

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION  
OF THE 2019/20 BUDGET FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

**1. PURPOSE**

The purpose of the report is for Council to consider and note the statement of financial performance and the implementation of the 2019/20 budget of the Buffalo City Metropolitan Municipality for the period ended 30 September 2019.

**2. AUTHORITY**

Buffalo City Metropolitan Council.

**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 52

3.3. Municipal Budget and Reporting Regulations, 2009

**4. BACKGROUND**

In terms of Section 52 (d) of the Municipal Finance Management Act No 56, 2003 Chapter 7, “the Mayor must within 30 (thirty) days of the end of each quarter, submit a report to Council on the implementation of the budget and the financial state of affairs of the Municipality”.

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).

## **TABLE OF CONTENTS**

REPORT TO COUNCIL: 30 OCTOBER 2019.....	1
1. PURPOSE.....	1
2. AUTHORITY .....	1
3. LEGAL / STATUTORY REQUIREMENTS .....	1
4. BACKGROUND .....	1
LIST OF TABLES.....	3
PART 1: IN-YEAR REPORT .....	4
5. RESOLUTIONS .....	5
6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 30 SEPTEMBER 2019 .....	6
7. IN-YEAR BUDGET STATEMENT MAIN TABLES .....	13
PART 2: SUPPORTING DOCUMENTATION.....	25
8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION.....	26
9. CREDITORS' ANALYSIS.....	31
10. INVESTMENT PORTFOLIO ANALYSIS.....	33
11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE.....	35
12. COUNCILLOR AND EMPLOYEE BENEFITS.....	41
13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE .....	51
14. CAPITAL PROGRAMME PERFORMANCE.....	52
15. OTHER SUPPORTING DOCUMENTS.....	56
16. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) ..	60
17. MUNICIPAL MANAGER'S QUALITY CERTIFICATION.....	63
ANNEXURES: .....	64

## **LIST OF FIGURES**

Figure 1: Current Ratio.....	7
Figure 2: Collection Ratio .....	8
Figure 3: Cash and Cash Equivalents .....	11
Figure 4: Debtors age analysis over the 3 year period .....	27
Figure 5: Workforce (Employee) Costs .....	42
Figure 6: Overtime Expenditure Monthly Trend.....	46
Figure 7: Capital Expenditure Trend.....	54
Figure 8: Operating Projects Expenditure Trend .....	57

## **LIST OF TABLES**

Table 1: Performance Summary.....	6
Table 2:C1: Monthly Budget Statement Summary .....	13
Table 3: C2: Monthly Budget Statement – Financial Performance (standard classification).....	14
Table 4: C3: Monthly Budget Statement – Financial Performance (Revenue and expenditure by municipal vote).....	15
Table 5: C4: Monthly Budget Statement – Financial Performance (Revenue by Source and Expenditure by Type) .....	16
Table 6: Repairs and Maintenance per Directorate.....	21
Table 7: C5: Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding) .....	22
Table 8: C6: Monthly Budget Statement – Financial Position.....	23
Table 9: C7: Monthly Budget Statement – Cash Flow.....	24
Table 10: SC3 Monthly Budget Statement Aged Debtors .....	26
Table 11: Debtor’s Age Analysis by Income Source Comparison .....	28
Table 12: Age Analysis per Category Type .....	29
Table 13: Analysis of Government Debtors.....	30
Table 14: SC4 Monthly Budget Statement Aged Creditors .....	31
Table 15: Payments made to the 20 highest paid creditors – September 2019 .....	32
Table 16: SC5 Monthly Budget Statement – investment portfolio .....	33
Table 17: SC6 Monthly Budget Statement – transfers and grants receipts .....	35
Table 18: Spending per Conditional Grant Funding Allocation.....	36
Table 19: SC8 Monthly Budget Statement – Councilor, Board Members and Staff Benefits .....	41
Table 20: Overtime per Directorate .....	42
Table 21: Overtime Per Cost Centre: July 2019 – September 2019 .....	43
Table 22: Standby & Shift Allowance per Directorate.....	49
Table 23: Temporary Staff per Directorate .....	50
Table 24: Councillors Costs .....	50
Table 25: Monthly Budget Statement – summary of municipal entity.....	51
Table 26: Capital Expenditure per Funding Source against Budget.....	52
Table 27: Actual Expenditure per Service against Budget .....	53
Table 28: Actual Expenditure per Directorate against Budget.....	53
Table 29: SC12 Monthly Budget Statement – capital expenditure trend .....	54
Table 30: Operating Projects per Directorate .....	56
Table 31: Operating Projects Per Funding Source .....	57
Table 32: Health / Public Safety & Emergency Services – Cost Analysis .....	58
Table 33: Municipal Services – Cost Analysis.....	59

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

## 5. **RESOLUTIONS**

It is recommended that:

- (i) Council **CONSIDERS** and **NOTES** the report on the statement of financial performance and the implementation of the 2019/20 budget for the period ended 30 September 2019 including supporting documentation attached as Annexure A to G.
- (ii) Council **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 Council **NOTES** the year to date collection rate for the period ended 30 September 2019 of 81.54%.

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**X. PAKATI**

**EXECUTIVE MAYOR**

**BUFFALO CITY METROPOLITAN MUNICIPALITY**

ANDILE SIHLAHLA/ NS

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**DATE**

**6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

**6.1. Dashboard / Performance Summary**

**Table 1: Performance Summary**

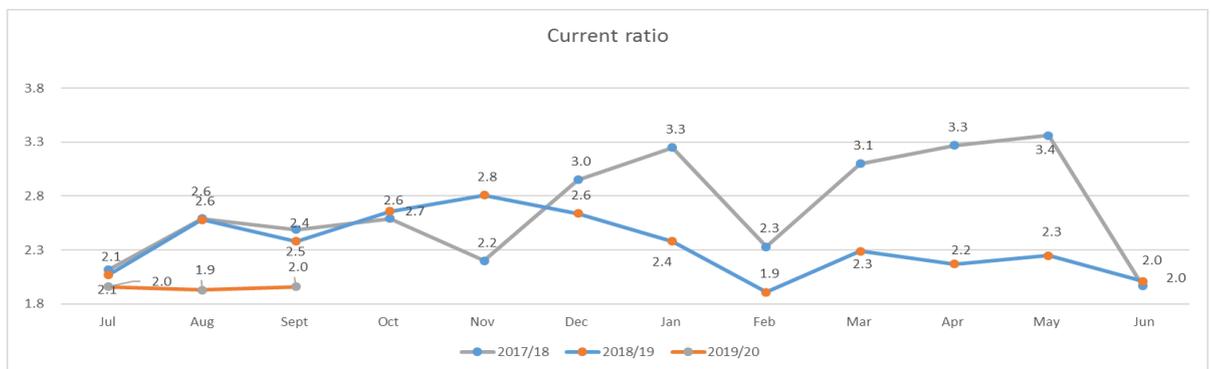
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 1,910,326,531	Bank Balance	R 122,407,379
Expenditure	(R 1,958,212,821)	Call investments (excl. int.)	R 1,085,981,801
Operating Deficit	(R 47,886,289)	<b>Cash and cash equivalents</b>	<b>R 1,208,389,180</b>
Transfers and Subsidies Recognised – Capital	R 34,541,552	<i>Account Payables</i>	<i>(R 590,631,113)</i>
Deficit After Capital Transfers	(R 13,344,737)	<i>Unspent conditional grants</i>	<i>(R 383,407,416)</i>
<b>DEBTORS</b>		<i>Committed to Capital budget-own funds</i>	<i>(R 843,125,857)</i>
Total debtors book (incl. impairment)	R 2,221,168,219	<b>Possible cash deficit should there be no revenue collection made</b>	<b>(R 608,775,206)</b>
Total debtors - Government	R 76,783,040		
Total debtors - Business	R 606,404,046	Total Long term loans	R 335,902,095
Total debtors - Households	R 1,537,981,133		
Total debt written off (YTD)	R 91,909,200	<b>SURPLUS / (DEFICIT) PER SERVICE</b>	
		Water	R 66,530,918
<b>REPAIRS AND MAINTENANCE</b>		Electricity	(R 171,334,675)
<b>2018/2019:</b> Exp.= R94.38 m, which is 19% of budget of R493.62 m	<b>2019/2020:</b> Exp.= R73.08 m, which is 19% of budget of R392.58 m	Refuse	R 58,290,006
		Sewerage	R 78,701,031
<b>CAPITAL EXPENDITURE</b>		<b>OPERATING PROJECTS EXPENDITURE</b>	
<b>2018/2019: Exp. as a % of Adjusted Budget of R1.99b:</b>  Exp. (excl. vat) = R122,87 mil % exp. (Excl. vat) :6%  Exp. (incl. vat) = R133,10mil % exp. (incl. vat): 7%	<b>2019/2020: Exp. as a % of Adjusted Budget of R1.95b:</b>  Exp. (excl. vat) = R135.35 mil % exp. (Excl. vat) :7%  Exp. (incl. vat) = R145.87 mil % exp. (incl. vat): 7%	<b>2018/2019: Exp. as a % of Adjusted Budget of R333.73m:</b>  Exp. (excl. vat) = R26,05 mil % exp. (excl. vat): 8%  Exp. (incl. vat) = R26.11mil % exp. (incl. vat): 8%	<b>2019/2020: Exp. as a % of Adjusted Budget of R466.26m:</b>  Exp. (excl. vat) = R27.05 mil % exp. (excl. vat): 6%  Exp. (incl. vat) = R27.22 mil % exp. (incl. vat): 6%
<b>FINANCIAL</b>		<b>HUMAN RESOURCES</b>	
Operating deficit before Capital Transfers	(R 47,886,289)	Total staff complement	5 664
Debtors collection ratio	81.54%	Staff Appointments	34
YTD Grants and subsidies: recognized – Capital	R 34,541,552	Staff Terminations	14
Creditors payment days	18 days	Number of funded vacant posts (under recruitment process)	320
Current ratio	1.96:1	Total overtime paid (YTD)	R 34,003,343
Total Debt to Revenue	6.22%	Allowances and benefits – Councillors (YTD)	R 15,357,167
Capital Charges to Operating Expenditure	0.94%	Salary bill – Officials	R 531,422,864
Cost coverage ratio	1.68 months	Workforce costs as a % of expenditure	27.92%

## 6.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered stable as the Current Ratio is 1.96:1 which indicates the ability of municipality's current assets to cover its current liabilities. This is within the norm of 1.5-2:1. The City can easily meet its immediate obligations, however, the stagnant revenue base and high rate of increase in operating costs is a threat to the City's cash position. This ratio denotes that the City can meet its short term liabilities and is within the norm.

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

**Figure 1: Current Ratio**

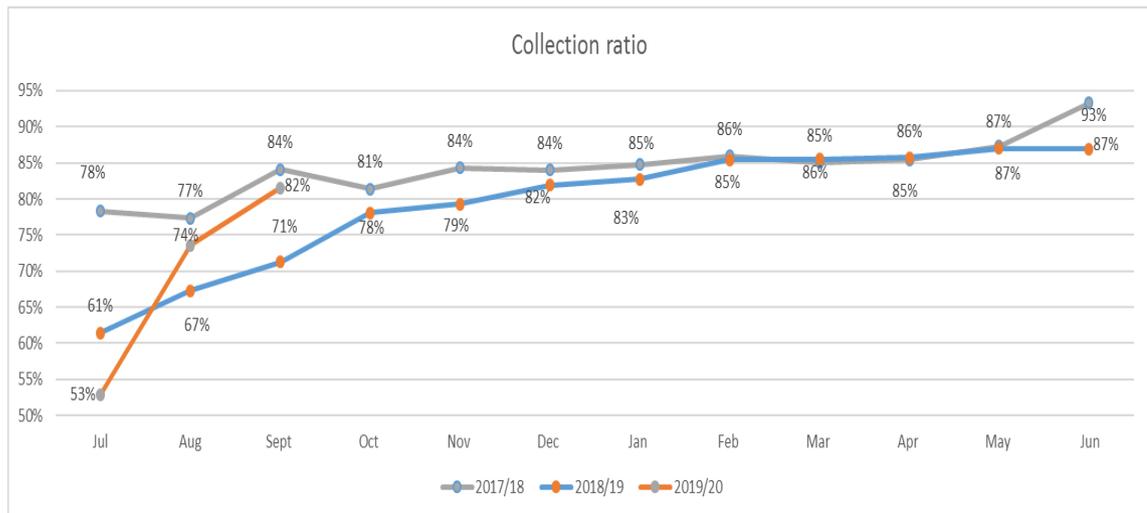


## 6.3. Collection Rate and Outstanding Debtors

The year to date collection rate for the month ended 30 September 2019 is 81.54% (2018/19: 71.26%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has increased by 7.98% from last month where 73.56% was achieved for the period ended 31 August 2019.

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 30 September 2019 amounts to R2.22 billion (2018/19: R2.06 billion). Households: R1.54 billion, Business: R606.40 million and Government: R76.78 million.

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

#### **6.4. Capital Expenditure**

BCMM has spent 7% (R145.87 million, inclusive of reclaimed vat) of its 2019/20 capital budget of R1.95 billion as at 30 September 2019. This reflects a slight improvement in rand value terms when compared to the same period in the previous financial year where 7% (R133.10 million, inclusive of reclaimed vat) of the budget of R1.99 billion was spent. It is expected that the expenditure will improve in the second quarter as procurement processes for major contracts 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 6% (R27.22 million, inclusive of reclaimed vat) of its 2019/20 operating projects budget of R466.26 million as at 30 September 2019. This reflects a slight decline in percentage terms when compared to the same period in the previous financial year where 8% (R26.11 million, inclusive of reclaimed vat) of the operating projects budget of R333.73 million was spent. It is expected that the expenditure will improve in the second quarter as procurement processes for major contracts 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 9% (R98.25 million, inclusive of reclaimed vat) of its 2019/2020 conditional grants budget of R1.09 billion as at 30 September 2019. This reflects a slight decline when compared to the same period in the previous financial year where 10% (R92.65 million, inclusive of reclaimed vat) of conditional grants budget of R911.61 million was spent. It is expected that the expenditure will improve in the second quarter as procurement processes for major contracts would have been concluded. (Refer to Section 11 for further details).

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

BCMM has spent 8% (R67.83 million, inclusive of reclaimed vat) of its 2019/2020 USDG budget of R817.42 million as at 30 September 2019. This reflects a decline when compared to the same period in the previous financial year where 11% (R85.37 million, inclusive of reclaimed of vat) of USDG budget of R762.99 million was spent. It is expected that the expenditure will improve in the second quarter as procurement processes for major contracts would have been concluded. (Refer to Section 11 for further details).

## **6.7. Cash and Cash Equivalents**

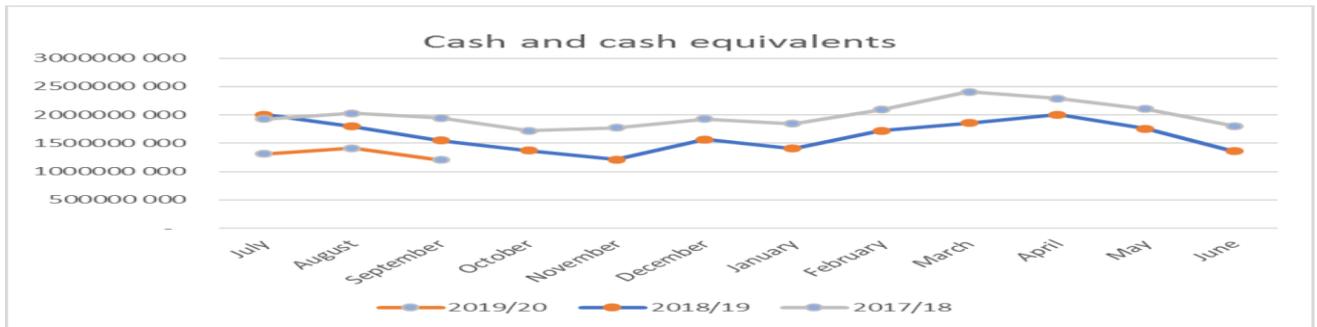
The cash and cash equivalents of the City as at 30 September 2019 are R1.21 billion made up of cash at the primary bank account amounting to R122.41 million and call investment deposits of R1.09 billion. This funding is invested with various financial institutions in compliance with the MFMA.

The City's cash reserves has decreased due to the City vigorously investing in its asset renewal and upgrading program that is funded by its own funding. This is an indication of the City's commitment in addressing the aging infrastructure and ensuring that cash reserves are re-invested into infrastructure assets. The decrease in cash reserves is also caused by the non achievement of the targeted collection rate of 92.5%. Refer to Section 7.4.5 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 1.68 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 1.68 times, which is within the norm of 1-3 months as per the MFMA circular 71. It is however a concern to note that the City's cash and cash equivalent reserve is decreasing due to stagnant revenue base and operating expenditure that is increasing at a high rate. There has also been high capital investment that is funded by internally generated funds.

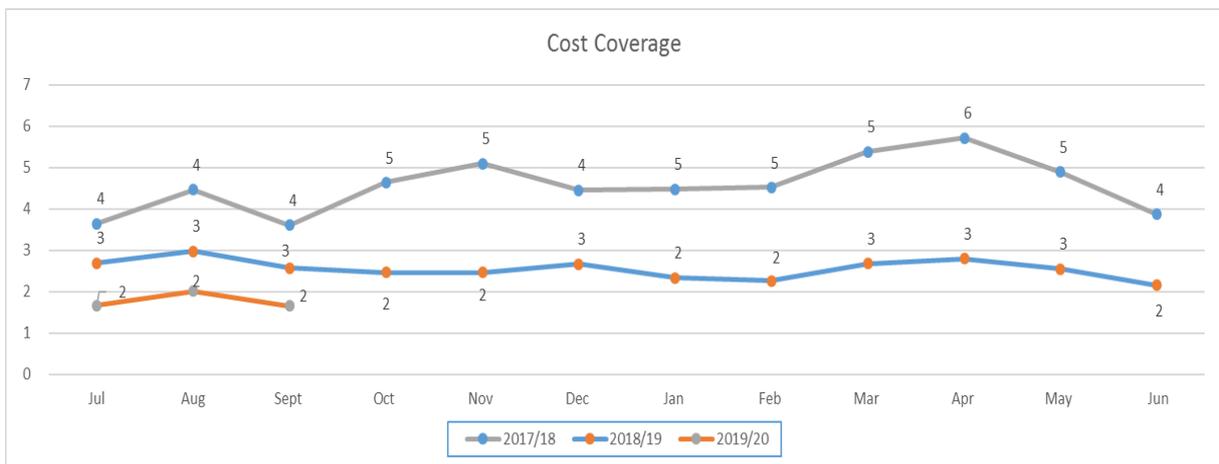
The graph below shows comparison of the monthly cash and cash equivalents over the 3-year period.

**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 creditors payment period has decreased to 18 days, this shows that the Metro is paying its creditors within 30 days as stipulated by the MFMA. Small Micro Medium Enterprises (SMME) are paid on a fortnightly basis to assist emerging service providers. Refer to Section 9 for details.

**6.9. Long-Term Debt Profile**

The total long term borrowings of the municipality as at 30 September 2019 amounts to R335.90 million. Refer to Annexure C for the schedule of borrowings.

The ratio of capital charges to operating expenditure as at 30 September 2019 is 0.94%. 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 6.22% as at 30 September 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. BCMM is in the process of considering new loan funding which will move this ratio closer to the National Treasury norm of 45%.



## 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) - M03 September**

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		<b>2 699 131</b>	<b>2 729 981</b>	<b>2 730 417</b>	<b>136 690</b>	<b>858 795</b>	<b>817 000</b>	41 796	5%	<b>2 730 417</b>
Executive and council		22 482	35 159	35 159	2 868	5 861	8 790	(2 929)	-33%	35 159
Finance and administration		2 676 649	2 694 822	2 695 258	133 822	852 934	808 210	44 724	6%	2 695 258
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		<b>380 548</b>	<b>608 124</b>	<b>652 117</b>	<b>9 045</b>	<b>47 970</b>	<b>160 030</b>	(112 060)	-70%	<b>652 117</b>
Community and social services		24 784	31 203	31 203	522	1 518	7 801	(6 283)	-81%	31 203
Sport and recreation		3 525	5 676	5 676	199	524	1 419	(895)	-63%	5 676
Public safety		166 056	175 724	175 724	7 226	44 799	43 931	868	2%	175 724
Housing		185 279	395 491	439 485	1 083	1 083	106 872	(105 788)	-99%	439 485
Health		903	29	29	15	46	7	39	526%	29
<i><b>Economic and environmental services</b></i>		<b>534 714</b>	<b>575 202</b>	<b>576 782</b>	<b>20 677</b>	<b>46 157</b>	<b>144 088</b>	(97 931)	-68%	<b>576 782</b>
Planning and development		250 961	367 180	368 760	15 424	37 985	92 082	(54 097)	-59%	368 760
Road transport		282 681	204 417	204 417	5 191	8 054	51 104	(43 050)	-84%	204 417
Environmental protection		1 071	3 605	3 605	61	118	901	(783)	-87%	3 605
<i><b>Trading services</b></i>		<b>3 674 895</b>	<b>4 174 601</b>	<b>4 123 387</b>	<b>295 450</b>	<b>985 981</b>	<b>1 034 339</b>	(48 358)	-5%	<b>4 123 387</b>
Energy sources		1 854 611	2 259 485	2 208 272	174 363	521 286	555 560	(34 273)	-6%	2 208 272
Water management		793 927	806 126	806 126	58 053	196 952	201 532	(4 580)	-2%	806 126
Waste water management		602 407	587 569	587 569	30 685	132 786	146 892	(14 106)	-10%	587 569
Waste management		423 950	521 421	521 421	32 348	134 957	130 355	4 602	4%	521 421
<i><b>Other</b></i>	4	<b>25 418</b>	<b>29 650</b>	<b>29 650</b>	<b>1 918</b>	<b>5 965</b>	<b>7 413</b>	(1 447)	-20%	<b>29 650</b>
<b>Total Revenue - Functional</b>	2	<b>7 314 706</b>	<b>8 117 558</b>	<b>8 112 354</b>	<b>463 779</b>	<b>1 944 868</b>	<b>2 162 868</b>	<b>(218 000)</b>	<b>-10%</b>	<b>8 112 354</b>
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		<b>1 183 806</b>	<b>1 500 467</b>	<b>1 502 191</b>	<b>130 646</b>	<b>347 066</b>	<b>374 836</b>	(27 770)	-7%	<b>1 502 191</b>
Executive and council		420 679	429 182	444 786	33 440	94 922	110 216	(15 294)	-14%	444 786
Finance and administration		754 084	1 056 121	1 042 241	96 141	249 364	260 829	(11 466)	-4%	1 042 241
Internal audit		9 043	15 164	15 164	1 066	2 781	3 791	(1 010)	-27%	15 164
<i><b>Community and public safety</b></i>		<b>1 012 305</b>	<b>990 791</b>	<b>1 034 784</b>	<b>95 429</b>	<b>243 472</b>	<b>255 698</b>	(12 226)	-5%	<b>1 034 784</b>
Community and social services		116 150	104 032	104 032	14 254	32 619	26 008	6 611	25%	104 032
Sport and recreation		316 607	239 476	239 476	31 879	86 980	59 869	27 111	45%	239 476
Public safety		480 889	401 328	401 328	37 524	98 888	100 332	(1 444)	-1%	401 328
Housing		57 397	201 210	245 204	8 134	15 452	58 302	(42 849)	-73%	245 204
Health		41 263	44 744	44 744	3 637	9 532	11 186	(1 654)	-15%	44 744
<i><b>Economic and environmental services</b></i>		<b>1 276 072</b>	<b>831 640</b>	<b>793 218</b>	<b>139 923</b>	<b>358 918</b>	<b>201 535</b>	157 383	78%	<b>793 218</b>
Planning and development		448 339	212 101	220 851	51 419	135 984	55 213	80 771	146%	220 851
Road transport		803 240	596 715	549 343	86 028	216 002	140 566	75 436	54%	549 343
Environmental protection		24 493	22 824	23 024	2 476	6 932	5 756	1 176	20%	23 024
<i><b>Trading services</b></i>		<b>3 310 423</b>	<b>3 676 200</b>	<b>3 662 121</b>	<b>278 429</b>	<b>973 619</b>	<b>800 769</b>	172 851	22%	<b>3 662 121</b>
Energy sources		2 027 056	2 262 563	2 248 685	174 001	695 892	447 409	248 483	56%	2 248 685
Water management		591 867	615 516	615 516	50 627	135 109	153 879	(18 770)	-12%	615 516
Waste water management		301 479	436 078	436 078	19 885	53 733	109 020	(55 287)	-51%	436 078
Waste management		390 021	362 043	361 843	33 916	88 885	90 461	(1 576)	-2%	361 843
<i><b>Other</b></i>		<b>86 867</b>	<b>143 000</b>	<b>143 000</b>	<b>6 877</b>	<b>35 137</b>	<b>35 750</b>	(613)	-2%	<b>143 000</b>
<b>Total Expenditure - Functional</b>	3	<b>6 869 473</b>	<b>7 142 098</b>	<b>7 135 314</b>	<b>651 305</b>	<b>1 958 213</b>	<b>1 668 588</b>	<b>289 625</b>	<b>17%</b>	<b>7 135 314</b>
<b>Surplus/ (Deficit) for the year</b>		<b>445 233</b>	<b>975 460</b>	<b>977 040</b>	<b>(187 525)</b>	<b>(13 345)</b>	<b>494 281</b>	<b>(507 625)</b>	<b>-103%</b>	<b>977 040</b>

### **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) - M03										
Vote Description	Ref	2018/19	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										
<b>Revenue by Vote</b>	1									
Vote 01 - Directorate - Executive Support Services		419	-	436	1	1	79	(79)	-99.4%	436
Vote 02 - Directorate - Municipal Manager		22 544	34 559	34 559	2 868	5 861	8 640	(2 779)	-32.2%	34 559
Vote 03 - Directorate - Human Settlement		185 279	395 491	439 485	1 083	1 083	106 872	(105 788)	-99.0%	439 485
Vote 04 - Directorate - Chief Financial Officer		2 631 639	2 671 898	2 671 898	131 930	848 543	667 975	180 568	27.0%	2 671 898
Vote 05 - Directorate - Corporate Services		14 021	14 901	14 901	885	1 353	3 725	(2 372)	-63.7%	14 901
Vote 06 - Directorate - Infrastructure Services		3 533 627	3 857 597	3 806 383	268 293	859 078	1 089 513	(230 435)	-21.2%	3 806 383
Vote 07 - Directorate - Spatial Planning And Development		247 553	314 111	315 691	15 777	19 148	78 815	(59 667)	-75.7%	315 691
Vote 08 - Directorate - Health / Public Safety & Emergency Services		166 959	175 754	175 754	7 241	44 845	43 938	906	2.1%	175 754
Vote 09 - Directorate - Municipal Services		453 331	561 905	561 905	33 130	137 117	140 476	(3 360)	-2.4%	561 905
Vote 10 - Directorate - Economic Development & Agencies		59 335	91 342	91 342	2 572	27 840	22 836	5 004	21.9%	91 342
<b>Total Revenue by Vote</b>	2	<b>7 314 706</b>	<b>8 117 558</b>	<b>8 112 354</b>	<b>463 779</b>	<b>1 944 868</b>	<b>2 162 868</b>	<b>(218 000)</b>	<b>-10.1%</b>	<b>8 112 354</b>
<b>Expenditure by Vote</b>	1									
Vote 01 - Directorate - Executive Support Services		294 524	308 243	322 557	24 230	59 179	79 664	(20 485)	-25.7%	322 557
Vote 02 - Directorate - Municipal Manager		199 632	124 676	124 676	12 290	49 392	31 169	18 223	58.5%	124 676
Vote 03 - Directorate - Human Settlement		57 397	201 210	245 204	8 134	15 452	58 302	(42 849)	-73.5%	245 204
Vote 04 - Directorate - Chief Financial Officer		382 738	587 424	583 583	50 329	138 272	146 158	(7 886)	-5.4%	583 583
Vote 05 - Directorate - Corporate Services		154 996	251 127	251 127	20 283	50 749	62 782	(12 034)	-19.2%	251 127
Vote 06 - Directorate - Infrastructure Services		3 792 311	3 972 415	3 911 164	343 734	1 122 384	866 259	256 125	29.6%	3 911 164
Vote 07 - Directorate - Spatial Planning And Development		502 526	318 067	318 067	58 655	155 174	79 517	75 656	95.1%	318 067
Vote 08 - Directorate - Health / Public Safety & Emergency Services		526 906	452 199	452 199	41 596	109 711	113 050	(3 339)	-3.0%	452 199
Vote 09 - Directorate - Municipal Services		842 516	722 249	722 249	82 091	214 126	180 563	33 562	18.6%	722 249
Vote 10 - Directorate - Economic Development & Agencies		115 927	204 489	204 489	9 964	43 773	51 123	(7 349)	-14.4%	204 489
<b>Total Expenditure by Vote</b>	2	<b>6 869 473</b>	<b>7 142 098</b>	<b>7 135 314</b>	<b>651 305</b>	<b>1 958 213</b>	<b>1 668 588</b>	<b>289 625</b>	<b>17.4%</b>	<b>7 135 314</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>445 233</b>	<b>975 460</b>	<b>977 040</b>	<b>(187 525)</b>	<b>(13 345)</b>	<b>494 281</b>	<b>(507 625)</b>	<b>-102.7%</b>	<b>977 040</b>

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 30 September 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) - M03 September										
Description	Ref	2018/19	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										
<b>Revenue By Source</b>										
Property rates		1 294 948	1 552 051	1 552 051	111 951	458 931	399 726	59 205	15%	1 552 051
Service charges - electricity revenue		1 783 118	2 161 342	2 110 129	174 330	500 479	519 202	(18 723)	-4%	2 110 129
Service charges - water revenue		500 568	583 149	583 149	58 053	128 670	139 516	(10 847)	-8%	583 149
Service charges - sanitation revenue		328 773	363 587	363 587	30 361	99 460	101 575	(2 116)	-2%	363 587
Service charges - refuse revenue		251 830	310 978	310 978	22 636	68 209	84 974	(16 765)	-20%	310 978
Rental of facilities and equipment		22 505	19 214	19 214	1 463	4 485	4 203	281	7%	19 214
Interest earned - external investments		98 690	110 025	110 025	7 513	17 757	29 134	(11 377)	-39%	110 025
Interest earned - outstanding debtors		67 093	59 465	59 465	7 102	20 750	13 548	7 202	53%	59 465
Dividends received								-		
Fines, penalties and forfeits		24 938	18 134	18 134	1 047	3 932	5 239	(1 307)	-25%	18 134
Licences and permits		15 156	15 955	15 955	829	2 901	2 132	769	36%	15 955
Agency services		26 413	34 334	34 334	229	5 525	7 352	(1 828)	-25%	34 334
Transfers and subsidies		921 187	1 136 152	1 180 582	4 375	361 799	389 466	(27 666)	-7%	1 180 582
Other revenue		701 757	778 623	778 623	10 879	232 397	222 875	9 523	4%	778 623
Gains on disposal of PPE		-	-	-	1 934	5 032	-	5 032	#DIV/0!	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>6 036 979</b>	<b>7 143 008</b>	<b>7 136 225</b>	<b>432 701</b>	<b>1 910 327</b>	<b>1 918 944</b>	<b>(8 617)</b>	<b>0%</b>	<b>7 136 225</b>

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

Description	Ref	2018/19	Budget Year 2019/20							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>										
<b>Expenditure By Type</b>										
Employee related costs		2 039 428	2 259 759	2 259 759	189 094	531 423	558 924	(27 501)	-5%	2 259 759
Remuneration of councillors		62 316	68 485	68 485	5 137	15 357	15 589	(232)	-1%	68 485
Debt impairment		363 973	372 833	368 992	31 075	91 909	91 531	378	0%	368 992
Depreciation & asset impairment		1 302 322	918 128	870 756	172 865	422 056	178 086	243 970	137%	870 756
Finance charges		38 467	41 004	41 004	2 836	8 682	5 283	3 400	64%	41 004
Bulk purchases		1 628 957	1 938 461	1 924 582	126 478	578 630	569 711	8 919	2%	1 924 582
Other materials		86 967	72 241	72 241	7 758	18 060	15 317	2 743	18%	72 241
Contracted services		676 063	888 061	932 107	57 762	126 926	132 507	(5 581)	-4%	932 107
Transfers and subsidies		63 263	48 175	48 175	2 640	6 016	5 234	783	15%	48 175
Other expenditure		562 069	534 951	549 213	55 660	159 152	96 407	62 746	65%	549 213
Loss on disposal of PPE		45 648	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>6 869 473</b>	<b>7 142 098</b>	<b>7 135 314</b>	<b>651 305</b>	<b>1 958 213</b>	<b>1 668 588</b>	<b>289 625</b>	<b>17%</b>	<b>7 135 314</b>
<b>Surplus/(Deficit)</b>		<b>(832 494)</b>	<b>911</b>	<b>911</b>	<b>(218 604)</b>	<b>(47 886)</b>	<b>250 356</b>	<b>(298 242)</b>	<b>(0)</b>	<b>911</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		997 754	974 549	976 130	31 078	34 045	243 925	(209 880)	(0)	976 130
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		907	-	-	-	497	-	497	#DIV/0!	-
Transfers and subsidies - capital (in-kind - all)		279 067	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>445 233</b>	<b>975 460</b>	<b>977 040</b>	<b>(187 525)</b>	<b>(13 345)</b>	<b>494 281</b>			<b>977 040</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>445 233</b>	<b>975 460</b>	<b>977 040</b>	<b>(187 525)</b>	<b>(13 345)</b>	<b>494 281</b>			<b>977 040</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>		<b>445 233</b>	<b>975 460</b>	<b>977 040</b>	<b>(187 525)</b>	<b>(13 345)</b>	<b>494 281</b>			<b>977 040</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>		<b>445 233</b>	<b>975 460</b>	<b>977 040</b>	<b>(187 525)</b>	<b>(13 345)</b>	<b>494 281</b>			<b>977 040</b>

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

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

### **7.4.1.1 Property Rates**

The variance is due to the billing of rates for the full year for some properties (mostly government properties) as requested by property owners. The variance will stabilize as the year progresses.

### **7.4.1.2 Service Charges – Refuse**

The analysis of the number of refuse points was done for the past 3 financial years (16/17 - 18/19), the analysis shows that the number of refuse points is consistent year on year. Revenue Management department is undertaking a process to map all the refuse points to verify any unbilled sites. The completion of this process is anticipated for the end of quarter 2 to align with the 2019/20 adjustment budget.

### **7.4.1.3 Interest earned - external investments**

The decrease in cash reserves that is mainly caused by the low collection rate when compared to the set targets, is having a negative impact on interest earned on external investments.

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

The variance is as a result of the debtors book that is increasing due to non-payment of debtors despite the daily credit control action that is implemented. The increase in debtors results in an increase in interest charges.

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

The material variance in Fines & Penalties is caused by the following factors:

- (i) Cases are struck of the Court Roll.
- (ii) Tracing offenders is a challenge due to people not updating their particulars i.e. address etc. when relocating.
- (iii) Buyers of vehicles not registering their vehicles in their name thus details are not updated to new owners details which makes it difficult to trace traffic offenders

Corrective Measure: Traffic Department to increase its operations & roadblocks to get offenders to pay for their traffic fines.

#### **7.4.1.6 Licences and permits**

The actual income earned from licences and permits is more than the year to date budget due to an increase in driver's and learners licence applications; and roadworthy examinations. Income for license and permits is demand driven and therefore difficult to predict accurately.

#### **7.4.1.7 Agency services**

Under collection or decrease in revenue can be attributed to the fact that vehicle licences can be renewed at the Post Office and the Department of Transport directly. Members of the public generally go to the closet convenient point in order to pay which may not always be BCMM. It must further be noted that certain Banks now offer the same services.

#### **7.4.1.8 Gains on disposal of PPE**

The variance is as a result of proceeds from the sale of redundant assets which was not budgeted as past trend reflect that we incur net loss on disposal of assets.

#### **7.4.1.9 Depreciation & asset impairment**

The variance is due to the fact that the City is using revaluation model to value its infrastructure assets which result in huge depreciation expenditure. The change of valuation model is still under consideration.

#### **7.4.1.10 Finance charges**

Finance charges have not been incurred on the new projected loan due to no drawdown on this new facility to date. Once capital expenditure is incurred together with associated finance charges this variance will correct itself to be in-line with the budget for finance charges.

#### **7.4.1.11 Other materials**

The variance is due to inventory materials and supplies that have fluctuating demand. The situation is being monitored.

#### **7.4.1.12 Transfers and Subsidies**

Transfers and grants are paid at predetermined intervals according to the existing contractual agreements. These payments are therefore not made at a constant rate throughout the year.

#### **7.4.1.13 Other expenditure**

Other expenditure is made up of numerous miscellaneous items (e.g. printing & publications, operating leases: machinery and equipment, professional bodies membership and subscriptions, travel and accommodation, insurance premiums, etc.).

The main contributing items to the variance are the following:

- i. Insurance premiums – annual payment made to insure all the Metro's assets and liabilities.
- ii. Hired plant - hiring of compactor trucks to supplement the shortage of staff at solid waste department. Recruitment process for the appointment of seven (7) drivers has been started. Appointment of the drivers will reduce the hiring of compactor trucks.

#### 7.4.2 Repairs and maintenance

Table 6 below reflects that as at 30 September 2019, the repairs and maintenance expenditure is 19% of the budget of R392.58 million (2018/19: 19%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

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

<b>Directorate</b>	<b><u>2019/2020</u> <u>Annual</u> <u>Budget</u> <u>R</u></b>	<b><u>2019/2020</u> <u>Annual</u> <u>Expenditure</u> <u>R</u></b>	<b><u>2019/2020</u> <u>-</u> <u>Variance</u> <u>R</u></b>	<b><u>2019/2020</u> <u>% of</u> <u>Budget</u> <u>%</u></b>
Directorate Of Executive Support Services	3 252 819	386 551	2 866 268	12%
Directorate Of The City Manager	146 999	25 808	121 191	18%
Directorate Of Corporate Services	8 242 027	395 061	7 846 966	5%
Directorate Of Development & Spatial Planning	18 164 274	3 924 436	14 239 838	22%
Directorate Of Economic Development & Agencies	1 302 684	198 208	1 104 476	15%
Directorate Of Finance	2 735 663	38 108	2 697 555	1%
Directorate Of Health / Public Safety & Emergency Services	5 985 637	1 169 931	4 815 706	20%
Directorate Of Human Settlement	575 174	90 894	484 280	16%
Directorate Of Infrastructure Services	322 028 356	56 583 339	265 445 017	18%
<i>Electricity</i>	123 572 532	30 283 346	93 289 186	25%
<i>Water</i>	40 022 503	11 614 780	28 407 723	29%
<i>Sanitation</i>	35 738 327	7 484 401	28 253 926	21%
<i>Other</i>	122 694 994	7 200 812	115 494 182	6%
Directorate Of Municipal Services	30 149 802	10 270 702	19 879 100	34%
<b>TOTAL</b>	<b>392 583 435</b>	<b>73 083 037</b>	<b>319 500 398</b>	<b>19%</b>

### 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 - M03 September)										
Vote Description	Ref	Budget Year 2019/20								
		2018/19 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 01 - Directorate - Executive Support Services		1 967	500	3 500	-	-	670	(670)	-100%	3 500
Vote 02 - Directorate - Municipal Manager		3 358	6 664	6 664	(6)	10	1 666	(1 656)	-99%	6 664
Vote 03 - Directorate - Human Settlement		415	252 782	252 782	10 135	11 077	63 195	(52 118)	-82%	252 782
Vote 04 - Directorate - Chief Financial Officer		2 339	141 858	159 982	3 429	3 435	38 760	(35 325)	-91%	159 982
Vote 05 - Directorate - Corporate Services		562	45 910	46 024	2 686	7 351	11 498	(4 147)	-36%	46 024
Vote 06 - Directorate - Infrastructure Services		221 488	700 606	785 857	32 748	56 965	190 652	(133 687)	-70%	785 857
Vote 07 - Directorate - Spatial Planning And Development		3 330	307 351	328 975	8 796	30 763	80 769	(50 007)	-62%	328 975
Vote 08 - Directorate - Health / Public Safety & Emergency Services		13 916	24 650	28 307	30	30	6 827	(6 797)	-100%	28 307
Vote 09 - Directorate - Municipal Services		3 239	158 121	203 237	7 481	19 554	47 733	(28 179)	-59%	203 237
Vote 10 - Directorate - Economic Development & Agencies		5 936	98 970	139 939	3 331	6 166	32 191	(26 026)	-81%	139 939
<b>Total Capital Multi-year expenditure</b>	4,7	<b>256 551</b>	<b>1 737 413</b>	<b>1 955 267</b>	<b>68 630</b>	<b>135 351</b>	<b>473 963</b>	<b>(338 613)</b>	<b>-71%</b>	<b>1 955 267</b>
<b>Total Capital Expenditure</b>		<b>256 551</b>	<b>1 737 413</b>	<b>1 955 267</b>	<b>68 630</b>	<b>135 351</b>	<b>473 963</b>	<b>(338 613)</b>	<b>-71%</b>	<b>1 955 267</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>79 818</b>	<b>225 114</b>	<b>257 452</b>	<b>6 252</b>	<b>11 109</b>	<b>62 158</b>	<b>(51 049)</b>	<b>-82%</b>	<b>257 452</b>
Executive and council		5 325	47 424	50 424	2 669	7 350	12 401	(5 051)	-41%	50 424
Finance and administration		74 493	177 690	207 028	3 582	3 758	49 757	(45 998)	-92%	207 028
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>16 577</b>	<b>324 264</b>	<b>355 727</b>	<b>16 144</b>	<b>21 148</b>	<b>86 787</b>	<b>(65 639)</b>	<b>-76%</b>	<b>355 727</b>
Community and social services		898	12 123	20 505	409	439	4 844	(4 405)	-91%	20 505
Sport and recreation		1 348	34 910	58 584	5 569	9 601	13 032	(3 430)	-26%	58 584
Public safety		13 674	23 250	22 657	30	30	5 415	(5 385)	-99%	22 657
Housing		415	252 782	252 782	10 135	11 077	63 195	(52 118)	-82%	252 782
Health		242	1 200	1 200	-	-	300	(300)	-100%	1 200
<b>Economic and environmental services</b>		<b>13 309</b>	<b>649 295</b>	<b>698 432</b>	<b>19 992</b>	<b>49 093</b>	<b>171 258</b>	<b>(122 165)</b>	<b>-71%</b>	<b>698 432</b>
Planning and development		4 922	354 451	376 410	8 654	30 450	92 605	(62 156)	-67%	376 410
Road transport		7 983	294 844	318 580	10 457	17 763	78 027	(60 264)	-77%	318 580
Environmental protection		404	-	3 442	881	881	626	255	41%	3 442
<b>Trading services</b>		<b>142 652</b>	<b>505 051</b>	<b>580 434</b>	<b>22 912</b>	<b>47 835</b>	<b>139 969</b>	<b>(92 134)</b>	<b>-66%</b>	<b>580 434</b>
Energy sources		70 936	102 500	105 122	9 432	23 641	26 102	(2 461)	-9%	105 122
Water management		-	83 500	101 444	10 899	13 306	24 138	(10 831)	-45%	101 444
Waste water management		71 127	207 762	248 711	1 960	2 255	59 386	(57 131)	-96%	248 711
Waste management		589	111 289	125 157	621	8 633	30 344	(21 711)	-72%	125 157
<b>Other</b>		<b>4 195</b>	<b>33 688</b>	<b>63 222</b>	<b>3 331</b>	<b>6 166</b>	<b>13 792</b>	<b>(7 626)</b>	<b>-55%</b>	<b>63 222</b>
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>256 551</b>	<b>1 737 413</b>	<b>1 955 267</b>	<b>68 630</b>	<b>135 351</b>	<b>473 963</b>	<b>(338 613)</b>	<b>-71%</b>	<b>1 955 267</b>
<b>Funded by:</b>										
National Government		83 694	974 549	974 549	35 513	75 313	243 637	(168 325)	-69%	974 549
Provincial Government		-	-	1 580	744	744	287	456	159%	1 580
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		1 742	65 282	65 282	-	-	16 321	(16 321)	-100%	65 282
<b>Transfers recognised - capital</b>		<b>85 436</b>	<b>1 039 831</b>	<b>1 041 412</b>	<b>36 256</b>	<b>76 056</b>	<b>260 245</b>	<b>(184 189)</b>	<b>-71%</b>	<b>1 041 412</b>
<b>Borrowing</b>	6	-	69 582	69 582	-	-	17 395	(17 395)	-100%	69 582
<b>Internally generated funds</b>		<b>163 021</b>	<b>628 000</b>	<b>844 274</b>	<b>32 374</b>	<b>59 294</b>	<b>196 323</b>	<b>(137 028)</b>	<b>-70%</b>	<b>844 274</b>
<b>Total Capital Funding</b>		<b>248 457</b>	<b>1 737 413</b>	<b>1 955 267</b>	<b>68 630</b>	<b>135 351</b>	<b>473 963</b>	<b>(338 613)</b>	<b>-71%</b>	<b>1 955 267</b>

#### 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 R20.97 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 - M03 September**

Description	Ref	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		247 281	80 155	80 155	122 407	80 155
Call investment deposits		921 186	1 570 148	1 570 148	1 085 982	1 570 148
Consumer debtors		1 084 584	798 270	798 270	1 071 518	798 270
Other debtors		5 023 096	968 000	968 000	438 344	968 000
Current portion of long-term receivables		–	–	–	–	–
Inventory		37 312	47 069	47 069	34 966	47 069
<b>Total current assets</b>		<b>7 313 459</b>	<b>3 463 641</b>	<b>3 463 641</b>	<b>2 753 218</b>	<b>3 463 641</b>
<b>Non current assets</b>						
Long-term receivables		491	–	–	–	–
Investments		–	–	–	–	–
Investment property		401 546	534 856	534 856	403 967	534 856
Investments in Associate		652 039	133 109	133 109	652 039	133 109
Property, plant and equipment		19 740 883	20 074 795	20 074 795	19 500 283	20 074 795
Biological		–	–	–	–	–
Intangible		20 165	20 773	20 773	21 980	20 773
Other non-current assets		49 780	55 420	55 420	–	55 420
<b>Total non current assets</b>		<b>20 864 904</b>	<b>20 818 954</b>	<b>20 818 954</b>	<b>20 578 269</b>	<b>20 818 954</b>
<b>TOTAL ASSETS</b>		<b>28 178 363</b>	<b>24 282 595</b>	<b>24 282 595</b>	<b>23 331 486</b>	<b>24 282 595</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		57 974	56 849	56 849	53 148	56 849
Consumer deposits		71 485	79 135	79 135	65 536	79 135
Trade and other payables		5 816 212	1 335 430	1 335 430	974 039	1 335 430
Provisions		251 010	244 792	244 792	314 601	244 792
<b>Total current liabilities</b>		<b>6 196 681</b>	<b>1 716 206</b>	<b>1 716 206</b>	<b>1 407 322</b>	<b>1 716 206</b>
<b>Non current liabilities</b>						
Borrowing		287 581	246 225	246 225	282 755	246 225
Provisions		733 935	579 483	579 483	670 345	579 483
<b>Total non current liabilities</b>		<b>1 021 515</b>	<b>825 708</b>	<b>825 708</b>	<b>953 099</b>	<b>825 708</b>
<b>TOTAL LIABILITIES</b>		<b>7 218 197</b>	<b>2 541 914</b>	<b>2 541 914</b>	<b>2 360 421</b>	<b>2 541 914</b>
<b>NET ASSETS</b>	2	<b>20 960 166</b>	<b>21 740 680</b>	<b>21 740 680</b>	<b>20 971 065</b>	<b>21 740 680</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		11 098 528	12 760 637	12 760 637	11 104 065	12 760 637
Reserves		9 866 999	9 955 503	9 955 503	9 866 999	9 955 503
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>20 965 528</b>	<b>22 716 140</b>	<b>22 716 140</b>	<b>20 971 065</b>	<b>22 716 140</b>

## 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 decrease of R148.32 million, resulting in cash and cash equivalents closing balance of R1.21 billion as at 30 September 2019.

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

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

Description	Ref	Budget Year 2019/20								
		2018/19 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		1 294 948	1 435 647	1 435 647	118 579	339 539	358 912	(19 373)	-5%	1 435 647
Service charges		2 820 302	3 162 626	3 115 254	222 874	623 123	790 657	(167 533)	-21%	3 115 254
Other revenue		472 055	809 829	801 291	16 381	254 272	202 457	51 815	26%	801 291
Government - operating		918 696	1 126 922	1 180 582	-	544 084	281 730	262 354	93%	1 180 582
Government - capital		997 754	974 549	976 130	1 000	246 718	243 637	3 081	1%	976 130
Interest		165 345	165 029	165 029	14 615	38 507	41 257	(2 751)	-7%	165 029
Dividends		-	-	-	-	-	-	-		
<b>Payments</b>										
Suppliers and employees		(5 402 458)	(5 761 958)	(5 806 387)	(496 339)	(2 035 390)	(1 440 490)	594 901	-41%	(5 806 387)
Finance charges		(38 467)	(41 004)	(41 004)	(2 836)	(8 682)	(10 251)	(1 569)	15%	(41 004)
Transfers and Grants		(77 040)	(48 175)	(48 175)	(2 250)	(5 492)	(12 044)	(6 552)	54%	(48 175)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>1 151 135</b>	<b>1 823 466</b>	<b>1 778 367</b>	<b>(127 976)</b>	<b>(3 321)</b>	<b>455 867</b>	<b>459 188</b>	<b>101%</b>	<b>1 778 367</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		2 226						-		
Decrease (Increase) in non-current debtors								-		
Decrease (increase) other non-current receivables								-		
Decrease (increase) in non-current investments								-		
<b>Payments</b>										
Capital assets		(1 758 273)	(1 737 413)	(1 955 267)	(68 630)	(135 351)	(434 353)	(299 003)	69%	(1 955 267)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(1 756 047)</b>	<b>(1 737 413)</b>	<b>(1 955 267)</b>	<b>(68 630)</b>	<b>(135 351)</b>	<b>(434 353)</b>	<b>(299 003)</b>	<b>69%</b>	<b>(1 955 267)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-		
Borrowing long term/refinancing			69 582	69 582				-		69 582
Increase (decrease) in consumer deposits								-		
<b>Payments</b>										
Repayment of borrowing		(52 572)	(56 849)	(56 849)	(9 652)	(9 652)	(14 212)	(4 560)	32%	(56 849)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(52 572)</b>	<b>12 733</b>	<b>12 733</b>	<b>(9 652)</b>	<b>(9 652)</b>	<b>(14 212)</b>	<b>(4 560)</b>	<b>32%</b>	<b>12 733</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(657 484)</b>	<b>98 786</b>	<b>(164 167)</b>	<b>(206 258)</b>	<b>(148 324)</b>	<b>7 301</b>			<b>(164 167)</b>
Cash/cash equivalents at beginning:		1 825 130	1 551 516	1 356 713		1 356 713	1 356 713			1 356 713
Cash/cash equivalents at month/year end:		1 167 646	1 650 302	1 192 546		1 208 389	1 364 014			1 192 546

## **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 - M03 September

Description	NT Code	Budget Year 2019/20									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			
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Ex change Transactions - Water	1200	61 892	24 396	16 895	10 452	10 045	8 960	47 345	257 123	437 108	333 926	3 649	9 782
Trade and Other Receivables from Ex change Transactions - Electricity	1300	105 580	26 480	29 058	6 022	3 721	3 571	18 055	44 255	236 742	75 625	12 836	38 507
Receivables from Non-ex change Transactions - Property Rates	1400	137 510	42 820	23 873	19 423	14 300	12 821	65 057	258 821	574 626	370 422	9 702	29 028
Receivables from Ex change Transactions - Waste Water Management	1500	30 149	10 615	6 852	5 030	4 328	3 677	19 056	115 140	194 846	147 230	2 272	6 748
Receivables from Ex change Transactions - Waste Management	1600	20 265	10 005	7 012	5 371	5 086	4 464	24 420	170 599	247 222	209 940	1 944	5 827
Receivables from Ex change Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	39	39	39	-	-
Interest on Arrear Debtor Accounts	1810	7 475	7 054	7 008	6 875	6 692	6 421	32 845	185 344	259 715	238 177	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	13 719	10 260	9 886	5 738	5 078	5 584	28 676	191 930	270 870	237 005	673	2 017
<b>Total By Income Source</b>	<b>2000</b>	<b>376 589</b>	<b>131 630</b>	<b>100 584</b>	<b>58 913</b>	<b>49 249</b>	<b>45 498</b>	<b>235 454</b>	<b>1 223 251</b>	<b>2 221 168</b>	<b>1 612 365</b>	<b>31 075</b>	<b>91 909</b>
<b>2018/19 - totals only</b>													
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	44 429	12 914	8 465	2 070	666	511	1 611	6 118	76 783	10 975	-	-
Commercial	2300	175 424	46 504	39 895	19 139	13 407	12 947	59 243	239 844	606 404	344 581	-	-
Households	2400	156 736	72 212	52 224	37 703	35 176	32 041	174 599	977 289	1 537 981	1 256 809	31 075	91 909
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>376 589</b>	<b>131 630</b>	<b>100 584</b>	<b>58 913</b>	<b>49 249</b>	<b>45 498</b>	<b>235 454</b>	<b>1 223 251</b>	<b>2 221 168</b>	<b>1 612 365</b>	<b>31 075</b>	<b>91 909</b>

### 8.1.1. Additional debtors' information

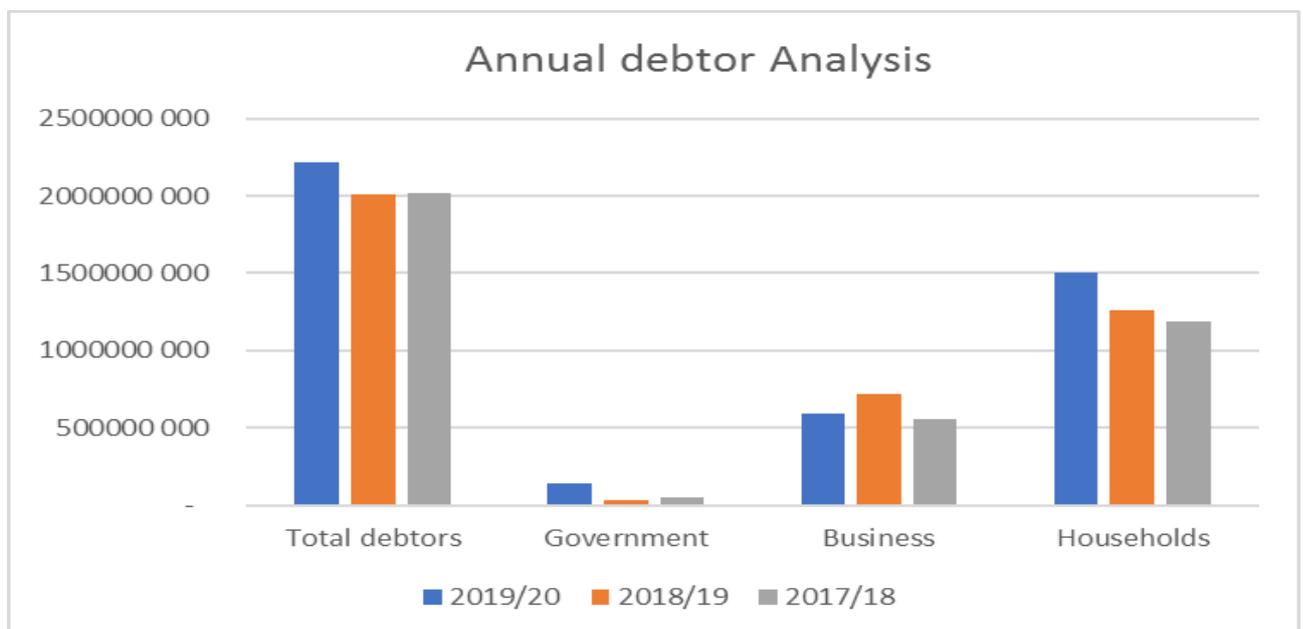
The total debtors book, which includes all charges excluding VAT, amounted to R2,221,168,219 as at 30 September 2019 which is an increase of R5,256,653 over the amount of R2,215,911,566 as at 31 August 2019.

During the month, Credit control action and debt collection action was implemented. Challenges that the metro experienced during the month which continue to affect revenue collection are as follows:

- a) Illegal connections / Meter Tampering;
- b) Poor network connectivity to the outline regions specifically to the Inland Region and Midland Region;
- c) Illegal reconnections by customer's where the supply is self reconnected without the payment.

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 by income source as at 30 September 2019. It also provides comparison with the previous month (31 August 2019) which indicates an increase from R2.21 billion to R2.22 billion.

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

<b>AGEING</b>	<b>RATES</b>	<b>SEWERAGE</b>	<b>ELECTRICITY</b>	<b>WATER</b>	<b>REFUSE</b>	<b>SUNDRY DEBTORS</b>	<b>TOTAL FOR SEPTEMBER 2019</b>	<b>TOTAL FOR AUGUST 2019</b>
<b>CURRENT</b>	140 113 296	34 772 524	107 234 316	65 698 606	21 191 530	7 579 059	376 589 330	414 519 543
<b>30 DAYS</b>	45 337 663	13 506 284	27 004 670	30 036 372	10 897 374	4 847 346	131 629 709	146 870 431
<b>60 DAYS</b>	26 331 735	8 142 816	29 546 832	21 206 889	7 900 627	7 454 959	100 583 859	71 834 843
<b>90 DAYS</b>	21 791 144	6 252 296	6 463 702	14 388 029	6 244 758	3 772 742	58 912 671	55 971 494
<b>120 DAYS TO 360 DAYS</b>	118 799 049	39 289 908	30 901 741	106 843 741	44 620 236	24 200 886	364 655 562	364 616 403
<b>YEAR 2</b>	100 975 851	40 518 940	16 979 572	107 651 790	46 832 797	32 152 395	345 111 344	338 590 833
<b>YEAR 3</b>	55 303 630	28 305 884	12 984 938	78 844 460	33 302 067	18 739 092	227 480 071	221 077 269
<b>YEAR 4</b>	41 268 952	21 930 825	6 505 826	49 902 352	25 596 788	13 842 273	159 047 017	154 225 776
<b>YEAR 5</b>	30 791 689	14 992 109	3 447 668	29 878 397	18 087 573	11 089 357	108 286 793	107 585 968
<b>YEAR 5+</b>	80 584 936	53 694 953	9 506 846	79 209 869	73 205 092	52 670 166	348 871 862	340 619 008
<b>TOTAL</b>	<b>661 297 946</b>	<b>261 406 539</b>	<b>250 576 112</b>	<b>583 660 504</b>	<b>287 878 843</b>	<b>176 348 275</b>	<b>2 221 168 219</b>	<b>2 215 911 566</b>

### 8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type as at 30 September 2019. It also reflects the percentage split per category with domestic consumers having the highest share followed by business. Please note that the financial system is not able to produce a collection ratio per category, however the collection ratio is reported on total debtors.

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

<b>CATEGORY TYPE</b>	<b>CURRENT</b>	<b>30 DAYS</b>	<b>60 DAYS</b>	<b>90 DAYS</b>	<b>120 DAYS+</b>	<b>Total</b>	<b>% Share</b>
<b>Domestic</b>	140 317 092	61 178 385	43 172 004	31 695 504	1 194 583 140	1 470 946 124	66.22
<b>Indigent</b>	14 678 532	10 662 958	8 840 568	5 881 193	22 951 782	63 015 032	2.84
<b>Business</b>	175 423 967	46 503 539	39 895 288	19 139 356	325 441 896	606 404 046	27.30
<b>Government</b>	44 429 259	12 913 742	8 465 023	2 069 960	8 905 057	76 783 040	3.46
<b>Municipal Staff</b>	1 679 613	363 365	207 556	126 075	1 549 564	3 926 173	0.18
<b>Councillors</b>	60 867	7 722	3 420	579	21 213	93 800	0.00
<b>Total</b>	<b>376 589 330</b>	<b>131 629 709</b>	<b>100 583 859</b>	<b>58 912 671</b>	<b>1 553 452 650</b>	<b>2 221 168 219</b>	<b>100.00</b>

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 received 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.

During the month of September 2019 a total of R1,774,435.07 was receipted against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 1,432,629.75
Arrears Receipts	<u>R 341,805.32</u>
Total Receipts	<u>R 1,774,435.07</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 30 September 2019 amounted to R76,783,040 and this is a decrease of R15,805,380 when compared to 31 August 2019.

The breakdown of the arrears per department (excluding accounts in credit) are indicated in the table hereunder, as at 30 September 2019.

**Table 13: Analysis of Government Debtors**

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 30 SEPTEMBER 2019	ARREARS AS AT 31 AUGUST 2019	DIFFERENCE
National Department Of Public Works	8 076 848	5 016 584	13 093 432	13 701 166	(607 735)
Provincial Department Of Public Works	25 851 554	8 043 298	33 894 851	53 639 285	(19 744 433)
Department Of Education	0	6 184 924	6 184 924	7 483 639	(1 298 715)
Department Of Health	0	19 633 227	19 633 227	14 051 611	5 581 616
Department Of Social Development	0	406 002	406 002	240 230	165 772
Department Of Transport	0	152 603	152 603	128 469	24 134
Department Of Agriculture	0	28 496	28 496	49 676	(21 180)
Department Of Nature Conservation	0	7 090	7 090	6 132	958
Department of Human Settlements	0	357 665	357 665	338 693	18 971
Sport, Recreation, Arts and Culture	0	69 119	69 119	51 329	17 791
Department of Labour - UIF Services	0	576 857	576 857	561 810	15 048
Members Of Provincial Legislature	0	86 205	86 205	72 544	13 660
Department of Rural Development and Land Reform	0	2 292 570	2 292 570	2 263 835	28 735
<b>TOTAL</b>	<b>33 928 401</b>	<b>42 854 639</b>	<b>76 783 040</b>	<b>92 588 420</b>	<b>(15 805 380)</b>

## 9. CREDITORS' ANALYSIS

The creditors' analysis as depicted in table 14 below contains an aged analysis by customer type. The creditors payment days has decreased to 18 days, this shows that the Metro is paying its creditors within 30 days as stipulated by the MFMA.

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

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

Description	NT Code	Budget Year 2019/20									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	130 265								130 265	
Bulk Water	0200	22 042								22 042	
PAYE deductions	0300	28 174								28 174	
VAT (output less input)	0400	-								-	
Pensions / Retirement deductions	0500	32 290								32 290	
Loan repayments	0600	8 652								8 652	
Trade Creditors	0700	46 591								46 591	
Auditor General	0800	1 443								1 443	
Other	0900	321 173								321 173	
<b>Total By Customer Type</b>	<b>1000</b>	<b>590 631</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>590 631</b>	<b>-</b>

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

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

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM				130 265 267	130 265 267	130 265 267
AMATOLA WATER				22 041 947	22 041 947	22 041 947
MANTELA TRADING 522 CC				18 892 525	18 892 525	18 892 525
EZULUWENI CONSTRUCTION (PTY) LTD				12 049 976	12 049 976	12 049 976
STEFANUTTI STOCKS ROADS & EARTHWORKS				11 571 287	11 571 287	11 571 287
CZAR CONSTRUCTION				6 804 551	6 804 551	6 804 551
EYA BANTU PROFFESIONAL SERVICES CC				5 716 251	5 716 251	5 716 251
DOWN TOUCH INVESTMENTS (PTY) LTD				4 784 004	4 784 004	4 784 004
MVEZO PLANT & CIVILS CC				4 667 848	4 667 848	4 667 848
ROYAL HASKONINGDHV (PTY) LTD				4 591 605	4 591 605	4 591 605
MAKALI PLANT AND CONSTRUCTION (PTY) LTD				4 575 739	4 575 739	4 575 739
MAKINWA MEDIA SOLUTIONS				4 037 846	4 037 846	4 037 846
C & M FASTNERS CC				4 017 489	4 017 489	4 017 489
CHIPPA TRAINING ACADEMY (PTY) LTD				3 465 953	3 465 953	3 465 953
COALITION TRADING / DELACOM JV				3 416 004	3 416 004	3 416 004
KOJAMO CONSTRUCTION (PTY) LTD				3 409 617	3 409 617	3 409 617
IMVUSA TRADING 415 CC				3 028 848	3 028 848	3 028 848
RANDCIVILS				2 947 632	2 947 632	2 947 632
LUQAQAMBO CIVILS CONSTRUCTION CC				2 896 325	2 896 325	2 896 325
AURECON SOUTH AFRICA (PTY) LTD				2 868 254	2 868 254	2 868 254
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>256 048 968</b>	<b>256 048 968</b>	<b>256 048 968</b>

## 10. INVESTMENT PORTFOLIO ANALYSIS

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

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

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commissio n Paid (Rands)	Commissio n Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial /	Investment Top Up	Closing Balance
		Yrs/Months										Premature Withdrawal (4)		
<b>R thousands</b>														
<b>Municipality</b>														
Standard 088615901-001		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	–	42	–	12 535	12 577
Rand Merchant Bank X021901943		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	57 775	929	–	–	58 704
Absa 9128844539/4094793455		Call Account	Call Account	Yes	Variable	6.75	0		Call Account	390	6	–	–	396
Absa 91 4102 2241/4094798489		Call Account	Call Account	Yes	Variable	6.75	0		Call Account	11 577	186	–	–	11 763
Rand Merchant Bank X021904910		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	18 662	300	–	–	18 963
Absa 9205622137/4094793968		Call Account	Call Account	Yes	Variable	6.75	0		Call Account	177	3	–	–	180
Rand Merchant Bank X021904913		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	18 173	292	–	–	18 466
Stanlib 551 660 303		Call Account	Call Account	Yes	Variable	7.25	0		Call Account	2 300	40	1 312	–	1 027
Nedbank 03/7881532939/000041		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	1 151	19	–	–	1 170
Nedbank 03/7881532939/000056		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	1 075	15	1 075	–	15
Absa 9205590710/4094789181		Call Account	Call Account	Yes	Variable	6.75	0		Call Account	51	1	–	–	51
Nedbank 03/7881532939/000117		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	189	3	–	–	192
Nedbank 03/7881532939/000108		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	84	1	–	–	85
Absa 9193607257/4094789157		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	948	15	–	–	963
Nedbank 03/7881532939/000110		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	302	5	–	–	307
Rand Merchant Bank RRB1629010		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	89 983	1 448	–	–	91 431
Stanlib 551 989 180		Call Account	Call Account	Yes	Variable	7.25	0		Call Account	46 968	884	–	–	47 853
Absa 9225909850/4094790083		Call Account	Call Account	Yes	Variable	6.75	0		Call Account	1 189	19	–	–	1 208
Stanlib 551 539 764		Call Account	Call Account	Yes	Variable	7.25	0		Call Account	937	18	–	–	955
Stanlib 700 475 605		Call Account	Call Account	Yes	Variable	7.25	0		Call Account	142	3	–	–	145
Rand Merchant Bank RRB0B25020		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	1 692	23	1 692	–	23
Nedbank 03/7881532939/000128		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	123 923	1 636	53 171	63 000	135 388
Rand Merchant Bank RRB1722008		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	22 011	576	22 000	37 000	37 587

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial /	Investment Top Up	Closing Balance
		Yrs/Months										Premature Withdrawal (4)		
R thousands														
<b>Municipality</b>														
Standard 76586/442745		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	75 781	1 505	17 000	44 000	104 286
Absa 9264063148/4094790211		Call Account	Call Account	Yes	Variable	6.75	0		Call Account	91 818	1 888	15 487	60 356	138 576
Rand Merchant Bank KLN2720020		Call Account	Call Account	Yes	Variable	7.25	0		Call Account	3 133	83	2 030	5 000	6 186
Stanlib 551 868 235		Call Account	Call Account	Yes	Variable	7.25	0		Call Account	170	3	-	-	174
Absa 9205590891/4094793895		Call Account	Call Account	Yes	Variable	6.75	0		Call Account	512	8	-	-	520
Rand Merchant Bank VVW2B13011		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	8	19	-	2 489	2 516
Nedbank 03/7881532939/000133		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	348	6	-	-	353
Nedbank 03/7881532939/000134		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	9 210	389	8 543	35 170	36 226
Stanlib 700 262 053		Call Account	Call Account	Yes	Variable	7.25	0		Call Account	224	4	-	-	228
Rand Merchant Bank KLN8UJ0005		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	4 692	72	4 685	1 000	1 079
Standard 76586/524914		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	312	5	-	-	317
Nedbank 03/7881532939/000136		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	9 144	147	-	-	9 291
Stanlib 552 200 130		Call Account	Call Account	Yes	Variable	7.25	0		Call Account	16 560	312	-	-	16 872
Stanlib 552 200 132		Call Account	Call Account	Yes	Variable	7.25	0		Call Account	1 299	24	-	-	1 323
Standard 76586/442736		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	311	5	-	-	316
Stanlib 552 200 131		Call Account	Call Account	Yes	Variable	7.25	0		Call Account	17 151	478	20 000	23 000	20 629
Rand Merchant Bank X021904579		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	1 003	150	-	18 000	19 153
Nedbank 03/7881532939/000101		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	16 272	592	14 000	48 000	50 864
Absa 4094793536		Call Account	Call Account	Yes	Variable	6.75	0		Call Account	1 873	323	16 000	43 500	29 696
Absa 4094789872		Call Account	Call Account	Yes	Variable	6.75	0		Call Account	131 291	1 384	46 829	-	85 847
Standard 76586/442741		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	38 462	619	-	-	39 080
Standard 76586/442744		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	34 392	553	-	-	34 946
Rand Merchant Bank RRB0C07002		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	23 745	382	-	-	24 127
Nedbank 03/7881532939/000129		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	26 642	429	-	-	27 070
Nedbank 03/7881532939/000132		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	17 645	241	17 886	-	(0)
Standard 76586/442738		Call Account	Call Account	Yes	Variable	6.3	0		Call Account	2 921	47	-	-	2 968
<b>Municipality sub-total</b>										<b>924 619</b>	<b>16 132</b>	<b>241 710</b>	<b>393 050</b>	<b>1 092 091</b>
<b>Entities</b>														
<b>Entities sub-total</b>										-	-	-	-	-
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>									<b>924 619</b>	<b>16 132</b>	<b>241 710</b>	<b>393 050</b>	<b>1 092 091</b>

## 11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Transfers and grants receipts per allocation or grant is provided in the table below. Further details on grants expenditure performance (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 - M03 September

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>RECEIPTS:</b>										
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		1 074 204	1 512 407	1 512 407	-	544 084	548 046	(3 962)	-0.7%	1 432 884
RSC Levy Replacement		179 724	547 497	547 497	-	182 499	182 499	-	0.0%	547 497
Equitable Share		778 048	847 431	847 431	-	353 096	353 096	-	0.0%	847 431
Expanded Public Works Programme Integrated Grant		8 101	9 956	9 956	-	2 489	2 489	-	0.0%	9 956
Expanded Public Works Programme Integrated Grant for Municipalities		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant		9 587	11 150	11 150	-	5 000	5 000	-	0.0%	11 150
Local Government Financial Management Grant	3	2 172	1 000	1 000	-	1 000	1 000	-	0.0%	1 000
Public Transport Network Grant		3 407	15 850	15 850	-	-	3 962	(3 962)	-100.0%	15 850
Public Transport Network Operations Grant		-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant		93 164	79 523	79 523	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		9 501	-	-	-	-	-	-	-	-
Capacity Building		752	-	-	-	-	-	-	-	-
Housing		8 749	-	-	-	-	-	-	-	-
Human Settlement Development		-	-	-	-	-	-	-	-	-
Libraries; Archives and Museums		-	-	-	-	-	-	-	-	-
Specify (Add grant description)	4	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		22 343	28 121	28 556	-	-	7 109	(7 109)	-100.0%	28 556
Libraries; Archives and Museums		15 870	15 870	15 870	-	-	3 968	(3 968)	-100.0%	15 870
Local Government Water and Related Service SETA		3 594	12 251	12 251	-	-	3 063	(3 063)	-100.0%	12 251
Parent Municipality		2 468	-	-	-	-	-	-	-	-
Salaida		410	-	436	-	-	79	(79)	-100.0%	436
<b>Total Operating Transfers and Grants</b>	5	1 106 048	1 540 528	1 540 963	-	544 084	555 156	(11 072)	-2.0%	1 461 440
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		990 299	974 399	974 399	1 000	246 718	246 718	-	0.0%	974 549
Energy Efficiency and Demand Side Management Grant		7 998	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant		110	-	-	-	-	-	-	-	-
Integrated City Development Grant		10 002	10 383	10 383	-	5 192	5 192	-	0.0%	10 383
Integrated National Electrification Programme Grant		5 213	-	-	-	-	-	-	-	-
Local Government Financial Management Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		5 993	7 500	7 500	1 000	2 000	2 000	-	0.0%	7 500
Public Transport Infrastructure Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant		91 092	218 616	218 616	-	35 170	35 170	-	0.0%	218 616
Regional Bulk Infrastructure Grant		65	-	-	-	-	-	-	-	-
Urban Settlement Development Grant		869 826	737 900	737 900	-	204 356	204 356	-	0.0%	738 050
<b>Provincial Government:</b>		7 456	-	1 580	-	-	287	(287)	-100.0%	1 580
Human Settlement Development		-	-	-	-	-	-	-	-	-
Road Infrastructure		7 456	-	-	-	-	-	-	-	-
Local Government and Traditional Affairs		-	-	1 580	-	-	287	(287)	-100.0%	1 580
<b>District Municipality:</b>		279 067	-	-	-	-	-	-	-	-
Finance and Admin		279 067	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		907	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Parent Municipality		907	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	1 277 727	974 399	975 980	1 000	246 718	247 005	(287)	-0.1%	976 130
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	2 383 775	2 514 927	2 516 943	1 000	790 802	802 161	(11 359)	-1.4%	2 437 570

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

The Metro has spent 9% (R98.25 million, inclusive of reclaimed vat) of its 2019/2020 conditional grants budget of R1.09 billion as at 30 September 2019. This reflects a slight decline when compared to the same period in the previous financial year where 10% (R92.65 million, inclusive of reclaimed of vat) of conditional grants budget of R911.61 million was spent. It is expected that the expenditure will improve in the second quarter as procurement processes for major contracts would have been concluded.

Table 18 below reflects the year to date expenditure on 2019/20 total conditional grants.

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

<b>Funding/Grant</b>	<b>2019/20 Adjusted Budget</b>	<b>YTD Expenditure (vat) R</b>	<b>YTD Variance (vat incl.) R</b>	<b>% Expenditure (vat incl.)</b>
Finance Management Grant	1 000 000	102 266	897 734	10%
Infrastructure Skills Development Grant	11 300 000	2 023 173	9 276 827	18%
Urban Settlement Development Grant	817 423 000	67 831 931	749 591 069	8%
Neighbourhood Development Partnership Grant	7 500 000	0	7 500 000	0%
Integrated City Development Grant	10 383 000	0	10 383 000	0%
Expanded Public Works Programme Grant	9 956 000	3 967 766	5 988 234	40%
Public Transport Infrastructure and Systems Grant	234 466 000	24 323 734	210 142 266	10%
<b>TOTAL</b>	<b>1 092 028 000</b>	<b>98 248 870</b>	<b>993 779 130</b>	<b>9%</b>

Comments on performance of programmes that are implemented by the above funding are detailed below.

**Details of the projects that are implemented by each grant are reflected in both Annexure D and E.**

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

### **11.1.1. FINANCE MANAGEMENT GRANT (FMG)**

There are currently four (4) interns serving on the internship programme. The interns are being remunerated accordingly. A recruitment process to advertise for four (4) additional intern positions has already been started as the target for the current financial year is to have at least eight (8) interns. Grant funding is being utilized in line with the set targets.

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

Low expenditure can be attributed to the fact that recruitment process for 6 new interns is still underway. Late submission of claims by mentors have also contributed to low expenditure. Procurement of 6 laptops for the interns is also underway.

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

#### **Spatial Planning and Development**

#### **a) Bridge Designs & Implementation:**

Two bridges have been identified for construction in the current financial year. A contractor has been appointed to construct the first bridge and is expected to commence in October 2019. Designs for the second bridge have been submitted to Department of Economic Affairs, Environment and Tourism for environmental approval as approval is required before implementation can commence. Public consultation for the environmental approval has been concluded and BCMM is currently awaiting the final approval. For the first bridge, a requisition has been submitted for the appointment of a Contractor from the annual contracts. Expenditure is expected to improve as a contractor has been appointed and on site for the first bridge and for the second bridge once approval has been granted.

#### **b) Taxi Rank Infrastructure:**

The bid for the Upgrading of Ginsberg Rank is at the procurement stage. Expenditure will improve once the service provider is appointed.

**c) Taxi/Bus Embayment:**

Process of appointing a service provider is in progress and expenditure will improve once the service provider has started construction.

**d) Traffic Signals:**

Contractor is finalizing civil works, expenditure will improve once the civil works have been finalized.

**Infrastructure Services**

**a) Roads & stormwater:**

The projects are yet to commence on site as orders are still to be generated. The process of project identification is complete. Project estimates have been completed and requisitions have been prepared for the work. Work will start as soon as the orders have been received. Majority of orders are expected in October 2019.

**b) Water:**

Process of appointing a service provider is in progress and expenditure will improve once the service provider has started construction.

**c) Sanitation:**

The three main reasons for low expenditure on USDG funded projects at the end of September 2019 are the following:

- i. Some of the projects will be implemented using annual contracts, namely, remedial works to Hood Point Marine Outfall Sewer, Ablution Facilities, and Mdantsane Sanitation. Requisitions for appointment of Contractors have been submitted for Ablution Facilities and contractors are on site for some of the requested work.
- ii. Priced estimates have been received from consulting engineers for Hood Point and Eastern Beach Sewers, however, the estimates are above the available budget. The department is revising the scope of

work that can be made with available budget; and this should be concluded before the end of October 2019.

- iii. There are delays in concluding capacity assessments for Berlin Sewers Phase 3, resulting in delays in finalization of detailed designs. Similarly, there are some remedial work to be completed in Phase 2 following termination of a contract with the Contractor.

Meetings have already been arranged with consulting engineers for Berlin Sewers, Hood Point, and Eastern Beach Sewers, to speed up the completion of designs Berlin Sewers, and revise the scope of work for Hood Point and Eastern Beach Sewers respectively.

**d) Electricity:**

Projects have just commenced, expenditure will improve as projects progress. Street Lighting & Highmast phase one highmast have been ordered and delivery is estimated end October 2019 and Street Lighting is at design stage. USDG Electrification Program contractor is on site at Phakamisa and for Electrification of Informal Dwellings Materials have been ordered for Mzamomhle which are being partially supplied as per works programme, work is undertaken in a phased approach.

**Human Settlements**

Annual contractor has been appointed and has commenced with work. Expenditure is expected to improve in the second quarter.

**11.1.4. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)**

Requisitions have been prepared for the work. Work will start as soon as the orders have been received. Majority of orders are expected in October 2019.

#### **11.1.5. INTEGRATED CITY DEVELOPMENT GRANT (ICDG)**

The process of project identification is complete. Project estimates have been complete and requisitions have been prepared for the work. Work will start as soon as the orders have been received.

#### **11.1.6. PUBLIC TRANSPORT INFRASTRUCTURE GRANT (PTNG)**

##### **a) Qumza Highway:**

The contractor is busy with Layer works on the first section of the road. Expenditure will improve once all sections are progressed to the Asphalt Level.

##### **b) Mdantsane Access Road:**

The proposals for the appointment of specialist service providers to carry out concept designs are being finalized. The service provider will be appointed by the end of October 2019.

##### **c) Industry Transition Plan & Universal Access Development Plan:**

The project commenced at the beginning of August 2019. Expenditure is expected to improve in the second quarter.

## 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 27.92%%. This is within the norm of 25% - 40%.

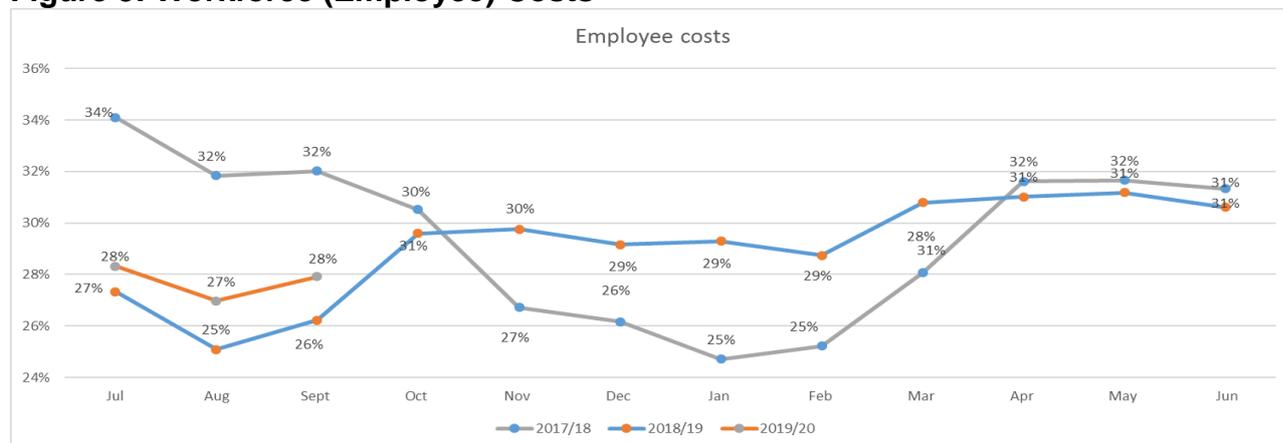
**Table 19: SC8 Monthly Budget Statement – Councillor, Board Members and Staff Benefits**

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

Summary of Employee and Councillor remuneration	Ref	2018/19	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		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		35 236	42 950	42 950	2 879	8 607	10 738	(2 131)	-20%	42 950
Pension and UIF Contributions		4 265	4 267	4 267	356	1 063	1 067	(4)	0%	4 267
Medical Aid Contributions		2 270	2 011	2 011	202	598	503	95	19%	2 011
Motor Vehicle Allowance								-		
Cellphone Allowance		4 309	2 800	2 800	339	1 013	700	313	45%	2 800
Housing Allowances		2 361	2 426	2 426	191	574	607	(33)	-5%	2 426
Other benefits and allowances		13 873	14 031	14 031	1 171	3 503	3 508	(5)	0%	14 031
<b>Sub Total - Councillors</b>		<b>62 316</b>	<b>68 485</b>	<b>68 485</b>	<b>5 137</b>	<b>15 357</b>	<b>17 121</b>	<b>(1 764)</b>	<b>-10%</b>	<b>68 485</b>
<b>% increase</b>	4		<b>9.9%</b>	<b>9.9%</b>						<b>9.9%</b>
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages		9 511	16 223	16 223	730	2 191	4 056	(1 865)	-46%	16 223
Pension and UIF Contributions		1 601	3 012	3 012	125	376	753	(377)	-50%	3 012
Medical Aid Contributions		229	398	398	17	51	99	(49)	-49%	398
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		76	-	-	-	-	-	-		-
Motor Vehicle Allowance		1 919	3 496	3 496	145	436	874	(438)	-50%	3 496
Cellphone Allowance		259	-	-	21	59	-	59	#DIV/0!	-
Housing Allowances		2 512	550	550	194	583	137	445	324%	550
Other benefits and allowances		112	2 899	2 899	11	31	725	(694)	-96%	2 899
Payments in lieu of leave		-	-	-	-	-	-	-		-
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations	2									
<b>Sub Total - Senior Managers of Municipality</b>		<b>16 218</b>	<b>26 579</b>	<b>26 579</b>	<b>1 244</b>	<b>3 728</b>	<b>6 645</b>	<b>(2 917)</b>	<b>-44%</b>	<b>26 579</b>
<b>% increase</b>	4		<b>63.9%</b>	<b>63.9%</b>						<b>63.9%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		1 243 083	1 345 284	1 345 284	115 411	323 185	336 321	(13 136)	-4%	1 345 284
Pension and UIF Contributions		223 053	236 205	236 205	23 341	66 091	59 051	7 040	12%	236 205
Medical Aid Contributions		90 841	145 509	145 509	8 122	24 254	36 377	(12 123)	-33%	145 509
Overtime		128 012	80 813	80 813	11 845	34 003	20 204	13 800	68%	80 813
Performance Bonus		92 884	110 487	110 487	12 860	31 058	27 622	3 436	12%	110 487
Motor Vehicle Allowance		29 203	42 790	42 790	2 656	7 935	10 698	(2 762)	-26%	42 790
Cellphone Allowance		4 304	5 181	5 181	363	1 030	1 295	(265)	-20%	5 181
Housing Allowances		6 714	29 105	29 105	634	1 893	7 276	(5 384)	-74%	29 105
Other benefits and allowances		100 766	155 695	155 695	8 772	25 801	38 924	(13 123)	-34%	155 695
Payments in lieu of leave		48 353	24 453	24 453	(277)	-	6 113	(6 113)	-100%	24 453
Long service awards		24 955	25 258	25 258	2 279	6 962	6 315	647	10%	25 258
Post-retirement benefit obligations	2	14 998	8 110	8 110	3	8	2 027	(2 020)	-100%	8 110
<b>Sub Total - Other Municipal Staff</b>		<b>2 007 165</b>	<b>2 208 890</b>	<b>2 208 890</b>	<b>186 009</b>	<b>522 221</b>	<b>552 224</b>	<b>(30 003)</b>	<b>-5%</b>	<b>2 208 890</b>
<b>% increase</b>	4		<b>10.1%</b>	<b>10.1%</b>						<b>10.1%</b>
<b>Total Parent Municipality</b>		<b>2 085 699</b>	<b>2 303 954</b>	<b>2 303 954</b>	<b>192 390</b>	<b>541 306</b>	<b>575 991</b>	<b>(34 685)</b>	<b>-6%</b>	<b>2 303 954</b>

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 30 September 2019. Table 21 below details overtime expenditure incurred per cost centre for the past two months ended 30 September 2019.

**Table 20: Overtime per Directorate**

Directorate Overtime	2019/2020 Annual Budget R	2019/2020 YTD Budget R	2019/2020 YTD Expenditure R	2019/2020 YTD Variance R	2019/2020 % of YTD Budget %
Directorate Of Executive Support Services	1 834 406	453 725	697 521	(243 796)	154%
Directorate Of The City Manager	414 282	102 469	257 215	(154 746)	251%
Directorate Of Corporate Services	796 773	197 075	198 939	(1 864)	101%
Directorate Of Development & Spatial Planning	831 902	205 764	68 970	136 794	34%
Directorate Of Economic Development & Agencies	625 541	154 722	97 471	57 251	63%
Directorate Of Finance	2 251 825	556 970	1 211 110	(654 140)	217%
Directorate Of Health / Public Safety & Emergency Services	23 993 099	5 934 489	8 444 676	(2 510 187)	142%
Directorate Of Human Settlement	136 012	33 641	1 772	31 869	5%
Directorate Of Infrastructure Services	22 870 051	5 656 713	11 467 240	(5 810 528)	203%
<i>Electricity</i>	10 329 376	2 554 883	3 884 309	(1 329 425)	152%
<i>Water</i>	4 474 561	1 107 557	3 711 649	(2 604 092)	335%
<i>Sanitation</i>	6 611 418	1 662 182	3 579 575	(1 917 393)	215%
<i>Other</i>	1 454 696	332 091	291 708	40 383	88%
Directorate Of Municipal Services	27 059 544	6 692 948	11 558 428	(4 865 479)	173%
<b>Total</b>	<b>80 813 435</b>	<b>19 988 516</b>	<b>34 003 343</b>	<b>(14 014 827)</b>	<b>170%</b>

The total overtime payment for the months July 2019, August 2019 and September 2019 is reflected below. There was a decrease in the total payment of overtime between July 2019 and August 2019 of R908 763 and an increase in the total payment of overtime between August 2019 and September 2019 of R1 160 371.

**Table 21: Overtime Per Cost Centre: July 2019 – September 2019**

**OVERTIME PER COST CENTRE**

		July 2019 Amount	August 2019 Amount	September 2019 Amount
	<b>DIRECTORATE -EXECUTIVE SUPPORT SERVICES</b>			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	188 133.92	197 491.58	182 932.11
0511	COMM/MARKETING/INTERNAT & INTERGOV RELATIONS	3 630.75	987.22	-
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	2 386.67	4 595.53	-
0523	IDP & BUDGET INTEGRATION	2 479.36	12 140.95	-
0531	POLITICAL OFFICE ADMINISTRATION	-	22 609.83	6 570.56
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	11 353.99	-	2 308.46
0541	SPORTS SERVICES & SPECIAL PROGRAMMES	5 139.38	32 213.98	-
0542	SPECIAL PROGRAMMES	8 585.81	-	-
		<b>221 709.88</b>	<b>270 039.09</b>	<b>191 811.13</b>
	<b>DIRECTORATE OF THE CITY MANAGER</b>			
1005	OFFICE OF THE CITY MANAGER	84 456.43	55 477.51	73 652.21
1015	INFORMATION / TECHNOLOGY & SUPPORT	12 473.44	-	-
1041	GOVERNANCE & INTERNAL AUDITING	15 404.93	-	-
		<b>112 334.80</b>	<b>55 477.51</b>	<b>73 652.21</b>
	<b>DIRECTORATE OF CORPORATE SERVICES</b>			
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	-138.56	-138.56	-138.56
1512	ADMINISTRATIVE & CORPORATE SUPPORT	18 502.39	12 731.05	19 901.54
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	21 141.79	21 336.04	23 091.87
1514	INFORMATION / TECHNOLOGY & SUPPORT	-	23 533.28	27 617.77
1531	HUMAN RESOURCES MANAGEMENT	-	26 766.58	-
1532	ADMINISTRATIVE SUPPORT	7 108.00	7 752.00	7 752.00
1536	ORGANISATIONAL DEVELOPMENT	-352.92	-235.25	-441.17
		<b>46 260.70</b>	<b>91 745.14</b>	<b>77 783.45</b>

		July 2019 Amount	August 2019 Amount	September 2019 Amount
	<b>DIRECTORATE OF DEVELOPMENT &amp; SPATIAL PLANNING</b>			
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	13 453.34	1 056.66	11 126.47
2037	TRAFFIC MANAGEMENT & SAFETY	20 177.38	8 726.01	10 844.08
2045	TOWNSHIP REGENERATION	-	-	-
		<b>33 630.72</b>	<b>9 782.67</b>	<b>21 970.55</b>
	<b>DIRECTORATE OF ECONOMIC DEVELOPMENT &amp; AGENCIES</b>			
2511	FRESH PRODUCE MARKET	14 182.10	8 996.62	21 296.40
2521	TOURISM / ARTS / CULTURE & HERITAGE	24 044.08	16 618.98	-
2531	TRADE / INDUSTRY & RURAL AGRARIAN	-	3 093.11	5 086.97
		<b>38 226.18</b>	<b>28 708.71</b>	<b>26 383.37</b>
	<b>DIRECTORATE OF FINANCE</b>			
3031	EXPENDITURE & PAYMENTS MANAGEMENT	-	12 790.00	33 187.71
3033	PAYROLL & BENEFITS	2 509.14	10 259.18	-
3034	VAT / LEASES & PAYMENTS	30 287.23	59 678.91	8 806.00
3051	REVENUE MANAGEMENT	-	6 072.85	12 684.63
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	975.00	2 699.77	3 646.71
3053	COASTAL REVENUE MANAGEMENT	58 312.88	41 962.98	44 508.78
3054	CUSTOMER RELATIONS (CALL CENTRE)	139 925.92	140 802.31	181 349.08
3055	INLAND REVENUE MANAGEMENT	36 876.17	22 611.08	36 534.32
3056	MIDLAND REVENUE MANAGEMENT	14 069.52	63 651.08	39 668.23
3057	RATES & VALUATIONS	-	16 692.63	-
3061	STRATEGY & OPERATIONS	2 141.30	-	-
3071	SUPPLY CHAIN MANAGEMENT	25 457.88	75 138.93	51 265.70
		<b>310 555.04</b>	<b>452 359.72</b>	<b>411 651.16</b>
	<b>DIRECTORATE OF HEALTH / PUBLIC SAFETY &amp; EMERGENCY SERVICES</b>			
3512	DISASTER MANAGEMENT	898.50	1 901.10	1 125.75
3513	FIRE & RESCUE	747 379.41	253 623.34	629 847.66
3532	LAW ENFORCEMENT SERVICES	1 592 339.00	881 968.66	1 333 636.94
3533	TRAFFIC SERVICES	422 156.68	460 747.07	432 773.30
		<b>2 762 773.59</b>	<b>1 598 240.17</b>	<b>2 397 383.65</b>
	<b>DIRECTORATE OF HUMAN SETTLEMENT</b>			
4005	OFFICE OF THE DIRECTOR OF HUMAN SETTLEMENT	634.72	259.59	-
4011	HOUSING DELIVERY & IMPLEMENTATION	877.68	-	-
		<b>1 512.40</b>	<b>259.59</b>	<b>-</b>

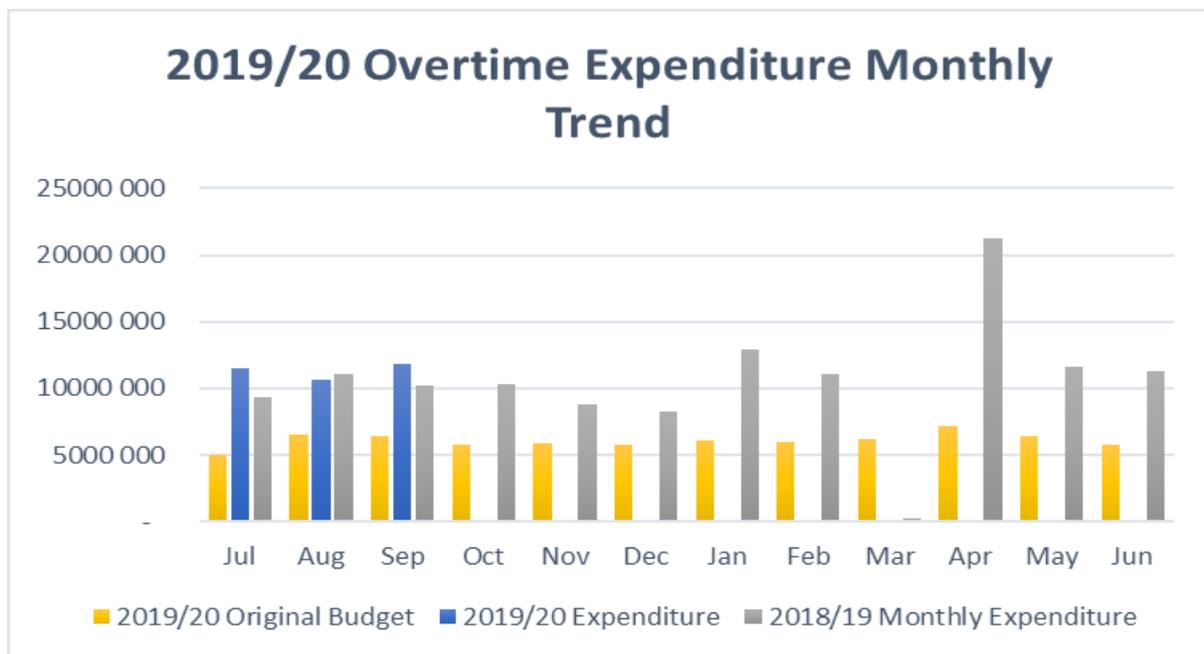
		July 2019 Amount	August 2019 Amount	September 2019 Amount
	<b>DIRECTORATE OF INFRASTRUCTURE SERVICES</b>			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	6 292.85	3 524.18	12 572.96
4511	ELECTRICAL & ENERGY SERVICES	1 630.74	2 543.81	1 962.04
4512	CUSTOMER SERVICES & REVENUE PROTECTION	106 765.47	103 159.96	127 228.34
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	1 067.45	1 182.29	1 273.23
4514	ELECTRICAL DISTRIBUTION	722 305.32	1 523 181.52	1 196 349.79
4522	CONSTRUCTION	-	-	2 659.72
4524	ROADS	39 095.09	14 363.00	26 323.27
4532	SANITATION	1 096 362.21	1 078 789.46	1 030 355.25
4535	WATER SERVICES	1 247 590.59	1 142 404.04	1 138 633.32
4542	FLEET SERVICES & PLANT	-	4 411.44	1 194.55
4543	WORKSHOPS	115 310.93	67 361.37	72 129.70
		<b>3 336 420.65</b>	<b>3 940 921.07</b>	<b>3 610 682.17</b>
	<b>DIRECTORATE OF MUNICIPAL SERVICES</b>			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	15 739.20	21 799.44	21 799.44
5011	COMMUNITY AMENITIES	25 104.58	19 221.92	31 286.26
5013	LIBRARIES	22 258.16	1 046.98	22 263.36
5014	HALLS	221 367.52	204 011.55	227 676.39
5015	RECREATION	67 437.84	54 424.52	73 793.97
5016	SPORTS FACILITIES	10 546.99	11 261.18	11 166.79
5022	CEMETRIES & CREMATORIA	358 194.54	391 793.44	438 315.88
5023	CONSERVATION	151 672.90	161 032.26	197 647.63
5024	PARKS: COASTAL	327 371.84	157 229.24	147 362.12
5031	SOLID WASTE MANAGEMENT	21 740.11	20 004.09	11 610.32
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 697 587.38	1 473 176.95	2 058 723.80
5035	LANDFILLS & TRANSFER STATIONS	134 000.97	134 396.82	143 344.17
5042	RECREATIONAL FACILITIES	343 101.24	270 532.86	310 317.04
5043	SPORTS FACILITIES	129 234.92	121 020.20	142 231.53
		<b>3 525 358.19</b>	<b>3 040 951.45</b>	<b>3 837 538.70</b>
	<b>TOTAL OVERTIME</b>	<b>10 387 269.75</b>	<b>9 488 225.53</b>	<b>10 648 856.39</b>

**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) Further to the above, an indepth study to be undertaken on the overtime work in comparison to the service delivery need, available staff complement and allocated overtime budget.

The graph below shows the overtime expenditure monthly trend for the current financial year compared to prior year

**Figure 6: Overtime Expenditure Monthly Trend**



### **12.2.1. Comments On Overtime**

#### **a) Directorate of Executive Support**

The planned and emergency nature of tasks within the Political Offices contribute to excessive hours of work. Overtime incurred is also due to ward committee meetings, Inter-departmental and Inter-Governmental Relation programmes.

#### **b) Directorate Of The City Manager**

The nature of tasks within City Managers office contribute to excessive hours of work.

#### **c) Directorate of Corporate Services**

The over expenditure on overtime is as a result of nature of operations which necessitates the drivers to deliver council packages outside the normal operating hours. In some cases, staff are required to do special deliveries that contributes to working overtime.

#### **d) Directorate of Finance**

The over expenditure of overtime is as a result of staff that worked to process and finalise financial year-end processes. Call Centre also contributes to over expenditure as it is required to be operational 365 day a year, which includes weekends and public holidays. The staff are 5 day workers and as such need to be paid overtime for workdone on a weekend and public holidays in order to keep the Call Centre operational.

#### **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 for Fire & Rescue as this function operates on a 24-hour basis. Any reduction would have a negative effect on service delivery by the Fire & Rescue Services.

Overtime is worked by security guards combined with law enforcement, this is an issue which needs 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 staff to cover all sites.

**f) Directorate of Infrastructure Services**

- i. Electricity – This is due to emergency raids which are carried out after hours to eradicate illegal connections.
- ii. Roads – Emergency overtime was done to fix potholes that was damaging vehicles at Illitha and covering of stormwater drains in Cathcart Street, KWT.
- iii. Sanitation – Overtime expenditure is due to emergency callouts for sewer blockages and replacement of shift workers at wastewater treatment works and pump stations.
- iv. Water - Overtime expenditure is due to emergency callouts for burst pipes and replacement of shift workers at water treatment works and pump stations.
- v. Mechanical Workshop - Overtime is mainly caused by call outs by departments for either mechanical breakdown, tyre punctures, vehicles getting stuck & accidents.

**g) Directorate of Municipal Services**

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

Cleansing & Refuse Removal: Inland – the department provides services 7 days' a week and five days are normal working days. Saturday and Sunday is regarded as structured overtime, due, increase of events and breakdown of trucks that lead to backlog and causes the Solid Waste department to work on weekends.

Recreation, Sportsfield and Conservation : The sections nature of operations require it to open 7 days a week and on public holidays.

**12.3. Standby and Shift Allowance Analysis**

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past three months ended 30 September 2019. The total standby and shift payment for the months of July 2019, August 2019 and

September 2019 is reflected below. There was an increase in the total payment between July 2019 and August 2019 of R85 287 and an increase in the total payment between August 2019 and September 2019 of R47 300.

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

	<b>JULY 2019</b>	<b>AUGUST 2019</b>	<b>SEPTEMBER 2019</b>
Directorate of Executive Support Services	4 873	6 948	6 959
Directorate of the City Manager	38 249	5 042	5 486
Directorate of Corporate Services	3 791	32 755	37 407
Directorate of Development & Spatial Planning	19 686	17 913	16 973
Directorate Economic Development & Agencies	1 789	1 489	1 533
Directorate of Finance	9 802	12 789	10 977
Directorate of Health/Public Safety & Emergency Services	643 783	637 306	641 595
Directorate of Human Settlement	-	-	-
Directorate of Infrastructure Services	719 379	779 849	792 733
Directorate of Municipal Services	324 977	357 524	385 252
<b>TOTAL</b>	<b>1 766 328</b>	<b>1 851 616</b>	<b>1 898 916</b>

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

The total payment of Temporary Staff for the months of July 2019, August 2019 and September 2019, is reflected below. There was an decrease in the total payment between July 2019 and August 2019 of R334 189 and a decrease in the total payment between August 2019 and September 2019 of R60 981.

**Table 23: Temporary Staff per Directorate**

	<b>JULY</b>	<b>AUGUST</b>	<b>SEPTEMBER</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>
Directorate of Executive Support Services	161 280	173 017	212 085
Directorate of the City Manager	1 041	252	-
Directorate of Corporate Services	1 405 336	1 525 103	1 509 180
Directorate of Development & Spatial Planning	60 641	60 641	60 641
Directorate Economic Development & Agencies	-	-	-
Directorate of Finance	675 961	346 460	166 065
Directorate of Health/Public Safety & Emergency Services	38 134	32 554	69
Directorate of Human Settlement	141	-	-
Directorate of Infrastructure Services	241 970	295 815	156 405
Directorate of Municipal Services	421 906	238 379	506 795
<b>TOTAL</b>	<b>3 006 409</b>	<b>2 672 220</b>	<b>2 611 239</b>

**12.5. Councillors Costs**

The table below shows the budget and expenditure to date for councillors' costs. The year to date budget of R 15.59 million less the year to date expenditure of R15.36 million leaves a variance of R 0.23 million.

**Table 24: Councillors Costs****Councillors Allowances and Benefits**

<b>Councillors Allowances And Benefits</b>	<b>2019/2020 Annual Budget R</b>	<b>2019/2020 YTD Budget R</b>	<b>2019/2020 YTD Expenditure R</b>	<b>2019/2020 Variance R</b>	<b>2019/2020 Variance %</b>
Councillors Allowances	45 749 898	10 413 920	9 619 312	794 609	7.63
Housing Allowance	2 426 358	552 305	573 764.32	(21 459)	0.00
Medical Aid Allowance	2 011 192	457 802	598 201	(140 399)	(30.67)
Pension Allowance	4 266 682	971 213	1 063 070	(91 857)	(9.46)
Travel Allowance	14 031 314	3 193 908	3 502 819	(308 911)	(9.67)
<b>Total</b>	<b>68 485 444</b>	<b>15 589 149</b>	<b>15 357 167</b>	<b>231 982</b>	<b>1.49</b>

### 13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R8.64 million (14.05%) of its 2019/2020 approved operating budget of R61.49 million. A detailed analysis of the entity's performance for month ended 30 September 2019 is outlined in the attached **Annexure F**.

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

BUF Buffalo City - Supporting Table SC11 Monthly Budget Statement - summary of municipal entities - M03 September

Description	Ref	2018/19	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										
<b>Revenue By Municipal Entity</b>										
Interest earned - external investments		439	828	828	69	187	207	(20)	-10%	828
Agency services		215	1 238	1 238	-	1	309	(308)	-100%	1 238
Transfers and subsidies		2 491	9 251	9 251	583	1 422	2 313	(891)	-39%	9 251
Other revenue		29 865	50 375	50 375	2	19 767	12 594	7 173	57%	50 375
<b>Total Operating Revenue</b>	1	<b>33 010</b>	<b>61 692</b>	<b>61 692</b>	<b>654</b>	<b>21 377</b>	<b>15 423</b>	<b>5 954</b>	<b>39%</b>	<b>61 692</b>
<b>Expenditure By Municipal Entity</b>										
Employee related costs		16 045	24 290	24 290	1 841	5 474	6 073	(598)	-10%	24 290
Depreciation & asset impairment		1 208	1 761	1 761	-	-	440	(440)	-100%	1 761
Finance charges		0	4	4	-	-	1	(1)	-100%	4
Other materials		570	302	302	53	154	75	78	104%	302
Contracted services		6 578	26 644	26 644	696	1 551	6 661	(5 110)	-77%	26 644
Transfers and subsidies		100	300	300	-	40	75	(35)	-47%	300
Other expenditure		4 560	8 187	8 187	498	1 417	2 047	(630)	-31%	8 187
<b>Total Operating Expenditure</b>	2	<b>29 061</b>	<b>61 489</b>	<b>61 489</b>	<b>3 087</b>	<b>8 636</b>	<b>15 372</b>	<b>(6 736)</b>	<b>-44%</b>	<b>61 489</b>
<b>Surplus/ (Deficit) for the yr/period</b>		<b>3 950</b>	<b>203</b>	<b>203</b>	<b>(2 433)</b>	<b>12 741</b>	<b>51</b>	<b>(782)</b>	<b>-1542%</b>	<b>203</b>
<b>Capital Expenditure By Municipal Entity</b>										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 742	65 282	76 717	-	-	18 400	(18 400)	-100%	76 717
<b>Total Capital Expenditure</b>	3	<b>1 742</b>	<b>65 282</b>	<b>76 717</b>	<b>-</b>	<b>-</b>	<b>18 400</b>	<b>(18 400)</b>	<b>-100%</b>	<b>76 717</b>

#### **14. CAPITAL PROGRAMME PERFORMANCE**

BCMM has spent 7% (R145.87 million, inclusive of reclaimed vat) of its 2019/20 capital budget of R1.95 billion as at 30 September 2019. This reflects a slight improvement in rand value terms when compared to the same period in the previous financial year where 7% (R133.10 million, inclusive of reclaimed vat) of the budget of R1.99 billion was spent. It is expected that the expenditure will improve in the second quarter as procurement processes for major contracts would have been concluded.

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.

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

<b>Funding</b>	<b>2019/2020 Adjusted Budget</b>	<b>YTD Expenditure (incl. VAT)</b>	<b>Variance (incl. VAT)</b>	<b>% Expenditure (incl. VAT)</b>
Own Funding	832 838 322	59 294 291	773 544 032	7%
Loan	69 581 825	0	69 581 825	0%
<b>TOTAL OWN FUNDING</b>	<b>902 420 147</b>	<b>59 294 291</b>	<b>843 125 857</b>	<b>7%</b>
Urban Settlement Development Grant	737 900 040	62 498 250	675 401 790	8%
Public Transport Infrastructure Grant	218 616 000	23 338 812	195 277 188	11%
Intergrated City Development Grant	10 383 000	0	10 383 000	0%
Neighbourhood Development Partnership Grant	7 500 000	0	7 500 000	0%
Infrastructure Skills Development Grant	150 000	0	150 000	0%
Local Government And Traditional Affairs	1 580 488	743 643	836 845	47%
<b>TOTAL GRANTS</b>	<b>976 129 528</b>	<b>86 580 705</b>	<b>889 548 823</b>	<b>9%</b>
<b>TOTAL - FUNDING SOURCES</b>	<b>1 878 549 675</b>	<b>145 874 995</b>	<b>1 732 674 680</b>	<b>8%</b>
BCMDA PROJECTS	65 282 000	0	65 282 000	0%
BCMDA C/O	11 435 399	0	11 435 399	0%
<b>TOTAL CAPITAL BUDGET</b>	<b>1 955 267 074</b>	<b>145 874 995</b>	<b>1 809 392 079</b>	<b>7%</b>

Table 27 below reflects capital expenditure performance per service

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

Services	2019/2020 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Amenities	87 948 697	10 891 305	77 057 392	12%
Electricity	104 621 502	24 324 526	80 296 976	23%
Housing	252 281 590	12 367 021	239 914 569	5%
Local Economic Development	62 721 908	6 096 582	56 625 326	10%
Other: BCMM Fleet	42 000 000	0	42 000 000	0%
Public Safety	27 310 488	0	27 310 488	0%
Roads	318 579 770	19 872 669	298 707 100	6%
Spatial Planning	35 252 870	360 560	34 892 310	1%
Support Services	219 530 864	10 967 471	208 563 393	5%
Transport Planning	293 057 880	34 021 080	259 036 800	12%
Waste Manangement	85 088 696	9 907 987	75 180 709	12%
Waste Water	253 180 340	2 402 569	250 777 771	1%
Water	96 975 071	14 663 223	82 311 847	15%
<b>TOTAL - PER SERVICE</b>	<b>1 878 549 675</b>	<b>145 874 995</b>	<b>1 732 674 680</b>	<b>8%</b>
BCMDA Projects	76 717 400	0	76 717 400	0%
<b>TOTAL CONSOLIDATED CAPITAL PER SERVICE</b>	<b>1 955 267 075</b>	<b>145 874 995</b>	<b>1 809 392 079</b>	<b>7%</b>

Table 28 below reflects capital expenditure performance per directorate.

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

Directorate	2019/2020 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Executive Support Services	3 500 000	0	3 500 000	0%
City Manager's Office	6 664 045	10 000	6 654 045	0%
Corporate Services	46 023 896	7 351 280	38 672 616	16%
Spatial Planning & Development	328 975 088	34 383 786	294 591 301	10%
Economic Development & Agencies	63 221 908	6 165 524	57 056 384	10%
Finance Services	149 982 264	3 429 483	146 552 781	2%
Health/Public Safety & Emergency Services	28 306 810	30 280	28 276 530	0%
Human Settlements	252 781 590	12 367 021	240 414 569	5%
Infrastructure Services	785 856 682	61 289 868	724 566 814	8%
Municipal Services	203 237 393	20 842 506	182 394 887	10%
<b>TOTAL DIRECTORATES</b>	<b>1 868 549 675</b>	<b>145 869 748</b>	<b>1 722 679 927</b>	<b>8%</b>
Asset Replacements	10 000 000	5 247	9 994 753	0%
<b>TOTAL BUDGET PER DIRECTORATE</b>	<b>1 878 549 675</b>	<b>145 874 995</b>	<b>1 732 674 680</b>	<b>8%</b>
BCMDA Projects	76 717 400	0	76 717 400	0%
<b>TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE</b>	<b>1 955 267 075</b>	<b>145 874 995</b>	<b>1 809 392 079</b>	<b>7%</b>

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

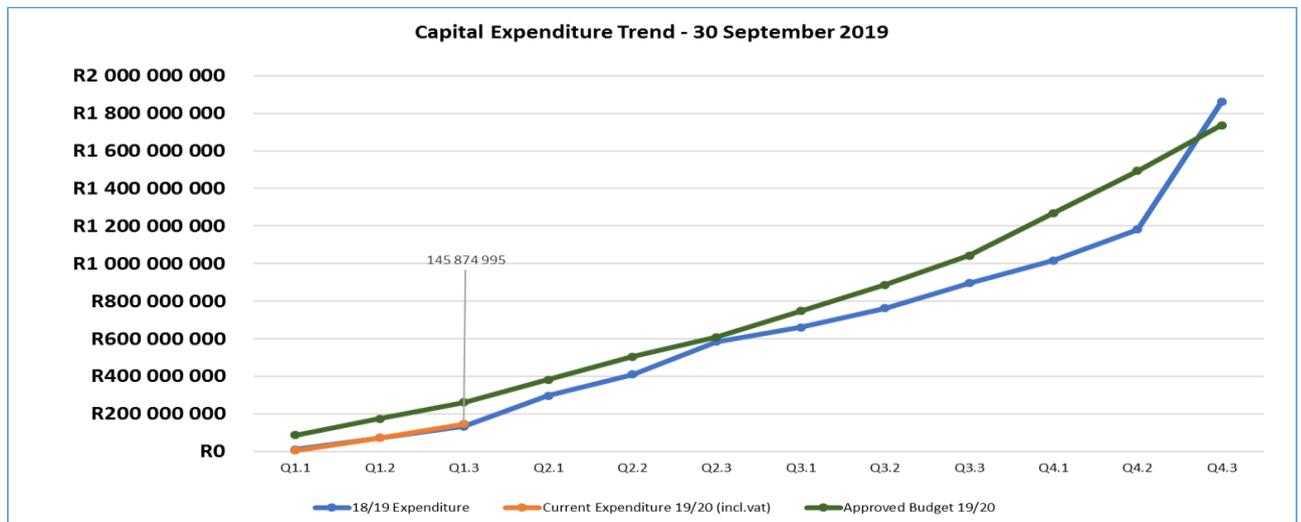
**Table 29: SC12 Monthly Budget Statement – capital expenditure trend**

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

Month	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July	79 865	144 784	144 785	2 828	2 828	144 785	141 956	98.0%	0%
August	(14 129)	144 784	164 589	63 892	66 721	309 374	242 653	78.4%	4%
September	57 137	144 784	164 589	68 630	135 351	473 963	338 613	71.4%	8%
October	151 564	144 784	164 589	–	–	638 553	–	–	–
November	104 066	144 784	164 589	–	–	803 142	–	–	–
December	158 939	144 784	164 589	–	–	967 732	–	–	–
January	70 648	144 784	164 589	–	–	1 132 321	–	–	–
February	97 161	144 784	164 589	–	–	1 296 911	–	–	–
March	124 822	144 784	164 589	–	–	1 461 500	–	–	–
April	114 481	144 784	164 589	–	–	1 626 090	–	–	–
May	158 523	144 784	164 589	–	–	1 790 679	–	–	–
June	(846 527)	144 784	164 588	–	–	1 955 267	–	–	–
<b>Total Capital expenditure</b>	<b>256 551</b>	<b>1 737 413</b>	<b>1 955 267</b>	<b>135 351</b>					

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**



#### **14.1. Strategies that have been put in place to improve expenditure**

The City continues to implement intervention measures to improve the City's spending performance. The weekly reporting that is submitted to the City Manager on sitting of bid committees assists in early identification of challenges. This has led to further review of bid committees to improve its effectiveness as a result:

- a) All bid committees were restructured in December 2018 to ensure effectiveness and efficiency.
- b) With the new restructured committees it is envisaged that the target of taking an average period of three months from initiation to the award of an open bid; whereas in the past it used to take an average of about six months.
- c) A Selection Committee has been established to ensure fair distribution of work promote competition realise value for money ensure rotational system which is cost effective and transparent in the management of awarded annual contracts.
- d) Reconfiguration of processes at the Supply Chain Management unit are also underway to improve all procurement related activities.

## **15. OTHER SUPPORTING DOCUMENTS**

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

The Metro has spent 6% (R27.22 million, inclusive of reclaimed vat) of its 2019/20 operating projects budget of R466.26 million as at 30 September 2019. This reflects a slight decline when compared to the same period in the previous financial year where 8% (R26.11 million, inclusive of reclaimed vat) of the operating projects budget of R333.73 million was spent year. It is expected that the expenditure will improve in the second quarter as procurement processes for major contracts 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**

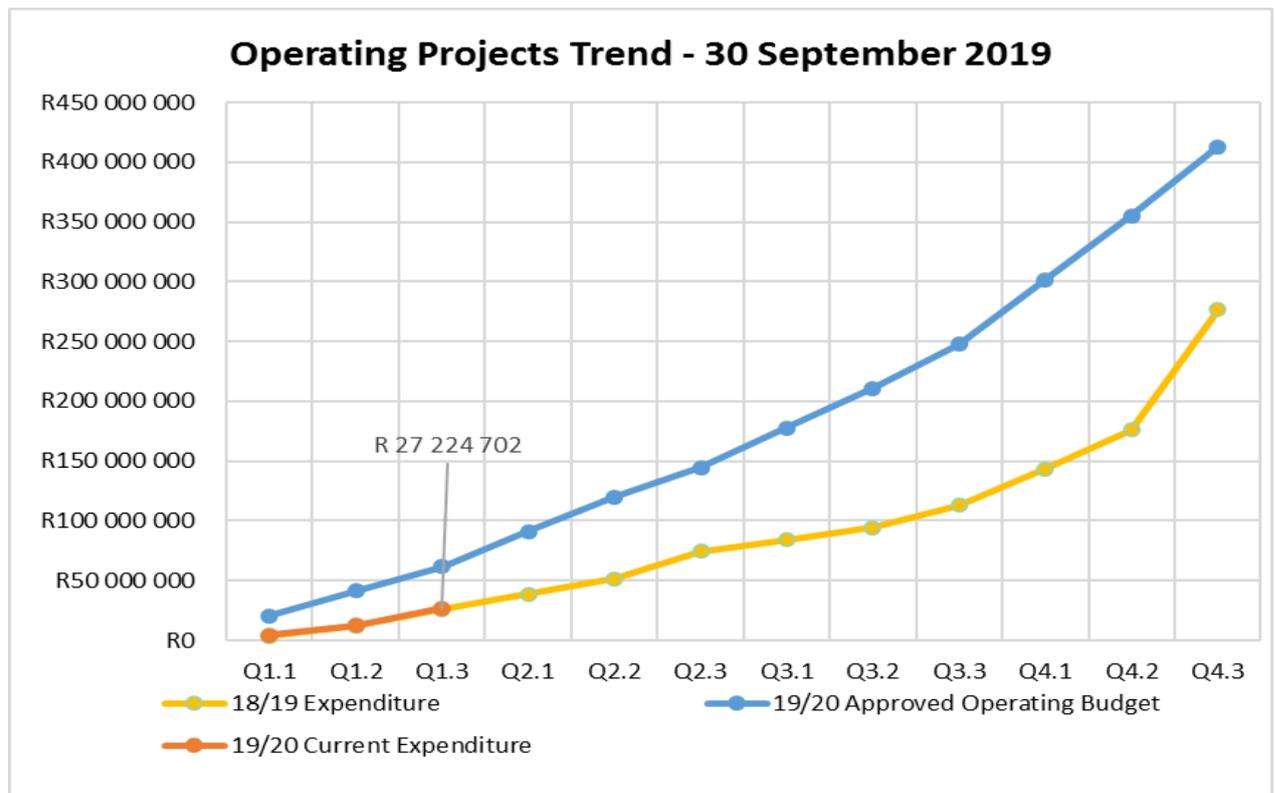
<b>Directorate</b>	<b><u>2019/2020 Adjusted Budget</u></b>	<b><u>YTD Expenditure (incl. vat)</u></b>	<b><u>Variance (incl. VAT)</u></b>	<b><u>% Expenditure (incl. vat)</u></b>
Executive Support Services	66 958 240	3 308 353	63 649 887	5%
City Manager's Office	37 478 960	9 372 234	28 106 726	25%
Corporate Services	30 153 578	3 280 898	26 872 680	11%
Spatial Planning & Development	31 050 000	1 867 917	29 182 083	6%
Economic Development & Agencies	20 000 000	2 982 559	17 017 441	15%
Finance Services	20 500 000	767 775	19 732 225	4%
Health/Public Safety & Emergency Services	1 000 000	74 537	925 463	7%
Human Settlements	189 115 522	4 797 694	184 317 828	3%
Infrastructure Services	60 000 000	0	60 000 000	0%
Municipal Services	10 000 000	772 735	9 227 265	8%
<b>TOTAL PER DIRECTORATE</b>	<b>466 256 300</b>	<b>27 224 702</b>	<b>439 031 598</b>	<b>6%</b>

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

<b>Funding</b>	<b>2019/2020 Adjusted Budget</b>	<b>YTD Expenditure (incl. vat)</b>	<b>Variance (incl. VAT)</b>	<b>% Expenditure (incl. vat)</b>
<b>Total Own Funding</b>	<b>161 226 129</b>	<b>10 014 692</b>	<b>151 211 437</b>	<b>6%</b>
Urban Settlement Development Grant	79 522 960	5 333 681	74 189 279	7%
Salaida (galve) c/o	435 689	508	435 181	0%
Public Transport Infrastructure Grant	15 850 000	984 922	14 865 078	6%
Finance Management Grant	1 000 000	102 266	897 734	10%
Infrastructure Skills Development Grant	11 150 000	2 023 173	9 126 827	18%
Expanded Public Works Programme	9 956 000	3 967 766	5 988 234	40%
Human Settlements Development Grant	143 121 991	4 110 342	139 011 649	3%
Human Settlements Development Grant c/o	43 993 531	687 352	43 306 179	2%
<b>TOTAL PER FUNDING SOURCE</b>	<b>305 030 171</b>	<b>17 210 010</b>	<b>287 820 161</b>	<b>6%</b>
<b>TOTAL OPERATING PROJECTS</b>	<b>466 256 300</b>	<b>27 224 702</b>	<b>439 031 598</b>	<b>6%</b>

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**

<b>Health &amp; Public Safety</b>	<b>Total Revenue</b>	<b>Employee Costs</b>	<b>Other Operating Expenditure</b>	<b>Repairs &amp; Maintenance</b>	<b>Total Expenditure Excluding Capital</b>
<b>OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY &amp; EMERGENCY SERVICES</b>	<b>0</b>	<b>1 134 704</b>	<b>286 913</b>	<b>29 250</b>	<b>1 450 867</b>
<b>GM - EMERGENCY SERVICES</b>	<b>(32 401 422)</b>	<b>22 602 054</b>	<b>4 454 686</b>	<b>221 390</b>	<b>27 278 130</b>
EMERGENCY SERVICES	0	701 494	25 270	0	726 765
DISASTER MANAGEMENT	0	855 168	435 604	239	1 291 010
FIRE & RESCUE	(32 401 422)	21 045 392	3 993 811	221 151	25 260 354
<b>GM - MUNICIPAL HEALTH SERVICES</b>	<b>(46 025)</b>	<b>8 975 838</b>	<b>535 893</b>	<b>20 636</b>	<b>9 532 367</b>
MUNICIPAL HEALTH SERVICES: COASTAL REGION	(46 025)	8 975 838	535 893	20 636	9 532 367
<b>GM - PUBLIC SAFETY &amp; PROTECTION SERVICES</b>	<b>(12 397 415)</b>	<b>67 194 383</b>	<b>3 356 942</b>	<b>898 655</b>	<b>71 449 980</b>
PUBLIC SAFETY & PROTECTION SERVICES	(59 231)	734 473	25 177	6 865	766 515
LAW ENFORCEMENT SERVICES	0	39 938 182	907 649	259 291	41 105 122
TRAFFIC SERVICES	(12 338 184)	26 521 728	2 424 116	632 500	29 578 344
<b>Total</b>	<b>(44 844 862)</b>	<b>99 906 979</b>	<b>8 634 434</b>	<b>1 169 931</b>	<b>109 711 344</b>

### 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
<b>OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES</b>	<b>0</b>	<b>2 545 059</b>	<b>409 833</b>	<b>15 595</b>	<b>2 970 487</b>
<b>GM - COMMUNITY AMENITIES</b>	<b>(724 752)</b>	<b>18 427 843</b>	<b>24 417 106</b>	<b>3 532 796</b>	<b>46 377 745</b>
COMMUNITY AMENITIES	(236)	3 871 115	20 587 962	295 310	24 754 388
LIBRARIES	(25 375)	7 502 577	1 936 781	582 527	10 021 884
HALLS	(304 924)	4 999 429	1 271 518	1 813 052	8 083 999
RESORTS	(394 453)	2 054 721	620 846	841 907	3 517 474
<b>GM - SPORTS &amp; RECREATION FACILITIES MANAGEMENT</b>	<b>(98 965)</b>	<b>18 934 159</b>	<b>1 726 278</b>	<b>1 267 728</b>	<b>21 928 165</b>
SPORTS & RECREATION FACILITIES MANAGEMENT	0	441 377	23 530	0	464 906
RECREATION	(71 511)	11 199 484	391 743	216 142	11 807 369
SPORTS FACILITIES	(27 454)	7 293 299	1 311 005	1 051 586	9 655 889
<b>GM - PARKS / CEMETRIES &amp; CONSERVATION</b>	<b>(1 335 804)</b>	<b>46 294 372</b>	<b>7 982 120</b>	<b>2 658 028</b>	<b>56 934 520</b>
PARKS / CEMETRIES & CONSERVATION		785 314	72 894	0	858 208
CEMETRIES & CREMATORIA	(1 187 545)	9 359 847	3 174 923	687 512	13 222 281
CONSERVATION	(117 930)	5 768 345	1 005 177	158 706	6 932 228
PARKS: COASTAL	(30 329)	30 380 866	3 729 127	1 811 810	35 921 803
<b>GM - SOLID WASTE MANAGEMENT</b>	<b>(125 780 677)</b>	<b>49 736 774</b>	<b>33 381 321</b>	<b>2 796 556</b>	<b>85 914 651</b>
SOLID WASTE MANAGEMENT	0	4 041 763	7 430 467	2 679 626	14 151 856
CLEANSING & REFUSE REMOVAL: COASTAL	(125 021 931)	41 809 382	18 600 131	116 930	60 526 443
LANDFILLS & TRANSFER STATIONS	(758 746)	3 885 630	7 350 723	0	11 236 353
<b>Total</b>	<b>(127 940 199)</b>	<b>135 938 207</b>	<b>67 916 658</b>	<b>10 270 702</b>	<b>214 125 567</b>

## **16. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)**

The SDBIP is a management, implementation and monitoring tool which assists the Executive Mayor, Councillors, Accounting Officer, Senior Managers and the community with the realisation of Municipality's strategic objectives as contained in the Integrated Development Plan. It also seeks to ensure monitoring and execution of the budget, performance of senior management and the achievement of the service delivery objectives set by Council. SDBIP enhances the principle of democratic and accountable local government as enshrined in section 152 of the Constitution. The SDBIP should therefore contain information that pertains to performance indicators, service delivery targets as well as measurement source. The SDBIP for the 2019/2020 financial year per vote is informed by Council resolutions to improve the quality of life of residents and citizens of BCMM.

The BCMM 2019/2020 Service Delivery Targets and Performance Indicators as well as actual performance achieved are attached as Annexure G.

Below is the summary of the 1<sup>st</sup> quarter SDBIP performance per directorate.

### **SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS – FIRST QUARTER 2019/2020 PER DIRECTORATE**

#### **Executive Support Services**

The Executive Support Services Directorate has set 9 Key Performance Indicators. The total number of KPI's achieved is 6, not achieved is 1 and not for reporting in this quarter is 2. Therefore, the overall 1<sup>st</sup> Quarter Performance for Executive Support Services is 86%.

#### **Human Settlements**

The Human Settlements Directorate has set 8 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 4, not achieved is 3 and 1 not for reporting for this quarter. Therefore, the overall 1<sup>st</sup> Quarter Performance for Human Settlements is 57%.

### **Directorate of Finance**

The Directorate of Finance has set 14 KPI's on their SDBIP. The total number of KPI's achieved is 6, not achieved is 6 and not for reporting for this quarter is 2. Therefore, the overall 1<sup>st</sup> Quarter Performance for Directorate of Finance is 50%.

### **Corporate Services**

The Corporate Services Directorate has set 10 KPI's. The total number of KPI's achieved is 8, not achieved is 1 and not for reporting for this quarter is 1. Therefore, the overall 1<sup>st</sup> Quarter Performance for Corporate Services is 89%.

### **Infrastructure Services**

The Directorate of Infrastructure Services has set 21 KPI's. The total number of KPI's achieved is 8, not achieved is 3 and not for reporting for this quarter is 10. Therefore, the overall 1<sup>st</sup> Quarter Performance for Infrastructure Services is 73%.

### **Spatial Planning and Development**

The Directorate of Spatial Planning and Development has set 16 KPI's. The total number of KPI's achieved is 8, not achieved is 5 and not for reporting for this quarter is 3. Therefore, the overall 1<sup>st</sup> Quarter Performance for Spatial Planning and Development is standing at 62%.

### **Economic Development and Agencies**

The Directorate of Economic Development & Agencies has set 8 KPI's on their SDBIP. The total number of KPI's achieved is 6 and not achieved is 2. Therefore, the overall 1<sup>st</sup> Quarter Performance for Economic Development & Agencies is standing at 75%.

### **Health/Public Safety and Emergency Services**

The Directorate of Health/Public Safety and Emergency Services has set 8 KPI's. The total number of KPI's achieved is 6, not achieved in this quarter is 1 and not for reporting for this quarter is 1. Therefore, the overall 1<sup>st</sup> Quarter Performance for Health/Public Safety and Emergency Services is standing at 86%.

## **Municipal Services**

The Directorate of Municipal Services has set 16 KPI's. The total number of KPI's achieved is 5, not achieved is 3 and not for reporting in this quarter is 8. Therefore, the overall 1<sup>st</sup> Quarter Performance for Municipal Services is 63%.

The overall institutional performance for the first quarter is standing at **70%**.

The above information is summarized in the table below.

**Table 34: Summary of BCMM 1<sup>st</sup> Quarter Performance per Directorate**

Directorates	Total no. of KPI(s)	No. of KPI(s) achieved	No. of KPI's not achieved	Not for reporting this quarter	1 <sup>st</sup> Quarter % of KPI's achieved	4 <sup>th</sup> Quarter 2018/2019 % of KPI's achieved
Executive Support Services	9	6	1	2	86%	86%
Human Settlements	8	4	3	1	57%	80%
Directorate of Finance	14	6	6	2	50%	54%
Corporate Services	10	8	1	1	89%	63%
Infrastructure Services	21	8	3	10	73%	70%
Spatial Planning & Development	16	8	5	3	62%	58%
Economic Development and Agencies	8	6	2	0	75%	63%
Health/Public Safety and Emergency Services	8	6	1	1	86%	57%
Municipal Services	16	5	3	8	63%	46%
<b>Total</b>	<b>110</b>	<b>57</b>	<b>25</b>	<b>28</b>	<b>70%</b>	<b>62%</b>

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

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

The quarterly report on the implementation of the budget and financial state of affairs of the municipality (Section 52d Report)

for the period ending **September 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: .....**

## **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

**Annexure G**

Service Delivery and Budget Implementation Plans (SDBIP)