

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION
OF THE 2018/19 BUDGET FOR THE PERIOD ENDED 28 FEBRUARY 2019**

1. PURPOSE

The purpose of the report is for Executive Mayor to consider and note the statement of financial performance and the implementation of the 2018/19 budget of the Buffalo City Metropolitan Municipality for the period ended 28 February 2019.

2. AUTHORITY

Executive Mayor

3. LEGAL / STATUTORY REQUIREMENTS

3.1. The Constitution of the Republic of South Africa, 1996

3.2. Municipal Finance Management Act No 56, 2003 Chapter 7, Section 71

3.3. 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 2018/19 budget for the period ended 28 February 2019 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 28 February 2019 of 85.43%.

A. SIHLAHLA

CITY MANAGER

BUFFALO CITY METROPOLITAN MUNICIPALITY

NTSIKELELO SIGCAU/ NS

DATE

**6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET
AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE
PERIOD ENDED 28 FEBRUARY 2019**

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

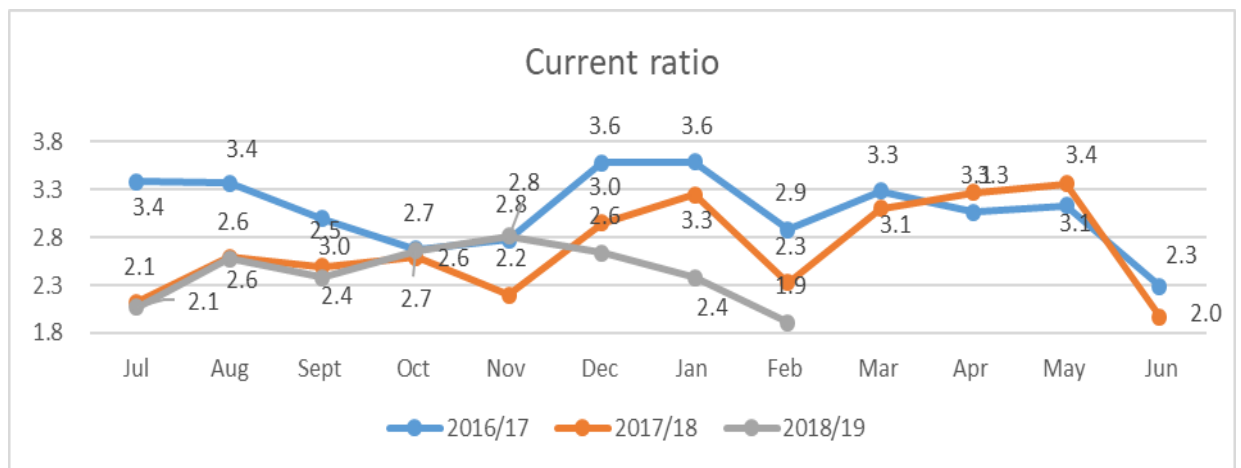
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 3,990,434,891	Bank Balance	R 831,059,423
Expenditure	(R4,741,016,989)	Call investments (excl. int.)	R 888,264,131
Operating Deficit	(R 750,582,098)	Cash and cash equivalents	R 1,719,323,554
Transfers and Subsidies Recognised – Capital	R 400,705,397	<i>Account Payables</i>	<i>(R 518,716,992)</i>
Deficit After Capital Transfers	(R 349,876,701)	<i>Unspent conditional grants</i>	<i>(R 719,471,034)</i>
DEBTORS		<i>Committed to Capital budget-own funds</i>	<i>(R 850,413,206)</i>
Total debtors book (incl. impairment)	R 1,977,602,296	Possible cash deficit should there be no revenue collection made	(R 369,277,678)
Total debtors - Government	R 40,454,795		
Total debtors - Business	R 692,938,874	Total Long term loans	R 372,568,618
Total debtors - Households	R 1,244,208,627	SURPLUS / (DEFICIT) PER SERVICE	
Total debt written off	R 189,950,904	Water	R 13,746,830
REPAIRS AND MAINTENANCE		Electricity	(R 158,120,714)
2017/2018: Exp.= R205.85 m, which is 45% of adjusted budget of R462.45 m	2018/2019: Exp.= R263,43 mil, which is 53% of adjusted budget of R493,60 m	Refuse	R 9,253,820
		Sewerage	R 263,675,955
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
2017/2018: Exp. as a % of Adjusted Budget of R1.71b: Exp. (excl. vat) = R518,07 mil % exp (Excl. vat) :30% Exp. (incl. vat) = R561,51 mil % exp (incl. vat): 33%	2018/2019: Exp. as a % of Adjusted Budget of R1.99b: Exp. (excl. vat) = R705,25 mil % exp. (Excl. vat) :35% Exp. (incl. vat) = R762,92 mil % exp. (incl. vat): 38%	2017/2018: Exp. as a % of Adjusted Budget of R298.17m: Exp. (excl. vat) = R152,98 mil % exp.(excl. vat): 51% Exp. (incl. vat) = R159 mil % exp.(incl. vat): 53%	2018/2019: Exp. as a % of Adjusted Budget of R333.73m: Exp. (excl. vat) = R93,76 mil % exp. (excl. vat): 28% Exp. (incl. vat) = R94,29 mil % exp. (incl. vat): 28%
FINANCIAL		HUMAN RESOURCES	
Operating deficit for the period	(R 750,582,098)	Total staff complement	5 090
Debtors collection ratio	85.4%	Staff Appointments	36
YTD Grants and subsidies: recognized - Capital	R 400,705,397	Staff Terminations	13
% of Creditors paid within terms	100%	Number of funded vacant posts	823
Current ratio	1.91:1	Total overtime paid (YTD)	R82,055,300
Total Debt to Revenue	7.42%	Allowances and benefits – Councillors (YTD)	R 41,739,871
Capital Charges to Operating Expenditure	1.09%	Salary bill – Officials	R1, 320,671,979
Cost coverage ratio	2.28 months	Workforce costs as a % of expenditure	28,7%

6.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered stable as the Current Ratio is 1.91:1 which indicates the ability of municipality's current assets to cover its current liabilities. This is within the norm of 1.5-2:1. This ratio denotes that the City can meet its short term liabilities.

The graph below shows comparison of the current ratio for the current financial year and the two previous financial years.

Figure 1: Current Ratio



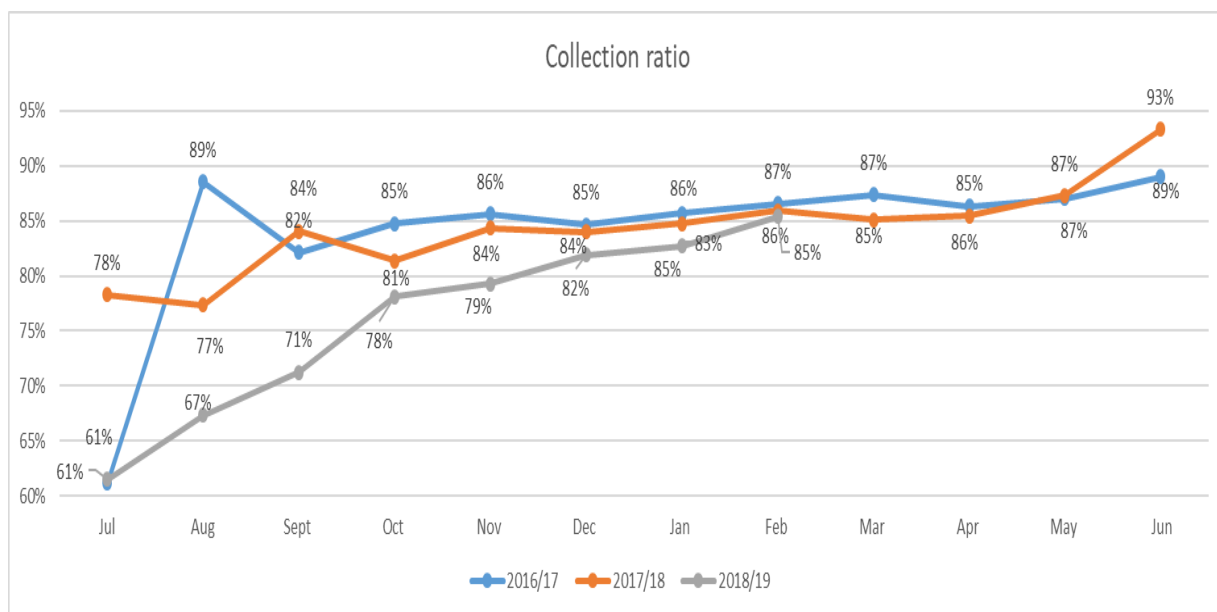
6.3. Collection Rate and Outstanding Debtors

The year to date collection rate for the month ended 28 February 2019 is 85.43% (2017/18: 85.93%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has increased by 2.73% from last month where 82.7% was achieved for the period ended 31 January 2019.

On a year on year comparison, there is a significant decline in the collection rate. One of the contributing factors is the ongoing property rates appeal process, which is a result of the implementation of the new General Valuation Roll. The accounts that are affected by this process are protected from Credit Control action pending the finalisation of the appeal process.

The graph below shows comparison of the monthly collection ratio for the current financial year and the two previous financial years.

Figure 2: Collection Ratio



Total gross debtors book (including current accounts) as at 28 February 2019 amounts to R2.27 billion (2017/18: R1.89 billion). Households: R1.52 billion, Business: R681.10 million and Government: R67.77 million.

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

6.4. Capital Expenditure

BCMM has spent 38% (R762.92 million, inclusive of reclaimed vat) of its 2018/19 adjusted capital budget of R1.99 billion as at 28 February 2019. This reflects an increase when compared to the same period in the previous financial year where 33% (R561.51 million, inclusive of reclaimed vat) of the adjusted budget of R1.71 billion was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second

half of the financial year as procurement processes would 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 28% (R94.29 million, inclusive of reclaimed vat) of its 2018/19 adjusted operating projects budget of R333.73 million as at 28 February 2019. This reflects a decline when compared to the same period in the previous financial year where 53% (R158.99 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R298.17 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would 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 53% (R487.42 million, inclusive of reclaimed vat) of its 2018/2019 conditional grants budget of R911.61 million as at 28 February 2019. This reflects an improvement when compared to the same period in the previous financial year where 50% (R442.17 million, inclusive of reclaimed of vat) of conditional grants budget of R882.77 million was spent. (Refer to Section 11 for further details).

6.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent 51% (R388.73 million, inclusive of reclaimed vat) of its 2018/2019 USDG budget of R762.99 million as at 28 February 2019. This reflects a decline when compared to the same period in the previous financial year where 52% (R402.90 million, inclusive of reclaimed of vat) of USDG budget of R768.13 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded. (Refer to Section 11 for further details)

6.7. Cash and Cash Equivalents

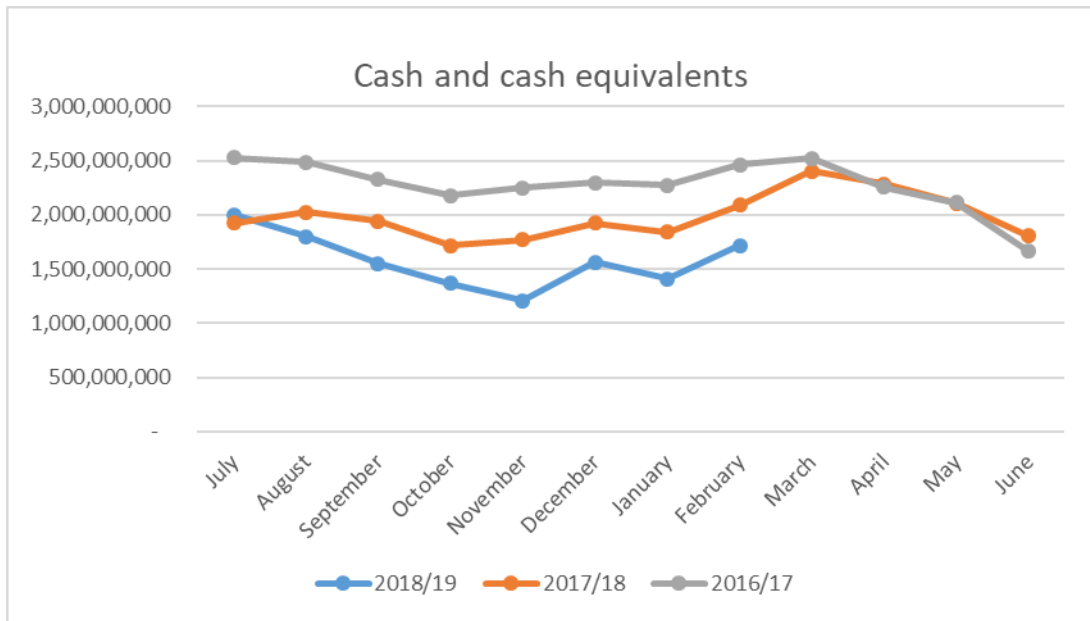
The cash and cash equivalents of the City as at 28 February 2019 are R1.72 billion made up of cash and bank amounting to R831 million and call investment deposits of R888 million. This funding is invested with various financial institutions in compliance with the MFMA.

Refer to Section 8.7 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 2.28 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 2.28 times, which is within the norm of 1-3 months as per the MFMA circular 71.

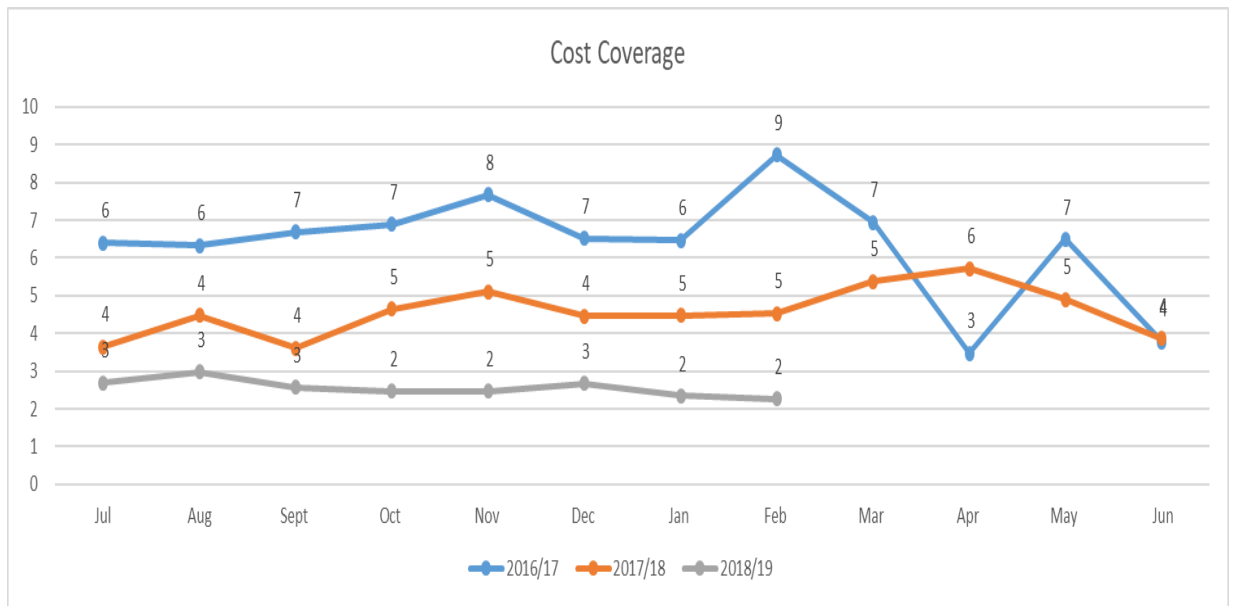
The graph below shows comparison of the monthly cash and cash equivalents over the 3 year period.

Figure 3: Cash and cash Equivalents



The graph below shows comparison of the monthly cost coverage for the current financial year and the two previous financial years.

Figure 4: Cost Coverage



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. 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 28 February 2019 amounts to R373 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 28 February 2019 is 1.09%. 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%.

The total debt to revenue ratio is 7.42% as at 28 February 2019, 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 outcome is below the norm. This indicates that the municipality has capacity to take on additional financing from borrowing to invest in infrastructure projects.

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 Consolidated Monthly Budget Statement Summary - M08 February									
Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	972,680	1,421,961	1,421,961	95,064	913,745	992,294	(78,550)	-8%	1,421,961
Service charges	2,678,192	3,172,285	3,151,081	174,559	1,882,446	2,024,636	(142,190)	-7%	3,151,081
Investment revenue	126,690	140,961	140,961	8,870	64,534	90,678	(26,144)	-29%	140,961
Transfers and subsidies	1,356,550	1,471,673	1,492,316	5,071	921,592	1,438,340	(516,748)	-36%	1,492,316
Other own revenue	315,032	310,342	310,342	25,224	208,118	198,777	9,341	5%	310,342
Total Revenue (excluding capital transfers and contributions)	5,449,145	6,517,222	6,516,662	308,787	3,990,435	4,744,725	(754,290)	-16%	6,516,662
Employee costs	1,838,345	1,961,118	1,939,914	160,686	1,320,672	1,315,118	5,554	0%	1,939,914
Remuneration of Councillors	60,373	65,035	65,035	6,456	41,740	44,119	(2,379)	-5%	65,035
Depreciation & asset impairment	992,860	896,426	896,426	106,425	972,787	754,861	217,926	29%	896,426
Finance charges	43,960	59,818	59,818	2,902	26,145	26,839	(694)	-3%	59,818
Materials and bulk purchases	1,552,488	1,784,885	1,784,885	108,938	1,165,066	1,231,175	(66,108)	-5%	1,784,885
Transfers and subsidies	39,330	60,526	60,526	7,955	57,571	45,322	12,250	27%	60,526
Other expenditure	1,533,124	1,685,490	1,706,127	266,927	1,157,035	1,045,800	111,235	11%	1,706,127
Total Expenditure	6,060,480	6,513,298	6,512,731	660,287	4,741,017	4,463,233	277,784	6%	6,512,731
Surplus/(Deficit)	(611,335)	3,924	3,931	(351,501)	(750,582)	281,491	(1,032,074)	-367%	3,931
Transfers and subsidies - capital (monetary allocated)	930,588	803,900	812,936	42,770	400,705	509,399	(108,693)	-21%	812,936
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	319,252	807,825	816,867	(308,730)	(349,877)	790,890	(1,140,767)	-144%	816,867
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	319,252	807,825	816,867	(308,730)	(349,877)	790,890	(1,140,767)	-144%	816,867
Capital expenditure & funds sources									
Capital expenditure	1,330,245	1,753,142	1,990,904	97,161	705,251	998,795	(293,544)	-29%	1,990,974
Capital transfers recognised	930,588	803,900	812,936	25,105	343,814	407,833	(64,019)	-16%	812,936
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	69,000	69,000	-	-	34,616	(34,616)	-100%	69,000
Internally generated funds	400,009	880,242	1,108,968	72,056	361,437	556,346	(194,909)	-35%	1,108,968
Total sources of capital funds	1,330,596	1,753,142	1,990,904	97,161	705,251	998,795	(293,544)	-29%	1,990,904
Financial position									
Total current assets	3,242,355	3,590,140	-	-	3,303,387	-	-	-	3,590,140
Total non current assets	18,808,564	20,089,293	-	-	18,500,439	-	-	-	20,089,293
Total current liabilities	1,649,095	1,394,977	-	-	1,251,918	-	-	-	1,394,977
Total non current liabilities	872,357	1,153,005	-	-	858,251	-	-	-	1,153,005
Community wealth/Equity	19,529,466	21,131,451	-	-	19,693,656	-	-	-	21,131,451
Cash flows									
Net cash from (used) operating	1,499,345	1,683,238	-	407,092	624,635	1,122,159	497,523	44%	1,683,238
Net cash from (used) investing	(1,316,308)	(1,753,142)	-	(97,161)	(705,251)	(1,168,761)	(463,511)	40%	(1,753,142)
Net cash from (used) financing	(47,642)	9,333	-	-	(25,557)	(39,778)	(14,221)	36%	9,333
Cash/cash equivalents at the month/year end	1,825,497	1,643,284	-	-	1,719,324	1,617,474	(101,849)	-6%	1,764,926
Debtors & creditors analysis									
	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
Debtors Age Analysis									
Total By Income Source	311,764	104,291	69,649	62,496	54,708	50,418	240,712	1,083,564	1,977,602
Creditors Age Analysis									
Total Creditors	518,717	-	-	-	-	-	-	-	518,717

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 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - M08 February									
Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue - Functional									
Governance and administration	2,144,155	2,538,086	2,538,932	120,318	1,658,618	1,978,764	(320,147)	-16%	2,538,932
Executive and council	31,030	26,940	26,940	1,734	16,191	16,001	189	1%	26,940
Finance and administration	2,113,125	2,511,147	2,511,993	118,584	1,642,427	1,962,763	(320,336)	-16%	2,511,993
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	360,757	293,677	313,474	13,703	113,059	129,206	(16,146)	-12%	313,474
Community and social services	27,483	29,896	29,896	1,245	5,808	7,827	(2,018)	-26%	29,896
Sport and recreation	45,350	5,190	5,190	410	2,086	3,326	(1,241)	-37%	5,190
Public safety	72,639	98,778	98,778	4,764	63,657	51,856	11,801	23%	98,778
Housing	215,250	159,786	179,583	7,263	40,948	66,171	(25,223)	-38%	179,583
Health	35	27	27	23	560	26	534	2075%	27
Economic and environmental services	494,217	447,405	456,441	26,483	295,426	268,602	26,823	10%	456,441
Planning and development	142,512	200,005	209,042	15,162	125,867	128,441	(2,573)	-2%	209,042
Road transport	350,531	244,101	244,101	11,231	168,787	138,800	29,986	22%	244,101
Environmental protection	1,174	3,299	3,299	91	771	1,361	(590)	-43%	3,299
Trading services	3,349,390	4,014,827	3,993,624	184,066	2,294,638	2,358,830	(64,192)	-3%	3,993,624
Energy sources	1,758,747	2,069,822	2,048,618	104,506	1,231,647	1,294,564	(62,917)	-5%	2,048,618
Water management	562,532	799,770	799,770	23,886	476,189	349,720	126,469	36%	799,770
Waste water management	651,301	680,364	680,364	29,854	295,065	444,739	(149,674)	-34%	680,364
Waste management	376,809	464,872	464,872	25,820	291,737	269,808	21,929	8%	464,872
Other	31,215	27,126	27,126	2,063	17,213	16,196	1,017	6%	27,126
Total Revenue - Functional	6,379,732	7,321,123	7,329,598	346,634	4,378,954	4,751,599	(372,645)	-8%	7,329,598
Expenditure - Functional									
Governance and administration	1,184,260	1,354,222	1,352,058	119,155	905,481	754,412	151,069	20%	1,352,058
Executive and council	351,363	394,381	396,691	31,450	294,404	218,755	75,650	35%	396,691
Finance and administration	823,253	944,722	940,343	86,970	605,754	527,178	78,575	15%	940,343
Internal audit	9,644	15,119	15,024	735	5,323	8,479	(3,156)	-37%	15,024
Community and public safety	621,933	586,469	601,427	52,798	415,774	365,540	50,234	14%	601,427
Community and social services	99,521	98,652	97,945	7,548	74,430	61,020	13,410	22%	97,945
Sport and recreation	294,562	230,543	227,910	20,430	206,347	147,401	58,946	40%	227,910
Public safety	86,798	108,256	107,233	18,983	76,820	60,838	15,982	26%	107,233
Housing	104,899	107,401	126,838	2,911	32,871	71,635	(38,764)	-54%	126,838
Health	36,153	41,617	41,501	2,926	25,305	24,645	660	3%	41,501
Economic and environmental services	1,076,929	1,071,729	1,066,347	125,276	1,129,257	763,385	365,872	48%	1,066,347
Planning and development	316,137	186,929	185,984	38,888	329,613	126,953	202,660	160%	185,984
Road transport	737,722	863,159	858,930	84,560	784,433	619,430	165,004	27%	858,930
Environmental protection	23,069	21,641	21,433	1,828	15,211	17,002	(1,791)	-11%	21,433
Trading services	3,097,248	3,394,903	3,387,324	355,015	2,230,216	2,024,415	205,801	10%	3,387,324
Energy sources	1,845,488	1,989,513	1,986,483	135,945	1,389,448	1,254,788	134,660	11%	1,986,483
Water management	625,746	641,479	640,000	135,228	423,765	349,107	74,658	21%	640,000
Waste water management	303,245	455,370	454,074	35,639	162,985	241,149	(78,164)	-32%	454,074
Waste management	322,769	308,541	306,766	48,203	254,017	179,371	74,647	42%	306,766
Other	80,110	105,975	105,582	6,365	54,964	61,364	(6,400)	-10%	105,582
Total Expenditure - Functional	6,060,480	6,513,298	6,512,737	658,608	4,735,692	3,969,116	766,576	19%	6,512,737
Surplus/ (Deficit) for the year	319,252	807,825	816,861	(311,975)	(356,738)	782,483	(1,139,221)	-146%	816,861

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 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M08 February									
Vote Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								%	
<u>Revenue by Vote</u>									
Vote 01 - Directorate - Executive Support Services	1,138	-	846	4	43	-	43	0.0%	846
Vote 02 - Directorate - Municipal Manager	30,698	26,940	26,940	1,734	16,246	15,989	257	1.6%	26,940
Vote 03 - Directorate - Human Settlement	215,250	159,786	179,583	12,186	53,135	66,171	(13,036)	-19.7%	179,583
Vote 04 - Directorate - Chief Financial Officer	2,077,404	2,492,463	2,492,463	111,955	1,621,623	1,915,717	(294,094)	-15.4%	2,492,463
Vote 05 - Directorate - Corporate Services	8,715	10,801	10,801	2,203	8,871	5,269	3,603	68.4%	10,801
Vote 06 - Directorate - Infrastructure Services	3,245,939	3,732,612	3,711,408	167,901	2,137,697	2,228,475	(90,778)	-4.1%	3,711,408
Vote 07 - Directorate - Spatial Planning And Development	140,323	195,565	204,601	19,535	107,500	140,419	(32,919)	-23.4%	204,601
Services	149,846	160,250	160,250	6,362	98,208	81,716	16,492	20.2%	160,250
Vote 09 - Directorate - Municipal Services	450,816	503,257	503,257	27,565	300,403	283,029	17,374	6.1%	503,257
Vote 10 - Directorate - Economic Development & Agencies	59,603	39,449	39,449	2,112	47,416	14,815	32,601	220.1%	39,449
Total Revenue by Vote	6,379,732	7,321,123	7,329,598	351,557	4,391,140	4,751,599	(360,459)	-7.6%	7,329,598
<u>Expenditure by Vote</u>									
Vote 01 - Directorate - Executive Support Services	227,708	275,413	277,971	24,315	190,966	151,649	39,317	25.9%	277,971
Vote 02 - Directorate - Municipal Manager	176,395	191,028	191,451	11,743	145,252	104,956	40,296	38.4%	191,451
Vote 03 - Directorate - Human Settlement	104,899	107,401	126,838	3,764	36,635	71,635	(35,000)	-48.9%	126,838
Vote 04 - Directorate - Chief Financial Officer	487,684	503,480	500,112	59,603	367,361	279,577	87,784	31.4%	500,112
Vote 05 - Directorate - Corporate Services	124,686	157,617	156,535	12,726	99,282	92,021	7,261	7.9%	156,535
Vote 06 - Directorate - Infrastructure Services	3,340,719	3,748,890	3,742,735	373,913	2,621,763	2,362,009	259,754	11.0%	3,742,735
Vote 07 - Directorate - Spatial Planning And Development	293,267	305,497	304,208	43,524	376,916	201,885	175,031	86.7%	304,208
Services	368,787	420,235	414,825	43,859	283,279	240,745	42,534	17.7%	414,825
Vote 09 - Directorate - Municipal Services	735,698	653,407	648,125	77,657	547,329	400,893	146,436	36.5%	648,125
Vote 10 - Directorate - Economic Development & Agencies	200,637	150,330	149,937	9,184	72,233	63,746	8,487	13.3%	149,937
Total Expenditure by Vote	6,060,480	6,513,298	6,512,737	660,287	4,741,017	3,969,116	771,901	19.4%	6,512,737
Surplus/ (Deficit) for the year	319,252	807,825	816,861	(308,730)	(349,877)	782,483	(1,132,359)	-144.7%	816,861

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 28 February 2019.

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

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February										
Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		972 680	1 421 961	1 421 961	95 064	913 745	992 294	(78 550)	-8%	1 421 961
Service charges - electricity revenue		1 661 074	1 992 712	1 971 508	104 414	1 196 150	1 314 884	(118 734)	-9%	1 971 508
Service charges - water revenue		436 642	563 043	563 043	21 128	297 447	297 291	156	0%	563 043
Service charges - sanitation revenue		304 733	322 143	322 143	28 045	223 299	217 443	5 856	3%	322 143
Service charges - refuse revenue		249 497	294 388	294 388	20 971	165 550	195 018	(29 468)	-15%	294 388
Service charges - other		26 246	–	–	–	–	–	–	–	–
Rental of facilities and equipment		15 882	17 563	17 563	1 632	12 598	11 502	1 096	10%	17 563
Interest earned - external investments		126 690	140 961	140 961	8 870	64 534	90 678	(26 144)	-29%	140 961
Interest earned - outstanding debtors		49 322	41 807	41 807	6 769	41 831	37 156	4 675	13%	41 807
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		23 698	16 591	16 591	676	7 628	8 456	(828)	-10%	16 591
Licences and permits		14 250	14 597	14 597	580	7 714	9 656	(1 942)	-20%	14 597
Agency services		–	31 270	31 270	268	15 959	20 030	(4 072)	-20%	31 270
Transfers and subsidies		1 356 550	1 471 673	1 492 316	5 071	921 592	1 438 340	(516 748)	-36%	1 492 316
Other revenue		211 880	188 513	188 513	11 835	117 923	111 976	5 947	5%	188 513
Gains on disposal of PPE		–	–	–	3 463	4 464	–	4 464	0%	–
Total Revenue (excluding capital transfers and contributions)		5 449 145	6 517 222	6 516 662	308 787	3 990 435	4 744 725	(754 290)	-16%	6 516 662

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									%	
Expenditure By Type										
Employee related costs		1 838 345	1 961 118	1 939 914	160 686	1 320 672	1 315 118	5 554	0%	1 939 914
Remuneration of councillors		60 373	65 035	65 035	6 456	41 740	44 119	(2 379)	-5%	65 035
Debt impairment		310 385	343 696	343 696	189 154	390 600	229 131	161 469	70%	343 696
Depreciation & asset impairment		992 860	896 426	896 426	106 425	972 787	754 861	217 926	29%	896 426
Finance charges		43 960	59 818	59 818	2 902	26 145	26 839	(694)	-3%	59 818
Bulk purchases		1 552 488	1 698 510	1 698 510	102 362	1 113 054	1 178 587	(65 532)	-6%	1 698 510
Other materials		-	86 376	86 376	6 576	52 012	52 588	(576)	-1%	86 376
Contracted services		3 207	857 589	876 473	44 543	402 383	564 531	(162 148)	-29%	876 473
Transfers and subsidies		39 330	60 526	60 526	7 955	57 571	45 322	12 250	27%	60 526
Other expenditure		1 219 531	484 205	485 957	33 230	364 052	252 138	111 914	44%	485 957
Loss on disposal of PPE		-	-	-	-	-	-	-		-
Total Expenditure		6 060 480	6 513 298	6 512 731	660 287	4 741 017	4 463 233	277 784	6%	6 512 731
Surplus/(Deficit)		(611 335)	3 924	3 931	(351 501)	(750 582)	281 491	(1 032 074)	(0)	3 931
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		930 588	803 900	812 936	42 770	400 705	509 399	(108 693)	(0)	812 936
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		319 252	807 825	816 867	(308 730)	(349 877)	790 890			816 867
Taxation		-	-	-	-	-	-	-		-
Surplus/(Deficit) after taxation		319 252	807 825	816 867	(308 730)	(349 877)	790 890			816 867
Attributable to minorities		-	-	-	-	-	-	-		-
Surplus/(Deficit) attributable to municipality		319 252	807 825	816 867	(308 730)	(349 877)	790 890			816 867
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year		319 252	807 825	816 867	(308 730)	(349 877)	790 890			816 867

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

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

7.4.1.1 Operating Deficit

The City incurred an operating deficit (excluding capital transfers) of R 750,582 million, this is mainly caused by an unfavourable variance of R217.93 million that has been realised on depreciation. The main contributing factor to high depreciation costs is the use of revaluation method as the basis of valuing BCMM infrastructure assets. The change of valuation method is still under consideration. Various cost containment measures are also being implemented to contain expenditure whilst revenue enhancement strategies are being explored to improve the City's revenue.

The other contributor to the unfavourable balance is the increase in debt impairment processed in the month of February 2019 due to limitations in enforcing credit control initiatives. This is currently being addressed at revenue management to ensure collection ratio improves.

7.4.1.2 Service Charges Refuse

The variance noted and is as a result of planned growth on the refuse charges that has not been realised.

7.4.1.3 Licences and Permits

Under collection or decrease in revenue can be attributed to the fact that vehicle licences can be renewed at the Post Office and the Dept of Transport directly. Certain banks now offer renewals of vehicles Members of the public generally go to the closet convenient point in order to pay which may not always be BCMM. Three private companies other than BCMM also offer roadworthy testing of vehicles. These private companies are not as strict and as legislated as BCMM as BCMM is legislated by the Dept of Transport in terms of compliance hence members of the public will prefer to go to the companies less legislated. Learners Licences and Professional Drivers Licence testing can also be undertaken at the Dept of Transport. If members

of the public cannot secure an appointment for these tests which are suitable for them through BCMM they will then arrange an appointment with the Dept of Transport which contributes to the lesser income derived by BCMM.

7.4.1.4 Agency fees

Members of the public have the option of renewing vehicle licences at the Post Office & at Zwelitsha & Dept of Transport directly which affects the income collected thus reducing the agency fees retained by BCMM.

7.4.1.5 Debt impairment

The variance on Debt impairment is as a result of the provision that was allocated for write offs, and also the decline in the collection ratio has an effect though strict measures in implementing the credit control are enforced. The said accrual for impairment was then not reversed after a formal write-off process was followed. The reversal will be processed in March 2019.

7.4.1.6 Transfers and subsidies

Variance on government grant and subsidies is as a result of the timing difference between the National Treasury's payment schedule and the actual receipting of grants. The Neighbourhood development partnership grant (NDPG) scheduled November Transfer (R 4m) and February (R 3.25m) was not transferred due to slow awarding and expenditure of NDPG projects

7.4.1.7 Gains on disposal of PPE

The variance on gains of disposal is as a result of no budget being allocated for it. This was not anticipated at beginning of the year and subsequent disposals were those vacant land donated by the municipality to Provincial human settlements so as they can construct houses for the aged Military veterans, as part of the Govan Mbeki Awards.

7.4.1.8 Depreciation

Depreciation for the year has been forecasted at over R1billion. Additional budget is requested through the budget adjustment process.

7.4.1.9 Contracted Services

The variance is mainly due a reversal of missallocated budget and expenditure for refuse removal which was corrected to the right vote. Another cause for the material variance is due to the differences in classification of expenditure categories, the budget is exported under Contracted Services however the actuals are under Other Expenditure, the budget will be adjusted during the mid-year adjustment budget.

7.4.1.10 Transfers and grants

A reclassification of BCMDA transfers and subsidies paid by the parent to align to MSCOA version 6.2 charts. This reclassification necessitated the movement actual expenditure incurred and the budget could not be moved due to budget policy concerns. The budget will be moved in the mid-year adjustment budget.

7.4.1.11 Other expenditure

The variance is mainly due to the differences in classification of expenditure categories, the actuals are reported under Other Expenditure however the budget is under Contracted Services, the budget will be adjusted during the mid-year adjustment budget.

Another contributing factor is as reported under transfers and subsidies, wherein the actual transfers to BCMDA were transferred to intercompany transactional accounts under other expenditure. The budget will be moved in the mid-year adjustment budget.

7.4.1.10 Interest earned on external investments

Call and short-term levels of investments have decreased which directly impacts the amount of invested funds available to earn interest. This is due to year-end accruals paid during July to September 2018 resulting in a decrease in interest being realised.

7.4.2 Repairs and maintenance

Table 6 below reflects that as at 28 February 2019, the repairs and maintenance expenditure is 53% of the adjusted budget of R493.62 million (2017/18: 45%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	<u>2018/2019</u> <u>Annual</u> <u>Budget</u> <u>R</u>	<u>2018/2019</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2018/2019</u> <u>% of</u> <u>Budget</u> <u>%</u>
Directorate Of Executive Support Services	3 997 658	742 700	19%
Directorate Of The City Manager	7 345 360	6 682 276	91%
Directorate Of Corporate Services	2 475 095	861 137	35%
Directorate Of Development & Spatial Planning	31 831 477	6 170 483	19%
Directorate Of Economic Development & Agencies	1 400 734	887 269	63%
Directorate Of Finance	3 141 574	1 103 957	35%
Directorate Of Health / Public Safety & Emergency Services	6 436 172	3 325 354	52%
Directorate Of Human Settlement	118 466	114 808	97%
Directorate Of Infrastructure Services	394 877 800	221 901 185	56%
<i>Electricity</i>	152 873 689	81 003 474	53%
<i>Water</i>	55 107 016	14 592 439	26%
<i>Sanitation</i>	44 428 310	18 284 692	41%
<i>Other</i>	142 468 785	108 020 581	76%
Directorate Of Municipal Services	41 977 627	21 639 222	52%
TOTAL	493 601 963	263 428 392	53%

7.4.3 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 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M08 February)										
Vote Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Directorate - Executive Support Services		–	3 500	5 887	177	1 132	2 943	(1 811)	-62%	5 887
Vote 02 - Directorate - Municipal Manager		–	51 840	55 040	679	68 365	27 520	40 845	148%	55 040
Vote 03 - Directorate - Human Settlement		129 646	104 755	105 220	3 087	37 683	52 610	(14 927)	-28%	105 220
Vote 04 - Directorate - Chief Financial Officer		68 781	152 538	215 866	22 378	29 744	107 933	(78 189)	-72%	215 866
Vote 05 - Directorate - Corporate Services		–	3 600	3 781	29	143	1 891	(1 747)	-92%	3 781
Vote 06 - Directorate - Infrastructure Services		853 960	916 280	1 001 135	44 075	373 687	504 499	(130 812)	-26%	1 001 135
Vote 07 - Directorate - Spatial Planning And Development		132 841	263 838	294 910	16 420	113 383	147 455	(34 073)	-23%	294 910
Vote 08 - Directorate - Health / Public Safety & Emergency Services		19 244	14 270	35 312	1 614	13 146	17 707	(4 561)	-26%	35 312
Vote 09 - Directorate - Municipal Services		92 086	160 829	178 495	8 003	60 143	89 248	(29 105)	-33%	178 495
Vote 10 - Directorate - Economic Development & Agencies		33 687	81 692	95 257	698	7 824	46 990	(39 165)	-83%	95 257
Total Capital Multi-year expenditure	4,7	1 330 245	1 753 142	1 990 904	97 161	705 251	998 795	(293 544)	-29%	1 990 974
Total Capital Expenditure		1 330 245	1 753 142	1 990 904	97 161	705 251	998 795	(293 544)	-29%	1 990 974
Capital Expenditure - Functional Classification										
Governance and administration		68 781	292 651	368 340	24 149	116 560	184 789	(68 229)	-37%	368 340
Executive and council		–	55 340	57 727	510	67 209	28 960	38 249	132%	57 727
Finance and administration		68 781	237 311	310 614	23 639	49 351	155 828	(106 477)	-68%	310 614
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		197 679	193 125	221 457	8 563	68 899	111 100	(42 202)	-38%	221 457
Community and social services		–	21 820	29 560	3 533	12 603	14 830	(2 227)	-15%	29 560
Sport and recreation		48 788	57 950	68 897	1 717	13 302	34 564	(21 262)	-62%	68 897
Public safety		19 244	7 700	15 965	60	3 794	8 009	(4 215)	-53%	15 965
Housing		129 646	104 755	105 220	3 087	37 683	52 787	(15 103)	-29%	105 220
Health		–	900	1 815	166	1 517	911	606	67%	1 815
Economic and environmental services		511 546	498 719	605 622	43 896	311 983	303 828	8 156	3%	605 622
Planning and development		166 529	202 957	227 436	15 773	108 810	114 100	(5 290)	-5%	227 436
Road transport		345 017	291 335	372 540	27 991	202 351	186 896	15 456	8%	372 540
Environmental protection		–	4 427	5 646	132	822	2 832	(2 010)	-71%	5 646
Trading services		552 240	689 248	706 515	19 877	201 444	354 444	(153 000)	-43%	706 515
Energy sources		127 035	129 450	142 345	8 169	64 025	71 412	(7 387)	-10%	142 345
Water management		132 049	198 451	202 823	6 688	56 887	101 752	(44 866)	-44%	202 823
Waste water management		249 859	283 394	283 394	2 189	43 910	142 173	(98 263)	-69%	283 394
Waste management		43 297	77 952	77 952	2 832	36 622	39 107	(2 485)	-6%	77 952
Other		351	79 400	88 970	676	6 365	44 634	(38 270)	-86%	88 970
Total Capital Expenditure - Functional Classification	3	1 330 596	1 753 142	1 990 904	97 161	705 251	998 795	(293 544)	-29%	1 990 904
Funded by:										
National Government		930 588	803 900	803 900	25 084	342 354	403 300	(60 946)	-15%	803 900
Provincial Government		–	–	9 036	–	–	4 533	(4 533)	-100%	9 036
District Municipality		–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	22	1 460	–	1 460	0%	–
Transfers recognised - capital		930 588	803 900	812 936	25 105	343 814	407 833	(64 019)	-16%	812 936
Public contributions & donations	5	–	–	–	–	–	–	–	–	–
Borrowing	6	–	69 000	69 000	–	–	34 616	(34 616)	-100%	69 000
Internally generated funds		400 009	880 242	1 108 968	72 056	361 437	556 346	(194 909)	-35%	1 108 968
Total Capital Funding		1 330 596	1 753 142	1 990 904	97 161	705 251	998 795	(293 544)	-29%	1 990 904

7.4.4 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 R19 billion as per statement of financial position. Consumer debtors and other debtors are reflected net of impairments as per the statement of financial position.

Table 8: C6: Monthly Budget Statement – Financial Position

BUF Buffalo City - Table C6 Consolidated Monthly Budget Statement - Financial Position - M08 February						
Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		165 104	80 155		337 586	80 155
Call investment deposits		1 660 393	1 563 129		1 226 272	1 563 129
Consumer debtors		509 087	937 997		775 345	937 997
Other debtors		864 981	880 000		921 940	880 000
Current portion of long-term receivables		–	19		–	19
Inventory		42 790	128 841		42 245	128 841
Total current assets		3 242 355	3 590 140	–	3 303 387	3 590 140
Non current assets						
Long-term receivables		–	80		–	80
Investments		–	–		–	–
Investment property		427 563	486 233		427 952	486 233
Investments in Associate		121 008	109 020		121 008	109 020
Property, plant and equipment		18 190 726	19 381 893		17 932 851	19 381 893
Agricultural		–	–		–	–
Biological		–	–		–	–
Intangible		18 884	12 029		18 627	12 029
Other non-current assets		50 382	100 038		–	100 038
Total non current assets		18 808 564	20 089 293	–	18 500 439	20 089 293
TOTAL ASSETS		22 050 919	23 679 433	–	21 803 826	23 679 433
LIABILITIES						
Current liabilities						
Bank overdraft		–	–		–	–
Borrowing		52 572	59 667		41 120	59 667
Consumer deposits		60 013	71 941		62 675	71 941
Trade and other payables		1 313 124	1 060 015		925 585	1 060 015
Provisions		223 387	203 354		222 538	203 354
Total current liabilities		1 649 095	1 394 977	–	1 251 918	1 394 977
Non current liabilities						
Borrowing		345 554	355 516	–	331 449	355 516
Provisions		526 803	797 489	–	526 803	797 489
Total non current liabilities		872 357	1 153 005	–	858 251	1 153 005
TOTAL LIABILITIES		2 521 453	2 547 982	–	2 110 170	2 547 982
NET ASSETS	2	19 529 466	21 131 451	–	19 693 656	21 131 451
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		10 479 009	17 390 299	–	9 050 458	17 390 299
Reserves		9 050 458	3 741 152	–	10 643 198	3 741 152
TOTAL COMMUNITY WEALTH/EQUITY	2	19 529 466	21 131 451	–	19 693 656	21 131 451

7.4.5 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 R 310 million when compared to January 2019, resulting in cash and cash equivalents closing balance of R1.72 billion as at 28 February 2019.

Table 9: C7: Monthly Budget Statement – Cash Flow

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M08 February

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		972 680	1 315 314		103 563	780 612	876 876	(96 264)	-11%	1 315 314
Service charges		2 678 192	2 934 363		194 825	1 589 230	1 956 242	(367 012)	-19%	2 934 363
Other revenue		321 754	248 395		16 426	140 570	165 597	(25 027)	-15%	248 395
Government - operating		888 572	1 471 673		16 009	926 620	981 115	(54 495)	-6%	1 471 673
Government - capital		930 588	803 900		384 496	864 568	535 933	328 635	61%	803 900
Interest		176 012	182 768		15 639	106 366	121 845	(15 480)	-13%	182 768
Dividends		-	-		-	-	-	-		-
Payments										
Suppliers and employees		(4 385 163)	(5 152 832)		(313 966)	(3 705 519)	(3 435 221)	270 298	-8%	(5 152 832)
Finance charges		(43 960)	(59 818)		(2 902)	(26 145)	(39 879)	(13 734)	34%	(59 818)
Transfers and Grants		(39 330)	(60 526)		(6 999)	(51 666)	(40 351)	11 315	-28%	(60 526)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 499 345	1 683 238	-	407 092	624 635	1 122 159	497 523	44%	1 683 238
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		14 288	-		-	-	-	-		-
Decrease (Increase) in non-current debtors		-	-		-	-	-	-		-
Decrease (increase) other non-current receivables		-	-		-	-	-	-		-
Decrease (increase) in non-current investments		-	-		-	-	-	-		-
Payments										
Capital assets		(1 330 596)	(1 753 142)		(97 161)	(705 251)	(1 168 761)	(463 511)	40%	(1 753 142)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 316 308)	(1 753 142)	-	(97 161)	(705 251)	(1 168 761)	(463 511)	40%	(1 753 142)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-		-	-	-	-		-
Borrowing long term/refinancing		-	69 000		-	-	-	-		69 000
Increase (decrease) in consumer deposits		-	-		-	-	-	-		-
Payments										
Repayment of borrowing		(47 642)	(59 667)		-	(25 557)	(39 778)	(14 221)	36%	(59 667)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(47 642)	9 333	-	-	(25 557)	(39 778)	(14 221)	36%	9 333
NET INCREASE/ (DECREASE) IN CASH HELD		135 395	(60 571)	-	309 931	(106 173)	(86 381)			(60 571)
Cash/cash equivalents at beginning:		1 690 102	1 703 855			1 825 497	1 703 855			1 825 497
Cash/cash equivalents at month/year end:		1 825 497	1 643 284			1 719 324	1 617 474			1 764 926

PART 2: SUPPORTING **DOCUMENTATION**

8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

8.1 Debtors

The debtor analysis 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 - M08 February

Description	NT Code	Budget Year 2018/19									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													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	51,027	19,768	13,066	15,626	15,352	12,734	60,638	230,213	418,425	334,564	96,807	2,586
Trade and Other Receivables from Exchange Transactions - Electricity	1300	90,215	16,985	13,059	8,366	4,695	4,061	14,789	44,818	196,988	76,729	3,774	4,550
Receivables from Non-exchange Transactions - Property Rates	1400	107,254	33,547	21,024	16,765	15,799	14,261	63,616	214,042	486,307	324,483	22,595	4,483
Receivables from Exchange Transactions - Waste Water Management	1500	22,510	9,725	5,619	4,587	4,036	4,225	21,377	103,458	175,539	137,684	16,453	1,979
Receivables from Exchange Transactions - Waste Management	1600	18,700	8,807	6,043	5,095	4,862	5,007	25,890	153,775	228,180	194,630	18,464	1,800
Receivables from Exchange Transactions - Property Rental Debtors	1700								39	39	39	-	-
Interest on Arrear Debtor Accounts	1810	6,921	6,606	5,539	5,189	5,025	5,077	27,638	163,502	225,499	206,433	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-	-	-
Other	1900	15,136	8,854	5,298	6,867	4,939	5,051	26,763	173,717	246,625	217,337	31,858	273
Total By Income Source	2000	311,764	104,291	69,649	62,496	54,708	50,418	240,712	1,083,564	1,977,602	1,491,898	189,951	15,671
2017/18 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	10,434	7,128	2,124	1,710	893	750	4,065	13,350	40,455	20,768	-	-
Commercial	2300	165,715	32,839	19,846	21,400	18,414	13,343	70,289	351,093	692,939	474,538	-	3,604
Households	2400	135,614	64,324	47,679	39,386	35,401	36,326	166,358	719,121	1,244,209	996,592	189,951	12,067
Other	2500									-	-	-	-
Total By Customer Group	2600	311,764	104,291	69,649	62,496	54,708	50,418	240,712	1,083,564	1,977,602	1,491,898	189,951	15,671

8.1.1. Additional debtors' information

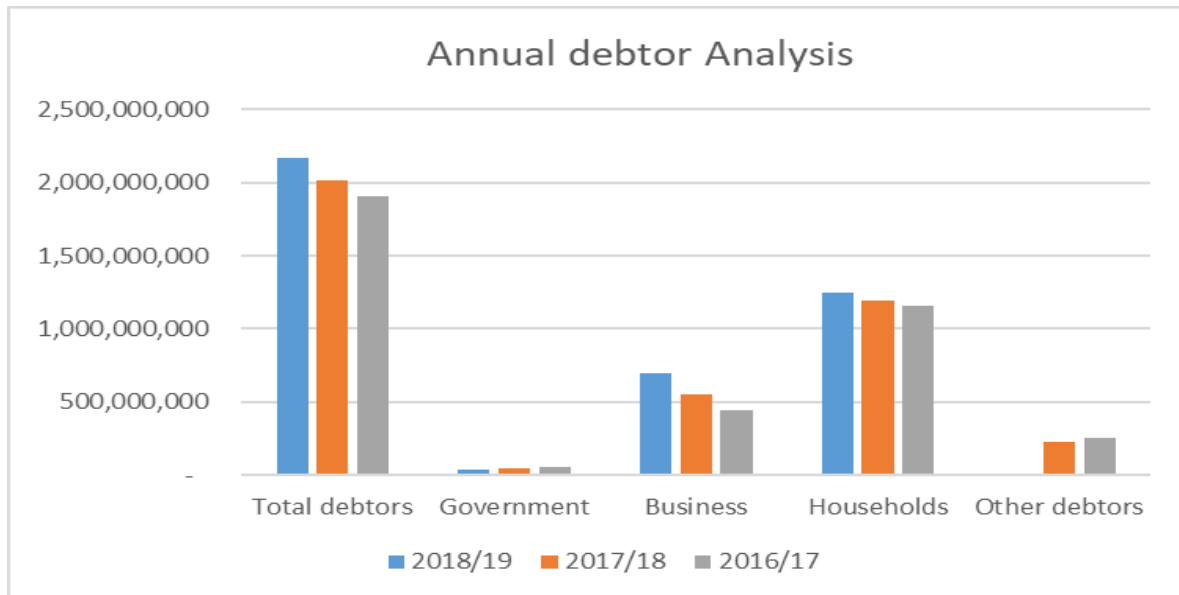
The arrears in respect of 30 days and more, which includes all charges excluding VAT, amounted to R1,663,838,756 as at 28 February 2019 which is a decrease of R161,056,915 over the amount of R1,824,895,671 as at 31 January 2019. The primary reason for the decrease relates to the write off of indigent debt in terms of section 13, subsection 2 and 3 of the approved Credit Control Policy and by-law.

During the month, Credit control action and debt collection action was implemented.

Please note that the debtor balance as indicated in the tables hereunder relates to arrears only (30 days and older) and excludes the February 2019 current account which is due by 15 March 2019.

The graph below shows comparison of annual movements in debtors of the 3 year period.

Figure 4: Debtors age analysis over the 3 year period



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 28 February 2019. It also provides comparison with the previous month (31 January 2019) which indicates a decrease from R1.82 billion to R1.66 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR FEBRUARY 2019	TOTAL FOR JANUARY 2019
30 DAYS	35,716,548	10,615,397	17,488,402	26,011,412	9,640,365	4,819,144	104,291,269	123,345,867
60 DAYS	22,820,192	6,422,838	13,481,783	16,531,591	6,745,317	3,647,661	69,649,383	91,270,789
90 DAYS	18,419,737	5,263,403	6,755,709	19,912,983	5,761,986	4,381,685	60,495,502	81,581,776
120 DAYS TO 360 DAYS	112,514,159	38,058,875	28,049,860	126,034,321	45,219,512	26,796,449	376,673,176	466,756,947
YEAR 2	77,054,828	33,973,035	20,691,421	106,787,104	42,766,822	35,255,572	316,528,781	330,633,183
YEAR 3	49,730,966	23,002,390	11,453,726	65,883,072	31,058,609	20,849,686	201,978,449	200,961,122
YEAR 4	35,276,551	16,074,831	5,768,563	38,176,109	21,461,559	15,258,636	132,016,249	130,511,191
YEAR 5	25,645,023	12,171,296	3,839,538	25,158,954	17,510,744	16,407,037	100,732,591	102,713,325
YEAR 5+	68,812,823	40,216,493	8,045,343	67,524,534	64,384,267	52,489,895	301,473,355	297,121,470
TOTAL	445,990,828	185,798,558	115,574,344	492,020,081	244,549,181	179,905,764	1,663,838,756	1,824,895,671

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 28 February 2019. It also reflects the percentage split per category with domestic consumers having the highest share followed by other 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

CATEGORY TYPE	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	59,596,134	43,994,836	33,448,114	895,031,726	1,032,070,810	62.03
Indigent	3,125,617	2,198,520	2,686,607	46,108,556	54,119,300	3.25
Business	26,957,930	15,448,074	13,992,423	212,572,014	268,970,441	16.17
Government	7,128,060	2,124,245	1,710,254	19,057,906	30,020,465	1.80
Municipal Staff	403,838	293,371	178,063	1,521,672	2,396,944	0.14
Councillors	11,128	7,136	3,626	36,129	58,018	0.00
Other	7,068,562	5,583,202	8,476,415	255,074,598	276,202,778	16.60
Total	104,291,269	69,649,383	60,495,502	1,429,402,601	1,663,838,756	100.00

Note*: A stop order deduction is implemented for all municipal staff and councillors in arrears. When new staff join 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. The reason why the debt reflects in the 30/60/90 day columns relating to staff and councillors is due to the fact that when the stop orders are receipted the payment is allocated to the oldest ageing category. In terms of the accounting treatment of the amounts received, within the financial system the amounts are allocated against the oldest debt first resulting in the outstanding balance as reflected in the above table

relating to municipal staff and councillors.

During the month of February 2019 a total of R1,908,307 was receipted against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 1,573,255
Arrears Receipts	<u>R 405,052</u>
Total Receipts	<u>R 1,908,307</u>

Billing related queries such as water leaks prevent the debt from decreasing until it is resolved.

8.2.3. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 28 February 2019 amounted to R30,020,465, and this is a decrease of R14,702,955 as compared to January 2019 . The breakdown of the arrears per department (excluding accounts in credit) indicated in the table hereunder, as at 28 February 2019. The remainder of the debt is being pursued. During the month of February 2019, formal correspondence was sent to the National and Provincial Treasury for their intervention. As at the date of this report, no feedback was received from Treasury.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 28 FEBRUARY 2019	ARREARS AS AT 31 JANUARY 2019	DIFFERENCE
National Department Of Public Works	42,194	5,055,756	5,097,950	5,354,852	(256,902)
Provincial Department Of Public Works	1,535,568	1,449,260	2,984,828	7,711,195	(4,726,367)
Department Of Education	-	4,030,717	4,030,717	4,420,661	(389,944)
Department Of Health	-	5,696,282	5,696,282	15,008,983	(9,312,701)
Department Of Social Development	-	-	-	-	-
Department Of Transport	-	64,287	64,287	179,090	(114,803)
Department Of Agriculture	-	3,260	3,260	-	3,260
Department Of Nature Conservation	-	10,703	10,703	5,781	4,922
Department of Human Settlements	-	174,734	174,734	158,264	16,471
Sport, Recreation, Arts and Culture	-	488	488	42,360	(41,872)
Department of Labour - UIF Services	-	138,559	138,559	130,930	7,630
Members Of Provincial Legislature	-	76,662	76,662	107,123	(30,461)
Department of Water Affairs	-	-	-	-	-
Department of Cooperate Governance & Traditional Affairs	-	-	-	-	-
Department of Rural Development and Land Reform	-	908,195	908,195	899,428	8,767
Provincial RDP Houses	-	10,833,799	10,833,799	10,704,754	129,045
South African Social Security Agency	-	-	-	-	-
TOTAL	1,577,762	28,442,703	30,020,465	44,723,420	(14,702,955)

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.

Table 14: SC4 Monthly Budget Statement Aged Creditors

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M08 February											Prior year totals for chart (same)
Description	NT Code	Budget Year 2013/14								Total	
		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		
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	105 958								105 958	
Bulk Water	0200	21 661								21 661	
PAYE deductions	0300	21 429								21 429	
VAT (output less input)	0400	-								-	
Pensions / Retirement deductions	0500	26 463								26 463	
Loan repayments	0600	-								-	
Trade Creditors	0700	211 510								211 510	
Auditor General	0800	62								62	
Other	0900	131 634								131 634	
Total By Customer Type	1000	518 717	-	-	-	-	-	-	-	518 717	-

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in February 2019.

Table 15: Payments made to the 20 highest paid creditors – February 2019

CREDITOR	90 DAYS	60 DAYS	30 DAYS	CURRENT	TOTAL	PAYMENT
ESKOM				105 958 365	105 958 365	105 958 365
AMATOLA WATER				21 661 019	21 661 019	21 661 019
STEFANUTTI STOCKS ROAD & EARTHWORKS				15 865 239	15 865 239	15 865 239
MANTELLA TRADING 522 CC				12 606 660	12 606 660	12 606 660
MIHLEKUTHI TRADING				11 948 795	11 948 795	11 948 795
EZULUWENI CONSTRUCTION (PTY) LTD				10 038 273	10 038 273	10 038 273
NEXTEC INDUSTRIAL TECHNOLOGIES T/A EOH INTELLIGENT				8 749 417	8 749 417	8 749 417
MAKALI PLANT AND CONSTRUCTION (PTY) LTD				8 388 541	8 388 541	8 388 541
MVEZO PLANT & CIVILS CC				8 299 909	8 299 909	8 299 909
EYA BANTU PROFESSIONAL SERVICES CC				7 318 456	7 318 456	7 318 456
IMVUSA TRADING 415 CC				5 692 407	5 692 407	5 692 407
CZAR CONSTRUCTION				3 886 357	3 886 357	3 886 357
TSHIYA INFRASTRUCTURE DEVELOPMENT				3 610 582	3 610 582	3 610 582
ABERDARE CABLES (PTY) LTD				2 791 803	2 791 803	2 791 803
BUSINESS CONNEXION				2 545 617	2 545 617	2 545 617
MAKINWA MEDIA SOLUTIONS				2 483 495	2 483 495	2 483 495
DOWN TOUCH INVESTMENTS (PTY) LTD				2 324 662	2 324 662	2 324 662
RANDCIVILS				2 267 917	2 267 917	2 267 917
UMSO/ IMVUSA TRADING 454 (DON CIVILS) JV				2 149 313	2 149 313	2 149 313
C & M FASTENERS CC				1 997 426	1 997 426	1 997 426
TOTAL	-	-	-	240 584 254	240 584 254	240 584 254

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 - M08 February									
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							
Municipality									
Land Affairs - West Bank		Call Account	Call Account	Call Account	283	4.94%	56 244	283	56 527
Finance Management Grant		Call Account	Call Account	Call Account	5	0.09%	1 178	(304)	874
MD Urban Renewal (MT Ruth Node)		Call Account	Call Account	Call Account	57	0.99%	11 270	57	11 327
Workmans Compensation (COID)		Call Account	Call Account	Call Account	54	0.93%	10 705	(118)	10 587
Reeston Development		Call Account	Call Account	Call Account	1	0.02%	172	1	173
Human Settlement Development Grant (HSDG)		Call Account	Call Account	Call Account	89	1.55%	17 692	89	17 781
Intergrated Electrification Programme (INEP)		Call Account	Call Account	Call Account	33	0.58%	6 272	(1 685)	4 587
Trust Funds		Call Account	Call Account	Call Account	6	0.10%	1 121	6	1 127
Vuna Awards		Call Account	Call Account	Call Account	5	0.10%	1 103	(52)	1 052
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	0	0.00%	49	0	50
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	1	0.02%	184	1	185
City of Leiden		Call Account	Call Account	Call Account	0	0.01%	82	0	82
Needscamp Planning		Call Account	Call Account	Call Account	5	0.09%	973	5	978
Umsobomvu Youth Fund (UYF)		Call Account	Call Account	Call Account	1	0.03%	294	1	296
Land Affairs - East Bank		Call Account	Call Account	Call Account	440	7.69%	87 599	440	88 040
Land Affairs West Bank		Call Account	Call Account	Call Account	265	4.64%	45 527	265	45 793
European Commission		Call Account	Call Account	Call Account	6	0.10%	1 157	6	1 163

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M08 February

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
		Yrs/Months							
R thousands									
Municipality									
Salaida		Call Account	Call Account	Call Account	6	0.11%	1 106	6	1 113
Electricity Demand Management Grant		Call Account	Call Account	Call Account	20	0.35%	5 119	(5 066)	53
ADM Funding		Call Account	Call Account	Call Account	9	0.15%	1 710	9	1 719
Urban Settelement Dev elopment Grant		Call Account	Call Account	Call Account	221	3.85%	61 580	(54 779)	6 800
Urban Settelement Dev elopment Grant		Call Account	Call Account	Call Account	306	5.34%	84 819	(74 401)	10 418
Urban Settelement Dev elopment Grant		Call Account	Call Account	Call Account	408	7.12%	105 554	(75 592)	29 962
Urban Settelement Dev elopment Grant		Call Account	Call Account	Call Account	394	6.88%	103 748	(78 606)	25 142
Infrastructure Skills Development Grant		Call Account	Call Account	Call Account	20	0.36%	4 975	(2 765)	2 210
Infrastructure Development Levy		Call Account	Call Account	Call Account	1	0.02%	165	1	166
Bcmet		Call Account	Call Account	Call Account	3	0.04%	499	3	501
Ex panded Public Works Programme		Call Account	Call Account	Call Account	10	0.18%	3 002	(2 975)	27
City of Oldenburg		Call Account	Call Account	Call Account	2	0.03%	338	2	340
Public Transport Network Grant		Call Account	Call Account	Call Account	376	6.56%	89 376	(45 082)	44 294
DEAT		Call Account	Call Account	Call Account	1	0.02%	217	1	218
Neighbourhood Development Grant (NDP Grant)		Call Account	Call Account	Call Account	31	0.54%	6 141	(76)	6 065
Integrated City Development Grant (ICDG)		Call Account	Call Account	Call Account	38	0.66%	10 119	(7 926)	2 192
Capital Replacement Reserve (CRR)		Call Account	Call Account	Call Account	94	1.63%	16 052	94	16 146
Mayoral Projects (CRR)		Call Account	Call Account	Call Account	7	0.13%	1 259	7	1 266
Own Funds		Call Account	Call Account	Call Account	60	1.05%	12 012	60	12 072
Own Funds		Call Account	Call Account	Call Account	32	0.55%	5 423	32	5 455
Own Funds		Call Account	Call Account	Call Account	85	1.48%	16 910	85	16 995
Own Funds		Call Account	Call Account	Call Account	238	4.16%	47 444	238	47 683
Own Funds		Call Account	Call Account	Call Account	164	2.87%	32 687	164	32 852
Own Funds		6 Months	Fixed Deposi	21/09/2018	-	0.00%	-	-	-
Own Funds		6 Months	Fixed Deposi	21/09/2018	-	0.00%	-	-	-
Own Funds		6 Months	Fixed Deposi	27/06/2018	-	0.00%	-	-	-
Own Funds		6 Months	Fixed Deposi	26/06/2018	-	0.00%	-	-	-
Own Funds - CRR		Call Account	Call Account	Call Account	642	11.22%	127 814	642	128 456
Own Funds - CRR		Call Account	Call Account	Call Account	188	3.29%	37 443	188	37 631
Own Funds - CRR		Call Account	Call Account	Call Account	168	2.94%	33 481	168	33 650
Own Funds - CRR		Call Account	Call Account	Call Account	116	2.03%	23 116	116	23 232
Own Funds - CRR		Call Account	Call Account	Call Account	130	2.28%	25 936	130	26 066
Own Funds (Depreciation)		Call Account	Call Account	Call Account	576	10.06%	114 652	576	115 228
Own Funds (Depreciation)		Call Account	Call Account	Call Account	79	1.38%	15 727	79	15 806
Own Funds (Depreciation)		Call Account	Call Account	Call Account	34	0.59%	6 720	34	6 754
Housing Development		Call Account	Call Account	Call Account	14	0.25%	2 844	14	2 858
Municipality sub-total					5 725	100.00%	1 239 612	(345 624)	893 989
TOTAL INVESTMENTS AND INTEREST	2				5 725		1 239 612	(345 624)	893 989

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 (inclusive of vat) 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 - M08 February										
Description	Ref	2017/18	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		–	1 399 602	–	7 015	898 369	898 369	–		1 399 602
Local Government Equitable Share			778 048		–	539 807	539 807	–		778 048
General Fuel Levy			513 844		–	342 562	342 562	–		513 844
Finance Management			1 150		–	1 150	1 150	–		1 150
EPWP Incentive			4 050		1 215	4 050	4 050	–		4 050
Urban Settlement Development Grant			77 810		–	–	–	–		77 810
Public Transport Network Grant	3		14 000		–	–	–	–		14 000
Infrastructure Skills Development Grant			10 700		5 800	10 800	10 800	–		10 700
Municipal Human Settlement Capacity Grant			–		–	–	–	–		–
Other transfers and grants [insert description]			–		–	–	–	–		–
Provincial Government:		–	91 868	–	8 433	25 846	61 245	(35 399)	-57.8%	72 071
Human Settlement Development Grant			75 998		7 680	25 094	50 665	(25 571)	-50.5%	56 201
DSRAC - Library Subsidy			15 870		–	–	10 580	(10 580)		15 870
Department of Public Works			–		–	–	–	–		–
Office of the Premier	4		–		752	752	–	752	#DIV/0!	–
DEDEA (BCMDA)			–		–	–	–	–		–
Other transfers/grants [insert description]			–		–	–	–	–		–
District Municipality:		–	–	–	–	–	–	–		–
[insert description]			–		–	–	–	–		–
Other grant providers:		–	846	–	561	2 405	2 934	(530)	-18.0%	–
SETA - Skills Development			–		561	2 370	2 370	–		–
Donor Funding - Leiden			–		–	–	–	–		–
Salauda / Gavle			846		–	35	564	(530)		–
City of Oldenburg			–		–	–	–	–		–
[insert description]			–		–	–	–	–		–
Total Operating Transfers and Grants	5	–	1 492 316	–	16 009	926 620	962 549	(35 929)	-3.7%	1 471 673
Capital Transfers and Grants										
National Government:		–	803 900	–	384 496	864 568	864 568	–		803 900
Urban Settlement Development Grant			685 182		381 496	762 992	762 992	–		685 182
Public Transport and Systems			81 165		–	71 373	71 373	–		81 165
Neighbourhood Development Partnership			13 250		–	6 000	6 000	–		13 250
Integrated National Electrification Programme			6 200		–	6 200	6 200	–		6 200
Electricity Demand Side Management			8 000		3 000	8 000	8 000	–		8 000
Integrated City Development Grant			10 003		–	10 003	10 003	–		10 003
Finance Management			–		–	–	–	–		–
Infrastructure Skills Development Grant			100		–	–	–	–		100
Other capital transfers [insert description]			–		–	–	–	–		–
Provincial Government:		–	9 036	–	–	–	6 024	(6 024)	-100.0%	9 036
Dept of Local Government and Traditional Affairs			9 036		–	–	6 024	(6 024)	-100.0%	9 036
Dept Sport, Recreation, Arts and Culture (DSRAC)			–		–	–	–	–		–
Department of Public Works			–		–	–	–	–		–
District Municipality:		–	–	–	–	–	–	–		–
[insert description]			–		–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
Salauda / Gavle			–		–	–	–	–		–
Public Funding			–		–	–	–	–		–
Total Capital Transfers and Grants	5	–	812 936	–	384 496	864 568	870 592	(6 024)	-0.7%	812 936
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	–	2 305 252	–	400 505	1 791 188	1 833 141	(41 953)	-2.3%	2 284 609

11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 53% (R487.42 million, inclusive of reclaimed vat) of its 2018/2019 conditional grants budget of R911.61 million as at 28 February 2019. This reflects an improvement when compared to the same period in the previous financial year where 50% (R442.17 million, inclusive of reclaimed of vat) of conditional grants budget of R882.77 million was spent.

Table 18 below reflects the year to date expenditure on 2018/19 total conditional grants.

Table 18: Spending per Conditional Grant Funding Allocation

Funding/Grant	2018/19 Approved Budget	YTD Exp (vat) R	Variance (vat incl.) R	% Expenditure vs. Budget (vat incl.)
Integrated National Electrification Programme Grant	6 200 000	2 961 406	3 238 594	48%
EEDSM (Energy, Efficiency and Demand Side Management)	8 000 000	7 895 799	104 201	99%
Finance Management Grant	1 150 000	495 886	654 114	43%
Infrastructure Skills Development Grant	10 800 000	6 411 094	4 388 906	59%
Urban Settlement Development Grant	762 992 000	388 733 696	374 258 304	51%
Neighbourhood Development Partnership Grant	13 250 000	96 643	13 153 357	1%
Integrated City Development Grant	10 003 000	9 695 446	307 554	97%
Expanded Public Works Programme Grant	4 050 000	6 782 630	-2 732 630	167%
Public Transport Infrastructure and Systems Grant	95 165 000	64 344 153	30 820 847	68%
TOTAL	911 610 000	487 416 754	424 193 246	53%

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.

Also refer to section 14.1 of the report on measures to improve expenditure performance.

10.1.1. INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT (INEP)

Construction has commenced in line with the program for the Fynbos electrification project. Construction is at a standstill for the Mdantsane N.U 5 project due to community members being at loggerheads with the ward councillor over the appointed CLO. Political intervention has been requested from portfolio councilor as no assistance has been forthcoming from ward councilor.

10.1.2. EXPANDED PUBLIC WORKS PROGRAMME GRANT

EPWP has over spent on the Incentive Grant Allocation and the Mid Term Budget Adjustment has been identified as a platform to address this. The sole intention of requesting additional funding (as the SLA entered into with DPW stipulates that BCMM has to make a contribution to supplement the Incentive Grant) is to enable EPWP IG Funded Projects to be completed.

10.1.3. FINANCE MANAGEMENT GRANT (FMG)

There are eight (8) interns currently serving on the internship programme. The interns are being remunerated accordingly. The recruitment process to appoint one (1) one additional intern is at an advanced stage. Furthermore, the grant will be utilised for the payment of the Municipal Finance Management Programme (MFMP) to be attended from March 2019 by three (3) interns and one (1) finance official at Wits Business School. Grant funding will be fully utilized by year end in line with the set targets.

10.1.4. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

New mentor for Municipal Valuer internship has not submitted claim for the months of January and February amounting to approximately R60 000. Travelling and accommodation costs amounting to R110 000 not captured due to late submission. Mentor salary costs amounting to R60 000 to be processed and reflected in end-March. Invoices for travelling and subsistence amounting to R110 000 submitted for processing and to be reflected in end-March. Additional 2 interns and a mentor in microbiology to be recruited during March

10.1.5. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

SPATIAL PLANNING AND DEVELOPMENT

Bridge Designs & Implementation

Nine sites have been identified. Works orders have been issued to Service Providers and work has commenced. Service Providers have invoiced and invoices have been processed. Expenditure will improve.

Guardrails

The orders cannot be generated because the contractors were not CSD compliant. SCM has notified the contractors of CSD non-compliance.

Sleeper Site Roads

The project was awarded on the 29 November 2018 and the new contractor has requested BCMM to accept their withdrawal from the project. The contractor's request is to be considered by the BAC during the month of March 2019 and they will advise on the way forward with the project.

Needs Camp / Potsdam Bridge

The project is progressing well and as per programme and the expenditure is in line with the cash flow projections.

Bridge Designs & Implementation – Ward 8

The site has been identified through the Feasibility Study. Works order has been issued and Service Provider has commenced. Environmental applications are required and have been made. Work has commenced, and expenditure will improve.

Bridge Designs & Implementation – Ward 14

The site has been identified through the Feasibility Study. Works order has been issued and Service Provider has commenced. Environmental applications are required and have been made. Service Provider has invoiced, and invoices have been processed. Expenditure will improve.

Guidance Signage

Informal tender to be re-advertised as SCM was not acting. Supply Chain Management to fast track with advertisement.

Traffic Calming

The contractor is on schedule.

Traffic Calming – Ward 16

The contractor is on schedule.

Traffic Signals

The contractor is on schedule.

Taxi Rank Infrastructure (Roads & Ablution Facilities)

Service Providers currently busy with Detailed Design Reports and would submit claims once the reports are completed. Invoices for the design stage are scheduled for March 2019 and expenditure will improve by end of third quarter.

Taxi /Bus Embayments

Construction started in Mid-February Expenditure will improve by end of March 2019 as most work will be completed.

CITY MANAGER

Rental invoices for December, January, February, March, April, May, June, July, August, September, October, November, December 2018 and January 2019 have been submitted to SCM for processing. Trueprop have submitted the addendums for the month to month lease, and all payments to the service provider have been processed. Expenditure on the rental vote has improved.

INFRASTRUCTURE SERVICES

Water

Expenditure for Water projects is 32%, most projects are waiting for the award of Contracts, which are currently at the Bid Evaluation stage. Expenditure will improve once contract is awarded.

Sanitation

A tender for construction VIP toilets in rural areas and Ablution Facilities in informal tenders was only awarded in December. Contractors are currently finalizing establishments on site to commence with construction work. Both Zwelitha Bulk Regional Sewer Scheme and Reeston Phase 3 projects have been delayed by non-performance of the contractors on site.. Corrective measures have been taken for non-performance of contractors on site, through termination of contracts in some instances, and through implementing programme corrective measures in other instances. The a new contractor has been appointed for completion of Zwelitsha Wastewater Treatment Works following termination of a contract with the previous contractor. Meetings have been held with the contractor in Reeston Wastewater Treatment Works, following delays in completing the work. These measures will result in improved performance on site, and increase expenditure in the remain months.

10.1.6. PUBLIC TRANSPORT NETWORK GRANT

Traffic Safety Management Plan

Tender is currently in the Procurement phase as per the approved Procurement Plan. Once the contract is awarded start and the project get started, expenditure will improve.

Industry Transition Plan

The Industry Transition Plan forms part of the IPTN Operational & Business Plan project and as such is budgeted for within the IPTN project. The budget for this item will be reallocated during midyear adjustment to a different PTNG project. Budget will be reallocated to the Qumza Highway via the mid-year adjustment.

Universal Access Development Plan

The UDAP forms part of IPTN the Operational & Business Plan project and as such is budgeted for within the IPTN project. The budget for this item will be reallocated during mid-year adjustment to the Qumza Highway project.

Public Transport Plan

The Public Transport Plan forms part of the IPTN Operational & Business Plan project and as such is budgeted for within the IPTN project. The budget for this item will be reallocated during mid-year adjustment to the Qumza Highway project.

10.1.7. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT

The contract for roads and sidewalks was only awarded in October 2018, and a process had to be undertaken to identify the works, and obtain cost estimates from the appointed contactors. The contractor has been identified and quantified by appointed Engineers and is expected to start by end of March 2019.

10.1.8. HUMAN SETTLEMENT DEVELOPMENT GRANT

Some major contracts are still under procurement waiting for BAC resolutions (e.g. Potsdam village housing project) and some going to BSC (e.g. West bank restitution , Potsdam Kanana , Peelton Cluster 1, Amalinda Co-opt .) One of the major project that is still under construction (Fynboss 1&2 and Ndancama) is being blocked by community conflict over beneficiary list related issues. The procurement of the major projects listed above will be fasttracked once the contractors are appointed, so that the expenditure can improve.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

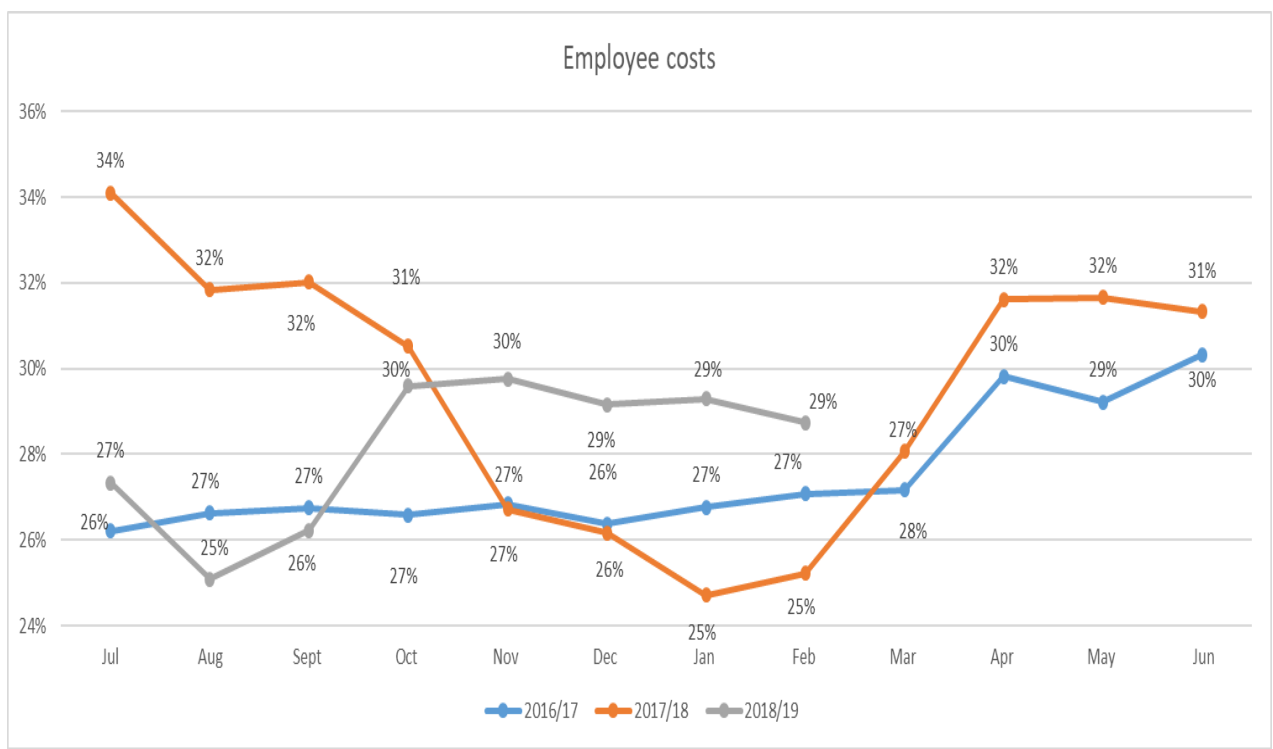
Table 19 below provides summary of employees and councillors remuneration. The workforce costs as a percentage of total expenditure amounted to 28.7%. This is within the norm of 25% - 40%.

Table 19: SC8 Monthly Budget Statement – Councillor, Board Members and Staff Benefits

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M08 February											
Summary of Employee and Councillor remuneration	Ref	2017/18	Budget Year 2018/19								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands	1	A	B	C						D	
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages			40 253	40 253	4 095	23 703	12 600	11 103	88%	40 253	
Pension and UIF Contributions			3 999	3 999	448	2 852	1 252	1 600	128%	3 999	
Medical Aid Contributions			1 885	1 885	196	1 489	590	899	152%	1 885	
Motor Vehicle Allowance											
Cellphone Allowance			2 624	2 624	340	2 952	821	2 130	259%	2 624	
Housing Allowances			2 274	2 274	199	1 570	712	858	121%	2 274	
Other benefits and allowances			13 150	13 150	1 178	9 174	4 116	5 058	123%	13 150	
Sub Total - Councillors			-	64 185	64 185	6 456	41 740	20 092	21 648	108%	64 185
Senior Managers of the Municipality											
Basic Salaries and Wages	3		15 446	15 297	786	6 287	5 180	1 107	21%	15 297	
Pension and UIF Contributions			2 851	2 823	137	1 099	956	143	15%	2 823	
Medical Aid Contributions			284	281	21	162	95	67	71%	281	
Overtime											
Performance Bonus						76		76	0%		
Motor Vehicle Allowance			3 311	3 277	167	1 343	1 110	233	21%	3 277	
Cellphone Allowance					23	192		192	0%		
Housing Allowances			520	515	192	1 545	175	1 370	785%	515	
Other benefits and allowances			2 745	2 717	6	86	920	(834)	-91%	2 717	
Payments in lieu of leave											
Long service awards											
Post-retirement benefit obligations	2										
Sub Total - Senior Managers of Municipality			-	25 157	24 910	1 333	10 789	8 436	2 353	28%	24 910
Other Municipal Staff											
Basic Salaries and Wages			1 167 270	1 153 950	98 453	830 237	390 801	439 436	112%	1 153 950	
Pension and UIF Contributions			221 985	219 719	20 123	159 053	74 411	84 643	114%	219 719	
Medical Aid Contributions			104 778	103 713	7 771	59 438	35 124	24 314	69%	103 713	
Overtime			7 370	84 116	11 077	82 055	28 487	53 568	188%	84 116	
Performance Bonus			97 741	96 741	6 232	58 922	32 763	26 159	80%	96 741	
Motor Vehicle Allowance			37 813	37 448	2 473	19 222	12 682	6 539	52%	37 448	
Cellphone Allowance			4 903	4 855	358	2 850	1 644	1 206	73%	4 855	
Housing Allowances			19 130	18 939	611	4 851	6 414	(1 563)	-24%	18 939	
Other benefits and allowances			201 244	122 256	8 796	66 935	41 404	25 532	62%	122 256	
Payments in lieu of leave			20 475	20 267	13	159	6 864	(6 704)	-98%	20 267	
Long service awards			23 922	23 672	2 114	16 511	8 017	8 494	106%	23 672	
Post-retirement benefit obligations	2		7 604	7 601	3	20	2 574	(2 554)	-99%	7 601	
Sub Total - Other Municipal Staff			-	1 914 233	1 893 277	158 024	1 300 254	641 184	659 070	103%	1 893 277
Total Parent Municipality			-	2 003 576	1 982 372	165 812	1 352 783	669 711	683 071	102%	1 982 372

The graph below shows the workforce costs as a percentage of total expenditure for the current financial year and the two previous financial years.

Figure 5: Workforce (Employee) Costs



12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 28 February 2019. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 28 February 2019.

Table 20: Overtime per Directorate

Directorate Overtime	2018/2019 Annual Budget R	2018/2019 YTD Expenditure R	2018/2019 % of YTD Budget %
Directorate Of Executive Support Services	1 719 220	2 115 624	123%
Directorate Of The City Manager	603 240	749 812	124%
Directorate Of Corporate Services	531 768	375 048	71%
Directorate Of Development & Spatial Planning	779 665	138 714	18%
Directorate Of Economic Development & Agencies	586 261	245 112	42%
Directorate Of Finance	2 110 426	1 347 932	64%
Directorate Of Health / Public Safety & Emergency Services	30 863 991	23 755 695	77%
Directorate Of Human Settlement	127 471	7 944	6%
Directorate Of Infrastructure Services	21 433 979	25 478 452	119%
<i>Electricity</i>	9 680 766	8 752 718	90%
<i>Water</i>	4 192 032	8 348 242	199%
<i>Sanitation</i>	6 196 268	7 742 046	125%
<i>Other</i>	1 364 913	635 448	47%
Directorate Of Municipal Services	25 360 396	27 840 967	110%
Total	84 116 417	82 055 300	98%

Table 21: Overtime Per Cost Centre: December 2018 – February 2019

DIRECTORATE	DECEMBER 2018	JANUARY 2019	FEBRUARY 2019
Directorate of Executive Support Services	243 629	255 749	192 512
Directorate of the City Manager	70 678	95 905	63 815
Directorate of Corporate Services	28 952	24 230	25 849
Directorate of Development & Spatial Planning	5 048	14 160	18 283
Directorate Economic Development & Agencies	20 057	56 236	31 372
Directorate of Finance	103 071	140 831	136 237
Directorate of Health/Public Safety & Emergency Services	1 884 906	4 235 140	2 209 819
Directorate of Human Settlement	0	0	0
Directorate of Infrastructure Services	2 341 803	3 553 661	3 294 868
Directorate of Municipal Services	2 439 234	3 660 593	3 983 069
TOTAL	7 137 376	12 036 507	9 955 823

The total overtime payment for the months of December 2018, January 2019 and February 2019 is reflected above. There was an increase in the total payment of overtime between December 2018 and January 2019 of R4 899 131 and a decrease in the total payment of overtime between January 2019 and February 2019 of R2 080 683.

It is to be noted that the difference between the votes ledger and payday is votes ledger journals that have been passed.

OVERTIME PER COST CENTRE

		December 2018 Amount	January 2019 Amount	February 2019 Amount
Directorate -Executive Support Services				
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	227 589.08	230 987.60	173 757.60
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	4 109.36	1 792.56	4 760.76
0523	IDP & BUDGET INTEGRATION	5 476.59	1 218.75	0
0531	POLITICAL OFFICE ADMINISTRATION	6 453.51	21 750.08	13 993.67
		243 628.54	255 748.99	192 512.03
DIRECTORATE OF THE CITY MANAGER				
1005	OFFICE OF THE CITY MANAGER	59 753.93	81 538.25	44 645.94
1015	INFORMATION / TECHNOLOGY & SUPPORT	10 923.61	14 367.24	19 169.17
		70 677.54	95 905.49	63 815.11
DIRECTORATE OF CORPORATE SERVICES				
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	-138.56	-138.56	0
1512	ADMINISTRATIVE & CORPORATE SUPPORT	5 337.31	4 758.26	5 376.28
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	20 698.94	20 110.22	14 658.21
1532	ADMINISTRATIVE SUPPORT	3 554.00	0	3 554.00
1536	ORGANISATIONAL DEVELOPMENT	-500.00	-500.00	2 260.32
		28 951.69	24 229.92	25 848.81
DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING				
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	0	3 740.92	17 268.69
2037	TRAFFIC MANAGEMENT & SAFETY	5 048.15	10 419.30	1 013.95
		5 048.15	14 160.22	18 282.64
DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES				
2511	FRESH PRODUCE MARKET	17 453.80	8 406.59	18 657.86
2521	TOURISM / ARTS / CULTURE & HERITAGE	0	47 829.76	12 714.24
2531	TRADE / INDUSTRY & RURAL AGRARIAN	2 603.10	0	0
		20 056.90	56 236.35	31 372.10

		December 2018 Amount	January 2019 Amount	February 2019 Amount
	DIRECTORATE OF FINANCE			
3033	PAYROLL & BENEFITS	0	0	-2 475.54
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	938.85	3 030.14	1 135.88
3053	COASTAL REVENUE MANAGEMENT	2 921.59	2 094.89	2 388.08
3054	CUSTOMER RELATIONS (CALL CENTRE)	98 034.59	129 533.07	125 554.12
3055	INLAND REVENUE MANAGEMENT	-176.43	1 278.42	0
3056	MIDLAND REVENUE MANAGEMENT	1 352.01	4 894.65	7 086.76
3061	STRATEGY & OPERATIONS	0	0	782.38
3071	SUPPLY CHAIN MANAGEMENT	0	0	1 764.83
		103 070.61	140 831.17	136 236.51
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	5 037.10	19 666.92	0
3513	FIRE & RESCUE	344 370.44	1 316 197.38	449 329.32
3521	MUNICIPAL HEALTH SERVICES	12 240.86	33 173.36	20 938.71
3532	LAW ENFORCEMENT SERVICES	1 024 472.71	2 239 554.38	1 206 193.16
3533	TRAFFIC SERVICES	498 784.67	626 547.96	533 358.21
		1 884 905.78	4 235 140.00	2 209 819.40
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	2 201.25	0	2 248.08
4511	ELECTRICAL & ENERGY SERVICES	2 587.05	1 613.77	2 249.15
4512	CUSTOMER SERVICES & REVENUE PROTECTION	79 019.78	120 635.63	100 021.98
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	896.66	683.16	597.77
4514	ELECTRICAL DISTRIBUTION	833 463.00	1 077 472.55	972 949.81
4524	ROADS	293.78	28 268.56	7 826.70
4532	SANITATION	670 664.94	1 175 268.33	957 507.07
4535	WATER SERVICES	739 846.45	1 073 697.73	1 145 827.31
4542	FLEET SERVICES & PLANT	0	0	9 410.15
4543	WORKSHOPS	12 829.79	76 021.39	96 229.94
		2 341 802.70	3 553 661.12	3 294 867.96
	DIRECTORATE OF MUNICIPAL SERVICES			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	11 647.81	11 105.05	11 697.59
5011	COMMUNITY AMENITIES	14 798.91	21 808.66	17 182.31
5013	LIBRARIES	1 711.16	-1 029.45	7 057.06

		December 2018 Amount	January 2019 Amount	February 2019 Amount
5014	HALLS	210 678.42	184 025.09	167 360.19
5015	RECREATION	363 879.45	908 714.83	757 532.93
5016	SPORTS FACILITIES	116 468.05	56 397.72	105 430.01
5022	CEMETRIES & CREMATORIA	167 116.66	179 836.48	272 713.89
5023	CONSERVATION	106 056.93	158 251.99	142 399.40
5024	PARKS: COASTAL	187 578.77	411 879.52	336 614.75
5031	SOLID WASTE MANAGEMENT	18 071.24	32 693.95	26 931.96
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 142 731.34	1 571 115.99	2 016 108.61
5035	LANDFILLS & TRANSFER STATIONS	98 494.99	125 793.51	122 039.98
		2 439 233.73	3 660 593.34	3 983 068.68
	TOTAL OVERTIME	7 137 375.64	12 036 506.60	9 955 823.24

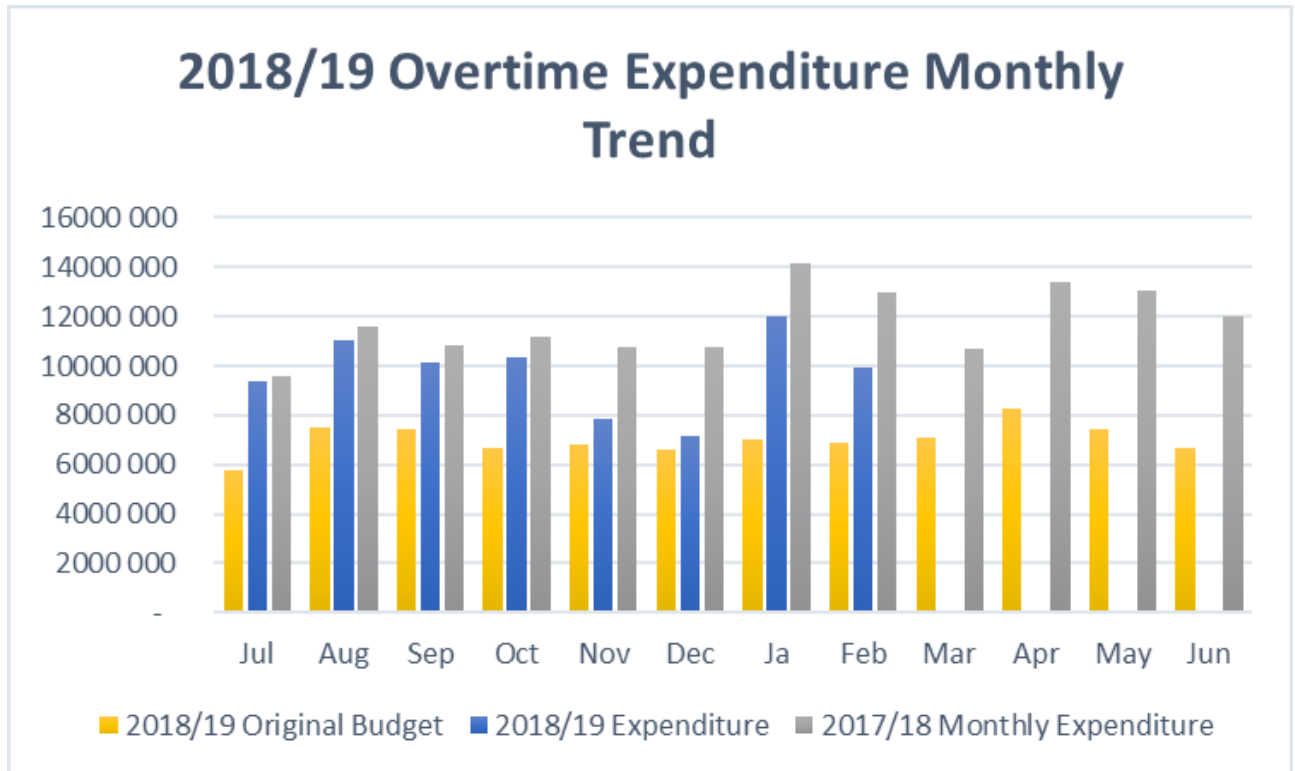
The measures that have been put in place to reduce overtime are the following:

- a) Employees are not permitted to work more than ten (10) hours overtime per week – this is in line with the Basic Conditions of Employment Act.
- b) All planned overtime is capped at forty (40) hours per month - this is in line with the Basic Conditions of Employment Act.
- c) All emergency overtime to be signed and approved by Heads of Directorates to ensure accountability and emphasis on control measures.
- d) The graph below shows the overtime expenditure monthly trend for the current financial year compared with budget and previous financial year. This reflects that the overtime expenditure is decreasing when compared to the first quarter of both the previous and current financial years.

It is to note that the increased January overtime was mainly due to payments of overtime worked during the December 2018 period to recover on backlog. Subsequently the payment made in February 2019 was for January 2019 overtime, which has since declined due to the above measures. It is anticipated that overtime expenditure would be controlled going towards year end, thus declining costs.

The graph below shows the overtime expenditure monthly trend for the current financial year.

Figure 6: Overtime Expenditure Monthly Trend



12.2.1. Comments On Overtime

a) Directorate of Executive Support

The over expenditure is due to the Communications unit Staff that were working on the Osnabruk Gala Dinner and Maskhandi Festival Media Briefing. MPAC staff had to work overtime, preparing for and facilitating a meeting. Furthermore, Public Participation (Political Office) unit staff had to work overtime due to loudhailing done after normal working hours.

b) Directorate of City Manager

Overtime in the office of the City Manager is based on emergency work for the support of the network, applications, IT Environment and server room. This cannot be avoided as these are crucial services in support of the IT environment. Also, over-expenditure is caused by overtime paid to the City Manager's Body Guards, and to those of the former City Manager.

c) Directorate of Corporate Services

The over expenditure on overtime is as a result of nature of operations which necessitates the drivers to deliver agendas outside the normal operating hours. In some cases staff are required to do special deliveries that contributes to working overtime. Payroll Unit were given instruction to calculate Job Evaluation costing by Management.

d) Directorate of Infrastructure Services

- i. Electricity – Overtime is due to emergency raids to eradicate illegal connections. Vandalism and theft contribute to a large percentage of overtime as well as Load Shedding which requires staff to do switching every 2 hours.
- ii. Roads – Over expenditure on overtime is due to emergency callouts to unblock stormwater drains in Buffalo Rd, KTW
- iii. Water and Sanitation - Operational requirements to attend to overflows / breakdowns after hours. Overtime is due to additional hours worked on 12hr shifts, emergency replacements of staff on leave and vacant posts.

e) Directorate of Health / Public Safety & Emergency Services

Structured overtime is compulsory compensation payable as a result of the requirement to work on Sundays and Public Holidays as part of a shift system. The structured overtime cannot be reduced as Fire & Rescue operate on a 24/7 basis. Any reduction would have a negative effect on service delivery by the Fire & Rescue Services.

Excessive overtime worked by security guards throughout the institution is impacting on the overtime which is combined with Law Enforcement. This is an issue, which together with HR will need to be resolved. Security guards are working longer hours due to the fact that there are many sites which require security & guarding and there is insufficient staffing to cover all sites.

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.

Cemeteries– Burials and cremations are done over weekends

Solid Waste - The Department of Solid Waste is trying its level best to manage the overtime costs although the SW service is provided on a daily basis. Shortage of staff is now complemented by use of EPWP projects.

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 28 February 2019. The total standby and shift payment for the months of December 2018, January 2019 and February 2019 is reflected below. There was an increase in the total payment between December 2018 and January 2019 of R104 919 and an increase in the total payment between January 2019 and February 2019 of R145 131.

Table 22: Standby & Shift Allowance per Directorate

DIRECTORATE	DECEMBER 2018	JANUARY 2019	FEBRUARY 2019
Directorate of Executive Support Services	3 593	5 155	4 338
Directorate of the City Manager	57 456	48 285	75 870
Directorate of Corporate Services	628	580	942
Directorate of Development & Spatial Planning	9 031	20 757	10 718
Directorate Economic Development & Agencies	1 049	1 151	1 439
Directorate of Finance	7 890	9 545	10 074
Directorate of Health/Public Safety & Emergency Services	586 131	626 997	600 899
Directorate of Human Settlement	0	0	0
Directorate of Infrastructure Services	574 784	732 120	749 110
Directorate of Municipal Services	336 481	237 371	373 700
TOTAL	1 577 042	1 681 960	1 827 091

12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the months of December 2018, January 2019 and February 2019 is reflected below. There was an increase in the total payment between December 2018 and January 2019 of R3,213,823 and a decrease in the total payment between January 2019 and February 2019 of R1,846,691.

Table 23: Temporary Staff per Directorate

DIRECTORATE	DECEMBER 2018	JANUARY 2019	FEBRUARY 2019
Directorate of Executive Support Services	660 812	594 179	683 608
Directorate of the City Manager	405 142	336 024	327 351
Directorate of Corporate Services	1 636 813	1 745 526	1 324 210
Directorate of Development & Spatial Planning	119 649	196 359	150 651
Directorate Economic Development & Agencies	54 106	47 873	33 906
Directorate of Finance	815 388	563 325	493 450
Directorate of Health/Public Safety & Emergency Services	292 385	362 193	211 517
Directorate of Human Settlement	336 952	270 957	272 474
Directorate of Infrastructure Services	411 753	284 617	225 200
Directorate of Municipal Services	3 640 256	7 186 037	6 018 031
TOTAL	8 373 266	11 587 089	9 740 398

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year to date expenditure of R41.74 million less annual budget of R64.19 million leaves a variance of R 22.45 million.

Table 24: Councillors Costs

Councillors Allowances And Benefits	2018/2019 Annual Budget R	2018/2019 YTD Expenditure R	2018/2019 Variance R	2018/2019 Variance %
Councillors Allowances	42 877 130	26 654 946	16 222 184	38%
Housing Allowance	2 274 000	1 569 795	704 205	31%
Medical Aid Allowance	1 884 903	1 489 097	395 806	21%
Pension Allowance	3 998 763	2 852 098	1 146 665	29%
Travel Allowance	13 150 247	9 173 935	3 976 312	30%
Total	64 185 043	41 739 871	22 445 172	35%

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R17.27 million (40%) of its 2018/2019 adjusted operating budget of R43.18 million. The entity has also spent 10% (R1.4 million) of its 2018/19 adjusted capital budget of R14.37 million. Refer to **Annexure F** for further details.

Table 25: Monthly Budget Statement – summary of municipal entity

BUF Buffalo City - Supporting Table SC11 Monthly Budget Statement - summary of municipal entities - M08 February										
Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									%	
Revenue By Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>								-		
Interest earned - external investments		-	789	459	49	326	306	20	7%	789
Agency services		-	990	248	-	-	165	(165)	-100%	990
Transfers and subsidies		-	32 033	31 952	-	29 847	21 302	8 546	40%	32 033
Other revenue		-	10 544	10 522	-	30	7 015	(6 985)	-100%	10 544
Total Operating Revenue	1	-	44 355	43 181	49	30 203	28 787	1 416	5%	44 355
Expenditure By Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>								-		
Employee related costs		-	21 727	20 636	1 323	9 623	13 757	(4 134)	-30%	21 727
Remuneration of Directors		-	850	796	33	412	530	(119)	-22%	850
Depreciation & asset impairment		-	1 412	1 276	103	747	851	(104)	-12%	-
Finance charges		-	10	5	-	0	3	(3)	-100%	1 412
Other expenditure		-	20 356	20 468	1 226	6 487	13 646	(7 159)	-52%	10
Total Operating Expenditure	2	-	44 355	43 181	2 685	17 268	28 787	(11 519)	-40%	44 355
Surplus/ (Deficit) for the yr/period		-	(0)	(0)	(2 636)	12 934	(0)	(10 103)	8148828653%	(0)
Capital Expenditure By Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>								-		
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	27 292	14 372	-	1 438	9 581	(8 143)	-85%	9 581
								-		
								-		
Total Capital Expenditure	3	-	27 292	14 372	-	1 438	9 581	(8 143)	-85%	9 581

A detailed analysis of the entity's performance for month ended 28 February 2019 is outlined in the attached **Annexure F**.

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 38% (R762.92 million, inclusive of reclaimed vat) of its 2018/19 adjusted capital budget of R1.99 billion as at 28 February 2019. This reflects an increase when compared to the same period in the previous financial year where 33% (R561.51 million, inclusive of reclaimed vat) of the adjusted budget of R1.71 billion was spent.

Refer to Annexure A – C5 for the breakdown per municipal vote, standard classification & funding; Annexure B – SC14 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.

2018/2019 CAPITAL BUDGET PER FUNDING SOURCE	2018/2019 Rollover Adjustment Budget	2018/2019 YTD Expenditure incl. VAT	2018/2019 Expenditure incl. VAT %
Own Funds	852 950 000	254 935 934	30%
Own Funds	228 726 022	45 326 882	20%
Loan	69 000 000	0	0%
TOTAL OWN FUNDS	1 150 676 022	300 262 816	26%
Urban Settlements Grant	685 182 240	377 064 280	55%
Public Transport Network Grant	81 165 000	62 392 375	77%
Intergrated City Development Grant	10 003 000	9 695 446	97%
Infrastructure Skills Development Grant	100 000	97 644	98%
Neighbourhood Development Partnership Grant	13 250 000	96 643	1%
Energy Efficiency and Demand Side Management	8 000 000	7 895 799	99%
Integrated National Electrification Grant	6 200 000	2 961 406	48%
Local Government & Traditional Affairs	9 036 112	991 851	11%
TOTAL GRANTS	812 936 352	461 195 446	57%
TOTAL - FUNDING SOURCES	1 963 612 374	761 458 262	39%
BCMDA Projects	27 291 750	1 459 814	5%
TOTAL CONSOLIDATED CAPITAL PER FUNDING	1 990 904 124	762 918 076	38%

Table 26: Capital Expenditure per Funding Source against Budget

Table 27 below reflects capital expenditure performance per service

Table 27: Actual Expenditure per Service against Budget

2018/2019 CAPITAL BUDGET PER SERVICE	2018/2019 Rollover Adjustment Budget	2018/2019 YTD Expenditure incl. VAT	2018/2019 Expenditure incl. VAT %
Amenities	97 542 927	23 520 623	24%
Electricity	141 345 421	65 293 989	46%
Housing	104 254 640	42 944 260	41%
LED	67 535 322	6 129 188	9%
Other	18 000 000	11 143 335	62%
Public Safety	33 897 065	12 517 078	37%
Roads	354 572 365	218 103 946	62%
Spatial Planning	89 183 654	10 257 124	12%
Support Services	286 910 118	101 785 162	35%
Transport Planning	204 201 112	115 620 097	57%
Waste Management	79 952 360	40 589 952	51%
Waste Water	288 512 859	49 994 921	17%
Water	197 704 531	63 558 588	32%
TOTAL - PER SERVICE	1 963 612 374	761 458 262	39%
BCMDA Projects	27 291 750	1 459 814	5%
TOTAL CONSOLIDATED CAPITAL PER SERVICE	1 990 904 124	762 918 076	38%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

2018/2019 CAPITAL BUDGET PER DIRECTORATE	2018/2019 Rollover Adjustment Budget	2018/2019 YTD Expenditure incl. VAT	2018/2019 Expenditure incl. VAT %
1. Executive Suppor Services	5 886 795	1 132 025	19%
2. City Manager's Office	55 040 000	68 368 156	124%
3. Corporate Services	3 781 438	156 189	4%
4. Spatial Planning & Development	294 910 424	126 082 051	43%
5. Economic Development & Agencies	68 035 322	6 364 637	9%
6. Finance Services	205 865 666	28 642 886	14%
7. Health/Public Safety & Emergency Services	35 312 335	13 146 237	37%
8. Human Settlements	105 149 931	43 007 205	41%
9. Infrastructure Services	1 001 135 176	408 906 966	41%
10 . Municipal Services	178 495 287	64 551 064	36%
Total Directorates	1 953 612 374	760 357 417	39%
Asset Replacement	10 000 000	1 100 845	11%
Total Budget Per Directorate	1 963 612 374	761 458 262	39%
BCMDA Projects	27 291 750	1 459 814	5%
TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE	1 990 904 124	762 918 076	38%

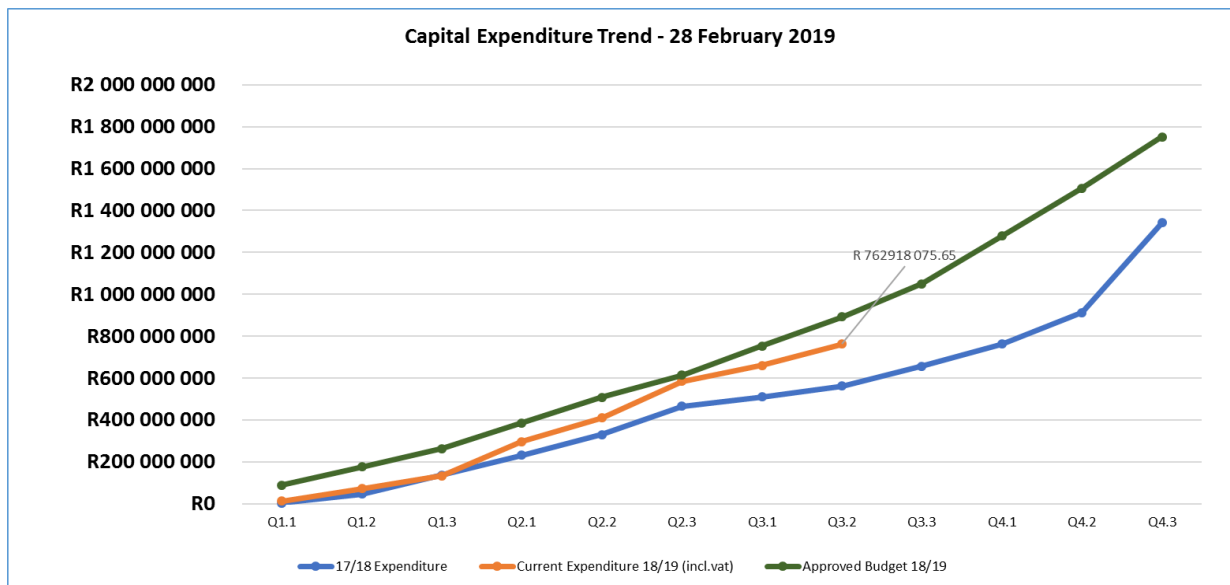
The capital programme performance by month is tabulated in table 29 below (inclusive of Vat).

Table 29: SC12 Monthly Budget Statement – capital expenditure trend (excl VAT)

BUF Buffalo City - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M08 February									
Month	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July		131,677	923	79,865	79,865	923	(78,942)	-8553.4%	5%
August		131,677	166,312	(14,129)	65,736	167,235	101,499	60.7%	4%
September		131,677	166,312	57,137	122,873	333,547	210,674	63.2%	7%
October		131,677	166,312	151,564	274,437	499,859	225,422	45.1%	16%
November		131,677	166,312	104,066	378,503	666,171	287,668	43.2%	22%
December		131,677	166,312	158,939	537,442	832,483	295,041	35.4%	31%
January		131,677	166,312	70,648	608,090	998,795	390,706	39.1%	35%
February		131,677	166,312	97,161	705,251	1,165,107	459,856	39.5%	40%
March		131,677	166,312	-		1,331,419	-		
April		131,677	166,312	-		1,497,731	-		
May		131,677	166,312	-		1,664,043	-		
June		304,692	326,931	-		1,990,974	-		
Total Capital expenditure	-	1,753,142	1,990,974	705,251					

The graph below shows the capital expenditure trend inclusive of reclaimed vat for the current financial year and the previous financial year.

Figure 7: Capital Expenditure Trend



15. OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 28% (R94.29 million, inclusive of reclaimed vat) of its 2018/19 adjusted operating projects budget of R333.73 million as at 28 February 2019. This reflects a decline when compared to the same period in the previous financial year where 53% (R158.99 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R298.17 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded.

A detailed schedule of the operating projects expenditure is outlined in **Annexure D**. Also refer to section 14.1 above of the report on measures that are implemented to improve expenditure.

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

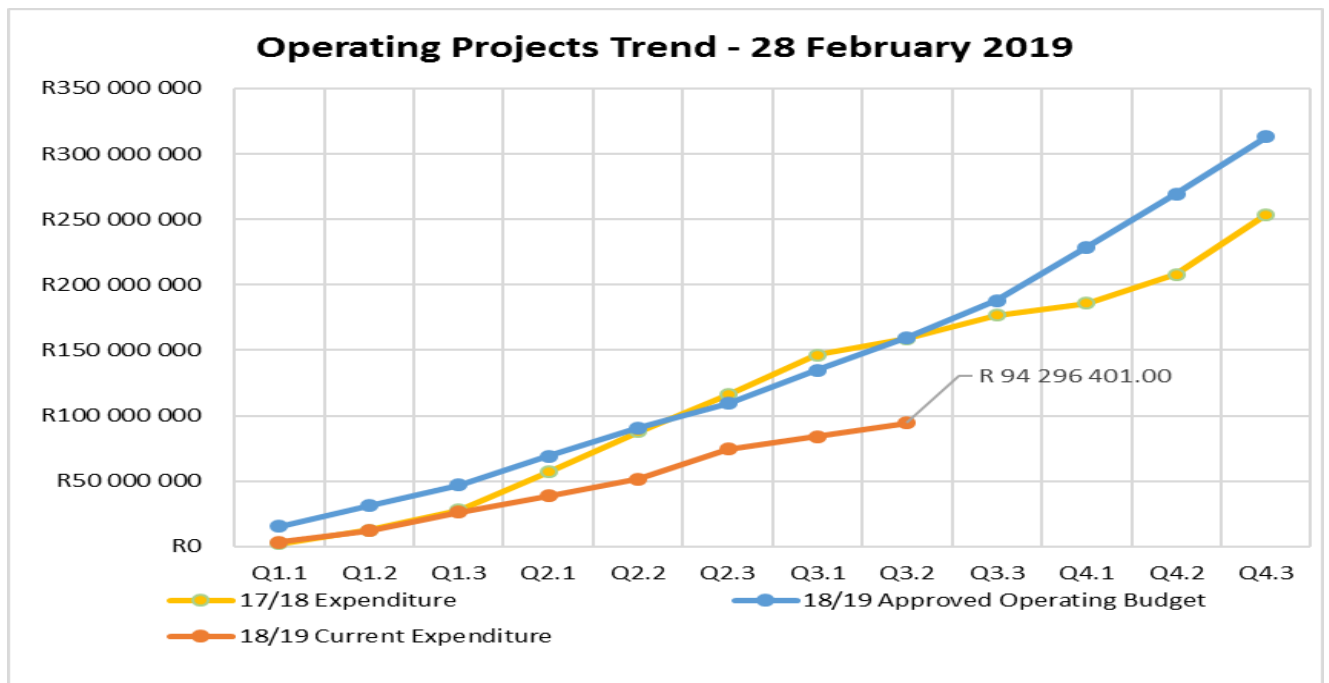
DIRECTORATE	1ST ADJUSTMENT BUDGET	2018/2019 YTD EXPENDITURE INCL. VAT	2018/2019 EXPENDITURE INCL. VAT %
Executive Support Services	44 173 011	9 239 020	21%
Municipal Manager's Office	37 559 760	26 064 888	69%
Human Settlements	76 568 064	12 387 010	16%
Directorate of Financial Services	26 430 933	10 847 854	41%
Directorate of Corporate Services	21 710 375	11 529 404	53%
Directorate of Infrastructure Services	61 000 000	1 559 412	3%
Directorate of Spatial Planning and Development	15 900 000	3 215 710	20%
Directorate of Economic Development and Agencies	34 310 000	14 799 398	43%
Directorate of Health, Public Safety and Emergency Services	1 179 300	270 561	23%
Directorate of Municipal Services	14 900 000	4 383 144	29%
TOTAL PER DIRECTORATE	333 731 443	94 296 401	28%

Table 31: Operating Projects Per Funding Source

FUNDING	1ST ADJUSTMENT BUDGET	2018/2019 YTD EXPENDITURE INCL. VAT	2018/2019 EXPENDITURE INCL. VAT %
Own Funds	149 177 518	55 122 404	37%
Total Own Funding	149 177 518	55 122 404	37%
Expanded Public Works Programme Incentives Grant	4 050 000	6 782 630	167%
Finance Management Grant	1 150 000	495 886	43%
Human Settlement Development Grant	56 201 024	3 232 970	6%
Human Settlement Development Grant c/o	19 797 040	8 654 040	44%
Infrastructure Skills Development Grant	10 700 000	6 313 450.03	59%
Public Transport Infrastructure Grant	14 000 000	1 951 778	14%
Salaida (Galve)	846 101	73 827	9%
Urban Settlement Development Grant	77 809 760	11 669 416	15%
TOTAL GRANTS	184 553 925	39 173 997	21%
TOTAL PER FUNDING	333 731 443	94 296 401	28%

The graph below shows the operating projects expenditure trend for the current financial year and the previous financial year.

Figure 8: Operating Projects Expenditure Trend



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

15.2.1 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

Health & Public Safety	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES	0	2 786 980	265 304	1 210	3 053 494
GM - EMERGENCY SERVICES	(63 656 908)	59 167 427	19 113 289	1 215 928	79 496 644
EMERGENCY SERVICES	0	1 772 358	50 843	0	1 823 201
DISASTER MANAGEMENT	0	1 996 834	647 567	31 836	2 676 236
FIRE & RESCUE	(63 656 908)	55 398 235	18 414 880	1 184 092	74 997 207
GM - MUNICIPAL HEALTH SERVICES	(560 000)	23 681 330	1 549 866	73 950	25 305 145
MUNICIPAL HEALTH SERVICES: COASTAL REGION	(560 000)	23 681 330	1 549 866	73 950	25 305 145
GM - PUBLIC SAFETY & PROTECTION SERVICES	(33 990 609)	161 438 485	11 950 908	2 034 266	175 423 659
PUBLIC SAFETY & PROTECTION SERVICES	(228 212)	1 354 596	2 635 183	1 243 105	5 232 885
LAW ENFORCEMENT SERVICES	(2 511 801)	91 518 882	3 994 096	509 655	96 022 633
TRAFFIC SERVICES	(31 250 596)	68 565 007	5 321 628	281 506	74 168 141
Total	(98 207 516)	247 074 222	32 879 367	3 325 354	283 278 942

15.2.2 Municipal Services

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

Table 33: Municipal Services – Cost Analysis

Municipal Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	0	5 632 026	870 162	23 182.85	6 525 371
GM - COMMUNITY AMENITIES	(3 318 388)	91 524 352	58 812 768	8 335 826.82	158 672 947
COMMUNITY AMENITIES	0	10 157 374	46 111 651	377 671.36	56 646 696
LIBRARIES & HALLS					
LIBRARIES	(524 024)	18 786 588	5 260 855	552 185.02	24 599 628
HALLS	(767 179)	15 273 038	2 155 473	2 266 123.53	19 694 635
RECREATION	(1 952 218)	30 624 726	2 612 609	2 711 413.81	35 948 748
SPORTS FACILITIES	(74 967)	16 682 627	2 672 180	2 428 433.10	21 783 240
GM - PARKS / CEMETRIES & CONSERVATION	(5 346 903)	108 818 008	20 743 028	5 077 571.86	134 638 608
PARKS / CEMETRIES & CONSERVATION		1 953 543	172 342	-	2 125 884
CEMETRIES & CREMATORIA	(4 517 175)	19 580 056	6 333 295	1 546 088.69	27 459 440
CONSERVATION	(771 332)	12 234 978	2 318 626	657 162.64	15 210 767
PARKS: COASTAL	(58 396)	75 049 431	11 918 764	2 874 320.53	89 842 516
GM - SOLID WASTE MANAGEMENT	(256 745 847)	127 159 418	112 129 969	8 202 640.60	247 492 027
SOLID WASTE MANAGEMENT	0	11 709 911	12 537 128	6 349 307.44	30 596 346
CLEANSING & REFUSE REMOVAL: COASTAL	(255 106 006)	105 096 535	78 028 821	1 833 503.16	184 958 860
LANDFILLS & TRANSFER STATIONS	(1 639 841)	10 352 972	21 564 020	19 830.00	31 936 822
Total	(265 411 138)	333 133 804	192 555 926	21 639 222.13	547 328 953

16. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

I, ANDILE SIHLAHLA, City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

The monthly budget statement (Section 71 Report)

for the period ending **February 2019** 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

Signature:

Date:

ANNEXURES:

Annexure A

- 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)
- C6 Monthly Budget Statement - Financial Position
- C7 Monthly Budget Statement - Cash Flow

Annexure B

- SC1 Material Variance Explanation
- SC2 Performance Indicators
- SC3 Aged Debtors
- SC4 Aged Creditors
- SC5 Investment Portfolio
- SC6 Transfers and Grants Receipts
- SC7 (1) Transfers and Grants Expenditure
- SC7 (2) Expenditure against approved rollovers
- SC8 Councillor and Staff Benefits
- SC9 Actuals and Revised Targets for Cash Receipts
- SC11 Monthly Budget Statement – Summary of Municipal Entity
- SC14 Capital Expenditure trend
- SC13a Capital Expenditure on New Assets by Class
- SC13b Capital Expenditure on Renewal of Existing Assets by Class
- SC13c Expenditure on Repairs and Maintenance by Asset Class
- SC13d Depreciation by Asset Class

Annexure C

Schedule of Borrowings

Annexure D

Operating expenditure report

Annexure E

Capital expenditure report

Annexure F

Buffalo City Metropolitan Development Agency Performance Report