	1 194 255	1 194 345	87 493	265 893	308 702	(42 810)	-14%	1 194 345
Executive and council		–	296 070	296 160	22 947	78 741	69 466	9 275	13%	296 160
Finance and administration		–	884 293	884 293	63 873	185 540	235 536	(49 996)	-21%	884 293
Internal audit		–	13 892	13 892	674	1 612	3 700	(2 089)	-56%	13 892
<i><b>Community and public safety</b></i>		–	493 005	493 358	42 199	117 095	111 550	5 545	5%	493 358
Community and social services		–	124 688	125 042	7 551	20 935	24 268	(3 333)	-14%	125 042
Sport and recreation		–	68 342	68 342	18 912	53 858	23 207	30 651	132%	68 342
Public safety		–	125 282	125 282	7 570	22 512	31 302	(8 791)	-28%	125 282
Housing		–	136 025	136 025	5 489	11 699	24 103	(12 404)	-51%	136 025
Health		–	38 668	38 668	2 677	8 091	8 670	(578)	-7%	38 668
<i><b>Economic and environmental services</b></i>		–	1 222 744	1 222 744	68 428	190 504	262 133	(71 629)	-27%	1 222 744
Planning and development		–	294 914	294 914	7 572	22 453	64 976	(42 523)	-65%	294 914
Road transport		–	805 423	805 423	59 193	163 035	182 749	(19 715)	-11%	805 423
Environmental protection		–	122 407	122 407	1 663	5 017	14 408	(9 391)	-65%	122 407
<i><b>Trading services</b></i>		–	3 247 030	3 247 526	273 636	851 268	871 577	(20 309)	-2%	3 247 526
Energy sources		–	1 829 086	1 829 086	139 218	521 266	544 658	(23 392)	-4%	1 829 086
Water management		–	575 132	575 132	73 639	159 539	153 894	5 645	4%	575 132
Waste water management		–	483 287	483 783	36 149	89 958	96 728	(6 770)	-7%	483 783
Waste management		–	359 525	359 525	24 630	80 505	76 296	4 208	6%	359 525
<i><b>Other</b></i>		–	31 046	31 046	4 969	12 604	5 577	7 027	126%	31 046
<b>Total Expenditure - Functional</b>	3	–	6 188 080	6 189 019	476 725	1 437 364	1 559 539	(122 175)	-8%	6 189 019
<b>Surplus/ (Deficit) for the year</b>		–	796 234	805 499	(14 926)	301 726	303 451	(1 725)	-1%	805 499

### **7.3 Monthly Budget Statement – Financial Performance (Revenue and expenditure by municipal vote)**

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

**Table 4: C3: Monthly Budget Statement – Financial Performance (Revenue and expenditure by municipal vote)**

BUF Buffalo City - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September										
Vote Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>Revenue by Vote</b>	1									
Vote 01 - Directorate - Executive Support Services		-	1 593	1 912	-	-	-	-		1 912
Vote 02 - Directorate - Municipal Manager		-	27 996	27 996	76	287	6 047	(5 760)	-95.2%	27 996
Vote 03 - Directorate - Human Settlement		-	276 769	276 769	6 276	6 403	36 726	(30 324)	-82.6%	276 769
Vote 04 - Directorate - Chief Financial Officer		-	2 407 345	2 407 345	108 825	731 466	647 971	83 495	12.9%	2 407 345
Vote 05 - Directorate - Corporate Services		-	10 561	10 561	1 798	2 454	1 355	1 098	81.0%	10 561
Vote 06 - Directorate - Infrastructure Services		-	3 407 846	3 408 342	298 429	817 413	950 386	(132 973)	-14.0%	3 408 342
Vote 07 - Directorate - Spatial Planning And Development		-	148 279	157 315	2 144	13 090	32 918	(19 828)	-60.2%	157 315
Vote 08 - Directorate - Health / Public Safety & Emergency Services		-	175 605	175 605	11 910	37 867	50 438	(12 571)	-24.9%	175 605
Vote 09 - Directorate - Municipal Services		-	490 150	490 503	29 513	123 546	129 180	(5 634)	-4.4%	490 503
Vote 10 - Directorate - Economic Development & Agencies		-	38 170	38 170	2 828	6 565	7 969	(1 404)	-17.6%	38 170
<b>Total Revenue by Vote</b>	2	-	<b>6 984 313</b>	<b>6 994 518</b>	<b>461 799</b>	<b>1 739 091</b>	<b>1 862 991</b>	<b>(123 900)</b>	<b>-6.7%</b>	<b>6 994 518</b>
<b>Expenditure by Vote</b>	1									
Vote 01 - Directorate - Executive Support Services		-	232 296	232 386	18 893	52 313	57 034	(4 721)	-8.3%	232 386
Vote 02 - Directorate - Municipal Manager		-	154 644	154 644	7 862	37 174	57 383	(20 209)	-35.2%	154 644
Vote 03 - Directorate - Human Settlement		-	136 025	136 025	5 489	11 699	27 419	(15 720)	-57.3%	136 025
Vote 04 - Directorate - Chief Financial Officer		-	558 213	558 213	31 665	94 203	125 535	(31 332)	-25.0%	558 213
Vote 05 - Directorate - Corporate Services		-	171 518	171 518	11 368	35 667	41 509	(5 842)	-14.1%	171 518
Vote 06 - Directorate - Infrastructure Services		-	3 497 257	3 497 752	288 747	884 561	924 971	(40 410)	-4.4%	3 497 752
Vote 07 - Directorate - Spatial Planning And Development		-	274 152	274 152	21 657	57 487	63 004	(5 516)	-8.8%	274 152
Vote 08 - Directorate - Health / Public Safety & Emergency Services		-	396 961	396 961	33 612	92 185	97 266	(5 082)	-5.2%	396 961
Vote 09 - Directorate - Municipal Services		-	674 962	675 316	52 464	159 472	149 778	9 694	6.5%	675 316
Vote 10 - Directorate - Economic Development & Agencies		-	92 052	92 052	4 969	12 604	15 641	(3 037)	-19.4%	92 052
<b>Total Expenditure by Vote</b>	2	-	<b>6 188 080</b>	<b>6 189 019</b>	<b>476 725</b>	<b>1 437 364</b>	<b>1 559 539</b>	<b>(122 175)</b>	<b>-7.8%</b>	<b>6 189 019</b>
<b>Surplus/ (Deficit) for the year</b>	2	-	<b>796 234</b>	<b>805 499</b>	<b>(14 926)</b>	<b>301 726</b>	<b>303 451</b>	<b>(1 725)</b>	<b>-0.6%</b>	<b>805 499</b>

### 7.4 Monthly Budget Statement – Financial Performance (Revenue by Source and Expenditure by Type)

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 30 September 2017.

**Table 5: C4: Monthly Budget Statement – Financial Performance (Revenue by Source and Expenditure by Type)**

BUF Buffalo City - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September										
Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates			1 225 285	1 225 285	81 946	343 475	372 760	(29 285)	-8%	1 225 285
Service charges - electricity revenue		–	1 806 439	1 806 439	148 379	425 018	454 372	(29 354)	-6%	1 806 439
Service charges - water revenue		–	479 127	479 127	66 968	140 832	130 036	10 796	8%	479 127
Service charges - sanitation revenue		–	365 998	365 998	28 479	95 774	96 886	(1 112)	-1%	365 998
Service charges - refuse revenue		–	336 766	336 766	27 853	86 591	84 354	2 238	3%	336 766
Service charges - other			23 566	23 566			4 166	(4 166)	-100%	23 566
Rental of facilities and equipment		–	23 174	23 174	1 209	3 680	5 654	(1 975)	-35%	23 174
Interest earned - external investments		–	157 002	157 002	11 277	33 670	42 878	(9 208)	-21%	157 002
Interest earned - outstanding debtors		–	36 844	36 844	3 479	12 230	8 450	3 780	45%	36 844
Dividends received			–	–			–	–		–
Fines, penalties and forfeits		–	9 157	9 157	3 199	4 381	1 883	2 498	133%	9 157
Licences and permits		–	17 556	17 556	1 676	3 892	4 069	(177)	-4%	17 556
Agency services			49 763	49 763			11 534	(11 534)	-100%	49 763
Transfers and subsidies		–	1 368 106	1 369 045	2 230	453 311	473 554	(20 244)	-4%	1 369 045
Other revenue		–	290 226	290 226	10 821	33 936	64 862	(30 926)	-48%	290 226
Gains on disposal of PPE		–	–	–	8 278	8 262	–	8 262	0%	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		–	<b>6 189 006</b>	<b>6 189 946</b>	<b>395 794</b>	<b>1 645 052</b>	<b>1 755 458</b>	<b>(110 406)</b>	<b>-6%</b>	<b>6 189 946</b>

**BUF Buffalo City - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September**

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Expenditure By Type</b>										
Employee related costs		–	1 733 321	1 733 321	149 549	446 107	427 001	19 106	4%	1 733 321
Remuneration of councillors		–	62 398	62 398	4 492	13 538	14 964	(1 427)	-10%	62 398
Debt impairment		–	317 788	317 788	26 482	79 447	79 447	(0)	0%	317 788
Depreciation & asset impairment		–	778 273	778 273	64 914	186 551	194 322	(7 771)	-4%	778 273
Finance charges		–	54 318	54 318	1 888	5 663	11 049	(5 385)	-49%	54 318
Bulk purchases		–	1 578 167	1 578 167	120 956	479 804	490 487	(10 683)	-2%	1 578 167
Other materials		–	–	–	11 349	18 425	–	18 425	0%	–
Contracted services		–	38 960	38 960	53 907	101 066	3 952	97 114	2457%	38 960
Transfers and subsidies		–	328 637	328 637	22 374	29 381	50 406	(21 025)	-42%	328 637
Other expenditure		–	1 296 218	1 297 157	20 813	77 384	287 912	(210 528)	-73%	1 297 157
Loss on disposal of PPE		–	–	–	–	–	–	–		–
<b>Total Expenditure</b>		–	<b>6 188 080</b>	<b>6 189 019</b>	<b>476 725</b>	<b>1 437 364</b>	<b>1 559 539</b>	<b>(122 175)</b>	<b>-8%</b>	<b>6 189 019</b>
<b>Surplus/(Deficit)</b>		–	<b>926</b>	<b>926</b>	<b>(80 931)</b>	<b>207 688</b>	<b>195 918</b>	<b>11 769</b>	<b>0</b>	<b>926</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	795 307	804 572	66 005	94 039	107 533	(13 494)	(0)	804 572
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–		–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		–	<b>796 234</b>	<b>805 499</b>	<b>(14 926)</b>	<b>301 726</b>	<b>303 451</b>			<b>805 499</b>
Taxation		–	–	–	–	–	–	–		–
<b>Surplus/(Deficit) after taxation</b>		–	<b>796 234</b>	<b>805 499</b>	<b>(14 926)</b>	<b>301 726</b>	<b>303 451</b>			<b>805 499</b>
Attributable to minorities		–	–	–	–	–	–	–		–
<b>Surplus/(Deficit) attributable to municipality</b>		–	<b>796 234</b>	<b>805 499</b>	<b>(14 926)</b>	<b>301 726</b>	<b>303 451</b>			<b>805 499</b>
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–		–
<b>Surplus/ (Deficit) for the year</b>		–	<b>796 234</b>	<b>805 499</b>	<b>(14 926)</b>	<b>301 726</b>	<b>303 451</b>			<b>805 499</b>

## **7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE**

The explanation below pertains to all variances in excess of 10%.

### **7.4.1.1 Service Charges – other**

The variance is caused by the differences in classification of income source, the budget for Availability Charges and Connection/ Reconnection Fees is under Service Charges – Other, however, the actuals are reported under various service charges (water, sanitation and electricity). The budget will be adjusted during the mid-year adjustment budget.

### **7.4.1.2 Rental of facilities equipment**

Rental of facilities is demand driven and therefore difficult to predict accurately. The situation is monitored on a monthly basis.

### **7.4.1.3 Interest earned – external investments**

Cash and cash equivalents levels have decreased due to lower collection rate which directly impacts the amount of invested funds available in order to earn interest. This will be monitored and adjusted accordingly in the mid-year adjustment.

### **7.4.1.4 Interest earned – outstanding debtors**

Despite credit control and debt collection actions that are implemented, the primary contributing factor to the increase in interest earned from outstanding debtors is attributed to the non-payment by customers as a result of poor economic outlook and high unemployment rates.

### **7.4.1.5 Fines, penalties and forfeits**

The increase in revenue in terms of Traffic Fines can be attributed to the appointment of Total Client Services (service provider appointed by BCMM to assist with collection of fines). The services provided by Total Client Services which have contributed to the increase in revenue are the following:

- Automatic Number Plate Recognition system whereby offenders/ vehicles are stopped if their vehicle is spotted with outstanding fines.
- The sms system alerting offenders of their obligation to pay for outstanding fines.
- An increase in operational activities such as road blocks and speed enforcements.

#### **7.4.1.6 Agency services**

Loss of revenue can be attributed to the fact that licenses and permits can also be renewed at the Post Office and Provincial Traffic Department in Wilsonia. Problems have also been encountered with receipting at East London & Gonubie offices due to ICT issues & poor connectivity. In addition to this, the variance is also caused by the differences in classification of income sources, the budget for Motor Vehicle Licences and Permits is under Agency Services, however, the actuals are reported under Licenses and Permits. Engagements are underway with National Treasury on the correct mSCOA classification.

#### **7.4.1.7 Other revenue**

Other revenue is made up of numerous miscellaneous items (e.g. town planning fees, fire levy charges, market income, road & transport registration fees, cemetery & burial fees, etc.). The actual income realised is below the projected income for the period under review due to varying seasonal trends.

#### **7.4.1.8 Finance charges**

The variance is due to the budgeted loan for the Tunnel Project which is currently being finalised, no interest has been incurred for this loan.

#### **7.4.1.9 Other materials**

The variance is mainly due to the differences in classification of expenditure categories, the budget for Inventory Items was classified as Other Expenditure, however, the actuals are reported under Other Materials, the budget will be adjusted during the mid-year adjustment budget.

#### **7.4.1.10 Contracted services**

The variance is mainly due to the differences in classification of expenditure categories, the budget for Repairs and Maintenance and Operating Projects was classified as Other Expenditure, however, the actuals are reported under Contracted Services, the budget will be adjusted during the mid-year adjustment budget.

#### **7.4.1.11 Transfers and grants**

An error occurred on the subsidy allocation and this is currently being investigated. The financial system is being setup to take transactions from the service vote to the social welfare votes (poor relief) for each individual service i.e. rates, sewerage, fire levy and refuse without manual intervention.

#### **7.4.1.12 Other expenditure**

The variance is mainly due to the differences in classification of expenditure categories, the budget for Repairs and Maintenance and Operating Projects was classified as Other Expenditure, however, the actuals are reported under Contracted Services, the budget will be adjusted during the mid-year adjustment budget.

#### **7.4.1.13 Repairs and Maintenance**

Table 6 below reflects that as at 30 September 2017, the repairs and maintenance expenditure is 13% of the approved budget of R462.45 million (2016/17: 15%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

**Table 6: Repairs and Maintenance per Directorate**

<b>Directorate</b>	<b><u>2017/2018</u> <u>Approved</u> <u>Budget</u> <u>R</u></b>	<b><u>2017/2018</u> <u>Annual</u> <u>Expenditure</u> <u>R</u></b>	<b><u>2017/2018</u> <u>-</u> <u>Variance</u> <u>R</u></b>	<b><u>2017/2018</u> <u>% of</u> <u>Budget</u> <u>%</u></b>
Directorate Of Executive Support Services	3 559 202	103 915	3 455 287	3%
Directorate Of The City Manager	6 681 831	362 564	6 319 267	5%
Directorate Of Corporate Services	2 640 513	272 773	2 367 740	10%
Directorate Of Spatial Planning and Development	31 192 800	3 357 296	27 835 504	11%
Directorate Of Economic Development & Agencies	1 298 690	40 178	1 258 512	3%
Directorate Of Finance	3 600 994	137 423	3 463 571	4%
Directorate Of Health / Public Safety & Emergency Services	6 815 045	648 990	6 166 055	10%
Directorate Of Human Settlement	119 263	33 624	85 639	28%
Directorate Of Infrastructure Services	365 173 717	53 302 336	311 871 381	15%
<i>Electricity</i>	139 115 819	26 022 748	113 093 071	19%
<i>Water</i>	51 973 204	14 946 335	37 026 869	29%
<i>Sanitation</i>	40 529 624	6 300 258	34 229 366	16%
<i>Other</i>	133 555 070	6 032 995	127 522 075	5%
Directorate Of Municipal Services	41 368 008	3 131 497	38 236 511	8%
<b>TOTAL</b>	<b>462 450 063</b>	<b>61 390 596</b>	<b>401 059 467</b>	<b>13%</b>

## 7.5 Capital Expenditure excluding vat (municipal vote, standard classification and funding)

The table below reflects the Metro's capital programme in relation to capital expenditure by municipal vote, capital expenditure by standard classification and funding sources.

**Table 7: C5: Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding)**

BUF Buffalo City - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September										
Vote Description	Ref	2016/17		Budget Year 2017/18						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 01 - Directorate - Executive Support Services		-	3 000	6 729	3	6	270	(265)	-98%	6 729
Vote 02 - Directorate - Municipal Manager		-	22 500	39 109	286	473	1 571	(1 098)	-70%	39 109
Vote 03 - Directorate - Human Settlement		-	186 355	186 775	6 276	6 403	7 503	(1 100)	-15%	186 775
Vote 04 - Directorate - Chief Financial Officer		-	97 820	97 820	5	2 519	3 930	(1 411)	-36%	97 820
Vote 05 - Directorate - Corporate Services		-	6 000	8 337	106	106	335	(229)	-68%	8 337
Vote 06 - Directorate - Infrastructure Services		-	856 154	861 913	72 425	98 585	34 624	63 961	185%	861 913
Vote 07 - Directorate - Spatial Planning And Development		-	234 721	243 757	3 348	14 586	9 792	4 794	49%	243 757
Vote 08 - Directorate - Health / Public Safety & Emergency Services		-	30 205	41 245	1 130	2 921	1 657	1 264	76%	41 245
Vote 09 - Directorate - Municipal Services		-	165 349	168 280	106	248	6 760	(6 512)	-96%	168 280
Vote 10 - Directorate - Economic Development & Agencies		-	43 100	59 598	1 408	1 779	2 394	(615)	-26%	59 598
<b>Total Capital Multi-year expenditure</b>	4,7	-	<b>1 645 204</b>	<b>1 713 563</b>	<b>85 095</b>	<b>127 625</b>	<b>68 836</b>	<b>58 789</b>	<b>85%</b>	<b>1 713 563</b>
<b>Total Capital Expenditure</b>		-	<b>1 645 204</b>	<b>1 713 563</b>	<b>85 095</b>	<b>127 625</b>	<b>68 836</b>	<b>58 789</b>	<b>85%</b>	<b>1 713 563</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		-	<b>129 320</b>	<b>151 996</b>	<b>3 711</b>	<b>10 928</b>	<b>6 106</b>	<b>4 822</b>	<b>79%</b>	<b>151 996</b>
Executive and council		-	25 500	45 839	290	479	1 841	(1 363)	-74%	45 839
Finance and administration		-	97 820	97 820	3 421	10 449	3 930	6 520	166%	97 820
Internal audit		-	6 000	8 337			335	(335)	-100%	8 337
<b>Community and public safety</b>		-	<b>316 087</b>	<b>330 479</b>	<b>6 341</b>	<b>6 468</b>	<b>13 276</b>	<b>(6 808)</b>	<b>-51%</b>	<b>330 479</b>
Community and social services		-	42 250	43 288	-	-	1 739	(1 739)	-100%	43 288
Sport and recreation		-	57 277	59 170	61	61	2 377	(2 316)	-97%	59 170
Public safety		-	30 205	41 245	2	2	1 657	(1 655)	-100%	41 245
Housing		-	186 355	186 775	6 276	6 403	7 503	(1 100)	-15%	186 775
Health		-	-	-	2	2	-	2	#DIV/0!	-
<b>Economic and environmental services</b>		-	<b>548 777</b>	<b>574 311</b>	<b>16 718</b>	<b>40 924</b>	<b>23 071</b>	<b>17 853</b>	<b>77%</b>	<b>574 311</b>
Planning and development		-	277 821	303 355	3 346	14 555	12 186	2 368	19%	303 355
Road transport		-	270 956	270 956	13 362	26 357	10 885	15 472	142%	270 956
Environmental protection		-	-	-	11	12	-	12	#DIV/0!	-
<b>Trading services</b>		-	<b>628 020</b>	<b>628 020</b>	<b>56 917</b>	<b>67 527</b>	<b>25 228</b>	<b>42 299</b>	<b>168%</b>	<b>628 020</b>
Energy sources		-	148 000	148 000	5 440	5 440	5 945	(505)	-8%	148 000
Water management		-	130 000	130 000	18 944	24 029	5 222	18 806	360%	130 000
Waste water management		-	284 198	284 198	32 498	37 882	11 417	26 466	232%	284 198
Waste management		-	65 822	65 822	35	176	2 644	(2 469)	-93%	65 822
<b>Other</b>		-	<b>23 000</b>	<b>28 758</b>	<b>1 408</b>	<b>1 779</b>	<b>1 155</b>	<b>623</b>	<b>54%</b>	<b>28 758</b>
<b>Total Capital Expenditure - Functional Classification</b>	3	-	<b>1 645 204</b>	<b>1 713 563</b>	<b>85 095</b>	<b>127 625</b>	<b>68 836</b>	<b>58 789</b>	<b>85%</b>	<b>1 713 563</b>
<b>Funded by:</b>										
National Government		-	795 307	795 307	66 005	94 039	31 948	62 090	194%	795 307
Provincial Government		-	-	9 036	-	-	363	(363)	-100%	9 036
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		-	<b>795 307</b>	<b>804 343</b>	<b>66 005</b>	<b>94 039</b>	<b>32 311</b>	<b>61 727</b>	<b>191%</b>	<b>804 343</b>
<b>Public contributions &amp; donations</b>	5	-	-	229	-	-	9	(9)	-100%	229
<b>Borrowing</b>	6	-	69 000	69 000	-	-	2 772	(2 772)	-100%	69 000
<b>Internally generated funds</b>		-	780 897	839 991	19 090	33 586	33 743	(157)	0%	839 991
<b>Total Capital Funding</b>		-	<b>1 645 204</b>	<b>1 713 563</b>	<b>85 095</b>	<b>127 625</b>	<b>68 836</b>	<b>58 789</b>	<b>85%</b>	<b>1 713 563</b>

## 7.6 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R17.51 billion.

**Table 8: C6: Monthly Budget Statement – Financial Position**

**BUF Buffalo City - Table C6 Monthly Budget Statement - Financial Position - M03 September**

Description	Ref	2016/17	Budget Year 2017/18				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast	
<b>R thousands</b>	1						
<b>ASSETS</b>							
<b>Current assets</b>							
Cash			80 000	80 000	7 725	80 000	
Call investment deposits			2 459 412	2 459 412	1 935 737	2 459 412	
Consumer debtors			915 237	915 237	559 058	915 237	
Other debtors			118 870	118 870	800 595	118 870	
Current portion of long-term receivables			17	17	–	17	
Inventory			117 128	117 128	42 226	117 128	
<b>Total current assets</b>			<b>–</b>	<b>3 690 664</b>	<b>3 690 664</b>	<b>3 345 340</b>	<b>3 690 664</b>
<b>Non current assets</b>							
Long-term receivables			73	73	–	73	
Investments			–	–	–	–	
Investment property			442 030	442 030	408 315	442 030	
Investments in Associate			99 109	99 109	127 539	99 109	
Property, plant and equipment			14 556 391	14 624 751	15 805 232	14 624 751	
Agricultural			–	–	–	–	
Biological assets			–	–	–	–	
Intangible assets			60 000	60 000	8 106	60 000	
Other non-current assets			90 944	90 944	72 082	90 944	
<b>Total non current assets</b>			<b>–</b>	<b>15 248 547</b>	<b>15 316 906</b>	<b>16 421 275</b>	<b>15 316 906</b>
<b>TOTAL ASSETS</b>			<b>–</b>	<b>18 939 211</b>	<b>19 007 570</b>	<b>19 766 614</b>	<b>19 007 570</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Bank overdraft			–	–	–	–	
Borrowing			48 748	48 748	39 396	48 748	
Consumer deposits			65 401	65 401	58 665	65 401	
Trade and other payables			1 038 209	1 038 209	998 090	1 038 209	
Provisions			183 654	183 654	248 042	183 654	
<b>Total current liabilities</b>			<b>–</b>	<b>1 336 012</b>	<b>1 336 012</b>	<b>1 344 193</b>	<b>1 336 012</b>
<b>Non current liabilities</b>							
Borrowing			421 212	421 212	398 126	421 212	
Provisions			724 999	724 999	517 066	724 999	
<b>Total non current liabilities</b>			<b>–</b>	<b>1 146 211</b>	<b>915 192</b>	<b>1 146 211</b>	
<b>TOTAL LIABILITIES</b>			<b>–</b>	<b>2 482 223</b>	<b>2 259 385</b>	<b>2 482 223</b>	
<b>NET ASSETS</b>	2		<b>–</b>	<b>16 456 988</b>	<b>16 525 347</b>	<b>17 507 230</b>	<b>16 525 347</b>
<b>COMMUNITY WEALTH/EQUITY</b>							
Accumulated Surplus/(Deficit)			13 055 940	13 124 300	10 534 325	13 124 300	
Reserves			3 401 047	3 401 047	6 972 905	3 401 047	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2		<b>–</b>	<b>16 456 988</b>	<b>16 525 347</b>	<b>17 507 230</b>	<b>16 525 347</b>

## 7.7 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R277.51 million resulting in cash and cash equivalents closing balance of R1.94 billion as at 30 September 2017.

**Table 9: C7: Monthly Budget Statement – Cash Flow**

BUF Buffalo City - Table C7 Monthly Budget Statement - Cash Flow - M03 September

Description	Ref	2016/17	Budget Year 2017/18								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
<b>R thousands</b>	1										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates			1 133 389	1 133 389	86 406	288 725	283 347	5 378	2%	1 133 389	
Service charges			2 786 003	2 786 003	253 114	610 969	696 501	(85 531)	-12%	2 786 003	
Other revenue			360 634	360 634	15 288	56 733	90 159	(33 425)	-37%	360 634	
Government - operating			1 368 106	1 369 045	2 230	453 311	342 261	111 049	32%	1 369 045	
Government - capital			795 307	804 572	-	252 983	201 143	51 840	26%	804 572	
Interest			193 846	193 846	14 756	45 900	48 461	(2 562)	-5%	193 846	
Dividends			0	0	0	0	0	(0)	-82%	0	
<b>Payments</b>											
Suppliers and employees			(4 709 064)	(4 710 003)	(355 114)	(1 294 946)	(1 177 501)	117 445	-10%	(4 710 003)	
Finance charges			(54 318)	(54 318)	(1 888)	(5 663)	(13 580)	(7 916)	58%	(54 318)	
Transfers and Grants			(64 056)	(64 056)	(22 336)	(28 221)	(16 014)	12 207	-76%	(64 056)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>			<b>-</b>	<b>1 809 846</b>	<b>1 819 111</b>	<b>(7 544)</b>	<b>379 791</b>	<b>454 778</b>	<b>74 987</b>	<b>16%</b>	<b>1 819 111</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE			-	-	-	-	-	-	-	-	
Decrease (Increase) in non-current debtors			-	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivables			-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments			-	-	-	-	-	-	-	-	
<b>Payments</b>											
Capital assets			(1 582 484)	(1 713 563)	(66 005)	(94 039)	(428 391)	(334 352)	78%	(1 713 563)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>			<b>-</b>	<b>(1 582 484)</b>	<b>(1 713 563)</b>	<b>(66 005)</b>	<b>(94 039)</b>	<b>(428 391)</b>	<b>(334 352)</b>	<b>78%</b>	<b>(1 713 563)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans			-	-	-	-	-	-	-	-	
Borrowing long term/refinancing			69 000	69 000	-	-	17 250	(17 250)	-100%	69 000	
Increase (decrease) in consumer deposits			-	-	-	-	-	-	-	-	
<b>Payments</b>											
Repayment of borrowing			(48 748)	(48 748)	(8 246)	(8 246)	(12 187)	(3 941)	32%	(48 748)	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>			<b>-</b>	<b>20 252</b>	<b>20 252</b>	<b>(8 246)</b>	<b>(8 246)</b>	<b>5 063</b>	<b>13 309</b>	<b>263%</b>	<b>20 252</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>			<b>-</b>	<b>247 614</b>	<b>125 800</b>	<b>(81 795)</b>	<b>277 507</b>	<b>31 450</b>			<b>125 800</b>
Cash/cash equivalents at beginning:			2 291 798	2 291 798		1 665 955	2 291 798				1 665 955
Cash/cash equivalents at month/year end:			-	2 539 412	2 417 597		1 943 461	2 323 248			1 791 754

## **PART 2: SUPPORTING** **DOCUMENTATION**

## 8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

### 8.1 Debtors

The debtor analysis table below (table 10) provides an age analysis summary by revenue source and customer category for the total debtors.

**Table 10: SC3 Monthly Budget Statement Aged Debtors**

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September

Description	NT Code	Budget Year 2017/18									Total over 90 days	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 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total			
R thousands													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	65 302	37 858	28 883	18 024	20 281	17 184	111 054	258 951	557 537	425 494		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	91 494	16 910	6 232	3 914	3 402	3 794	17 047	28 780	171 573	56 938		
Receivables from Non-exchange Transactions - Property Rates	1400	94 318	29 755	21 687	16 603	15 193	14 346	91 911	348 960	632 772	487 013		
Receivables from Exchange Transactions - Waste Water Management	1500	26 993	10 592	7 143	4 764	4 392	4 197	25 725	118 306	202 112	157 385		
Receivables from Exchange Transactions - Waste Management	1600	19 086	11 023	8 601	5 465	5 264	5 271	34 264	171 799	260 773	222 063		
Receivables from Exchange Transactions - Property Rental Debtors	1700	133	126	113	67	67	65	470	3 768	4 810	4 437		
Interest on Arrear Debtor Accounts	1810									-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	14 945	4 369	4 310	5 173	2 978	2 771	18 252	109 968	162 767	139 143		
<b>Total By Income Source</b>	<b>2000</b>	<b>312 270</b>	<b>110 633</b>	<b>76 969</b>	<b>54 011</b>	<b>51 577</b>	<b>47 628</b>	<b>298 724</b>	<b>1 040 534</b>	<b>1 992 345</b>	<b>1 492 473</b>	-	-
<b>2016/17 - totals only</b>		<b>252 327</b>	<b>102 702</b>	<b>58 137</b>	<b>61 878</b>	<b>52 543</b>	<b>53 914</b>	<b>288 165</b>	<b>976 054</b>	<b>1 845 720</b>	<b>1 432 554</b>		
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	26 206	8 832	3 840	623	295	517	1 480	7 809	49 601	10 724		
Commercial	2300	131 069	26 928	14 366	13 504	12 232	11 617	73 034	204 486	487 236	314 873		
Households	2400	142 119	68 720	53 197	34 336	33 907	30 333	186 812	651 165	1 200 590	936 553		
Other	2500	12 875	6 154	5 565	5 547	5 144	5 161	37 398	177 074	254 918	230 323		
<b>Total By Customer Group</b>	<b>2600</b>	<b>312 270</b>	<b>110 633</b>	<b>76 969</b>	<b>54 011</b>	<b>51 577</b>	<b>47 628</b>	<b>298 724</b>	<b>1 040 534</b>	<b>1 992 345</b>	<b>1 492 473</b>	-	-

#### 8.1.1. Additional debtors' information

The debtors that are older than 30 days, which includes all charges, amounted to R1.680 billion as at 30 September 2017 which is an increase of R53.13 million over the amount of R1.627 billion as at 31 August 2017.

Despite credit control and debt collection actions that are implemented, the primary contributing factor to the increase in debtors and reduction in collection rate can be attributed to the non-payment by customers as a result of the poor economic outlook and high unemployment rates.

Furthermore, the municipality is experiencing the following challenges, which have a negative impact in the collection ratio:

- Consumers, who are unable to pay, deliberately raise queries, so that their accounts can be held in abeyance. When a query is logged, the account is flagged and protected against credit control action while the query is being investigated.
- Instability of the network, especially in the Mdantsane and King Williams Town areas, this continuously hampers the staff from attending to consumer accounts on time.
- Illegal connections and meter tampering is contributing to non-payment of services.

Revenue management has however embarked on implementing the following strategies in order to improve the collection rate:

- Effective implementation of disconnection of the electricity is being monitored and reviewed continuously;
- A Task Team within Revenue Management has been constituted to identify and to ensure that the consumer accounts in arrears are scrutinized with the intention of fast tracking collection of the debt, which will result in the reduction of the book debt;
- The Credit Control and Indigent Support Policy has been reviewed with the intention to implement strict controls over collection;
- Standard operating procedures have been reviewed and adopted which are currently being implemented;
- The Rates and Valuation Department is constantly checking whether properties are zoned correctly and subsequently raising the correct rates tariff.

## 8.2. Additional debtor's information.

### 8.2.1. Age Analysis per Category

Table 11 below details debtors age analysis that are older than 30 days by income source as at 30 September 2017. It also provides comparison with the previous month (31 August 2017) which indicates a slight increase from R1.63 billion to R1.68 billion.

**Table 11: Debtor's Age Analysis by Income Source Comparison**

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR SEPTEMBER 2017	TOTAL FOR AUGUST 2017
<b>30 DAYS</b>	29,754,937	10,591,738	16,910,253	37,858,492	11,023,217	4,494,648	110,633,286	105,385,995
<b>60 DAYS</b>	21,686,989	7,142,757	6,231,755	28,882,965	8,600,775	4,423,276	76,968,517	59,541,999
<b>90 DAYS</b>	16,602,722	4,764,085	3,913,693	18,024,335	5,465,344	5,240,326	54,010,505	54,226,860
<b>120 DAYS TO 360 DAYS</b>	121,450,126	34,314,764	24,243,844	148,518,697	44,798,994	24,602,761	397,929,187	391,275,865
<b>YEAR 2</b>	129,064,724	33,282,095	11,423,184	90,205,390	45,485,561	23,008,663	332,469,618	324,155,276
<b>YEAR 3</b>	102,071,646	18,448,091	5,896,652	49,695,289	25,247,109	16,448,718	217,807,506	217,314,198
<b>YEAR 4</b>	37,185,719	17,151,938	3,430,033	35,046,370	24,305,815	20,126,445	137,246,319	128,204,070
<b>YEAR 5</b>	19,381,504	12,426,459	2,049,928	22,104,590	17,929,805	14,239,800	88,132,086	87,493,493
<b>YEAR 5+</b>	61,256,257	36,997,881	5,980,524	61,899,525	58,830,661	39,913,261	264,878,109	259,342,394
<b>TOTAL</b>	<b>538,454,624</b>	<b>175,119,809</b>	<b>80,079,868</b>	<b>492,235,653</b>	<b>241,687,280</b>	<b>152,497,898</b>	<b>1,680,075,132</b>	<b>1,626,940,150</b>

### 8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type that are older than 30 days as at 30 September 2017. It also reflects the percentage split per category with domestic consumers having the highest share followed by indigent consumers. Please note that the financial system is not able to produce a collection ratio per service, however the collection ratio is reported on globally.

**Table 12: Age Analysis per Category Type**

<b>CATEGORY TYPE</b>	<b>30 DAYS</b>	<b>60 DAYS</b>	<b>90 DAYS</b>	<b>120 DAYS+</b>	<b>Total</b>	<b>% Share</b>
<b>Domestic</b>	50 196 730	30 733 729	23 427 145	663 671 020	768 028 624	45.71
<b>Indigent</b>	18 214 976	22 342 735	10 857 931	237 706 294	289 121 936	17.21
<b>Business</b>	26 927 650	14 366 046	13 504 115	301 369 040	356 166 850	21.2
<b>Government</b>	8 831 532	3 839 911	623 214	10 100 458	23 395 115	1.39
<b>Municipal Staff</b>	308 063	121 001	50 970	839 778	1 319 811	0.08
<b>Other</b>	6 154 335	5 565 095	5 547 130	224 776 236	242 042 796	14.41
<b>Total</b>	<b>110 633 286</b>	<b>76 968 517</b>	<b>54 010 505</b>	<b>1 438 462 826</b>	<b>1 680 075 132</b>	<b>100</b>

Note\*: A stop order deduction is implemented for all municipal employees and councillors that are in arrears with their municipal accounts. When a new employee joins the employ of the municipality, in many instances there is services debt and therefore the arrears will be liquidated over an acceptable period of time in terms of the Credit Control Policy.

### 8.2.3. Government Accounts

The total arrears (30 days and above) owed by Government Departments to Buffalo City Metropolitan Municipality as at 30 September 2017 amounted to R23.4 million. This indicates an increase of R5.95 million when compared to the prior month amount of R17.44 million. The breakdown of the arrears per department (excluding accounts in credit) is indicated in the table hereunder, as at 30 September 2017. The primary reason for the increase relates to annual charges related to rates and sewerage that were raised in July and are due and payable by 30 September 2017. Government Departments normally pay their municipal accounts between the third and fourth working day after month end.

Table 13 below provides an analysis of government debtors that are older than 30 days as at 30 September 2017 and comparison with the previous month.

**Table 13: Analysis of Government Debtors**

DEPARTMENT	PROPERTY RATES	SERVICES	TOTAL ARREARS AS AT 30 SEPTEMBER 2017	TOTAL ARREARS AS AT 31 AUGUST 2017	DIFFERENCE
National Department of Public Works	98,782	3,381,528	3,480,311	3,397,825	82,486
Provincial Department of Public Works	1,661,245	1,835,017	3,496,262	1,657,253	1,839,010
Department of Education	0	2,380,982	2,380,982	1,844,462	536,519
Department of Health	0	7,234,127	7,234,127	4,151,544	3,082,583
Department of Social Development	0	514,759	514,759	262,496	252,264
Department of Nature Conservation	0	1,851	1,851	0	1,851
Department of Human Settlements	0	37,422	37,422	31,642	5,780
Department of Sport, Recreation, Arts and Culture	0	71,522	71,522	0	71,522
Department of Labour - UIF Services	0	21,924	21,924	0	21,924
Members of Provincial Legislature	0	239,318	239,318	222,283	17,034
Department of Rural Development and Land Reform	0	92,831	92,831	92,755	75
Department of Public Works and Department of Human Settlements in respect of RDP Houses	0	5,822,589	5,822,589	5,782,369	40,221
South African Social Security Agency	0	1,219	1,219	816	404
<b>TOTAL</b>	<b>1,760,027</b>	<b>21,635,088</b>	<b>23,395,115</b>	<b>17,443,444</b>	<b>5,951,671</b>

## 9. CREDITORS' ANALYSIS

The creditors' analysis as depicted in table 14 below contains an aged analysis by customer type. It reflects that creditors are paid within 30 days, except when there are disputes on invoices received.

**Table 14: SC4 Monthly Budget Statement Aged Creditors**

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September

Description	NT Code	Budget Year 2017/18								Total	Prior year totals for chart (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		
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	184 335								184 335	114 513
Bulk Water	0200	19 838								19 838	19 390
PAYE deductions	0300	21 448								21 448	19 448
VAT (output less input)	0400	-								-	-
Pensions / Retirement deductions	0500	24 713								24 713	19 697
Loan repayments	0600	19 511								19 511	23 454
Trade Creditors	0700	313 369	12 894							326 263	296 844
Auditor General	0800	1 360								1 360	1 504
Other	0900	(1 968)								(1 968)	18 859
<b>Total By Customer Type</b>	<b>1000</b>	<b>582 606</b>	<b>12 894</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>595 500</b>	<b>513 709</b>

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in September 2017.

**Table 15: Payments made to the 20 highest paid creditors – September 2017**

<b>CREDITOR</b>	<b>90 DAYS</b>	<b>60 DAYS</b>	<b>30 DAYS</b>	<b>CURRENT</b>	<b>TOTAL</b>	<b>PAYMENT</b>
				184 334 977	184 334 977	184 334 977
AMATOLA WATER				19 838 254	19 838 254	19 838 254
MANTELLA TRADING 522 CC			498 709	11 160 048	11 658 756	11 658 756
MAZIYA GENERAL SERVICES			4 437 861	4 611 324	9 049 185	9 049 185
S A M E WATER (PTY) LTD			0	8 399 898	8 399 898	8 399 898
MOTHEO/ MPUMALANGA JV			7 956 762	0	7 956 762	7 956 762
RAND CIVILS			0	5 547 402	5 547 402	5 547 402
CZAR CONSTRUCTION			0	5 468 887	5 468 887	5 468 887
AURECON SOUTH AFRICA (PTY) LTD			0	4 823 632	4 823 632	4 823 632
AMANZ ABANTU SERVICES			0	4 399 093	4 399 093	4 399 093
GEAT SERVICES (PTY) LTD			0	4 025 592	4 025 592	4 025 592
MVEZO PLANT & CIVILS CC			1 053 025	2 371 169	3 424 194	3 424 194
M W P CONSTRUCTION CC			3 318 916	0	3 318 916	3 318 916
EYA BANTU PROFESSIONAL SERVICES CC			0	3 008 244	3 008 244	3 008 244
ROYAL HASKONING (PTY) LTD			0	2 977 857	2 977 857	2 977 857
MASIQHAME TRADING 520 CC			2 671 108	0	2 671 108	2 671 108
MTIMA PLUMBING SERVICES			0	2 420 638	2 420 638	2 420 638
DRAKE FLEMMER & ORSMOND			0	2 268 641	2 268 641	2 268 641
L2K TRADING CC			0	2 201 542	2 201 542	2 201 542
TVR CONSTRUCTION			0	1 917 705	1 917 705	1 917 705
DOWN TOUCH INVESTMENT (PTY) LTD			0	1 551 163	1 551 163	1 551 163
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>19 936 380</b>	<b>271 326 065</b>	<b>291 262 445</b>	<b>291 262 445</b>

## 10. INVESTMENT PORTFOLIO ANALYSIS

The investment portfolio analysis detailed in table 16 below includes information of the institution where funds are invested, period of investment, type of investment and accrued interest for the month.

**Table 16: SC5 Monthly Budget Statement – investment portfolio**

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M03 September									
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
<b>Municipality</b>									
Land Affairs - West Bank		Call Account	Call Account	Call Account	276	2.6%	51 348	276	51 625
Finance Management Grant		Call Account	Call Account	Call Account	7	0.1%	1 313	7	1 320
MD Urban Renewal (MT Ruth Node)		Call Account	Call Account	Call Account	49	0.5%	9 186	49	9 235
Workmans Compensation(COID)		Call Account	Call Account	Call Account	51	0.5%	9 426	51	9 477
Reeston Development		Call Account	Call Account	Call Account	5	0.0%	876	5	881
Human Settlement Development Grant (HSDG)		Call Account	Call Account	Call Account	87	0.8%	16 152	87	16 239
Intergrated Electrification Programme (INEP)		Call Account	Call Account	Call Account	196	1.9%	31 022	196	31 218
Trust Funds		Call Account	Call Account	Call Account	7	0.1%	1 350	7	1 358
Vuna Awards		Call Account	Call Account	Call Account	6	0.1%	1 058	6	1 063
Aids & Training Information Centre (ATIC)		Call Account	Call Account	Call Account	49	0.5%	9 070	49	9 119
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	0	0.0%	45	0	45
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	1	0.0%	164	1	165
City of Leiden		Call Account	Call Account	Call Account	1	0.0%	186	1	187
Needscamp Planning		Call Account	Call Account	Call Account	6	0.1%	1 072	6	1 078
Umsobomvu Youth Fund (UYF)		Call Account	Call Account	Call Account	1	0.0%	269	1	270

**BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M03 September**

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
<b><u>Municipality</u></b>									
Land Affairs - East Bank		Call Account	Call Account	Call Account	431	4.1%	80 019	431	80 450
Land Affairs West Bank		Call Account	Call Account	Call Account	258	2.4%	40 960	258	41 218
European Commission		Call Account	Call Account	Call Account	6	0.1%	1 057	6	1 062
Salaida		Call Account	Call Account	Call Account	11	0.1%	1 805	11	1 816
Electricity Demand Management Grant		Call Account	Call Account	Call Account	0	0.0%	2	0	2
ADM Funding		Call Account	Call Account	Call Account	9	0.1%	1 729	9	1 739
Urban Settelement Development Grant		Call Account	Call Account	Call Account	286	2.7%	53 201	286	53 487
Urban Settelement Development Grant		Call Account	Call Account	Call Account	325	3.1%	60 380	325	60 706
Urban Settelement Development Grant		Call Account	Call Account	Call Account	339	3.2%	62 993	339	63 332
Urban Settelement Development Grant		Call Account	Call Account	Call Account	299	2.8%	55 994	299	56 293
Infrastructure Skills Development Grant		Call Account	Call Account	Call Account	23	0.2%	2 303	5 623	7 926
Infrastructure Development Levy		Call Account	Call Account	Call Account	1	0.0%	149	1	150
Bcmet		Call Account	Call Account	Call Account	3	0.0%	504	3	507
Expanded Public Works Programme		Call Account	Call Account	Call Account	2	0.0%	4	1 240	1 244
Intergrated City Development Grant		Call Account	Call Account	Call Account	14	0.1%	1 378	3 492	4 870
City of Oldenburg		Call Account	Call Account	Call Account	3	0.0%	547	3	550
Public Transport Network Grant		Call Account	Call Account	Call Account	211	2.0%	33 589	14 178	47 767
Capital Replacement Reserve ( CRR)		Call Account	Call Account	Call Account	352	3.3%	55 777	352	56 128

**BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M03 September**

Investments by maturity Name of institution & investment ID	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands									
<b><u>Municipality</u></b>									
Mayoral Projects (CRR)		Call Account	Call Account	Call Account	7	0.1%	1 132	7	1 140
Own Funds		Call Account	Call Account	Call Account	139	1.3%	25 874	139	26 013
Own Funds		Call Account	Call Account	Call Account	554	5.2%	87 779	554	88 332
Own Funds		Call Account	Call Account	Call Account	345	3.3%	77 752	(32 655)	45 097
Own Funds		Call Account	Call Account	Call Account	303	2.9%	78 562	(46 697)	31 865
Own Funds		Call Account	Call Account	Call Account	983	9.3%	184 019	983	185 003
Own Funds - CRR		Call Account	Call Account	Call Account	994	9.4%	185 985	994	186 979
Own Funds - CRR		Call Account	Call Account	Call Account	184	1.7%	34 162	184	34 345
Own Funds - CRR		Call Account	Call Account	Call Account	164	1.6%	30 547	164	30 712
Own Funds - CRR		Call Account	Call Account	Call Account	297	2.8%	55 219	297	55 517
Own Funds - CRR		Call Account	Call Account	Call Account	265	2.5%	49 248	265	49 513
Own Funds (Depreciation)		Call Account	Call Account	Call Account	1 560	14.8%	289 854	1 560	291 414
Own Funds (Depreciation)		Call Account	Call Account	Call Account	799	7.6%	148 361	799	149 160
Own Funds (Depreciation)		Call Account	Call Account	Call Account	632	6.0%	117 482	632	118 115
Housing Development		Call Account	Call Account	Call Account	14	0.1%	2 595	14	2 609
<b>Municipality sub-total</b>					<b>10 556</b>		<b>1 953 499</b>	<b>(45 161)</b>	<b>1 908 339</b>
<b><u>Entities</u></b>									
N/A									
<b>Entities sub-total</b>					<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>				<b>10 556</b>		<b>1 953 499</b>	<b>(45 161)</b>	<b>1 908 339</b>

## 11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Transfers and grants receipts per allocation or grant is provided in the table below. Further details on grants expenditure performance is detailed in section 11.1 below.

**Table 17: SC6 Monthly Budget Statement – transfers and grants receipts**

BUF Buffalo City - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M03 September

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		-	1 260 713	1 260 713	-	457 897	457 897	-	0.0%	1 260 713
Local Government Equitable Share		-	705 277	705 277	-	293 866	293 866	-		705 277
Urban Settlement Development Grant		-	63 044	63 044	-	-	-	-		63 044
Finance Management		-	1 200	1 200	-	1 200	1 200	-		1 200
EPWP Incentive		-	4 952	4 952	-	1 238	1 238	-		4 952
Infrastructure Skills Development Grant		-	10 560	10 560	-	5 600	5 600	-		10 560
Public Transport Network Grant		-	7 702	7 702	-	-	-	-		7 702
General Fuel Levy		-	467 978	467 978	-	155 993	155 993	-		467 978
Other transfers and grants [insert description]		-	-	-	-	-	-	-		-
<b>Provincial Government:</b>		-	15 000	15 000	-	-	3 750	(3 750)	-100.0%	15 000
DSRAC - Library Subsidy		-	15 000	15 000	-	-	3 750	(3 750)	-100.0%	15 000
Department of Public Works		-	-	354	-	-	88	(88)	-100.0%	-
Human Settlement Development Grant		-	90 800	90 800	16 579	58 393	22 700	35 693	157.2%	90 800
Other transfers and grants [insert description]		-	-	-	-	-	-	-		-
<b>District Municipality:</b>		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
<b>Other grant providers:</b>		-	1 593	2 178	1 226	1 226	545	682	#DIV/0!	2 178
SETA - Skills Development		-	-	-	1 226	1 226	-	1 226	#DIV/0!	-
Donor Funding - Leiden		-	138	138	-	-	35	(35)	-100.0%	138
Salaida / Gavle		-	1 455	1 544	-	-	386	(386)	-100.0%	1 544
City of Oldenburg		-	-	496	-	-	124	(124)	-100.0%	496
Unspecified		-	-	-	-	-	-	-		-
<b>Total Operating Transfers and Grants</b>	5	-	1 277 306	1 277 891	1 226	459 123	462 192	(3 068)	-0.7%	1 277 891
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	795 307	795 307	-	252 983	262 983	(10 000)	-3.8%	795 307
Urban Settlement Development Grant		-	705 084	705 084	-	230 438	230 438	-	0.0%	705 084
Public Transport Network Grant		-	48 167	48 167	-	13 967	13 967	-	0.0%	48 167
Neighbourhood Development Partnership		-	10 000	10 000	-	-	-	-		10 000
Integrated National Electrification Programme		-	25 000	25 000	-	5 000	15 000	(10 000)	-66.7%	25 000
Finance Management Grant		-	100	100	-	100	100	-	0.0%	100
Integrated City Development Grant		-	6 956	6 956	-	3 478	3 478	-	0.0%	6 956
<b>Provincial Government:</b>		-	-	9 036	-	-	2 259	(2 259)	-100.0%	9 036
Dept of Local Government and Traditional Affairs		-	-	9 036	-	-	2 259	(2 259)	-100.0%	9 036
<b>District Municipality:</b>		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
<b>Other grant providers:</b>		-	-	229	-	-	57	(57)	-100.0%	229
Salaida / Gavle		-	-	229	-	-	57	(57)	-100.0%	229
<b>Total Capital Transfers and Grants</b>	5	-	795 307	804 572	-	252 983	265 299	(12 316)	-4.6%	804 572
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	-	2 072 613	2 082 463	1 226	712 106	727 491	(15 385)	-2.1%	2 082 463

### 11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 13% (R114.64 million, inclusive of reclaimed vat) of its 2017/2018 conditional grants budget of R882.77 million as at 30 September 2017. This reflects an improvement in both percentage and rand value terms when compared to the same period in the previous financial year where 11% (R89.42 million, inclusive of reclaimed of vat) of conditional grants budget of R828.70 million was spent. It is anticipated that the expenditure will improve as the year progresses once the procurement processes have been undertaken.

Table 18 below reflects the year to date expenditure on 2017/18 total conditional grants.

**Table 18: Spending per Conditional Grant Funding Allocation**

<b>Funding</b>	<b>2017/2018 Approved Budget</b>	<b>YTD Expenditure (incl. VAT)</b>	<b>Variance (incl. VAT)</b>	<b>% Expendit ure (incl. VAT)</b>
Integrated National Electrification Programme Grant	25 000 000	0	25 000 000	0%
Finance Management Grant	1 300 000	344 069	955 931	26%
Infrastructure Skills Development Grant	10 560 000	2 009 842	8 550 158	19%
Neighbourhood Development Partnership Grant	10 000 000	0	10 000 000	0%
Urban Settlement Development Grant	768 128 000	104 776 028	663 351 972	14%
Integrated City Development Grant	6 956 000	0	6 956 000	0%
Expanded Public Works Programme Grant	4 952 000	0	4 952 000	0%
Public Transport Network Grant	55 869 000	7 510 121	48 358 879	13%
<b>TOTAL CONDITIONAL GRANTS</b>	<b>882 765 000</b>	<b>114 640 061</b>	<b>768 124 939</b>	<b>13%</b>

Comments on performance of programmes that are implemented by the above funding are detailed below. Details of the projects that are implemented by each grant are reflected in both Annexure D and E.

#### 11.1.1. INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

The following projects are planned for the 2017/18 financial year:

<b>Area</b>	<b>Connections Approved</b>	<b>Available Dwellings</b>	<b>Status</b>
Buffer Strip Mdantsane Households	825	± 117 infills	On Site Verification
Fynbos/Scenery Park Households	900	± 97	On Site Verification

The INEP funding is utilised to fund the above mentioned electrification programme and an annual tender will be used for completion of the projects. The planned number of dwellings for electrification is far below the projected estimate that was provided at the time of application to the Department of Energy (DoE) as construction of housing projects has not been in terms of the construction program. A site visit was conducted by representatives from both the DoE and BCMM in the two approved areas, and based on the visit the DoE indicated that BCMM will not be able to meet its 2017/2018 targets and as a result the INEP funding will have to be re-allocated.

#### **11.1.2. FINANCE MANAGEMENT GRANT**

There are nine (9) interns serving on the internship programme. The interns are being remunerated accordingly. Furthermore, the grant will be utilised for the payment of the Municipal Finance Management Programme (MFMP) for three interns that will be enrolled into the program this financial year.

#### **11.1.3. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)**

The funding is being used to pay the interns stipends as well as mentor salaries. Ten (10) additional interns will be appointed in the current financial year, upon completion of the recruitment process which is planned to be on 01 October 2017.

#### **11.1.4. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)**

### **INFRASTRUCTURE SERVICES**

#### **Sanitation**

Numerous projects are multi-year and on-going and expenditure is as per contractors' performance. Eastern Beach Gravity Sewer Upgrade - Blind River to City Pump Station awaiting outcome of litigation. Gqozo Village project is at adjudication stage. Mdantsane Waste Water Treatment Works will be re-advertised due to no responsive bidders.

## Electricity

<b>PROGRAMME</b>	<b>BUDGET</b>	<b>STATUS</b>	<b>COMMENT</b>
Tool & Equipment: <ul style="list-style-type: none"> <li>• Cable Locator and Hydraulic Spiking Gun</li> <li>• Generator 500kVA with Trailer</li> </ul>	R 2 000 000	0%	Specification for both cable locator and hydraulic spiking gun, 500kVA generator with trailer is being drafted. Procurement is underway.
Street Lighting & Highmast within BCMM Areas of Supply: <ul style="list-style-type: none"> <li>• Highmast/s Installation X 11</li> <li>• Bonza Bay Road Phase 2</li> <li>• Petrel Rd Gonubie</li> <li>• Gonubie 2nd Street</li> </ul>	R 5 000 000	92%	The project is performing in line with the program.
Building Alterations	R 1 000 000	86 %	Draft plans have been prepared for the alterations to the Beacon Bay Civic Centre.

## SPATIAL PLANNING & DEVELOPMENT

### Needs Camp / Potsdam Bridge

The construction tender was awarded on the 09 December 2016. One of the losing bidders contested the award and has recently withdrew the appeal. Construction was meant to commence late in April 2017 but due to the Department of Labour delaying to issue a construction permit, which was only issued on 9 June 2017, the contractor only commenced on the 21<sup>st</sup> June 2017 and the first invoice was received during the month of August 2017. The contractor should issue another invoice by the end of October 2017.

### Traffic signals

The consultant appointed to undertake the designs is not performing and as a result the contract will be terminated. The designs of North East Expressway/ N2 off-ramp have not yet been finalised by SANRAL. Once the

study is finalised, the transport planning department will need to appoint a consultant that will replace the non-performing service provider to undertake the designs for the Amalinda Main Road/ Cycle track, Dice Mdantsane Access Road intersections.

### **Traffic calming measures**

The contract was advertised on 02 September 2016, it closed on 04 October 2016 and was awarded on 27 June 2017. The orders cannot be generated as the contractor is currently not tax compliant. The contractor submitted the outstanding information to SARS on the 2<sup>nd</sup> of October 2017.

### **Sidewalks**

The contract for the construction of sidewalks is at a procurement stage. However, the transport planning department is trying to establish whether a contract from roads department (contract 25) can be used for the implementation of this project as it has already been awarded.

## **ECONOMIC DEVELOPMENT AND AGENCIES**

### **Construction of pallet zones in the Market**

The contractor is currently assembling steel poles that will be used to complete the construction of pallet zone at the Fresh Produce Market. The contractor can only issue the invoice once work is complete.

### **Upgrading of cold rooms at Fresh Produce Market**

The contract for upgrading of cold-rooms at Fresh Produce Market was awarded last financial year, the contractor is onsite and work is progressing well.

## **HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES**

The Construction of King William's Town Traffic Centre tender was awarded on the 27<sup>th</sup> February 2017. Sod Turning ceremony took place on the 5 April 2017 and site construction is in progress & contractor is progressing well. Contractor is 8 weeks ahead of scheduled timeframes.

## **11.1.6 PUBLIC TRANSPORT NETWORK GRANT**

### **Transport Register**

Project is proceeding as scheduled and is scheduled to be completed not later than the end December 2017.

### **Operational plan review of integrated rapid public transport network**

The tender for the review of the Operational Plan was advertised on the 1<sup>st</sup> July 2016 and closed on the 2<sup>nd</sup> August 2016. The project was awarded on 9 June 2017. The service provider started with the works during the month of July 2017 and work is scheduled to be completed over a period of 12 months. Consultant to submit his first claim for work done by the end of October 2017.

### **Qumza Highway**

The contractor is on site as of July 2017 but has experienced delays due to the removal of the existing street lights and installation of new street lights. The contractor has been allocated a new area to work on but is not complying with Occupational Health and Safety requirements. A meeting was held on 26 September 2017 with the contractor to address non-compliance of Occupational Health and Safety requirements. Construction is expected to fully start on 09 October 2017 as this is the expected date that the contractor would have resolved all the required plant requirements.

### **Development and Upgrading of Public Transport Facilities in KWT**

Construction of the City Taxi Rank is progressing well with hawker stalls, mechanical workshop and freezer room at roof level and taxi holding currently doing paving work. Contractor is progressing well on the allocated sections and additional resources are on site to assist with the implementation of the project.

#### **11.1.6.1 EXPANDED PUBLIC WORKS PROGRAMME**

The project started late due to the following reasons:

- Recruitment of new participants
- Registration of new participants into the municipality EPWP payroll
- Registration of project into the EPWP reporting system

The recruitment process has been finalised and expenditure will improve from the month of October 2017 onwards.

## 12. COUNCILLOR AND EMPLOYEE BENEFITS

### 12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and Councillors remuneration. The workforce costs as a percentage of total expenditure amounted to 32.01% and this is expected to decrease to the budgeted rate of 29.02% as the year progresses.

**Table 19: SC8 Monthly Budget Statement – Councillor and Staff Benefits**

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September

Summary of Employee and Councillor remuneration	Ref	Budget Year 2017/18								
		2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		-	36 515	36 515	2 584	9 673	8 657	1 016	12%	36 515
Pension and UIF Contributions		-	3 754	3 754	312	624	900	(276)	-31%	3 754
Medical Aid Contributions		-	2 134	2 134	176	351	512	(160)	-31%	2 134
Motor Vehicle Allowance		-	14 405	14 405	1 051	2 142	3 455	(1 313)	-38%	14 405
Cellphone Allowance		-	2 447	2 447	187	381	587	(206)	-35%	2 447
Housing Allowances		-	3 144	3 144	181	365	754	(389)	-52%	3 144
Other benefits and allowances		-	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		-	<b>62 398</b>	<b>62 398</b>	<b>4 492</b>	<b>13 538</b>	<b>14 864</b>	<b>(1 327)</b>	<b>-9%</b>	<b>62 398</b>
<b>% increase</b>	4									
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages		-	13 873	13 873	383	1 175	3 417	(2 243)	-66%	13 873
Pension and UIF Contributions		-	2 701	2 701	109	209	665	(457)	-69%	2 701
Medical Aid Contributions		-	255	255	18	32	63	(31)	-49%	255
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	2 974	2 974	132	252	733	(480)	-66%	2 974
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	469	469	-	-	115	(115)	-100%	469
Other benefits and allowances		-	3 002	3 002	44	49	740	(691)	-93%	3 002
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		-	<b>23 273</b>	<b>23 273</b>	<b>686</b>	<b>1 716</b>	<b>5 733</b>	<b>(4 017)</b>	<b>-70%</b>	<b>23 273</b>
<b>% increase</b>	4									
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		-	1 040 488	1 040 488	91 713	331 899	256 322	75 576	29%	1 040 488
Pension and UIF Contributions		-	198 248	198 248	18 689	37 450	48 838	(11 388)	-23%	198 248
Medical Aid Contributions		-	93 096	93 096	6 873	13 723	22 934	(9 211)	-40%	93 096
Overtime		-	73 819	73 819	11 614	21 201	18 185	3 015	17%	73 819
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	33 980	33 980	2 234	4 413	8 371	(3 958)	-47%	33 980
Cellphone Allowance		-	4 392	4 392	352	681	1 082	(401)	-37%	4 392
Housing Allowances		-	17 020	17 020	634	1 286	4 193	(2 907)	-69%	17 020
Other benefits and allowances		-	202 137	202 137	14 849	29 978	49 796	(19 818)	-40%	202 137
Payments in lieu of leave		-	18 327	18 327	14	28	4 515	(4 487)	-99%	18 327
Long service awards		-	21 399	21 399	1 884	3 720	5 271	(1 551)	-29%	21 399
Post-retirement benefit obligations	2	-	7 143	7 143	7	13	1 760	(1 747)	-99%	7 143
<b>Sub Total - Other Municipal Staff</b>		-	<b>1 710 048</b>	<b>1 710 048</b>	<b>148 862</b>	<b>444 390</b>	<b>421 267</b>	<b>23 123</b>	<b>5%</b>	<b>1 710 048</b>
<b>% increase</b>	4									
<b>Total Parent Municipality</b>		-	<b>1 795 719</b>	<b>1 795 719</b>	<b>154 041</b>	<b>459 644</b>	<b>441 865</b>	<b>17 779</b>	<b>4%</b>	<b>1 795 719</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		-	<b>1 795 719</b>	<b>1 795 719</b>	<b>154 041</b>	<b>459 644</b>	<b>441 865</b>	<b>17 779</b>	<b>4%</b>	<b>1 795 719</b>
<b>% increase</b>	4									
<b>TOTAL MANAGERS AND STAFF</b>		-	<b>1 733 321</b>	<b>1 733 321</b>	<b>149 549</b>	<b>446 107</b>	<b>427 001</b>	<b>19 106</b>	<b>4%</b>	<b>1 733 321</b>

## 12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 30 September 2017. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 30 September 2017.

**Table 20: Overtime per Directorate**

Directorate Overtime	2017/2018 Approved Budget R	2017/2018 YTD Budget R	2017/2018 YTD Expenditure R	2017/2018 Variance R	2017/2018 % of YTD Budget %
Directorate of Executive Support Services	1 903 985	475 996	878 008	(402 012)	184%
Directorate of The City Manager	501 064	125 266	112 891	12 375	90%
Directorate of Corporate Services	525 188	131 297	270 679	-139 382	206%
Directorate of Spatial Planning & Development	704 956	176 239	62 198	114 041	35%
Directorate of Economic Development & Agencies	530 085	132 521	68 596	63 925	52%
Directorate of Finance	1 536 378	384 095	1 031 007	(646 913)	268%
Directorate of Health / Public Safety & Emergency Services	27 906 579	6 976 645	8 745 548	(1 768 904)	125%
Directorate of Human Settlement	115 256	28 814	0	28 814	0%
Directorate of Infrastructure Services	19 370 795	4 842 699	10 322 946	(5 480 247)	213%
<i>Electricity</i>	8 753 148	2 188 287	3 509 019	(1 320 732)	160%
<i>Water</i>	3 794 543	947 588	3 596 178	(2 648 590)	380%
<i>Sanitation</i>	5 602 537	1 400 634	3 020 030	(1 619 396)	216%
<i>Other</i>	1 220 567	306 190	197 719	108 471	65%
Directorate of Municipal Services	22 930 342	5 732 586	10 541 560	(4 808 975)	184%
<b>Total</b>	<b>76 024 628</b>	<b>19 006 157</b>	<b>32 033 433</b>	<b>(13 027 276)</b>	<b>169%</b>

**Table 21: Overtime Per Cost Centre: July 2017 – September 2017**

**OVERTIME PER COST CENTRE**

		July 2017 Amount	August 2017 Amount	September 2017 Amount
	<b>DIRECTORATE OF EXECUTIVE SUPPORT SERVICES</b>			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	260 521.27	166 953.48	274 056.77
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	24 827.69	0	33 856.72
0523	IDP & BUDGET INTEGRATION	2 320.30	10 082.27	889.80
0526	IEMP & SUSTAINABLE DEVELOPMENT	0	0	679.68
0531	POLITICAL OFFICE ADMINISTRATION	25 379.47	0	981.65
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	14 347.13	7 649.54	1 420.72
0541	SPORTS SERVICES & SPECIAL PROGRAMMES	5 249.20	0	0
0542	SPECIAL PROGRAMMES	11 575.94	5 814.90	6 091.80
0543	SPORTS SERVICES	7 483.96	0	0
		<b>351 704.96</b>	<b>190 500.19</b>	<b>317 977.14</b>
	<b>DIRECTORATE OF THE CITY MANAGER</b>			
1005	OFFICE OF THE CITY MANAGER	18 618.13	19 321.06	25 113.43
1015	INFORMATION / TECHNOLOGY & SUPPORT	40 836.50	34 709.97	23 615.88
1041	GOVERNANCE & INTERNAL AUDITING	11 748.59	0	0
		<b>71 203.22</b>	<b>54 031.03</b>	<b>48 729.31</b>
	<b>DIRECTORATE OF CORPORATE SERVICE</b>			
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	0	0	1 001.88
1512	ADMINISTRATIVE & CORPORATE SUPPORT	5 979.32	10 343.00	7 175.66
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	46 515.22	30 111.96	37 638.23
1531	HUMAN RESOURCES MANAGEMENT	1 788.30	23 225.60	6 803.96
1532	ADMINISTRATIVE SUPPORT	2 950.40	9 730.80	3 243.60
1536	ORGANISATIONAL DEVELOPMENT	3 104.61	0	0
		<b>60 337.85</b>	<b>73 411.36</b>	<b>55 863.33</b>
	<b>DIRECTORATE OF SPATIAL PLANNING &amp; DEVELOPMENT</b>			
2013	CITY & REGIONAL PLANNING	0	0	5 622.49
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	10 987.96	12 128.03	0
2037	TRAFFIC MANAGEMENT & SAFETY	8 517.53	12 848.91	10 018.95
		<b>19 505.49</b>	<b>24 976.94</b>	<b>15 641.44</b>

		July 2017 Amount	August 2017 Amount	September 2017 Amount
	<b>DIRECTORATE OF ECONOMIC DEVELOPMENT &amp; AGENCIES</b>			
2511	FRESH PRODUCE MARKET	18 734.63	8 264.73	30 364.22
2531	TRADE / INDUSTRY & RURAL AGRARIAN	7 665.07	0	0
		<b>26 399.70</b>	<b>8 264.73</b>	<b>30 364.22</b>
	<b>DIRECTORATE OF FINANCE</b>			
3011	BUDGET & TREASURY MANAGEMENT	0	27 080.78	0
3031	EXPENDITURE & PAYMENTS MANAGEMENT	3 995.73	10 561.74	26 554.47
3033	PAYROLL & BENEFITS	3 445.68	3 219.85	5 238.29
3034	VAT / LEASES & PAYMENTS	10 131.52	29 701.81	6 138.90
3051	REVENUE MANAGEMENT	6 266.36	154 730.81	17 395.15
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	105 550.57	173 017.94	127 013.00
3053	COASTAL REVENUE MANAGEMENT	21 777.17	128 087.81	31 674.16
3054	CUSTOMER RELATIONS (CALL CENTRE)	0	5 385.68	0
3057	RATES & VALUATIONS	9 101.87	4 603.91	0
3061	STRATEGY & OPERATIONS	2 310.84	1 159.80	1 159.80
3071	SUPPLY CHAIN MANAGEMENT	74 457.41	11 994.70	0
		<b>237 037.15</b>	<b>549 544.83</b>	<b>215 173.77</b>
	<b>DIRECTORATE OF HEALTH / PUBLIC SAFETY &amp; EMERGENCY SERVICES</b>			
3512	DISASTER MANAGEMENT	4 316.75	4 775.59	7 761.35
3513	FIRE & RESCUE	377 291.25	446 483.09	370 906.28
3521	MUNICIPAL HEALTH SERVICES	13 051.44	14 491.83	8 611.02
3530	GM - PUBLIC SAFETY & PROTECTION SERVICES	0	0	64 197.61
3531	PUBLIC SAFETY & PROTECTION SERVICES	41 893.60	67 892.89	0
3532	LAW ENFORCEMENT SERVICES	1 307 008.98	1 437 388.03	1 532 438.74
3533	TRAFFIC SERVICES	473 599.43	593 387.39	653 440.97
		<b>2 217 161.45</b>	<b>2 564 418.82</b>	<b>2 637 355.97</b>
	<b>DIRECTORATE OF INFRASTRUCTURE SERVICES</b>			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	3 661.91	2 564.70	2 821.17
4511	ELECTRICAL & ENERGY SERVICES	2 071.19	2 193.59	2 149.35
4512	CUSTOMER SERVICES & REVENUE PROTECTION	85 786.59	92 092.88	99 723.79
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	4 043.28	2 815.23	2 740.85
4514	ELECTRICAL DISTRIBUTION	707 939.72	971 979.49	1 064 806.27
4524	ROADS	24 311.75	0	14 230.14
4532	SANITATION	815 965.13	981 298.89	951 119.61
4533	SCIENTIFIC SERVICES	9 187.78	0	0
4535	WATER SERVICES	1 043 857.43	1 195 212.97	1 127 996.77

		July 2017 Amount	August 2017 Amount	September 2017 Amount
4542	FLEET SERVICES & PLANT	5 236.71	936.98	0
4543	WORKSHOPS	8 155.32	31 970.39	53 004.64
		<b>2 710 216.81</b>	<b>3 281 065.12</b>	<b>3 318 592.59</b>
	<b>DIRECTORATE OF MUNICIPAL SERVICES</b>			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	8 894.88	30 366.16	5 414.31
5011	COMMUNITY AMENITIES	20 379.63	23 799.25	23 059.90
5013	LIBRARIES	72 438.11	46 879.02	78 613.26
5014	HALLS	177 745.71	197 728.20	189 779.56
5015	RECREATION	321 066.03	368 828.29	362 632.84
5016	SPORTS FACILITIES	193 422.54	198 705.44	165 718.33
5022	CEMETRIES & CREMATORIA	288 575.84	332 366.60	266 452.14
5023	CONSERVATION	102 746.82	148 736.19	125 895.66
5024	PARKS: COASTAL	597 939.23	564 340.44	690 932.85
5031	SOLID WASTE MANAGEMENT	13 430.96	12 583.10	11 451.76
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 245 758.15	1 365 385.32	1 272 895.18
5035	LANDFILLS & TRANSFER STATIONS	117 097.96	136 063.98	118 231.46
		<b>3 159 495.86</b>	<b>3 425 781.99</b>	<b>3 311 077.25</b>
	<b>TOTAL OVERTIME</b>	<b>8 853 062.49</b>	<b>10 171 995.01</b>	<b>9 950 775.02</b>

### 12.2.1. Comments On Overtime

#### a) Directorate of Executive Support Services

The over expenditure is due to the respective political office's bodyguards having to work extended overtime and night shifts. Staff also had to work overtime for the preparation of the Mayoral events. Furthermore, Public Participation (Political Office) unit staff had to work overtime due to loud-hailing done after business hours and on weekends.

#### b) Directorate of Corporate Services

The over expenditure on overtime is as a result of council meetings which necessitates the drivers to deliver council agendas outside the normal operating hours.

**c) Directorate of Finance**

The over expenditure is due to the preparations of year end activities by Finance officials. Furthermore, there were delays in the ledger run due to finalisation of year-end processes and integration of systems into SOLAR and the budget office staff was required to work overtime in order to complete the monthly reporting timeously in order to adhere to the deadlines as per the Municipal Finance Management Act (MFMA).

Revenue Management: The bulk of the expenditure is related to the overtime that was worked on the Revenue Enhancement Initiative that was undertaken during July 2017 whereby Revenue Management staff assisted the public over 3 weekends in resolving accounts related matters. The overtime worked emanated from the request by the Mayoral Committee to assist the public over the weekends during July 2017. The expenditure related to this Revenue Enhancement Initiative will be allocated to the Revenue Enhancement project during the month of October 2017.

**d) Directorate of Infrastructure Services**

Electricity – Overtime is incurred while carrying out emergency work in all areas of East London and King Williams Town/Bisho due to standby emergencies, vandalism, theft, revenue protection raids for illegal connections etc.

Water – Overtime is incurred while carrying out emergency work due to the high number of pipe bursts.

Sanitation – Overtime is incurred while carrying out emergency work (burst rising mains etc.) and attending to alarms received via the telemetry system or faults at pump stations i.e. tripped pumps etc.

Other – Overtime is due to roads maintenance emergencies due to inclement weather and aged road infrastructure network. Overtime was worked in coastal area during this month as there was a backlog in patching due to the small plant machine being broken.

**e) Directorate of Health / Public Safety & Emergency Services**

Directorate of Health, Public Safety & Emergency Services officials (Health, Fire, Traffic, Law Enforcement, Disaster Management & Emergency Services) work over weekends, evenings and public holidays attending to various events held within the jurisdiction of BCMM (response to emergencies), safety operations, speed enforcement operations, protest actions, accidents and ensuring safekeeping of municipal assets to ensure compliance in terms of the legislation which control these activities.

**f) Directorate of Municipal Services**

Overtime is linked to hall usage, the staff working overtime are halls staff. Most bookings occur after hours or over weekends which results in overtime. This is a service to the public and it is therefore essential that the overtime is worked.

Cleansing & Refuse Removal: Inland – the department provides services 7 days' a week and five days are normal working days. Saturday and Sunday is regarded as structured overtime. The department is exploring other measures or to introduce a 6-day shift work. Measures are being put in place to adhere to the 40hrs per month.

Cleansing & Refuse Removal: Coastal - There is a moratorium that says all the vacant funded posts created before April 2017 must not be advertised, this results in the shortage of staff. The department is forced to allow workers to work after hours in order to curb the backlogs in certain areas to meet service delivery expectations and some areas within the region require a seven days' coverage of refuse removal due to large volumes of waste generated.

Landfills & Transfer Stations - Landfills as per the permit have operating hours. The operations of the facilities warrants that there must be staff on site during the operating hours as stipulated in the permit. Landfills operate from 08:00 till 22:00 during weekdays and they operate from 08:00 till 16:00 on weekends and public holidays.

### **12.3. Standby and Shift Allowance Analysis**

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past three months ended 30 September 2017. There was an increase in the total payment between July 2017 and August 2017 of R104 774 and an increase in the total payment between August 2017 and September 2017 of R163 782.

**Table 22: Standby & Shift Allowance per Directorate**

	<b>JULY 2017</b>	<b>AUGUST 2017</b>	<b>SEPTEMBER 2017</b>
Directorate of Executive Support Services	6 641	3 234	4 603
Directorate of the City Manager	42 355	44 365	35 643
Directorate of Corporate Services	7 206	1 036	1 504
Directorate of Spatial Planning and Development	10 407	12 207	10 710
Directorate Economic Development & Agencies	1 492	615	1 461
Directorate of Finance	9 545	18 886	19 985
Directorate of Health / Public Safety & Emergency Services	608 270	681 974	703 427
Directorate of Infrastructure Services	594 750	671 278	716 640
Directorate of Municipal Services	296 954	248 798	352 202
<b>TOTAL</b>	<b>1 577 619</b>	<b>1 682 393</b>	<b>1 846 175</b>

### **12.4. Cost of Temporary Staff**

The total payment of Temporary Staff for the past three months ended 30 September 2017 is reflected below. There was a decrease in the total payment between July 2017 and August 2017 of R1 366 180 and an increase in the total payment between August 2017 and September 2017 of R540 903.

**Table 23: Temporary Staff per Directorate**

	<b>JULY</b>	<b>AUGUST</b>	<b>SEPTEMBER</b>
	<b>2017</b>	<b>2017</b>	<b>2017</b>
Directorate of Executive Support Services	569 713	424 919	488 477
Directorate of the City Manager	276 981	213 692	262 237
Directorate of Corporate Services	1 565 523	1 306 759	1 374 826
Directorate of Spatial Planning and Development	206 682	167 704	144 351
Directorate Economic Development & Agencies	48 703	17 342	17 767
Directorate of Finance	546 880	406 839	698 399
Directorate of Health / Public Safety & Emergency Services	213 894	213 802	217 009
Directorate of Human Settlements	172 226	146 508	146 351
Directorate of Infrastructure Services	252 750	205 726	251 390
Directorate of Municipal Services	3 112 748	2 496 629	2 540 016
<b>TOTAL</b>	<b>6 966 102</b>	<b>5 599 922</b>	<b>6 140 824</b>

**12.5. Councillors Costs**

The table below shows the budget and expenditure to date for councillors' costs. The year to date budget of R15.6 million less the year to date expenditure of R13.96 million leaves a variance of R1.64 million.

**Table 24: Councillors Costs**

<b>Councillors Costs</b>	<b>2017/2018 Annual Budget R</b>	<b>2017/2018 YTD Budget R</b>	<b>2017/2018 YTD Expenditure R</b>	<b>2017/2018 Variance R</b>	<b>2017/2018 Variance %</b>
Councillors Allowances	44 492 267	11 123 067	8 752 458	2 370 609	21.31
Housing Allowance	0	0	548 419	(548 419)	0.00
Medical Aid Allowance	1 773 192	443 298	523 312	(80 014)	-18.05
Pension Allowance	3 761 772	940 443	936 415	4 028	0.43
Travel Allowance	12 370 884	3 092 721	3 195 350	-102 629	-3.32
<b>Total</b>	<b>62 398 115</b>	<b>15 599 529</b>	<b>13 955 953</b>	<b>1 643 575</b>	<b>10.54</b>

### 13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R5.57 million (17%) of its 2017/2018 operating budget of R33.16 million. The expenditure at this point of the financial year is below target.

**Table 25: Monthly Budget Statement – summary of municipal entity**

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Municipal Entity</b>										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Interest earned - external investments			238	238	16	55	60	(5)	-8%	238
Transfers recognised - operational			22 138	22 138	-	5 066	5 534	(469)	-8%	22 138
Agency services			3 630	3 630	-	-	907	(907)	-100%	3 630
Other revenue			7 154	7 154	220	518	1 789	(1 270)	-71%	7 154
<b>Total Operating Revenue</b>	1	-	<b>33 160</b>	<b>33 160</b>	<b>236</b>	<b>5 639</b>	<b>8 290</b>	<b>(2 651)</b>	<b>-32%</b>	<b>33 160</b>
<b>Expenditure By Municipal Entity</b>										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Employee related costs			15 178	15 178	1 387	4 350	3 795	556	15%	15 178
Remuneration of Directors			850	850	46	187	213	(26)	-12%	850
Depreciation & asset impairment			471	471	68	202	118	84	71%	471
Finance charges			2	2	-	-	0	(0)	-100%	2
Other expenditure			16 659	16 659	155	826	4 165	(3 339)	-80%	16 659
<b>Total Operating Expenditure</b>	2	-	<b>33 160</b>	<b>33 160</b>	<b>1 656</b>	<b>5 565</b>	<b>8 290</b>	<b>(2 725)</b>	<b>-33%</b>	<b>33 160</b>
<b>Surplus/ (Deficit) for the yr/period</b>		-	0	0	(1 420)	74	0	(5 376)	-1886311%	0
<b>Capital Expenditure By Municipal Entity</b>										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Transfers recognised - capital			962	-	181	186	241	(55)	-23%	962
Contributions recognised - capital										
Contributed assets										
<b>Total Capital Expenditure</b>	3	-	<b>962</b>	<b>-</b>	<b>181</b>	<b>186</b>	<b>241</b>	<b>(55)</b>	<b>-23%</b>	<b>962</b>

A detailed analysis of the entity's performance for month ended 30 September 2017 is outlined in the attached Annexure F.

### 14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 8% (R136.23 million, inclusive of reclaimed vat) of its 2017/18 adjusted capital budget of R1.71 billion as at 30 September 2017. This depicts a slight improvement in rand value terms when compared to the same period in the previous financial year where 8% (R135.78 million, inclusive of reclaimed vat) of the adjusted budget of R1.69 billion was spent. The capital expenditure will progressively improve during the year once the procurement processes have been concluded. Refer to Annexure A – C5 for the breakdown per municipal vote,

standard classification & funding; Annexure B – SC12 for monthly expenditure trends; SC13a for breakdown of asset classification for new assets and SC13b for breakdown on asset classification on renewal of existing asset).

A detailed schedule of the capital projects expenditure is outlined in Annexure E. Table 26 below reflects capital expenditure performance per source of funding.

**Table 26: Capital Expenditure per Funding Source against Budget**

<b>Funding</b>	<b><u>2017/2018</u> <u>Adjusted Capital</u> <u>Budget</u></b>	<b><u>YTD</u> <u>Expenditure</u> <u>(incl. VAT)</u></b>	<b><u>Variance</u> <u>(incl. VAT)</u></b>	<b><u>%</u> <u>Expenditure</u> <u>(incl. VAT)</u></b>
<b>Total Own Funding</b>	<b>908 991 209</b>	<b>33 586 331</b>	<b>875 404 878</b>	<b>4%</b>
DoE (Integrated National Electrification Programme)	25 000 000	0	25 000 000	0%
Finance Management Grant	100 000	0	100 000	0%
Gavle c/o	229 000	0	229 000	0%
Integrated City Development Partnership Grant	6 956 000	0	6 956 000	0%
Local Government & Traditional Affairs c/o	9 036 112	0	9 036 112	0%
Neighbourhood Development Grant	10 000 000	0	10 000 000	0%
Urban Settlement Development Grant	705 084 160	95 733 122	609 351 038	14%
Public Transport Infrastructure and Systems Grant	48 167 000	6 907 894	41 259 106	14%
<b>Total Grants</b>	<b>804 572 272</b>	<b>102 641 016</b>	<b>701 931 256</b>	<b>13%</b>
<b>TOTAL PER FUNDING</b>	<b>1 713 563 481</b>	<b>136 227 347</b>	<b>1 577 336 134</b>	<b>8%</b>

Table 27 below reflects capital expenditure performance per service.

**Table 27: Actual Expenditure per Service against Budget**

<b>Services</b>	<b><u>2017/2018</u> <u>Adjusted</u> <u>Capital Budget</u></b>	<b><u>YTD</u> <u>Expenditure</u> <u>(incl. VAT)</u></b>	<b><u>Variance (incl.</u> <u>VAT)</u></b>	<b><u>%</u> <u>Expenditure</u> <u>(incl. VAT)</u></b>
Water	130 000 000	26 169 427	103 830 573	20%
Waste Water	283 698 323	39 766 267	243 932 055	14%
Electricity	148 000 000	5 440 485	142 559 515	4%
Roads and Stormwater	270 956 000	25 639 711	245 316 289	9%
Housing	185 855 000	7 268 705	178 586 295	4%
Transport Planning	142 553 112	14 430 923	128 122 189	10%
Local Economic Development	59 097 779	1 953 661	57 144 118	3%
Spatial Planning	62 704 000	975 137	61 728 863	2%
Waste Management / Refuse	65 821 640	35 050	65 786 590	0%
Amenities	102 458 023	213 416	102 244 606	0%
Public Safety	40 679 410	3 257 624	37 421 786	8%
Support Services	167 981 785	3 283 874	164 697 911	2%
Other BCM Fleet	28 758 409	7 793 066	20 965 343	27%
BCMDA – Water world project	25 000 000	0	25 000 000	0%
<b>GRAND TOTAL PER SERVICE</b>	<b>1 713 563 481</b>	<b>136 227 347</b>	<b>1 577 336 134</b>	<b>8%</b>

Table 28 below reflects capital expenditure performance per directorate.

**Table 28: Actual Expenditure per Directorate against Budget**

Directorate	2017/2018 Adjusted Capital Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Directorate of Executive Support Services	6 729 240	5 532	6 723 708	0%
Directorate of the City Manager	39 109 286	473 163	38 636 123	1%
Directorate of Human Settlement	186 775 242	7 268 705	179 506 537	4%
Directorate of Finance	87 820 000	2 518 955	85 301 045	3%
Directorate of Corporate Services	8 337 104	105 800	8 231 304	1%
Directorate of Infrastructure Services	861 912 732	104 808 956	757 103 775	12%
Directorate of Spatial Planning and Development	218 757 112	15 553 690	203 203 422	7%
Directorate of Economic Development and Agencies	59 597 779	1 982 231	57 615 548	3%
Directorate of Health, Public Safety and Emergency Services	41 245 323	3 261 848	37 983 475	8%
Directorate of Municipal Services	168 279 663	248 466	168 031 196	0%
<b>TOTAL DIRECTORATES</b>	<b>1 678 563 481</b>	<b>136 227 347</b>	<b>1 542 336 134</b>	<b>8%</b>
Asset Replacement	10 000 000	0	10 000 000	0%
BCMDA – Water world project	25 000 000	0	25 000 000	0%
<b>GRAND TOTAL</b>	<b>1 713 563 481</b>	<b>136 227 347</b>	<b>1 577 336 134</b>	<b>8%</b>

The capital programme performance by month is tabulated in table 29 below (Exclusive of Vat).

**Table 29: SC12 Monthly Budget Statement – capital expenditure trend**

BUF Buffalo City - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M03 September

Month	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July	-	3 274	3 274	2 308	2 308	3 274	966	29.5%	0%
August	-	17 112	17 112	40 222	42 530	20 386	(22 144)	-108.6%	3%
September	-	48 450	48 450	85 095	127 625	68 836	(58 789)	-85.4%	8%
October	-	94 083	94 083	-	-	162 919	-	-	-
November	-	99 215	99 215	-	-	262 134	-	-	-
December	-	147 979	147 979	-	-	410 113	-	-	-
January	-	125 470	125 470	-	-	535 583	-	-	-
February	-	147 452	147 452	-	-	683 035	-	-	-
March	-	180 770	180 770	-	-	863 806	-	-	-
April	-	241 602	241 602	-	-	1 105 408	-	-	-
May	-	259 708	259 708	-	-	1 365 116	-	-	-
June	-	280 088	348 447	-	-	1 713 563	-	-	-
<b>Total Capital expenditure</b>	-	<b>1 645 204</b>	<b>1 713 563</b>	<b>127 625</b>					

## **15. OTHER SUPPORTING DOCUMENTS**

### **15.1. Operating Projects Expenditure**

The Metro has spent 9% (R27.85 million) inclusive of reclaimed vat of its 2017/18 adjusted operating projects budget of R300.91 million as at 30 September 2017. This reflects a regression in both percentage and rand value terms when compared to the same period in the previous financial year where 12% (R39.19 million inclusive of reclaimed vat) of the adjusted operating projects budget of R327.39 million was spent. The operating expenditure will progressively improve during the year once the procurement processes have been concluded.

A detailed schedule of the operating projects expenditure is outlined in Annexure D.

Tables 30 and 31 below summarise Annexure D.

**Table 30: Operating Projects per Directorate**

<u>Directorate</u>	<u>2017/2018 Adjusted Opex Budget</u>	<u>YTD Expenditure (incl. vat)</u>	<u>Variance (incl.vat)</u>	<u>% Expendit ure (incl.vat)</u>
Executive Support Services	5 822 639	35 007	5 787 632	1%
Directorate of the City Manager	46 784 665	4 617 226	42 167 439	10%
Directorate of Human Settlement	91 300 000	528 699	90 771 301	1%
Directorate of Finance	47 950 000	3 823 193	44 126 807	8%
Directorate of Corporate Services	12 566 500	2 009 842	10 556 658	16%
Directorate of Infrastructure Services	43 995 761	7 228 304	36 767 457	16%
Directorate of Spatial Planning and Development	9 152 000	1 166 541	7 985 459	13%
Directorate of Economic Development and Agencies	26 977 504	2 525 115	24 452 389	9%
Directorate of Health, Public Safety and Emergency Services	1 860 000	1 992	1 858 008	0%
Directorate of Municipal Services	14 503 653	5 911 851	8 591 801	41%
<b>TOTAL</b>	<b>300 912 722</b>	<b>27 847 769</b>	<b>273 064 953</b>	<b>9%</b>

**Table 31: Operating Projects per Funding Source**

<b>Funding</b>	<b>2017/2018 Adjusted Opex Budget</b>	<b>YTD Expenditure (incl. vat)</b>	<b>Variance (incl. vat)</b>	<b>% Expenditure (incl. vat)</b>
<b>Total Own Funding</b>	<b>120 122 829</b>	<b>15 285 019</b>	<b>104 837 810</b>	<b>13%</b>
City of Oldenburg	495 761	0	495 761	0%
Department of Public Works	353 653	0	353 653	0%
Expanded Public Works Programme Incentives Grant	4 952 000	0	4 952 000	0%
Finance Management Grant	1 200 000	344 069	855 931	29%
Human Settlement Development Grant	90 800 000	528 699	90 271 301	1%
Infrastructure Skills Development Grant	10 560 000	2 009 842	8 550 158	19%
Leiden	138 207	0	138 207	0%
Public Transport Infrastructure Grant	7 702 000	602 227	7 099 773	8%
Salaida (Gavle)	1 454 574	35 007	1 419 567	2%
Gavle c/o	89 858	0	89 858	0%
Urban Settlement Development Grant	63 043 840	9 042 906	54 000 934	14%
<b>Total Grants</b>	<b>180 789 893</b>	<b>12 562 750</b>	<b>168 227 143</b>	<b>7%</b>
<b>TOTAL PER FUNDING</b>	<b>300 912 722</b>	<b>27 847 769</b>	<b>273 064 953</b>	<b>9%</b>

**16. INCOME AND EXPENDITURE REPORTS FOR DIRECTORATE OF HEALTH /  
PUBLIC SAFETY & EMERGENCY SERVICES AND MUNICIPAL SERVICES**

**16.1. Health / Public Safety & Emergency Services**

Below is the table indicating the breakdown of the Cost Analysis indicating income and expenditure.

**Table 32: Health / Public Safety & Emergency Services – Cost Analysis**

<b>Health &amp; Public Safety</b>	<b>Total Revenue</b>	<b>Employee Costs</b>	<b>Other Operating Expenditure</b>	<b>Repairs &amp; Maintenance</b>	<b>Total Expenditure Excluding Capital</b>
<b>OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY &amp; EMERGENCY SERVICES</b>	<b>0</b>	<b>641 601</b>	<b>27 330</b>	<b>0</b>	<b>668 931</b>
<b>GM - EMERGENCY SERVICES</b>	<b>(26 062 376)</b>	<b>20 200 289</b>	<b>2 913 495</b>	<b>240 351</b>	<b>23 354 135</b>
EMERGENCY SERVICES	0	644 238	81 443	298	725 978
DISASTER MANAGEMENT	0	707 037	126 032	9 557	842 626
FIRE & RESCUE	(26 062 376)	18 849 014	2 706 020	230 496	21 785 530
<b>GM - MUNICIPAL HEALTH SERVICES</b>	<b>(2 020)</b>	<b>7 494 467</b>	<b>588 130</b>	<b>8 512</b>	<b>8 091 108</b>
MUNICIPAL HEALTH SERVICES	(2 020)	7 494 467	588 130	8 512	8 091 108
<b>GM - PUBLIC SAFETY &amp; PROTECTION SERVICES</b>	<b>(9 369 590)</b>	<b>55 934 992</b>	<b>3 735 233</b>	<b>400 128</b>	<b>60 070 353</b>
PUBLIC SAFETY & PROTECTION SERVICES	(159 445)	4 063 953	1 380 965	225 016	5 669 934
LAW ENFORCEMENT SERVICES	0	32 584 593	1 111 635	173 261	33 869 489
TRAFFIC SERVICES	(9 210 145)	19 286 446	1 242 634	1 850	20 530 930
<b>Total</b>	<b>(35 433 986)</b>	<b>84 271 348</b>	<b>7 264 188</b>	<b>648 990</b>	<b>92 184 526</b>

## 16.2. Municipal Services

Below is the table indicating the breakdown of the Cost Analysis indicating income and expenditure.

**Table 33: Municipal Services – Cost Analysis**

<b>Municipal Services</b>	<b>Total Revenue</b>	<b>Employee Costs</b>	<b>Other Operating Expenditure</b>	<b>Repairs &amp; Maintenance</b>	<b>Total Expenditure Excluding Capital</b>
<b>OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES</b>	<b>0</b>	<b>2 875 444</b>	<b>252 435</b>	<b>8 692</b>	<b>3 136 571</b>
<b>GM - COMMUNITY AMENITIES</b>	<b>(872 185)</b>	<b>30 579 351</b>	<b>3 248 865</b>	<b>888 770</b>	<b>34 716 986</b>
COMMUNITY AMENITIES	(32)	3 440 367	86 136		3 526 503
LIBRARIES	(262 097)	6 075 660	360 295	165 563	6 601 518
HALLS	(313 603)	5 093 746	483 821	69 751	5 647 319
RECREATION	(277 161)	9 604 449	530 132	108 522	10 243 102
SPORTS FACILITIES	(19 293)	6 365 128	1 788 482	544 935	8 698 545
<b>GM - PARKS / CEMETRIES &amp; CONSERVATION</b>	<b>(3 294 649)</b>	<b>38 011 232</b>	<b>5 115 243</b>	<b>1 123 878</b>	<b>44 250 352</b>
PARKS / CEMETRIES & CONSERVATION	0	1 450 376	34 829	0	1 485 206
CEMETRIES & CREMATORIA	(2 814 666)	6 132 765	1 535 422	175 133	7 843 320
CONSERVATION	(449 708)	4 544 295	459 319	13 177	5 016 791
PARKS: COASTAL	(30 275)	25 883 795	3 000 273	935 567	29 819 635
PARKS: MIDLAND	0	0	85 400	0	85 400
<b>GM - SOLID WASTE MANAGEMENT</b>	<b>(119 378 757)</b>	<b>41 415 879</b>	<b>34 841 965</b>	<b>1 110 157</b>	<b>77 368 002</b>
SOLID WASTE MANAGEMENT	0	3 264 611	8 351 878	1 081 306	12 697 795
CLEANSING & REFUSE REMOVAL: COASTAL	(119 096 987)	34 796 240	17 120 669	28 851	51 945 760
CLEANSING & REFUSE REMOVAL: INLAND	0	0	2 623 331	0	2 623 331
CLEANSING & REFUSE REMOVAL: MIDLAND	0	0	582 587	0	582 587
LANDFILLS & TRANSFER STATIONS	(281 770)	3 355 029	6 163 500	0	9 518 528
<b>Total</b>	<b>(123 545 591)</b>	<b>112 881 906</b>	<b>43 458 509</b>	<b>3 131 497</b>	<b>159 471 911</b>

**17. MUNICIPAL MANAGER'S QUALITY CERTIFICATION**

<b>QUALITY CERTIFICATE</b>
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I, ANDILE SIHLAHLA, the City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

The monthly budget statement (Section 71 Report)

for the period ending **September 2017** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

**Print name: Andile Sihlahla**

**City Manager of Buffalo City Metropolitan Municipality, BUF**

**Signature: .....**

**Date: .....**

## **ANNEXURES:**

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- C1 Monthly Budget Statement - Summary
- C2 Monthly Budget Statement - Financial Performance (Std Classification)
- C3 Monthly Budget Statement - Financial Performance (By Municipal Vote)
- C4 Monthly Budget Statement - Financial Performance (Revenue and Expenditure)
- C5 Monthly Budget Statement - Capital Expenditure (Municipal Vote, Std Classification and Funding)
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### **Annexure B**

- SC1 Material Variance Explanation
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- SC11 Monthly Budget Statement – Summary of Municipal Entity
- SC12 Capital Expenditure trend
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### **Annexure C**

Schedule of Borrowings

### **Annexure D**

Operating expenditure report

### **Annexure E**

Capital expenditure report

### **Annexure F**

Buffalo City Metropolitan Development Agency Performance Report