REPORT TO COUNCIL: 28 AUGUST 2020

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STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF THE 2019/20 BUDGET FOR THE PERIOD ENDED 30 JUNE 2020

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 June 2020.

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).

This report contains preliminary information of transactions processed by end of business on 06 July 2020 as the financial year end closure is still in progress. BCMM will continue processing journals and closing entries to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2020. This will allow the institution to prepare a credible set of Annual Financial Statements for presentation to the Auditor General by 31 August 2020. Thus, the results in this report are as at a point in time (06 July 2020) and will be subject to potential certain adjustments as issues arise to fairly present the financial affairs of the institution as at 30 June 2020. This report has been compiled in compliance with Section 52(d) of the MFMA which requires submission within 30 days of the end of each quarter.

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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 June 2020 including supporting documentation attached as Annexure A to G.

(ii) The 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 June 2020 of 81.63%.

_____ _____

X. PAKATI **DATE**

EXECUTIVE MAYOR

BUFFALO CITY METROPOLITAN MUNICIPALITY

ANDILE SIHLAHLA/ NS

6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 30 JUNE 2020

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

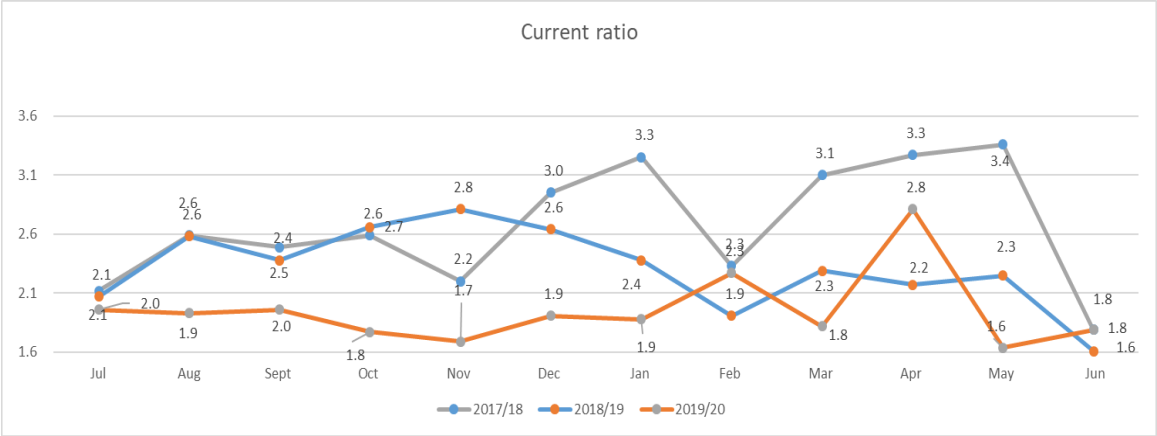
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 6 878 946 618	Bank Balance	R 539 145 931
Expenditure	(R 7 156 549 364)	Call investments (excl. int.)	R 1 110 817 939
Operating Deficit	(R 277 602 746)	**Cash and cash equivalents**	**R 1 649 963 870**
Transfers and Subsidies Recognised – Capital	R 591 397 532	*Account Payables*	*(R 764 171 690)*
Surplus After Capital Transfers	R 313 794 786	*Unspent conditional grants*	*(R 795 667 514)*
DEBTORS		*Committed to Capital budget-own funds*	*(R 375 231 844)*
Total debtors book (incl. impairment)	R 2 743 290 643	**Possible cash deficit should there be no revenue collection made**	**(R 285 107 178)**
Total debtors - Government	R 44 387 663		
Total debtors - Business	R 739 588 726	Total Long term loans	R 287 580 532
Total debtors - Households	R 1 959 314 254		
Total debt written off (YTD)	R44 478 460	**SURPLUS / (DEFICIT) PER SERVICE**	
		Water	R 395 918 754
REPAIRS AND MAINTENANCE		Electricity	(R 164 869 806)
2018/2019: Exp.= R380,16 m, which is 89% of adjusted budget of R425,14 m	**2019/2020:** Exp.= R355.81 m, which is 89% of budget of R397,91 m	Refuse	R 105 602 236
		Sewerage	R 260 073 442
CAPITAL EXPENDITURE		**OPERATING PROJECTS EXPENDITURE**	
2018/2019: Exp. as a % of Adjusted Budget of R2.10b: Exp. (excl. vat) = R1,47 bil % exp. (Excl. vat) :70% Exp. (incl. vat) = R1,57 bil % exp. (incl. vat): 75%	**2019/2020: Exp. as a % of Adjusted Budget of R2.23b:** Exp. (excl. vat) = R1.21 bil % exp. (Excl. vat) :54% Exp. (incl. vat) = R1.30 bil % exp. (incl. vat): 58%	**2018/2019: Exp. as a % of Adjusted Budget of R349.21m:** Exp. (excl. vat) = R229,82 mil % exp. (excl. vat): 66% Exp. (incl. vat) = R237,74 mil % exp. (incl. vat): 68%	**2019/2020: Exp. as a % of Adjusted Budget of R423.56m:** Exp. (excl. vat) = R258.06 mil % exp. (excl. vat): 61% Exp. (incl. vat) = R267.25 mil % exp. (incl. vat): 63%
FINANCIAL		**HUMAN RESOURCES**	
Operating deficit before Capital Transfers	(R 277 602 746)	Total staff complement	5 684
Debtors collection ratio	81.63%	Staff Appointments	5
YTD Grants and subsidies: recognized – Capital	R 591 397 532	Staff Terminations	9
Creditors payment days	41 days	Number of funded vacant posts (under recruitment process)	353
Current ratio	1.78:1	Total overtime paid (YTD)	R 144 167 467
Total Debt to Revenue	5.37%	Allowances and benefits – Councillors (YTD)	R 64 687 500
Capital Charges to Operating Expenditure	1.27%	Salary bill – Officials (YTD)	R 2 196 403 611
Cost coverage ratio	1.88 months	Workforce costs as a % of expenditure	31.50%

6.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered stable as the Current Ratio is 1.78:1 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

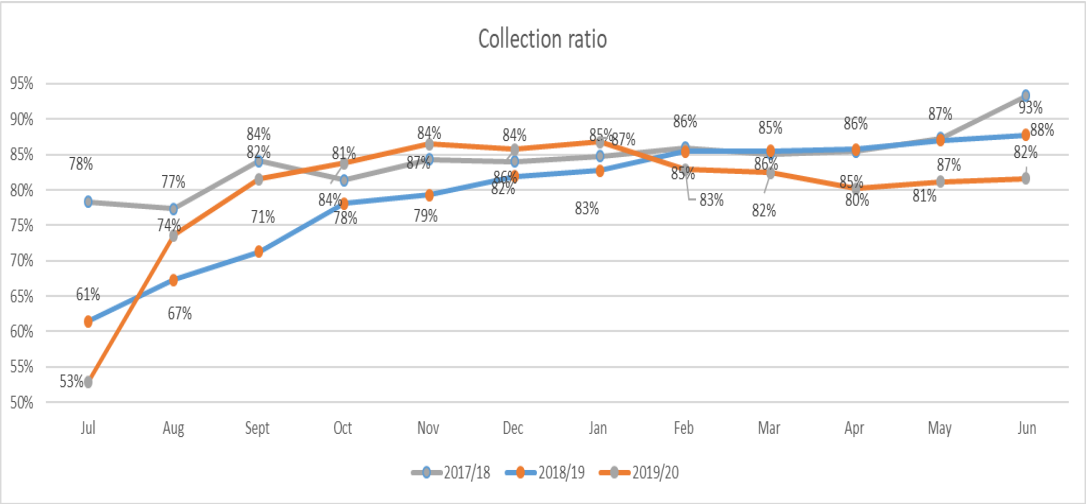


6.3. Collection Rate and Outstanding Debtors

The year to date collection rate as at 30 June 2020 is 81.63% (2018/19: 87.79%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has increased by 0.45% from last month where 81.18% was achieved for the period ended 31 May 2020. Refer to section 8.1.1 for further details. The Covid-19 pandemic outbreak has negatively affected the collection rate of the City.

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 June 2020 amounts to R2.74 billion (2018/19: R2.01 billion). Households: R1.96 billion, Business: R739.59 million and Government: R44.39 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 58% (R1.30 billion, inclusive of reclaimed vat) of its 2019/20 adjusted capital budget of R2.23 billion as at 30 June 2020. This reflects a decline when compared to the same period in the previous financial year where 75% (R1.57 billion, inclusive of reclaimed vat) of the adjusted budget of R2.10 billion was spent. The Covid-19 lockdown restrictions have negatively affected expenditure performance. However, based on past performance trends expenditure is expected to still improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2020. (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 63% (R267.25 million, inclusive of reclaimed vat) of its 2019/20 adjusted operating projects budget of R423.56 million as at 30 June 2020. This reflects a decline when compared to the same period in the previous financial year where 68% (R237.74 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R349.21 million was spent. The Covid-19 lockdown restrictions have negatively affected expenditure performance. However based on past performance trends expenditure is expected to still improve as the financial year end closure is still in progress. Journals and closing entries are still to be processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2020. (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 61% (R875.48 million, inclusive of reclaimed vat) of its 2019/2020 conditional grants adjusted budget of R1.43 billion as at 30 June 2020. This reflects a decline when compared to the same period in the previous financial year where 80% (R889.11 million, inclusive of reclaimed vat) of conditional grants budget of R1.11 billion was spent. The Covid-19 lockdown restrictions have negatively affected the expenditure performance, however based on past performance trends, expenditure is expected to rapidly improve as the financial year end closure is still in progress. Journals and closing entries are still to be processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2020. (Refer to Section 11.1 for further details).

6.7. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent 60% (R693.75 million, inclusive of reclaimed vat) of its 2019/2020 USDG adjusted budget of R1.16 billion as at 30 June 2020. This reflects a decline when compared to the same period in the previous financial

year where 78% (R748.14 million, inclusive of reclaimed of vat) of USDG budget of R962.99 million was spent. The Covid-19 lockdown restrictions have negatively affected the expenditure performance. However,based on past performance trends, expenditure is expected to still improve as the financial year end closure is still in progress. Journals and closing entries are still to be processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2020. (Refer to Section 11.1 for further details).

6.8. Cash and Cash Equivalents

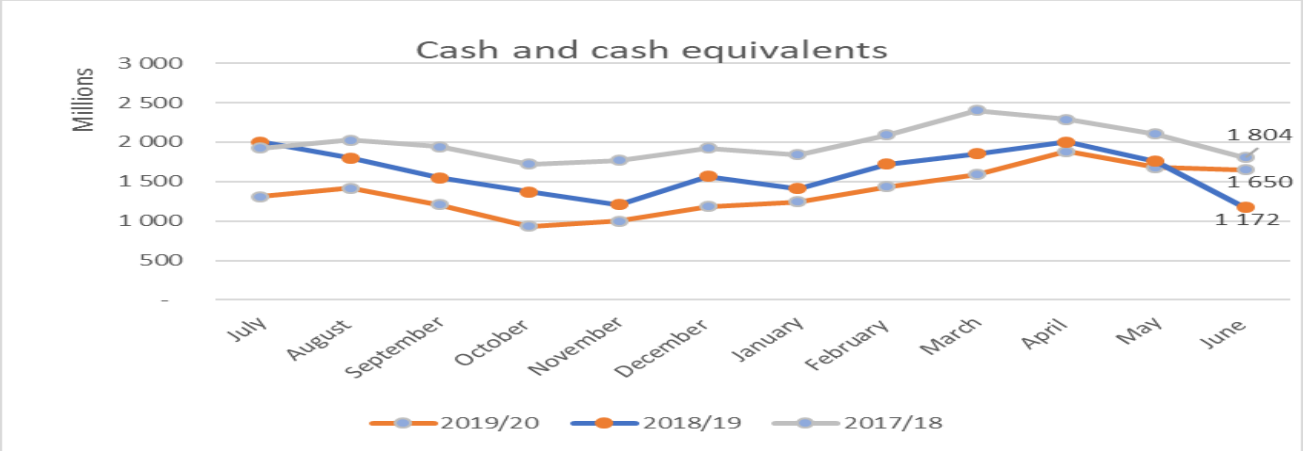
The cash and cash equivalents of the City as at 30 June 2020 is R1.65 billion made up of cash at the primary bank account amounting to R539.15 million and call investment deposits of R1.11 billion. This funding is invested with various financial institutions in compliance with the MFMA.

The City's cash reserves have decreased over the past few years due to the City vigorously investing in its asset renewal and upgrading program that is funded by own funds. 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 1.88 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 1.88 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 decline in collection rate and operating expenditure that is increasing at a high rate. There has also been high capital investment that is funded by internally generated funds.

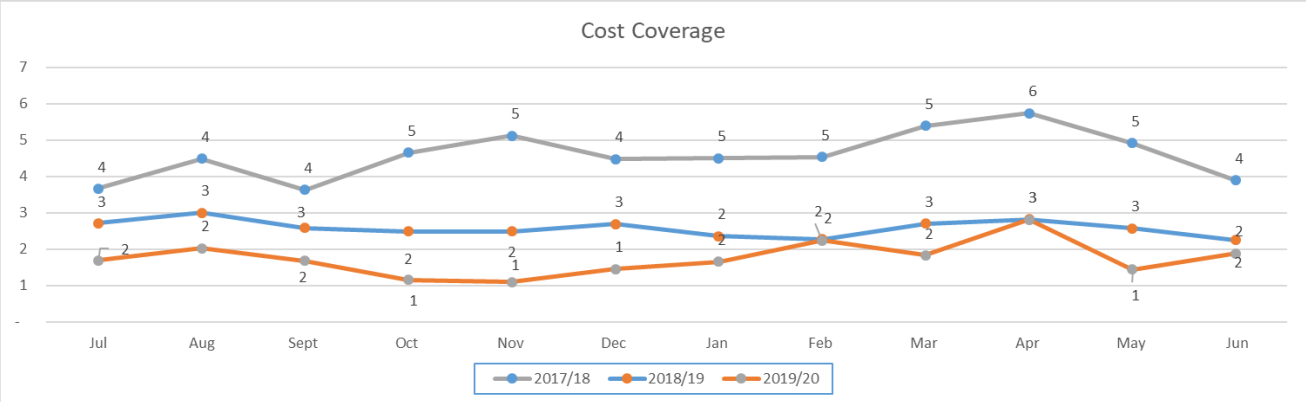
The graph below shows comparison of the monthly cash and cash equivalents over the 3-year period.

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



6.9. <u>Outstanding Creditors</u>

The Metro is paying its creditors within 30 days as stipulated by section 65 (e) of the MFMA except when there are disputes on received invoices. Small Micro Medium Enterprises (SMME) are paid on a fortnightly basis to assist emerging service providers. Due to high level accruals at year end, the creditors payment days has increased to 41 days. Refer to Section 9 for details.

6.10. Long-Term Debt Profile

The total long-term borrowings of the municipality as at 30 June 2020 amounts to R287.58 million. Refer to Annexure C for the schedule of borrowings.

The ratio of capital charges to operating expenditure as at 30 June 2020 is 1.27%. 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 5.37% as at 30 June 2020, 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 increase this ratio closer to the National Treasury set ceiling of 45%. However due to weak economic performance, regression of the country's credit ratings by rating agencies and a low collection rate, this process needs to be undertaken with caution.

6.11. Operating Deficit

The City incurred an operating deficit (excluding capital transfers) of R277.60 million, this is mainly caused by an unfavourable variance of R791.93 million that has been realised on depreciation. Further details on what has contributed to the huge variance on depreciation are provided in section 7.4.1.12. This has also resulted in electricity service having a deficit. Electricity service is having a deficit of R164.87 million.

Factors that are contributing to the deficit in Electricity Service are the following:

i. The Metro has high electricity losses which account for R0.20 for every kWh sold.
ii. Increase in meter tampering and illegal connections into the BCMM Electrical Grid.
iii. The move by more affluent consumers off grid or alternative energy sources.
iv. The City is using revaluation model to value its infrastructure assets which results in huge depreciation cost for the Metro's network assets.

Remedial action to address loss of revenue from electricity services:

i. The installation of Smart Electricity Metering will assist in curbing illegal connections / tampering.
ii. Electrification of informal areas is currently undertaken where possible to reduce illegal connections.
iii. Investigating alternative ways to provide non-grid solutions to informal areas with potential support from Department of Energy (DoE).
iv. Revenue protection services performs raids through collaborations with other law enforcement agencies (SAPS, Metro law enforcement & Department of Justice).

7. IN-YEAR BUDGET STATEMENT MAIN TABLES

7.1 Monthly Budget Statement Summary

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

Table 2:C1: Monthly Budget Statement Summary

BUF Buffalo City - Table C1 Consolidated Monthly Budget Statement Summary - M12 June

Description	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								%	
Financial Performance									
Property rates	1 295 503	1 552 051	1 552 051	250 928	1 582 139	1 552 051	30 088	2%	1 552 051
Service charges	2 867 900	3 419 056	3 367 842	532 999	3 278 901	3 367 842	(88 942)	-3%	3 367 842
Investment revenue	98 690	110 025	89 554	4 107	68 771	89 554	(20 783)	-23%	89 554
Transfers and subsidies	921 187	1 136 152	1 239 197	11 215	1 028 578	1 239 197	(210 619)	-17%	1 239 197
Other own revenue	857 432	925 725	897 542	61 340	920 559	897 542	23 016	3%	897 542
Total Revenue (excluding capital transfers and contributions)	**6 040 712**	**7 143 008**	**7 146 186**	**860 589**	**6 878 947**	**7 146 186**	**(267 240)**	**-4%**	**7 146 186**
Employee costs	2 049 372	2 259 759	2 275 673	188 325	2 196 404	2 275 673	(79 269)	-3%	2 275 673
Remuneration of Councillors	62 316	68 485	68 485	5 393	64 687	68 485	(3 798)	-6%	68 485
Depreciation & asset impairment	1 299 117	918 128	869 954	112 109	1 661 881	869 954	791 927	91%	869 954
Finance charges	38 467	41 004	33 003	2 509	32 564	33 003	(439)	-1%	33 003
Materials and bulk purchases	1 716 036	2 010 702	1 999 783	209 070	1 868 403	1 999 783	(131 380)	-7%	1 999 783
Transfers and subsidies	91 703	48 175	138 061	9 104	123 586	138 061	(14 475)	-10%	138 061
Other expenditure	1 620 770	1 795 845	1 755 071	(230 233)	1 209 024	1 755 071	(546 047)	-31%	1 755 071
Total Expenditure	**6 877 780**	**7 142 098**	**7 140 030**	**296 278**	**7 156 549**	**7 140 030**	**16 519**	**0%**	**7 140 030**
Surplus/(Deficit)	**(837 068)**	**911**	**6 156**	**564 311**	**(277 603)**	**6 156**	**(283 759)**	**-4609%**	**6 156**
Transfers and subsidies - capital (monetary allocations) (National /	997 754	974 549	1 323 855	62 383	576 739	1 323 855	(747 115)	-56%	1 323 855
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	280 275	–	–	4 632	14 658	–	14 658	–	–
Surplus/(Deficit) after capital transfers & contributions	**440 961**	**975 460**	**1 330 011**	**631 326**	**313 795**	**1 330 011**	**(1 016 216)**	**-76%**	**1 330 011**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**440 961**	**975 460**	**1 330 011**	**631 326**	**313 795**	**1 330 011**	**(1 016 216)**	**-76%**	**1 330 011**
Capital expenditure & funds sources									
Capital expenditure	**258 887**	**1 737 413**	**2 233 410**	**267 887**	**1 212 779**	**2 233 410**	**(1 020 631)**	**-46%**	**2 233 410**
Capital transfers recognised	87 773	1 039 831	1 323 855	167 203	679 065	1 323 855	(644 790)	-49%	1 323 855
Borrowing	–	69 582	–	–	–	–	–		–
Internally generated funds	**163 021**	**628 000**	**909 556**	**100 684**	**533 714**	**909 556**	**(375 842)**	**-41%**	**909 556**
Total sources of capital funds	**250 794**	**1 737 413**	**2 233 410**	**267 887**	**1 212 779**	**2 233 410**	**(1 020 631)**	**-46%**	**2 233 410**
Financial position									
Total current assets	7 312 294	3 463 641	2 828 640		9 336 738				2 828 640
Total non current assets	20 813 812	20 818 954	21 314 951		20 365 194				21 314 951
Total current liabilities	6 217 441	1 716 206	1 714 976		7 529 396				1 714 976
Total non current liabilities	1 021 515	825 708	825 708		971 099				825 708
Community wealth/Equity	**20 892 512**	**21 740 680**	**21 602 906**		**21 201 448**				**21 602 906**
Cash flows									
Net cash from (used) operating	1 156 497	1 823 466	2 132 697	259 918	1 749 084	2 132 697	383 614	18%	2 132 697
Net cash from (used) investing	(1 757 789)	(1 737 413)	(2 233 410)	(267 887)	(1 212 779)	(2 233 410)	(1 020 631)	46%	(2 233 410)
Net cash from (used) financing	(52 572)	12 733	(55 619)	(19 697)	(57 974)	(55 619)	2 355	-4%	(55 619)
Cash/cash equivalents at the month/year end	**1 171 633**	**1 650 302**	**1 015 301**	**–**	**1 649 964**	**(156 332)**	**(1 806 296)**	**1155%**	**(156 332)**
Debtors & creditors analysis	**0-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Over 1Yr**	**Total**
Debtors Age Analysis									
Total By Income Source	355 755	157 589	144 769	137 558	98 239	66 347	328 716	1 454 317	2 743 291
Creditors Age Analysis									
Total Creditors	764 172	–	–	–	–	–	–	–	764 172

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) - M12 June

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	1								%	
Revenue - Functional										
Governance and administration		**2 699 524**	**2 729 981**	**2 731 612**	**292 368**	**2 794 557**	**2 731 612**	62 945	2%	**2 731 612**
Executive and council		22 482	35 159	35 159	5 671	41 915	35 159	6 756	19%	35 159
Finance and administration		2 677 042	2 694 822	2 696 453	286 697	2 752 643	2 696 453	56 189	2%	2 696 453
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**380 585**	**608 124**	**842 790**	**39 782**	**371 176**	**842 790**	(471 615)	-56%	**842 790**
Community and social services		24 784	31 203	31 203	1 532	23 396	31 203	(7 807)	-25%	31 203
Sport and recreation		3 525	5 676	5 676	430	4 246	5 676	(1 430)	-25%	5 676
Public safety		166 093	175 724	175 724	25 098	159 847	175 724	(15 877)	-9%	175 724
Housing		185 279	395 491	630 157	12 723	183 383	630 157	(446 774)	-71%	630 157
Health		903	29	29	–	304	29	274	932%	29
Economic and environmental services		**534 708**	**575 202**	**676 901**	**41 191**	**337 083**	**676 901**	(339 819)	-50%	**676 901**
Planning and development		250 955	367 180	411 379	29 248	238 858	411 379	(172 521)	-42%	411 379
Road transport		282 681	204 417	261 917	11 904	97 392	261 917	(164 525)	-63%	261 917
Environmental protection		1 071	3 605	3 605	40	832	3 605	(2 773)	-77%	3 605
Trading services		**3 678 505**	**4 174 601**	**4 169 087**	**551 867**	**3 941 503**	**4 169 087**	(227 584)	-5%	**4 169 087**
Energy sources		1 854 974	2 259 485	2 213 272	274 290	1 921 700	2 213 272	(291 571)	-13%	2 213 272
Water management		796 939	806 126	811 626	149 568	909 498	811 626	97 872	12%	811 626
Waste water management		602 556	587 569	622 769	76 284	586 901	622 769	(35 867)	-6%	622 769
Waste management		424 035	521 421	521 421	51 725	523 403	521 421	1 982	0%	521 421
Other	4	**25 418**	**29 650**	**49 650**	**2 396**	**26 026**	**49 650**	**(23 624)**	**-48%**	**49 650**
Total Revenue - Functional	2	**7 318 741**	**8 117 558**	**8 470 041**	**927 604**	**7 470 344**	**8 470 041**	**(999 697)**	**-12%**	**8 470 041**
Expenditure - Functional										
Governance and administration		**1 183 760**	**1 500 467**	**1 504 966**	**(12 254)**	**1 277 387**	**1 504 966**	(227 579)	-15%	**1 504 966**
Executive and council		420 679	429 182	447 692	28 392	423 939	447 692	(23 753)	-5%	447 692
Finance and administration		754 038	1 056 121	1 043 210	(41 316)	844 066	1 043 210	(199 144)	-19%	1 043 210
Internal audit		9 043	15 164	14 064	669	9 382	14 064	(4 682)	-33%	14 064
Community and public safety		**1 012 343**	**990 791**	**1 035 856**	**74 846**	**995 611**	**1 035 856**	(40 245)	-4%	**1 035 856**
Community and social services		116 150	104 032	106 182	11 049	136 591	106 182	30 409	29%	106 182
Sport and recreation		316 607	239 476	239 914	26 705	345 354	239 914	105 440	44%	239 914
Public safety		480 926	401 328	406 643	30 710	387 228	406 643	(19 414)	-5%	406 643
Housing		57 397	201 210	236 877	3 097	87 386	236 877	(149 491)	-63%	236 877
Health		41 263	44 744	46 241	3 286	39 052	46 241	(7 188)	-16%	46 241
Economic and environmental services		**1 276 459**	**831 640**	**793 344**	**116 141**	**1 514 223**	**793 344**	720 879	91%	**793 344**
Planning and development		448 726	212 101	224 456	52 584	562 709	224 456	338 253	151%	224 456
Road transport		803 240	596 715	546 113	61 558	924 310	546 113	378 196	69%	546 113
Environmental protection		24 493	22 824	22 774	1 998	27 204	22 774	4 430	19%	22 774
Trading services		**3 318 954**	**3 676 200**	**3 664 264**	**113 626**	**3 250 160**	**3 664 264**	(414 104)	-11%	**3 664 264**
Energy sources		2 027 332	2 262 563	2 240 566	74 575	2 103 995	2 240 566	(136 572)	-6%	2 240 566
Water management		599 887	615 516	619 299	12 986	490 567	619 299	(128 732)	-21%	619 299
Waste water management		301 628	436 078	435 878	1 914	266 816	435 878	(169 063)	-39%	435 878
Waste management		390 107	362 043	368 520	24 150	388 783	368 520	20 263	5%	368 520
Other		**86 867**	**143 000**	**141 600**	**3 919**	**119 168**	**141 600**	**(22 432)**	**-16%**	**141 600**
Total Expenditure - Functional	3	**6 878 382**	**7 142 098**	**7 140 030**	**296 278**	**7 156 549**	**7 140 030**	**16 519**	**0%**	**7 140 030**
Surplus/ (Deficit) for the year		**440 359**	**975 460**	**1 330 011**	**631 326**	**313 795**	**1 330 011**	**(1 016 216)**	**-76%**	**1 330 011**

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) - M12 June

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										
Revenue by Vote	1									
Vote 01 - Directorate - Executive Support Services		419	–	436	–	31	436	(405)	-92.9%	436
Vote 02 - Directorate - Municipal Manager		22 544	34 559	34 559	5 671	41 912	34 559	7 353	21.3%	34 559
Vote 03 - Directorate - Human Settlement		185 279	395 491	630 157	12 723	183 383	630 157	(446 774)	-70.9%	630 157
Vote 04 - Directorate - Chief Financial Officer		2 632 032	2 671 898	2 673 093	283 028	2 728 688	2 673 093	55 595	2.1%	2 673 093
Vote 05 - Directorate - Corporate Services		14 021	14 901	14 901	1 414	10 089	14 901	(4 812)	-32.3%	14 901
Vote 06 - Directorate - Infrastructure Services		3 537 151	3 857 597	3 909 583	512 045	3 515 492	3 909 583	(394 091)	-10.1%	3 909 583
Vote 07 - Directorate - Spatial Planning And Development		247 553	314 111	332 478	25 390	189 695	332 478	(142 783)	-42.9%	332 478
Vote 08 - Directorate - Health / Public Safety & Emergency Services		166 997	175 754	175 754	25 098	160 151	175 754	(15 603)	-8.9%	175 754
Vote 09 - Directorate - Municipal Services		453 416	561 905	561 905	53 726	551 877	561 905	(10 028)	-1.8%	561 905
Vote 10 - Directorate - Economic Development & Agencies		59 330	91 342	137 174	8 509	89 027	137 174	(48 148)	-35.1%	137 174
Total Revenue by Vote	2	**7 318 741**	**8 117 558**	**8 470 041**	**927 604**	**7 470 344**	**8 470 041**	**(999 697)**	**-11.8%**	**8 470 041**
Expenditure by Vote	1									
Vote 01 - Directorate - Executive Support Services		294 524	308 243	323 009	26 220	303 712	323 009	(19 297)	-6.0%	323 009
Vote 02 - Directorate - Municipal Manager		199 632	124 676	128 746	7 002	127 781	128 746	(965)	-0.7%	128 746
Vote 03 - Directorate - Human Settlement		57 397	201 210	236 877	3 097	87 386	236 877	(149 491)	-63.1%	236 877
Vote 04 - Directorate - Chief Financial Officer		383 293	587 424	587 598	(79 375)	422 175	587 598	(165 422)	-28.2%	587 598
Vote 05 - Directorate - Corporate Services		154 396	251 127	246 427	16 745	233 415	246 427	(13 013)	-5.3%	246 427
Vote 06 - Directorate - Infrastructure Services		3 800 756	3 972 415	3 901 626	166 020	3 878 878	3 901 626	(22 748)	-0.6%	3 901 626
Vote 07 - Directorate - Spatial Planning And Development		500 010	318 067	301 652	42 313	610 120	301 652	308 468	102.3%	301 652
Vote 08 - Directorate - Health / Public Safety & Emergency Services		526 944	452 199	459 010	34 435	431 528	459 010	(27 482)	-6.0%	459 010
Vote 09 - Directorate - Municipal Services		842 602	722 249	731 264	63 463	892 685	731 264	161 420	22.1%	731 264
Vote 10 - Directorate - Economic Development & Agencies		118 830	204 489	223 822	16 358	168 870	223 822	(54 952)	-24.6%	223 822
Total Expenditure by Vote	2	**6 878 382**	**7 142 098**	**7 140 030**	**296 278**	**7 156 549**	**7 140 030**	**16 519**	**0.2%**	**7 140 030**
Surplus/ (Deficit) for the year	2	**440 359**	**975 460**	**1 330 011**	**631 326**	**313 795**	**1 330 011**	**(1 016 216)**	**-76.4%**	**1 330 011**

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 June 2020.

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) - M12 June

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									%	
Revenue By Source										
Property rates		1 295 503	1 552 051	1 552 051	250 928	1 582 139	1 552 051	30 088	2%	1 552 051
Service charges - electricity revenue		1 783 481	2 161 342	2 110 129	265 380	1 845 126	2 110 129	(265 003)	-13%	2 110 129
Service charges - water revenue		503 580	583 149	583 149	145 144	725 184	583 149	142 036	24%	583 149
Service charges - sanitation revenue		328 923	363 587	363 587	70 804	406 828	363 587	43 241	12%	363 587
Service charges - refuse revenue		251 916	310 978	310 978	51 670	301 762	310 978	(9 216)	-3%	310 978
Rental of facilities and equipment		22 505	19 214	19 214	2 469	20 202	19 214	988	5%	19 214
Interest earned - external investments		98 690	110 025	89 554	4 107	68 771	89 554	(20 783)	-23%	89 554
Interest earned - outstanding debtors		67 093	59 465	80 965	25 116	119 746	80 965	38 781	48%	80 965
Dividends received								–		
Fines, penalties and forfeits		24 938	18 134	18 134	851	11 834	18 134	(6 300)	-35%	18 134
Licences and permits		15 156	15 955	15 955	2 094	12 532	15 955	(3 423)	-21%	15 955
Agency services		26 818	34 334	33 839	11 832	29 460	33 839	(4 379)	-13%	33 839
Transfers and subsidies		921 187	1 136 152	1 239 197	11 215	1 028 578	1 239 197	(210 619)	-17%	1 239 197
Other revenue		690 403	778 623	729 435	18 888	719 916	729 435	(9 519)	-1%	729 435
Gains		10 518	–	–	90	6 869	–	6 869	0%	–
Total Revenue (excluding capital transfers and contributions)		**6 040 712**	**7 143 008**	**7 146 186**	**860 589**	**6 878 947**	**7 146 186**	**(267 240)**	**-4%**	**7 146 186**

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

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									%	
Expenditure By Type										
Employee related costs		2 049 372	2 259 759	2 275 673	188 325	2 196 404	2 275 673	(79 269)	-3%	2 275 673
Remuneration of councillors		62 316	68 485	68 485	5 393	64 687	68 485	(3 798)	-6%	68 485
Debt impairment		373 183	372 833	368 992	(297 351)	44 478	368 992	(324 514)	-88%	368 992
Depreciation & asset impairment		1 299 117	918 128	869 954	112 109	1 661 881	869 954	791 927	91%	869 954
Finance charges		38 467	41 004	33 003	2 509	32 564	33 003	(439)	-1%	33 003
Bulk purchases		1 628 957	1 938 461	1 921 362	188 182	1 779 373	1 921 362	(141 989)	-7%	1 921 362
Other materials		87 079	72 241	78 421	20 888	89 030	78 421	10 609	14%	78 421
Contracted services		677 224	888 061	917 349	50 139	679 998	917 349	(237 351)	-26%	917 349
Transfers and subsidies		91 703	48 175	138 061	9 104	123 586	138 061	(14 475)	-10%	138 061
Other expenditure		524 723	534 951	468 730	16 979	481 809	468 730	13 079	3%	468 730
Losses		45 641	–	–	–	2 739	–	2 739	0%	–
Total Expenditure		**6 877 780**	**7 142 098**	**7 140 030**	**296 278**	**7 156 549**	**7 140 030**	**16 519**	**0%**	**7 140 030**
Surplus/(Deficit)		**(837 068)**	**911**	**6 156**	**564 311**	**(277 603)**	**6 156**	**(283 759)**	**(0)**	**6 156**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		997 754	974 549	1 323 855	62 383	576 739	1 323 855	(747 115)	**(0)**	1 323 855
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		1 208	–	–	4 632	14 658	–	14 658	–	–
Transfers and subsidies - capital (in-kind - all)		279 067	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**440 961**	**975 460**	**1 330 011**	**631 326**	**313 795**	**1 330 011**			**1 330 011**
Taxation		602	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		**440 359**	**975 460**	**1 330 011**	**631 326**	**313 795**	**1 330 011**			**1 330 011**
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		**440 359**	**975 460**	**1 330 011**	**631 326**	**313 795**	**1 330 011**			**1 330 011**
Share of surplus/ (deficit) of associate		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		**440 359**	**975 460**	**1 330 011**	**631 326**	**313 795**	**1 330 011**			**1 330 011**

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

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

7.4.1.1 Service charges - electricity revenue

The Electricity Service Charge has realised less revenue than budgeted due to following:

i. The intensified load-shedding that is implemented by Eskom.

ii. The continued drive by Eskom to reduce electricity consumption.

iii. The move by more affluent consumers to off grid or alternative energy sources.

v. Increase in meter tampering and illegal connections into the BCMM Electrical Grid.

vi. Shutdown of business sector due to Covid-19 lockdown.

7.4.1.2 Service charges - water revenue

The increase in the water billing is as a result of actual readings obtained and processed which resulted in the reversal of interim accounts whereby the actual consumption exceeded the interim consumption. The increase can also be attributed to the implementation of Punitive Tariffs at level 3, which applies to consumption over 20kl per month per meter.

7.4.1.3 Service charges - sanitation revenue

The reason for the variance is that there was an error in the billing integration as a result an incorrect amount of R 62 210 126 was integrated to the ledger, however a correcting journal has been prepared for processing which will correct the variance.

7.4.1.4 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.

7.4.1.5 <u>Interest earned – outstanding debtors</u>

The variance is as a result of the debtor's 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.

7.4.1.6 <u>Fines, penalties and forfeits</u>

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

(i) Cases that are struck of the Court Roll.

(ii) Tracing of 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 owner's details which makes it difficult to trace traffic offenders

(iv) Fines that are withdrawn or reduced by the margistrate court.

It must be noted that due to the COVID-19 lock down since 27 March 2020 all operations were suspended due to lockdown regulations - level 5 implementation. Operations only resumed on the 1st of June 2020 with limited services as well as disruptions in operations as buildings were being closed on a regular basis for decontamination.

7.4.1.7 <u>Licences and permits</u>

Three private companies other than BCMM also offer roadworthy testing of vehicles. Learners Licences and Professional Drivers Licence testing can also be undertaken at the Provincial Department of Transport. If members of the public cannot secure an appointment for these tests which are suitable for them through BCMM they will then arrange an appointment with the Department of Transport which contributes to the lesser income derived by BCMM. It must be noted that due to the COVID-19 lock down since 27 March 2020 all operations were suspended due to lockdown regulations - level 5 implementation. Operations only resumed on the 1st of June 2020 with limited services as well as disruptions in operations as buildings were being closed on a regular basis for decontamination.

7.4.1.8 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 Provincial Department of Transport directly. Members of the public generally go to the closest 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. It must be noted that due to the COVID-19 lock down since 27 March 2020 all operations were suspended due to lockdown regulations - stage 5 implementation. Operations only resumed on the 1st of June 2020 with limited services as well as disruptions in operations as buildings were being closed on a regular basis for decontamination.

7.4.1.9 Transfers and subsidies

The underperformance of 17% is caused by the Human Settlement Development Grant revenue which has not yet been recognized. Revenue on grants can only be recognized when conditions are met.

7.4.1.10 Gains on disposal of PPE

The variance is as a result of proceeds from the sale of redundant assets which were not budgeted for as past trends reflect that the metro incurs net loss on disposal of assets.

7.4.1.11 Debt impairment

The primary reason for the variance is that write offs relating to indigent electricity and water debt could not be implemented as the consumption could not be confirmed by meter readings. These customers were charged interim consumption which should not be written off. The COVID-19 pandemic caused disruption as most meters could not be read since March 2020 to June 2020. Where readings were obtained and billed this resulted in many of the Indigent accounts having large balances and these had to be investigated first before writing off. In view of this the debt relating to fixed charges of Indigent was written off.

7.4.1.12 Depreciation & asset impairment

The over expenditure 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.

7.4.1.13 Other materials

The over expenditure is due to fuel consumption, it is difficult to accurately project for fuel as it has a fluctuating demand and the price of fuel is market driven.

7.4.1.14 Contracted services

The under expenditure is mainly due to the underperformance of Human Settlement Development Grant operating projects which was caused by the illegal invasion of houses by community members and Covid-19 lockdown also contributed to the underperformance.

7.4.1.15 Transfers and subsidies

Underperformance of transfers and subsidies can be attributed to the Covid-19 lockdown restrictions which have negatively affected expenditure performance.

7.4.1.16 Losses

Losses were incurred as a result of write-off of obsolete stock which were not budgeted for.

7.4.2 Repairs and maintenance

Table 6 below reflects that as at 30 June 2020, the repairs and maintenance expenditure is 89% of the budget of R397.91 million (2018/19: 89%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	2019/2020 Annual Budget R	2019/2020 Annual Expenditure R	2019/2020 - Variance R	2019/2020 % of Budget %
Directorate of Executive Support Services	3 252 819	1 456 922	1 795 897	45%
Directorate of The City Manager	266 999	25 808	241 191	10%
Directorate of Corporate Services	8 242 027	5 494 673	2 747 354	67%
Directorate of Development & Spatial Planning	18 164 274	16 163 525	2 000 749	89%
Directorate of Economic Development & Agencies	5 209 384	1 179 537	4 029 847	23%
Directorate of Finance	2 735 663	1 300 245	1 435 418	48%
Directorate of Health / Public Safety & Emergency Services	7 105 637	4 548 307	2 557 330	64%
Directorate of Human Settlement	575 174	555 386	19 788	97%
Directorate of Infrastructure Services	322 028 356	297 190 166	24 838 190	92%
Electricity	*123 757 526*	*118 571 781*	*5 185 745*	*96%*
Water	*40 022 503*	*36 971 904*	*3 050 599*	*92%*
Sanitation	*35 738 327*	*41 192 420*	*(5 454 093)*	*115%*
Other	*122 510 000*	*100 454 061*	*22 055 939*	*82%*
Directorate of Municipal Services	30 329 802	27 890 790	2 439 012	92%
TOTAL	**397 910 135**	**355 805 360**	**42 104 775**	**89%**

The repairs and maintenance budget of the Metro is below the recommended National Treasury norm of 8% as the percentage of Property Plant and Equipment. The main challenge in achieving the 8% is the use of the revaluation model to value Property Plant and Equipment. The Metro's infrastructure repairs and maintenance programme is complemented by the renewal and upgrading of existing assets capital programme.

The metro has allocated R962.28 million in the upgrading and renewal programme that complements the repairs and maintenance. Refer to Annexure B: SC13b (Capital expenditure on renewal of existing assets by) and SC13e (Capital expenditure on upgrading of existing assets by asset class).

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 - M12 June

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	1								%	
Multi-Year expenditure appropriation	2									
Vote 01 - Directorate - Executive Support Services		1 967	500	3 500	21	2 738	3 500	(762)	-22%	3 500
Vote 02 - Directorate - Municipal Manager		3 358	6 664	6 744	(741)	1 367	6 744	(5 377)	-80%	6 744
Vote 03 - Directorate - Human Settlement		415	252 782	451 782	50 983	180 711	451 782	(271 071)	-60%	451 782
Vote 04 - Directorate - Chief Financial Officer		2 339	141 858	132 471	3 949	56 532	132 471	(75 939)	-57%	132 471
Vote 05 - Directorate - Corporate Services		562	45 910	46 024	1 496	29 574	46 024	(16 450)	-36%	46 024
Vote 06 - Directorate - Infrastructure Services		221 488	700 606	861 965	124 031	531 856	861 965	(330 109)	-38%	861 965
Vote 07 - Directorate - Spatial Planning And Development		3 330	307 351	359 762	44 466	216 645	359 762	(143 117)	-40%	359 762
Vote 08 - Directorate - Health / Public Safety & Emergency Services		13 916	24 650	28 307	1 304	7 960	28 307	(20 346)	-72%	28 307
Vote 09 - Directorate - Municipal Services		3 239	158 121	226 852	27 750	132 089	226 852	(94 762)	-42%	226 852
Vote 10 - Directorate - Economic Development & Agencies		8 273	98 970	116 004	14 628	53 306	116 004	(62 698)	-54%	116 004
Total Capital Multi-year expenditure	4,7	**258 887**	**1 737 413**	**2 233 410**	**267 887**	**1 212 779**	**2 233 410**	**(1 020 631)**	**-46%**	**2 233 410**
Total Capital Expenditure		**258 887**	**1 737 413**	**2 233 410**	**267 887**	**1 212 779**	**2 233 410**	**(1 020 631)**	**-46%**	**2 233 410**
Capital Expenditure - Functional Classification										
Governance and administration		**79 818**	**225 114**	**228 338**	**6 473**	**115 543**	**228 338**	(112 795)	-49%	**228 338**
Executive and council		5 325	47 424	45 504	1 515	32 192	45 504	(13 312)	-29%	45 504
Finance and administration		74 493	177 690	182 834	4 957	83 351	182 834	(99 483)	-54%	182 834
Internal audit								–		
Community and public safety		**16 577**	**324 264**	**556 456**	**56 019**	**226 363**	**556 456**	(330 093)	-59%	**556 456**
Community and social services		898	12 123	22 332	2 276	11 143	22 332	(11 189)	-50%	22 332
Sport and recreation		1 348	34 910	58 486	1 460	26 722	58 486	(31 763)	-54%	58 486
Public safety		13 674	23 250	22 657	1 300	6 695	22 657	(15 962)	-70%	22 657
Housing		415	252 782	451 782	50 983	180 711	451 782	(271 071)	-60%	451 782
Health		242	1 200	1 200	–	1 092	1 200	(108)	-9%	1 200
Economic and environmental services		**15 646**	**649 295**	**755 857**	**108 267**	**430 001**	**755 857**	(325 856)	-43%	**755 857**
Planning and development		7 259	354 451	334 445	42 722	200 711	334 445	(133 734)	-40%	334 445
Road transport		7 983	294 844	417 970	65 448	227 514	417 970	(190 456)	-46%	417 970
Environmental protection		404	–	3 442	97	1 776	3 442	(1 666)	-48%	3 442
Trading services		**142 652**	**505 051**	**579 037**	**82 504**	**389 241**	**579 037**	(189 796)	-33%	**579 037**
Energy sources		70 936	102 500	110 122	15 505	106 426	110 122	(3 696)	-3%	110 122
Water management		–	83 500	132 444	16 462	93 416	132 444	(39 028)	-29%	132 444
Waste water management		71 127	207 762	189 429	26 617	96 778	189 429	(92 651)	-49%	189 429
Waste management		589	111 289	147 042	23 921	92 622	147 042	(54 420)	-37%	147 042
Other		4 195	33 688	113 722	14 624	51 631	113 722	(62 091)	-55%	113 722
Total Capital Expenditure - Functional Classification	3	**258 887**	**1 737 413**	**2 233 410**	**267 887**	**1 212 779**	**2 233 410**	**(1 020 631)**	**-46%**	**2 233 410**
Funded by:										
National Government		83 694	974 549	1 322 274	167 168	677 930	1 322 274	(644 344)	-49%	1 322 274
Provincial Government		–	–	1 580	32	1 132	1 580	(449)	-28%	1 580
District Municipality								–		
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		4 078	65 282	–	3	3	–	3	0%	–
Transfers recognised - capital		**87 773**	**1 039 831**	**1 323 855**	**167 203**	**679 065**	**1 323 855**	**(644 790)**	**-49%**	**1 323 855**
Borrowing	6	–	69 582	–	–	–	–	–		–
Internally generated funds		163 021	628 000	909 556	100 684	533 714	909 556	(375 842)	-41%	909 556
Total Capital Funding		**250 794**	**1 737 413**	**2 233 410**	**267 887**	**1 212 779**	**2 233 410**	**(1 020 631)**	**-46%**	**2 233 410**

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 R21.20 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 - M12 June

Description	Ref	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		250 447	80 155	80 155	539 146	80 155
Call investment deposits		921 186	1 570 148	935 146	1 110 818	935 146
Consumer debtors		1 079 564	798 270	798 270	2 138 594	798 270
Other debtors		5 023 920	968 000	968 000	5 509 001	968 000
Current portion of long-term receivables		–	–	–	–	–
Inventory		37 178	47 069	47 069	39 179	47 069
Total current assets		**7 312 294**	**3 463 641**	**2 828 640**	**9 336 738**	**2 828 640**
Non current assets						
Long-term receivables		491	–	–	491	–
Investments						
Investment property		401 546	534 856	572 764	429 538	572 764
Investments in Associate		597 392	133 109	133 109	597 392	133 109
Property, plant and equipment		19 743 464	20 074 795	20 518 208	19 219 938	20 518 208
Biological						
Intangible		21 140	20 773	33 045	68 052	33 045
Other non-current assets		49 780	55 420	57 825	49 783	57 825
Total non current assets		**20 813 812**	**20 818 954**	**21 314 951**	**20 365 194**	**21 314 951**
TOTAL ASSETS		**28 126 107**	**24 282 595**	**24 143 591**	**29 701 933**	**24 143 591**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		57 974	56 849	55 619	61 552	55 619
Consumer deposits		71 485	79 135	79 135	77 743	79 135
Trade and other payables		5 835 942	1 335 430	1 335 430	7 138 062	1 335 430
Provisions		252 039	244 792	244 792	252 039	244 792
Total current liabilities		**6 217 441**	**1 716 206**	**1 714 976**	**7 529 396**	**1 714 976**
Non current liabilities						
Borrowing		287 581	246 225	246 225	237 164	246 225
Provisions		733 935	579 483	579 483	733 935	579 483
Total non current liabilities		**1 021 515**	**825 708**	**825 708**	**971 099**	**825 708**
TOTAL LIABILITIES		**7 238 956**	**2 541 914**	**2 540 684**	**8 500 495**	**2 540 684**
NET ASSETS	2	**20 887 151**	**21 740 680**	**21 602 906**	**21 201 438**	**21 602 906**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		11 025 513	11 785 177	11 647 403	11 334 449	11 647 403
Reserves		9 866 999	9 955 503	9 955 503	9 866 999	9 955 503
TOTAL COMMUNITY WEALTH/EQUITY	2	**20 892 512**	**21 740 680**	**21 602 906**	**21 201 448**	**21 602 906**

7.4.5 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R478.33 million, resulting in cash and cash equivalents closing balance of R1.65 billion as at 30 June 2020.

Table 9: C7: Monthly Budget Statement – Cash Flow

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	1								%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		1 295 503	1 435 647	1 435 647	95 097	1 289 600	1 435 647	(146 047)	-10%	1 435 647
Service charges		2 823 913	3 162 626	3 115 254	228 622	3 112 453	3 115 254	(2 801)	0%	3 115 254
Other revenue		444 790	809 829	755 334	36 224	800 813	755 334	45 479	6%	755 334
Transfers and Subsidies - Operational		921 187	1 126 922	1 239 197	995	1 525 069	1 239 197	285 872	23%	1 239 197
Transfers and Subsidies - Capital		998 245	974 549	1 323 855	(150)	1 322 124	1 323 855	(1 730)	0%	1 323 855
Interest		165 784	165 029	164 446	29 223	188 517	164 446	24 070	15%	164 446
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(5 407 264)	(5 761 958)	(5 729 972)	(126 972)	(6 390 945)	(5 729 972)	660 973	-12%	(5 729 972)
Finance charges		(38 467)	(41 004)	(33 003)	(2 509)	(32 564)	(33 003)	(439)	1%	(33 003)
Transfers and Grants		(47 193)	(48 175)	(138 061)	(612)	(65 983)	(138 061)	(72 078)	52%	(138 061)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**1 156 497**	**1 823 466**	**2 132 697**	**259 918**	**1 749 084**	**2 132 697**	**383 614**	**18%**	**2 132 697**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		2 226	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments								–		
Payments										
Capital assets		(1 760 015)	(1 737 413)	(2 233 410)	(267 887)	(1 212 779)	(2 233 410)	(1 020 631)	46%	(2 233 410)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(1 757 789)**	**(1 737 413)**	**(2 233 410)**	**(267 887)**	**(1 212 779)**	**(2 233 410)**	**(1 020 631)**	**46%**	**(2 233 410)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–		
Borrowing long term/refinancing			69 582	–				–		–
Increase (decrease) in consumer deposits								–		–
Payments										
Repayment of borrowing		(52 572)	(56 849)	(55 619)	(19 697)	(57 974)	(55 619)	2 355	-4%	(55 619)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(52 572)**	**12 733**	**(55 619)**	**(19 697)**	**(57 974)**	**(55 619)**	**2 355**	**-4%**	**(55 619)**
NET INCREASE/ (DECREASE) IN CASH HELD		**(653 864)**	**98 786**	**(156 332)**	**(27 666)**	**478 331**	**(156 332)**			**(156 332)**
Cash/cash equivalents at beginning:		1 825 497	1 551 516	1 171 633		1 171 633				
Cash/cash equivalents at month/year end:		1 171 633	1 650 302	1 015 301		1 649 964	(156 332)			(156 332)

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 - M12 June

Description	NT Code	Budget Year 2019/20											
R thousands		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	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	100 248	46 008	60 402	54 151	37 316	15 154	79 227	288 404	680 910	474 251	3 305	(40 134)
Trade and Other Receivables from Exchange Transactions - Electricity	1300	85 794	20 806	17 393	23 847	10 540	6 956	26 750	59 572	251 657	127 664	140	(141 193)
Receivables from Non-exchange Transactions - Property Rates	1400	105 066	51 554	37 463	27 328	23 481	19 438	90 664	329 547	684 541	490 459	14 708	(106 727)
Receivables from Exchange Transactions - Waste Water Management	1500	24 809	12 327	8 697	7 121	5 430	4 580	23 913	130 935	217 812	171 978	9 512	(24 997)
Receivables from Exchange Transactions - Waste Management	1600	19 675	11 015	8 237	7 078	5 917	5 252	27 579	194 712	279 464	240 537	11 134	(21 380)
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	32	32	32	–	
Interest on Arrear Debtor Accounts	1810	8 996	8 886	9 161	9 648	10 123	9 174	45 595	228 363	329 947	302 903	–	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	
Other	1900	11 166	6 994	3 415	8 385	5 433	5 794	34 988	222 753	298 929	277 353	5 680	(7 400)
Total By Income Source	**2000**	**355 755**	**157 589**	**144 769**	**137 558**	**98 239**	**66 347**	**328 716**	**1 454 317**	**2 743 291**	**2 085 178**	**44 478**	**(341 830)**
2018/19 - totals only										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	13 621	8 014	6 277	3 165	3 676	760	2 543	6 331	44 388	16 475		–
Commercial	2300	160 238	54 776	42 094	41 572	26 190	19 539	92 125	303 055	739 589	482 481		–
Households	2400	181 896	94 799	96 398	92 821	68 374	46 048	234 048	1 144 931	1 959 314	1 586 221	44 478	(341 830)
Other	2500									–	–		–
Total By Customer Group	**2600**	**355 755**	**157 589**	**144 769**	**137 558**	**98 239**	**66 347**	**328 716**	**1 454 317**	**2 743 291**	**2 085 178**	**44 478**	**(341 830)**

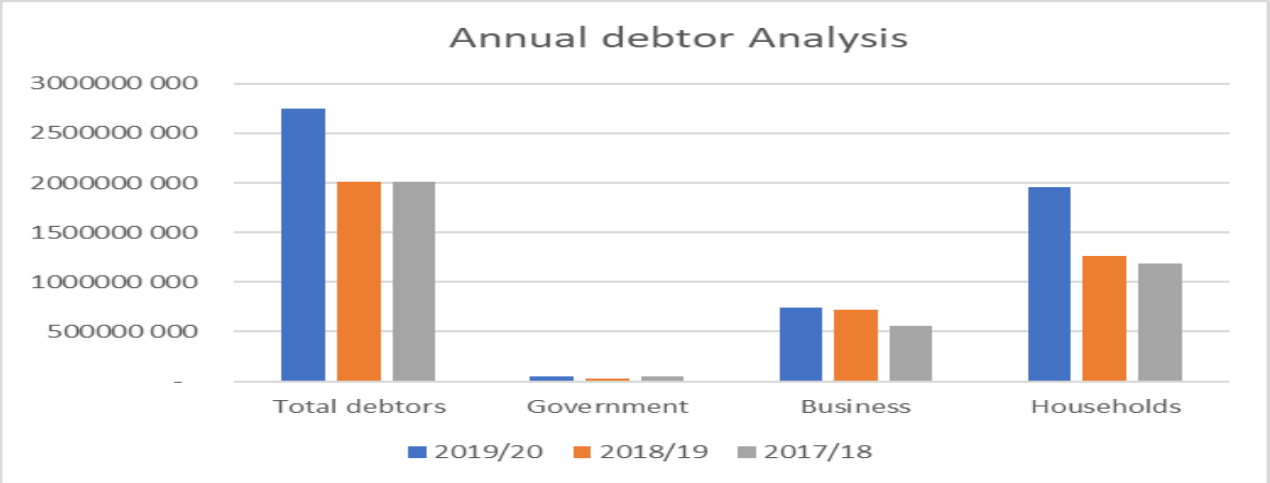
8.1.1. Additional debtors' information

The total debtors book, which includes all charges excluding VAT, amounted to R2,743,290,63 as at 30 June 2020 which is an increase of R1,857,023 over the amount of R2,741,433,620 as at 31 May 2020

During the month, Credit control action and debt collection action was not implemented due to the National Lockdown as a result of COVID-19 pandemic. However all customers in arrears who are on the electricity prepayment system were placed on a partial block type. This means that for every rand tendered for electricity, 60 cents is allocated as electricity purchase and 40 cents is allocated towards the arrears. Customer were able to pay their accounts at various municipal pay points and electronic platforms, such as Easy Pay and Online Banking.

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

Figure 5: 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 June 2020. It also provides comparison with the previous month (31 May 2020) which indicates an increase of 1.86 million.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR JUNE 2020	TOTAL FOR MAY 2020
CURRENT	108 309 076	29 888 980	86 990 193	102 274 914	20 714 253	7 577 665	355 755 080	313 183 485
30 DAYS	54 779 009	15 590 282	22 110 167	47 885 775	12 053 851	5 169 994	157 589 077	215 181 192
60 DAYS	40 752 682	10 243 608	18 504 453	62 372 858	9 348 188	3 547 053	144 768 841	177 991 780
90 DAYS	30 739 243	8 755 474	29 883 616	55 725 776	8 284 867	4 169 041	137 558 017	119 359 977
120 DAYS TO 360 DAYS	170 832 592	49 042 546	75 191 826	152 237 491	51 901 296	32 611 391	531 817 143	511 899 263
YEAR 2	130 007 901	42 497 489	46 598 320	84 993 504	49 961 549	27 876 514	381 935 276	388 014 722
YEAR 3	74 675 873	33 234 670	33 366 273	71 708 343	39 846 616	29 370 031	282 201 808	276 607 202
YEAR 4	49 986 505	25 816 425	21 134 951	57 100 680	30 705 121	16 560 208	201 303 890	197 063 019
YEAR 5	35 453 366	18 353 059	11 770 495	32 974 427	22 036 858	12 720 208	133 308 414	131 589 312
YEAR 5+	100 816 145	63 032 945	19 631 953	90 023 497	84 349 481	59 199 076	417 053 096	410 543 667
TOTAL	**796 352 392**	**296 455 477**	**365 182 246**	**757 297 266**	**329 202 080**	**198 801 182**	**2 743 290 643**	**2 741 433 620**

8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type as at 30 June 2020. 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

CATEGORY TYPE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	151 383 631	76 603 196	70 493 465	65 313 827	1 416 941 023	1 780 735 142	64.91
Indigent	28 289 028	17 511 224	25 194 894	27 251 162	74 989 876	173 236 184	6.31
Business	160 237 871	54 776 399	42 093 512	41 572 263	440 908 681	739 588 726	26.96
Government	13 621 208	8 013 782	6 277 349	3 164 917	13 310 407	44 387 663	1.62
Municipal Staff*	2 151 468	672 013	705 119	254 970	1 461 942	5 245 511	0.19
Councillors*	71 872	12 464	4 501	879	7 701	97 417	0.00
Total	**355 755 079**	**157 589 078**	**144 768 840**	**137 558 017**	**1 947 619 629**	**2 743 290 643**	**100.00**

Note*: A stop order deduction is implemented for all municipal staff and councillors in arrears. When new staff join the employ of the municipality in many instances there is services debt, and therefore the arrears will be liquidated over an acceptable period of time, in terms of the Credit Control Policy. The reason why the debt reflects in the 30/60/90 day columns relating to staff and councillors is due to the fact that when the stop orders are receipted the payment is allocated to the oldest ageing category. In terms of the accounting treatment of the amounts received, within the financial system the amounts are allocated against the oldest debt first resulting in the outstanding balance as reflected in the above table.

During the month of June 2020, a total of R2,067,265.85 was receipted against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 1,659,308.35
Arrears Receipts	R 407,957.50
Total Receipts	R 2,067,265.85

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 June 2020 amounted to R44,387,663 and there is a decrease of R11,961,444 as compared to May 2020.

The breakdown of the arrears per department (excluding accounts in credit) are indicated in the table hereunder, as at 30 June 2020.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 30 JUNE 2020	ARREARS AS AT 31 MAY 2020	DIFFERENCE
National Department of Public Works	9 691 844	5 023 670	14 715 514	15 737 552	(1 022 038)
Provincial Department of Public Works	2 616 900	9 357 922	11 974 823	14 700 402	(2 725 579)
Department of Education	0	8 341 161	8 341 161	8 698 739	(357 578)
Department of Health	0	7 140 342	7 140 342	15 148 482	(8 008 140)
Department of Social Development	0	560 212	560 212	534 864	25 348
Department of Transport	0	188 952	188 952	141 622	47 330
Department of Agriculture	0	127 780	127 780	107 717	20 063
Department of Nature Conservation	0	29 360	29 360	27 820	1 540
Department of Human Settlements	0	167 520	167 520	142 393	25 128
Sport, Recreation, Arts and Culture	0	168 978	168 978	167 865	1 113
Department of Labour - UIF Services	0	48 788	48 788	27 759	21 030
Members of Provincial Legislature	0	192 840	192 840	196 062	(3 222)
Department of Water Affairs	0	8 364	8 364	6 188	2 176
Department of Rural Development and Land Reform	0	723 029	723 029	711 642	11 387
TOTAL	**12 308 744**	**32 078 919**	**44 387 663**	**56 349 107**	**(11 961 444)**

9. CREDITORS' ANALYSIS

The creditors' analysis as depicted in table 14 below contains an aged analysis by customer type. The Metro is paying its creditors within 30 days as stipulated by section 65 (e) of the MFMA, except when there are disputes on received invoices. Due to high level accruals at year end, the creditors payment days has increased to 41 days.

Table 14: SC4 Monthly Budget Statement Aged Creditors

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June

Description	NT Code	Budget Year 2019/20									Prior year totals for chart (same period)
R thousands		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	199 343								**199 343**	
Bulk Water	0200	20 478								**20 478**	
PAYE deductions	0300	25 727								**25 727**	
VAT (output less input)	0400	–								**–**	
Pensions / Retirement deductions	0500	30 823								**30 823**	
Loan repayments	0600	25 899								**25 899**	
Trade Creditors	0700	161 275								**161 275**	
Auditor General	0800	269								**269**	
Other	0900	300 359								**300 359**	
Total By Customer Type	**1000**	**764 172**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**764 172**	**–**

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in June 2020.

Table 15: Payments made to the 20 highest paid creditors – June 2020

CREDITOR	90 DAYS	60 DAYS	30 DAYS	CURRENT	TOTAL	PAYMENT
ESKOM				199 342 645	199 342 645	199 342 645
STEFANUTTI STOCKS ROADS & EARTHWORKS				32 706 754	32 706 754	32 706 754
EZULUWENI CONSTRUCTION (PTY) LTD				28 916 790	28 916 790	28 916 790
AMATOLA WATER				20 478 250	20 478 250	20 478 250
MANTELLA TRADING 522 CC			1 741 109	18 544 622	20 285 732	20 285 732
IMVUSA TRADING 415 CC				19 957 957	19 957 957	19 957 957
MAKALI PLANT AND CONSTRUCTION (PTY) LTD				10 805 469	10 805 469	10 805 469
BONTIFIR (PTY) LTD				10 489 666	10 489 666	10 489 666
DOWN TOUCH INVESTMENTS (PTY) LTD			4 172 691	5 488 426	9 661 117	9 661 117
MVEZO PLANT & CIVILS CC				8 622 183	8 622 183	8 622 183
SAFIKA CONSTRUCTION				8 553 470	8 553 470	8 553 470
CZAR CONSTRUCTION				8 423 543	8 423 543	8 423 543
BARLOWORLD SOUTH AFRICA PTY LTD				8 249 460	8 249 460	8 249 460
BIDVEST MCCARTHY ISUZU TRUCKS (PTY) LTD		3 738 313	1 869 156	2 179 320	7 786 789	7 786 789
MERAFE HOLDINGS (PTY) LTD				6 612 690	6 612 690	6 612 690
VITSHA PM CONSULTANTS CC				6 362 853	6 362 853	6 362 853
ROYAL HASKONINGDHV (PTY) LTD				5 958 338	5 958 338	5 958 338
EYA BANTU PROFFESSIONAL SERVICES CC				5 599 554	5 599 554	5 599 554
LUQAQAMBO CIVILS CONSTRUCTION CC			4 815 580		4 815 580	4 815 580
ALOMNA CONSTRUCTION & PLANT HIRE CC				4 476 427	4 476 427	4 476 427
TOTAL	**-**	**3 738 313**	**12 598 537**	**411 768 415**	**428 105 265**	**428 105 265**

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 - M12 June

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate [a]	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Municipality														
Own Funds - Guarantee		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	–	156	12 691	12 535	–
Land Affairs - West Bank		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	57 775	1 244	59 018	–	–
Finance Management Grant		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	390	46	626	1 000	**810**
MD Urban Renewal (MT Ruth Node)		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	11 577	355	8 198	–	**3 734**
Workmans Compensation (COID)		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	18 662	1 068	463	97	**19 366**
Reeston Development		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	177	10	–	–	**187**
Human Settlement Development Grant (HSDG)		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	18 173	1 057	–	–	**19 230**
Intergrated Electrification Programme (INEP)		Call Account	Call Account	Yes	Variable	4.93	0		Call Account	2 300	70	2 359	–	**11**
Trust Funds		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	1 151	64	73	–	**1 142**
Vuna Awards		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	1 075	15	1 090	–	–
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	51	3	–	–	**54**
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	189	11	–	–	**200**
City of Leiden		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	84	5	–	–	**89**
Needscamp Planning		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	948	55	–	–	**1 003**
Umsobomvu Youth Fund (UYF)		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	302	18	–	–	**320**
Land Affairs - East Bank		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	89 983	2 588	92 571	–	–
Land Affairs West Bank		Call Account	Call Account	Yes	Variable	4.93	0		Call Account	46 968	1 579	48 548	–	–
European Commission		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	1 189	69	–	–	**1 258**
Salaida		Call Account	Call Account	Yes	Variable	4.93	0		Call Account	937	58	173	–	**822**
Electricity Demand Management Grant		Call Account	Call Account	Yes	Variable	4.93	0		Call Account	142	3	141	–	**3**
ADM Funding		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	1 692	23	1 715	–	–
Urban Settelement Development Grant		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	123 923	3 401	201 157	135 549	**61 716**
Urban Settelement Development Grant		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	22 011	2 231	118 000	198 000	**104 242**

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M12 June

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 [3]	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
Urban Settelement Development Grant		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	75 781	3 362	178 309	206 677	**107 511**
Urban Settelement Development Grant		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	91 818	6 397	145 483	237 356	**190 089**
Infrastructure Skills Development Grant		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	3 133	271	7 335	9 000	**5 069**
Infrastructure Development Levy		Call Account	Call Account	Yes	Variable	4.93	0		Call Account	170	12	–	–	**183**
Bcmet		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	512	30	–	–	**542**
Expanded Public Works Programme		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	8	147	7 036	9 956	**3 075**
City of Oldenburg		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	348	20	–	–	**368**
Public Transport Network Grant		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	9 210	3 824	31 377	151 455	**133 112**
DEAT		Call Account	Call Account	Yes	Variable	4.93	0		Call Account	224	16	–	–	**240**
Neighbourhood Development Grant (NDP Grant)		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	4 692	291	5 299	10 000	**9 683**
Integrated City Development Grant (ICDG)		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	312	318	315	10 383	**10 698**
Municipal Emergency Housing Grant (MEHG)		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	9 144	159	9 300	–	**3**
Land Affairs - West Bank		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	–	296	59 314	59 018	**–**
Land Affairs - East Bank		Fixed Deposit	Fixed Deposit	Yes	Fixed	7.51	0		Fixed Deposit	–	3 390	95 962	92 571	**–**
Land Affairs - West Bank		Fixed Deposit	Fixed Deposit	Yes	Fixed	7.5	0		Fixed Deposit	–	1 060	60 375	59 314	**–**
Land Affairs - West Bank		Fixed Deposit	Fixed Deposit	Yes	Fixed	7.1	0		Fixed Deposit	–	822	49 369	48 548	**–**
Land Affairs - West Bank		Fixed Deposit	Fixed Deposit	Yes	Fixed	6.45	0		Call Account		1 035	–	60 375	**61 409**
Land Affairs - West Bank		Fixed Deposit	Fixed Deposit	Yes	Fixed	6.65	0		Call Account		863	–	49 369	**50 233**
Land Affairs - East Bank		Fixed Deposit	Fixed Deposit	Yes	Fixed	4.09			Fixed Deposit		52	–	95 962	**96 014**
Capital Replacement Reserve (CRR)		Call Account	Call Account	Yes	Variable	4.93	0		Call Account	16 560	1 190	–	–	**17 750**
Mayoral Projects (CRR)		Call Account	Call Account	Yes	Variable	4.93	0		Call Account	1 299	93	–	–	**1 392**
Own Funds		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	311	344	–	11 000	**11 655**
Own Funds		Call Account	Call Account	Yes	Variable	4.93	0		Call Account	17 151	2 626	111 250	113 000	**21 526**
Own Funds		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	1 003	1 917	93 750	111 000	**20 171**
Own Funds		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	16 272	2 736	130 250	132 499	**21 256**
Own Funds		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	1 873	2 185	131 750	147 500	**19 808**
Own Funds - CRR		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	131 291	4 937	75 829	–	**60 399**
Own Funds - CRR		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	38 462	2 235	26 000	–	**14 696**
Own Funds - CRR		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	34 392	2 000	–	–	**36 393**
Own Funds - CRR		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	23 745	1 379	22 000	–	**3 124**
Own Funds - CRR		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	26 642	1 548	23 000	–	**5 189**
Own Funds (Depreciation)		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	17 645	241	17 886	–	**(0)**
Housing Development		Call Account	Call Account	Yes	Variable	3.55	0		Call Account	2 921	170	–	–	**3 091**
Municipality sub-total										**924 619**	**60 095**	**1 828 012**	**1 962 165**	**1 118 867**
Entities														
Entities sub-total										**–**		**–**	**–**	**–**
TOTAL INVESTMENTS AND INTEREST	2									**924 619**	**60 095**	**1 828 012**	**1 962 165**	**1 118 867**

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 - M12 June

Description	Ref	2018/19	Budget Year 2019/20							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		**975 903**	**1 432 884**	**1 507 669**	**–**	**1 505 519**	**1 507 669**	**(2 150)**	**-0.1%**	**1 507 669**
Local Government Equitable Share		179 724	547 497	547 497	–	547 497	547 497	–	0.0%	547 497
Equitable Share		778 048	847 431	847 431	–	847 431	847 431	0	0.0%	847 431
Expanded Public Works Programme Integrated Grant		4 050	9 956	9 956	–	9 956	9 956	–	0.0%	9 956
Infrastructure Skills Development Grant		9 587	11 150	11 150	–	9 000	11 150	(2 150)	-19.3%	11 150
Integrated City Development Grant		–	–	–	–	–	–	–		–
Local Government Financial Management Grant	3	1 086	1 000	942	–	942	942	–	0.0%	942
Public Transport Network Grant		3 407	15 850	3 850	–	3 850	3 850	–	0.0%	3 850
Urban Settlement Development Grant		–	–	86 843	–	86 843	86 843	–	0.0%	86 843
Other transfers and grants [insert description]								–		
Provincial Government:		**16 622**	**222 645**	**174 788**	**–**	**–**	**–**	**–**		**–**
Capacity Building		752	–	–	–	–	–	–		–
Human Settlement Development		–	–	–	–	–	–	–		–
Library Service		15 870	–	–	–	–	–	–		–
Specify (Add grant description)	4	–	222 645	174 788	–	–	–	–		–
Other transfers and grants [insert description]								–		
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
[insert description]								–		
Other grant providers:		**6 473**	**28 121**	**104 237**	**–**	**18 556**	**18 556**	**–**	**0.0%**	**104 237**
Eastern Cape Arts Council		–	15 870	15 870	–	15 870	15 870	–	0.0%	15 870
European Union		–	–	–	–	–	–	–		–
Local Government Water and Related Service SETA		3 594	12 251	12 156	–	2 686	2 686	–	0.0%	12 156
Parent Municipality		2 468	–	75 775	–	–	–	–		75 775
Unspecified		410	–	436	–	–	–	–		436
Total Operating Transfers and Grants	5	**998 998**	**1 683 649**	**1 786 694**	**–**	**1 524 074**	**1 526 224**	**(2 150)**	**-0.1%**	**1 611 906**
Capital Transfers and Grants										
National Government:		990 299	974 549	1 322 274	–	1 322 274	1 322 274	–	**0.0%**	1 322 274
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–		–
Infrastructure Skills Development Grant		110	–	–	–	–	–	–		–
Integrated City Development Grant		10 002	10 383	10 383	–	10 383	10 383	–	0.0%	10 383
Integrated National Electrification Programme Grant		13 211	–	–	–	–	–	–		–
Local Government Financial Management Grant		–	–	–	–	–	–	–		–
Metro Informal Settlements Partnership Grant		–	–	–	–	–	–	–		–
Neighbourhood Development Partnership Grant		5 993	7 500	10 000	–	10 000	10 000	–	0.0%	10 000
Public Transport Infrastructure Grant		–	–	–	–	–	–	–		–
Public Transport Network Grant		91 092	218 616	230 616	–	230 616	230 616	–	0.0%	230 616
Regional Bulk Infrastructure Grant		65	–	58	–	58	58	–	0.0%	58
Rural Road Asset Management Systems Grant		–	–	487	–	487	487	–	0.0%	487
Urban Settlement Development Grant		869 826	738 050	1 070 730	–	1 070 730	1 070 730	–	0.0%	1 070 730
Provincial Government:		**7 456**	**–**	**1 580**	**–**	**–**	**–**	**–**		**1 580**
Human Settlement Development		–	–	–	–	–	–	–		–
Road Infrastructure		7 456	–	–	–	–	–	–		–
Specify (Add grant description)		–	–	1 580	–	–	–	–		1 580
District Municipality:		**279 067**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Finance and Admin		279 067	–	–	–	–	–	–		–
Other grant providers:		**491**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
[insert description]								–		
Parent Municipality		491	–	–	–	–	–	–		–
Unspecified		–	–	–	–	–	–	–		–
Total Capital Transfers and Grants	5	**1 277 312**	**974 549**	**1 323 855**	**–**	**1 322 274**	**1 322 274**	**–**		**1 323 855**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	2 276 310	2 658 198	3 110 549	–	2 846 348	2 848 498	(2 150)	-0.1%	2 935 760

11.1 Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 61% (R875.48 million, inclusive of reclaimed vat) of its 2019/2020 conditional grants adjusted budget of R1.43 billion as at 30 June 2020. This reflects a decline when compared to the same period in the previous financial year where 80% (R889.11 million, inclusive of reclaimed vat) of conditional grants budget of R1.11 billion was spent. The Covid-19 lockdown restrictions have negatively affected the expenditure performance, however based on past performance trends, expenditure is expected to still improve as the financial year end closure is still in progress. Journals and closing entries are still to be processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2020.

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

Table 18: Spending per Conditional Grant Funding Allocation

Funding/Grant	2019/20 Adjusted Budget	YTD Expenditure (vat) R	YTD Variance (vat incl.) R	% Expenditure (vat incl.)
Finance Management Grant	1 000 000	937 068	62 932	94%
Infrastructure Skills Development Grant	11 300 000	7 264 275	4 035 725	64%
Urban Settlement Development Grant	1 157 423 000	693 748 056	463 674 945	60%
Neighborhood Development Partnership Grant	10 000 000	848 883	9 151 117	8%
Integrated City Development Grant	10 383 000	7 828 917	2 554 083	75%
Expanded Public Works Programme Grant	9 956 000	10 000 396	(44 396)	100%
Public Transport Infrastructure and Systems Grant	234 466 000	154 850 912	79 615 088	66%
TOTAL	**1 434 528 000**	**875 478 507**	**559 049 493**	**61%**

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. INFRASTRUCURE SKILLS DEVELOPMENT GRANT (ISDG)

Low expenditure is due to cancellation of two training courses as a result of Covid-19 lockdown and as well as withdrawal of recruitment of two (2) mentors. ISDG grant allocation has been revised downwards by National Treasury from R11.3m to R9m.

11.1.2. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

BCMM has spent 60% of its 2019/2020 USDG adjusted budget of R1.16 billion as at 30 June 2020. The Covid-19 lockdown restrictions have negatively affected the expenditure performance, however based on past performance trends, expenditure is expected to still improve as the financial year end closure is still in progress. Journals and closing entries are still to be processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2020.

11.1.3. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

There were delays in the appointment of the service providers for the implementation of the second phase of the Construction of the Toyana Road Non-motorized Transport project. These delays were further exacerbated by the nation-wide Covid-19 lockdown that was declared starting from the of 26th of March 2020 up to date, however outstanding invoices for work done up to and including 30 June 2020 are still to be processed.

11.1.4. INTEGRATED CITY DEVELOPMENT GRANT (ICDG)

The country shut down due the outbreak of the Corona Virus has had a severe impact on productivity, as the fourth quarter was planned to increase work output. The grant will be fully spent as invoices for work done up to and including 30 June 2020 are still to be processed.

11.1.5. PUBLIC TRANSPORT INFRASTRUCTURE GRANT (PTNG)

a) Qumza Highway:

Due to the Covid-19 lockdown, contractor lost a month of work. Contractor resumed with work early in May 2020 under Level 4, as a result approximately R 53 million of the 2019/2020 budget will not be spent and a rollover request will be submitted to the National Treasury in August 2020.

b) Mdantsane Access Road:

Project delayed as a result of the Covid-19 lockdown implemented since end of March 2020. Rollover request to be submitted to National Treasury during the month of August 2020 of approximately R30 million.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and councilors remuneration. The workforce costs as a percentage of total expenditure amounted to 31.50%. This is within the norm of 25% - 40%.

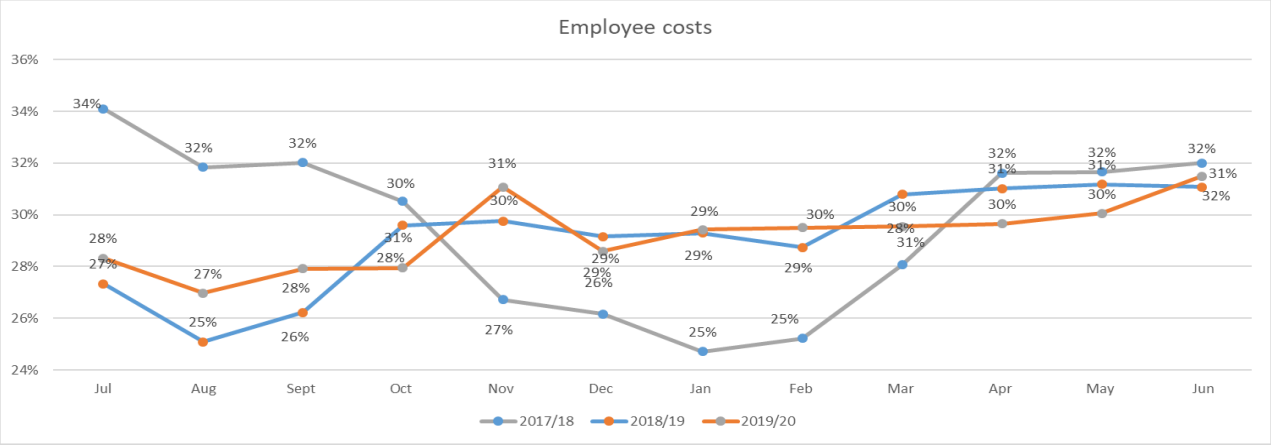
Table 19: SC8 Monthly Budget Statement – Councilor, Board Members and Staff Benefits

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M12 June

Summary of Employee and Councillor remuneration	Ref	2018/19	Budget Year 2019/20							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		35 236	42 950	42 950	3 032	36 984	42 950	(5 967)	-14%	42 950
Pension and UIF Contributions		4 265	4 267	4 267	376	4 505	4 267	239	6%	4 267
Medical Aid Contributions		2 270	2 011	2 011	216	2 500	2 011	488	24%	2 011
Motor Vehicle Allowance								–		
Cellphone Allowance		4 309	2 800	2 800	340	4 095	2 800	1 295	46%	2 800
Housing Allowances		2 361	2 426	2 426	199	2 311	2 426	(115)	-5%	2 426
Other benefits and allowances		13 873	14 031	14 031	1 231	14 293	14 031	261	2%	14 031
Sub Total - Councillors		**62 316**	**68 485**	**68 485**	**5 393**	**64 687**	**68 485**	**(3 798)**	**-6%**	**68 485**
% increase	4		**9.9%**	**9.9%**						**9.9%**
Senior Managers of the Municipality	3									
Basic Salaries and Wages		9 511	16 223	16 223	730	8 765	16 223	(7 458)	-46%	16 223
Pension and UIF Contributions		1 601	3 012	3 012	125	1 505	3 012	(1 507)	-50%	3 012
Medical Aid Contributions		229	398	398	18	210	398	(188)	-47%	398
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		76	–	–	–	–	–	–		–
Motor Vehicle Allowance		1 919	3 496	3 496	145	1 746	3 496	(1 750)	-50%	3 496
Cellphone Allowance		259	–	–	21	244	–	244	0%	–
Housing Allowances		2 512	550	550	193	2 325	550	1 775	323%	550
Other benefits and allowances		112	2 899	2 899	5	106	2 899	(2 793)	-96%	2 899
Payments in lieu of leave		–	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2							–		
Sub Total - Senior Managers of Municipality		**16 218**	**26 579**	**26 579**	**1 238**	**14 901**	**26 579**	**(11 678)**	**-44%**	**26 579**
% increase	4		**63.9%**	**63.9%**						**63.9%**
Other Municipal Staff										
Basic Salaries and Wages		1 251 624	1 345 284	1 362 071	110 581	1 353 496	1 370 084	(16 588)	-1%	1 362 071
Pension and UIF Contributions		223 053	236 205	236 205	22 422	273 913	238 081	35 831	15%	236 205
Medical Aid Contributions		90 841	145 509	145 509	9 017	102 815	146 056	(43 240)	-30%	145 509
Overtime		128 012	80 813	80 802	11 992	144 167	80 827	63 340	78%	80 802
Performance Bonus		92 884	110 487	110 487	12 912	109 888	111 254	(1 366)	-1%	110 487
Motor Vehicle Allowance		29 203	42 790	42 790	2 694	31 998	44 245	(12 247)	-28%	42 790
Cellphone Allowance		4 304	5 181	5 281	362	4 314	5 303	(988)	-19%	5 281
Housing Allowances		6 714	29 105	29 105	625	7 569	29 163	(21 594)	-74%	29 105
Other benefits and allowances		100 766	155 695	155 724	8 480	102 752	155 852	(53 099)	-34%	155 724
Payments in lieu of leave		48 353	24 453	24 453	(21)	(21)	25 685	(25 706)	-100%	24 453
Long service awards		24 955	25 258	25 258	2 381	28 082	25 379	2 703	11%	25 258
Post-retirement benefit obligations	2	14 998	8 110	8 110	0	14	8 110	(8 096)	-100%	8 110
Sub Total - Other Municipal Staff		**2 015 706**	**2 208 890**	**2 225 795**	**181 443**	**2 158 987**	**2 240 038**	**(81 051)**	**-4%**	**2 225 795**
% increase	4		**9.6%**	**10.4%**						**10.4%**
Total Parent Municipality		**2 094 240**	**2 303 954**	**2 320 859**	**188 075**	**2 238 575**	**2 335 102**	**(96 526)**	**-4%**	**2 320 859**
TOTAL MANAGERS AND STAFF		**2 049 363**	**2 259 749**	**2 275 663**	**188 325**	**2 196 404**	**2 289 906**	**(93 502)**	**-4%**	**2 275 663**

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 6: Workforce (Employee) Costs



12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 30 June 2020. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 30 June 2020.

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	1 834 406	3 174 395	(1 339 989)	173%
Directorate of The City Manager	414 282	414 282	983 508	(569 226)	237%
Directorate of Corporate Services	796 773	796 773	809 631	(12 858)	102%
Directorate of Development & Spatial Planning	831 902	831 902	296 101	535 801	36%
Directorate of Economic Development & Agencies	625 541	625 541	469 244	156 297	75%
Directorate of Finance	2 251 825	2 251 825	3 950 493	(1 698 668)	175%
Directorate of Health / Public Safety & Emergency Services	24 016 099	24 016 099	39 316 802	(15 300 703)	164%
Directorate of Human Settlement	136 012	136 012	1 772	134 240	1%
Directorate of Infrastructure Services	22 874 938	22 874 938	46 517 818	(23 642 880)	203%
Electricity	*10 448 468*	10 448 468	*17 065 725*	(6 617 257)	*163%*
Water	*4 477 844*	4 477 844	*14 217 067*	(9 739 223)	*317%*
Sanitation	*6 611 418*	6 611 418	*13 759 333*	(7 147 915)	*208%*
Other	*1 337 208*	1 337 208	*1 475 693*	(138 485)	*110%*
Directorate of Municipal Services	27 059 544	27 059 544	48 647 705	(21 588 161)	180%
Total	**80 841 322**	**80 841 322**	**144 167 467**	**(63 326 145)**	**178%**

The total overtime payment for the months of April 2020, May 2020 and June 2020 is reflected below. There was an increase in the total payment of overtime between April 2020 and May 2020 of R21 521 234 and a decrease in the total payment of overtime between May 2020 and June 2020 of R10 298 277.

Table 21: Overtime Per Cost Centre: April 2020 – June 2020

OVERTIME PER COST CENTRE

		April 2020 Amount	May 2020 Amount	June 2020 Amount
-	**DIRECTORATE -EXECUTIVE SUPPORT SERVICES**			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	-	468 799.93	240 132.08
0511	COMM/MARKETING/INTERNAT & INTERGOV RELATIONS	-	1 138.14	-
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	-	2 522.52	-
0523	IDP & BUDGET INTEGRATION	-	16 165.38	-
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	-	33 112.19	-
		-	**521 738.16**	**240 132.08**
-	**DIRECTORATE OF THE CITY MANAGER**			
1005	OFFICE OF THE CITY MANAGER	-	164 566.25	84 444.40
		-	**164 566.25**	**84 444.40**
	DIRECTORATE OF CORPORATE SERVICES			
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	(138.56)	(138.56)	-138.56
1512	ADMINISTRATIVE & CORPORATE SUPPORT	-	-	3 399.44
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	(340.41)	23 214.25	8 596.64
1514	INFORMATION / TECHNOLOGY & SUPPORT	4 809.30	65 294.28	31 600.47
1536	ORGANISATIONAL DEVELOPMENT	(500.00)	(500.00)	(500.00)
		3 830.33	**87 869.97**	**42 957.99**
	DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING			
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	-	37 085.86	49 015.79
2037	TRAFFIC MANAGEMENT & SAFETY	2 125.45	7 163.78	8 792.83
		2 125.45	**44 249.64**	**57 808.62**
	DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES			
2505	OFFICE OF THE DIRECTOR ECONOMIC DEVELOPMENT	-	30 677.42	-
2511	FRESH PRODUCE MARKET	-	-	3 540.57
2521	TOURISM / ARTS / CULTURE & HERITAGE		3 857.76	18 811.68
2531	TRADE / INDUSTRY & RURAL AGRARIAN	-	12 887.65	7 661.01
		-	**47 422.83**	**30 013.26**

		April 2020 Amount	May 2020 Amount	June 2020 Amount
	DIRECTORATE OF FINANCE			
3051	REVENUE MANAGEMENT	-	13 421.16	-
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	-	31 360.22	4 613.39
3053	COASTAL REVENUE MANAGEMENT	(275.28)	202 834.27	145 712.28
3054	CUSTOMER RELATIONS (CALL CENTRE)	-	265 662.88	136 437.95
3055	INLAND REVENUE MANAGEMENT	-	152 621.03	-
3056	MIDLAND REVENUE MANAGEMENT	-	84 928.26	4 580.64
3057	RATES & VALUATIONS	-	5 963.16	6 580.20
3071	SUPPLY CHAIN MANAGEMENT	-	1 866.48	-
		(275.28)	**758 657.46**	**297 924.46**
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	-	20 225.80	14 036.80
3513	FIRE & RESCUE	-	1 597 070.60	888 746.78
3521	MUNICIPAL HEALTH SERVICES	-	40 314.48	61 638.95
3532	LAW ENFORCEMENT SERVICES	(36 633.19)	3 663 569.23	1 931 827.64
3533	TRAFFIC SERVICES	-	1 311 887.18	749 034.27
3533	TRAFFIC SERVICES	(500.00)	4 474.81	1 417.76
		(37 133.19)	**6 637 542.10**	**3 646 702.20**
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	-	13 087.39	8 983.80
4511	ELECTRICAL & ENERGY SERVICES	-	1 965.16	-
4512	CUSTOMER SERVICES & REVENUE PROTECTION	-	220 652.34	120 848.37
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	-	909.45	-
4514	ELECTRICAL DISTRIBUTION	-	2 621 293.86	1 272 677.43
4522	CONSTRUCTION	-	9 016.35	4 215.23
4524	ROADS	(100.00)	56 227.77	24 505.54
4532	SANITATION	-	2 268 639.31	821 805.38
4535	WATER SERVICES	-	2 202 196.60	1 243 317.44
4543	WORKSHOPS	-	98 007.08	114 973.16
		(100.00)	**7 491 995.31**	**3 611 326.35**
	DIRECTORATE OF MUNICIPAL SERVICES			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	-	-	6 465.90
5011	COMMUNITY AMENITIES	-	25 149.25	12 114.18
5013	LIBRARIES	(923.00)	19 326.79	926.75
5014	HALLS	-	175 712.49	50 957.81
5015	RECREATION	-	75 576.64	4 332.90
5016	SPORTS FACILITIES	-	10 727.53	-
5022	CEMETRIES & CREMOTORIA	-	815 011.92	438 908.29
5023	CONSERVATION	-	301 352.11	147 205.76
5024	PARKS: COASTAL	-	227 075.48	344 993.38

		April 2020 Amount	May 2020 Amount	June 2020 Amount
5031	SOLID WASTE MANAGEMENT	-	31 747.75	18 021.58
5032	CLEANSING & REFUSE REMOVAL: COASTAL	(1 690.80)	3 227 686.40	1 977 510.76
5035	LANDFILLS & TRANSFER STATIONS	-	247 082.40	159 066.78
5041	SPORT AND RECREATIONAL FACILITIES	-	2 597.28	-
5042	RECREATIONAL FACILITIES	-	442 320.86	8 816.75
5043	SPORTS FACILITIES	-	131 658.83	8 160.41
		(2 613.80)	**5 733 025.73**	**3 177 481.25**
	TOTAL OVERTIME	**(34 166.49)**	**21 487 067.45**	**11 188 790.61**

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.

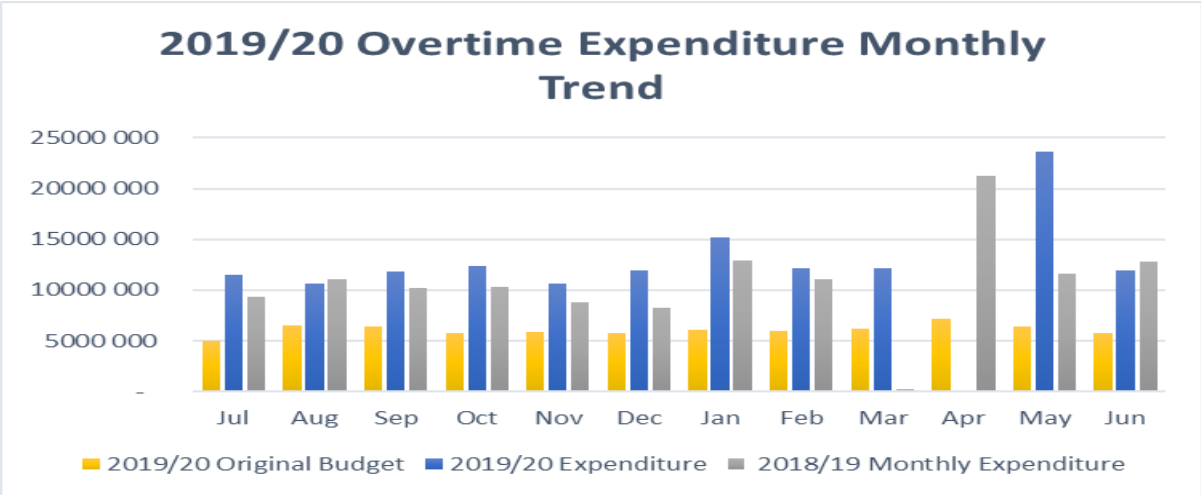
b) All planned overtime is capped at forty (40) hours per month - this is in line with the Basic Conditions of Employment Act.

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 in-depth 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 7: Overtime Expenditure Monthly Trend



12.2.1. Comments on Overtime

a) Directorate of Executive Support Services

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 Manager's 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 on overtime is as a result of staff that worked to process and finalise financial year-end processes; furthermore, finance officials had to work overtime in order to meet the deadlines for the submission of Requests for Information (RFI's) to the Auditor General (AGSA). Call Centre also contributes to over expenditure as it is required to be operational 365 days a year, which includes weekends and public holidays. The staff are 5-day workers and as such need to be paid overtime for work done 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 and emergency standby work carried out over weekends and after hours. Vandalism & Theft contributes a large percentage of overtime worked. Theft of overhead copper cable has been excessive in certain areas.

ii. Roads – Emergency overtime was done to unblock stormwater drains and Pothole patching. Most work is only done after hours due to heavy traffic flow.

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 – 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 requires 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 payment for the months of April 2020, May 2020 and June 2020. There was an increase in the total payment between April 2020 and May 2020 of R4 057 047 and a decrease in the total payment between May 2020 and June 2020 of R1 976 011.

Table 22: Standby & Shift Allowance per Directorate

	April 2020 Amount	May 2020 Amount	June 2020 Amount
Directorate of Executive Support Services	-	8 234	4 517
Directorate of the City Manager	-	9 981	4 353
Directorate of Corporate Services	124	58 673	47 446
Directorate of Development & Spatial Planning	3 826	37 895	32 580
Directorate Economic Development & Agencies	-	3 635	-
Directorate of Finance	-	12 275	4 232
Directorate of Health/Public Safety & Emergency Services	-	1 503 026	707 866
Directorate of Human Settlement	-	-	-
Directorate of Infrastructure Services	-	1 610 211	852 029
Directorate of Municipal Services	-	817 067	431 963
TOTAL	**3 950**	**4 060 997**	**2 084 987**

12.4. Cost of Temporary Staff

Table 23 below reflects the total payment of Temporary Staff for the months of April 2020, May 2020 and June 2020. There was a decrease in the total payment between April 2020 and May 2020 of R122 692 and an increase in the total payment between May 2020 and June 2020 of R525 715.

Table 23: Temporary Staff per Directorate

	April 2020 Amount	May 2020 Amount	June 2020 Amount
Directorate of Executive Support Services	214 258	221 414	225 909
Directorate of the City Manager	156 687	45 436	143 390
Directorate of Corporate Services	1 223 433	1 150 854	1 623 559
Directorate of Development & Spatial Planning	25 211	24 963	24 962
Directorate Economic Development & Agencies	-	-	-
Directorate of Finance	123 376	104 577	79 327
Directorate of Health/Public Safety & Emergency Services	35 161	46 072	83 600
Directorate of Human Settlement	-	-	-
Directorate of Infrastructure Services	383 509	421 135	365 933
Directorate of Municipal Services	88 511	113 001	106 485
TOTAL	**2 250 145**	**2 127 453**	**2 653 167**

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year to date budget of R 68.49 million less the year to date expenditure of R 64.69 million leaves a variance of R 3.38 million.

Table 24: Councillors Costs

Councillors Allowances and Benefits

Councillors Allowances And Benefits	2019/2020 Annual Budget R	2019/2020 YTD Budget R	2019/2020 YTD Expenditure R	2019/2020 Variance R	2019/2020 Variance %
Councillors Allowances	45 749 898	45 749 898	41 078 665	4 671 233	10.21
Housing Allowance	2 426 358.00	2 426 358	2 311 161.69	115 196	0.00
Medical Aid Allowance	2 011 192	2 011 192	2 499 559	-488 367	-24.28
Pension Allowance	4 266 682	4 266 682	4 505 347	-238 665	-5.59
Travel Allowance	14 031 314	14 031 314	14 292 767	-261 453	-1.86
Total	**68 485 444**	**68 485 444**	**64 687 500**	**3 797 944**	**5.55**

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R49.70 million (60.45%) of its 2019/2020 approved operating budget of R82.22 million. A detailed analysis of the entity's performance for month ended 30 June 2020 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 - M12 June

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									%	
Revenue By Municipal Entity										
Interest earned - external investments		439	828	663	74	520	663	(143)	-22%	663
Agency services		620	1 238	743	1 105	1 752	743	1 009	136%	743
Transfers and subsidies		2 491	9 251	84 931	1 037	7 451	84 931	(77 480)	-91%	84 931
Other revenue		29 869	50 375	1 188	3 897	53 278	1 188	52 091	4386%	1 188
Gains		2	–	–	–	–	–	–		–
Total Operating Revenue	1	**33 421**	**61 692**	**87 524**	**6 113**	**63 001**	**87 524**	**(24 523)**	**-28%**	**87 524**
Expenditure By Municipal Entity										
Employee related costs		17 447	24 290	23 299	5 643	22 516	23 299	(783)	-3%	23 299
Depreciation & asset impairment		1 206	1 761	959	–	–	959	(959)	-100%	959
Finance charges		0	4	3	–	–	3	(3)	-100%	3
Other materials		570	302	1 288	158	1 313	1 288	25	2%	1 288
Contracted services		7 472	26 644	47 181	5 867	19 079	47 181	(28 102)	-60%	47 181
Transfers and subsidies		100	300	279	54	197	279	(81)	-29%	279
Other expenditure		4 567	8 187	9 212	717	6 596	9 212	(2 616)	-28%	9 212
Losses		–	–	–	–	–	–	–		–
Total Operating Expenditure	2	**31 361**	**61 489**	**82 222**	**12 440**	**49 702**	**82 222**	**(32 520)**	**-40%**	**82 222**
Surplus/ (Deficit) for the yr/period		2 060	203	5 302	(6 326)	13 299	5 302	(57 043)	-1076%	5 302
Capital Expenditure By Municipal Entity										
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		4 078	65 282	2 282	3	1 675	2 282	(607)	-27%	2 282
Total Capital Expenditure	3	**4 078**	**65 282**	**2 282**	**3**	**1 675**	**2 282**	**(607)**	**-27%**	**2 282**

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 58% (R1.30 billion, inclusive of reclaimed vat) of its 2019/20 adjusted capital budget of R2.23 billion as at 30 June 2020. This reflects a decline when compared to the same period in the previous financial year where 75% (R1.57 billion, inclusive of reclaimed vat) of the adjusted budget of R2.10 billion was spent. The Covid-19 lockdown restrictions have negatively affected expenditure performance, however based on past performance trends expenditure is expected to still improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2020.

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

Funding	2019/2020 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Own Funding	907 273 721	532 041 877	375 231 844	59%
TOTAL OWN FUNDING	**907 273 721**	**532 041 877**	**375 231 844**	**59%**
Urban Settlement Development Grant	1 070 580 040	604 806 278	465 773 762	56%
Public Transport Infrastructure Grant	230 616 000	152 084 332	78 531 668	66%
Integrated City Development Grant	10 383 000	7 828 917	2 554 083	75%
Neighborhood Development Partnership Grant	10 000 000	848 883	9 151 117	8%
Infrastructure Skills Development Grant	150 000	109 988	40 012	73%
Local Government and Traditional Affairs	1 580 488	1 131 764	448 724	72%
BCMET	487 000	0	487 000	0%
Finance Management Grant	58 000	57 831	169	100%
TOTAL GRANTS	**1 323 854 528**	**766 867 994**	**556 986 534**	**58%**
TOTAL - FUNDING SOURCES	**2 231 128 249**	**1 298 909 871**	**932 218 379**	**58%**
BCMDA PROJECTS	2 282 000	1 675 421	606 579	73%
TOTAL CAPITAL BUDGET	**2 233 410 249**	**1 300 585 291**	**932 824 958**	**58%**

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	88 708 387	51 856 026	36 852 361	58%
Electricity	109 621 502	111 491 710	-1 870 209	102%
Housing	451 281 590	197 398 719	253 882 871	44%
Local Economic Development	113 221 908	52 162 246	61 059 663	46%
Other: BCMM Fleet	57 000 000	41 394 078	15 605 923	73%
Public Safety	25 310 488	7 035 037	18 275 451	28%
Roads	417 969 770	246 069 496	171 900 273	59%
Spatial Planning	40 300 302	19 109 182	21 191 120	47%
Support Services	192 299 834	92 751 187	99 548 647	48%
Transport Planning	318 597 448	222 651 741	95 945 707	70%
Waste Management	98 943 435	54 667 471	44 275 964	55%
Waste Water	195 398 515	108 845 646	86 552 869	56%
Water	122 475 071	93 477 333	28 997 738	76%
TOTAL - PER SERVICE	**2 231 128 249**	**1 298 909 871**	**932 218 379**	**58%**
BCMDA Projects	2 282 000	1 675 421	606 579	73%
TOTAL CONSOLIDATED CAPITAL PER SERVICE	**2 233 410 249**	**1 300 585 291**	**932 824 958**	**58%**

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	2 737 836	762 164	78%
City Manager's Office	6 744 045	1 367 394	5 376 651	20%
Corporate Services	46 023 896	29 573 623	16 450 273	64%
Spatial Planning & Development	359 762 088	242 191 834	117 570 254	67%
Economic Development & Agencies	83 221 908	43 344 716	39 877 192	52%
Finance Services	122 471 234	52 850 313	69 620 922	43%
Health/Public Safety & Emergency Services	28 306 810	7 960 398	20 346 412	28%
Human Settlements	451 781 590	197 625 050	254 156 540	44%
Infrastructure Services	861 964 857	571 949 529	290 015 327	66%
Municipal Services	226 851 822	136 440 536	90 411 287	60%
TOTAL DIRECTORATES	**2 190 628 249**	**1 286 041 228**	**904 587 021**	**59%**
Asset Replacements	10 000 000	3 689 221	6 310 779	37%
TOTAL BUDGET PER DIRECTORATE	**2 200 628 249**	**1 289 730 449**	**910 897 800**	**59%**
BCMDA Projects	32 782 000	10 854 842	21 927 158	33%
TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE	**2 233 410 249**	**1 300 585 291**	**932 824 958**	**58%**

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

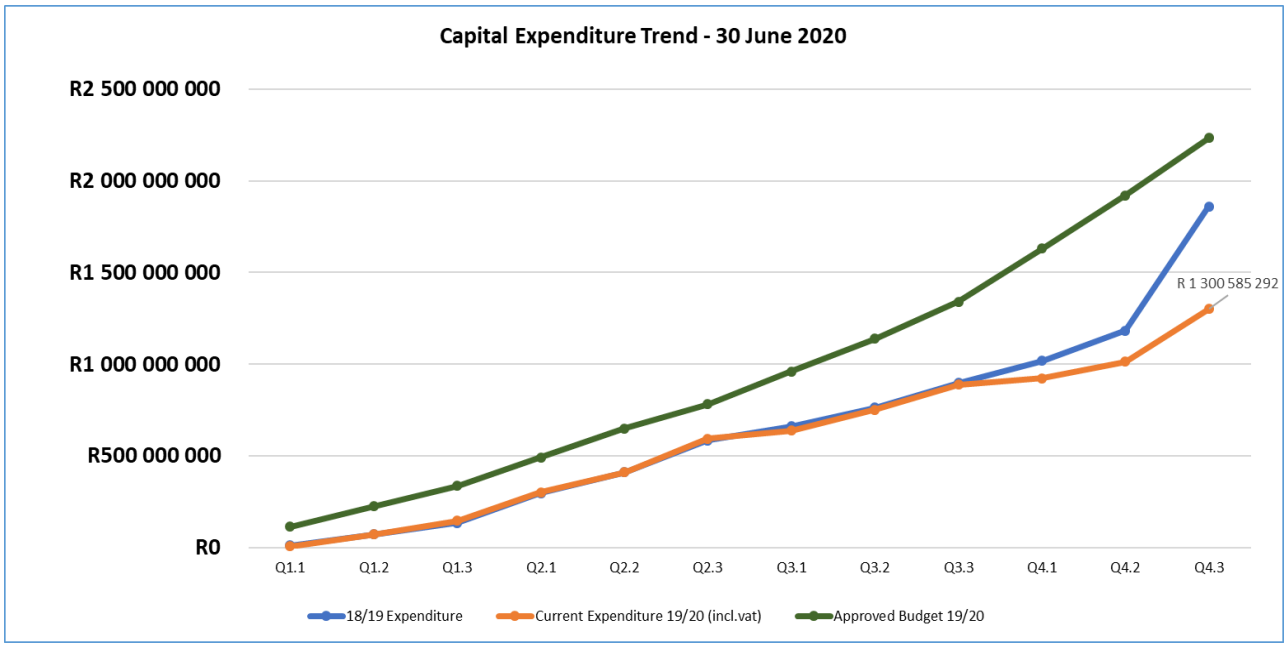
Table 29: SC12 Monthly Budget Statement – capital expenditure trend

BUF Buffalo City - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M12 June

Month	2018/19	Budget Year 2019/20							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
Monthly expenditure performance trend									
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	143 183	278 534	638 553	360 019	56.4%	16%
November	104 066	144 784	164 589	100 843	379 377	803 142	423 765	52.8%	22%
December	158 939	144 784	164 589	171 076	550 453	967 732	417 279	43.1%	32%
January	70 648	144 784	164 589	43 263	593 716	1 132 321	538 605	47.6%	34%
February	97 161	144 784	153 698	103 431	697 147	1 286 019	588 873	45.8%	40%
March	124 822	144 784	153 698	132 334	829 481	1 439 718	610 237	42.4%	48%
April	114 481	144 784	264 565	32 673	862 154	1 704 282	842 129	49.4%	0
May	158 523	144 784	264 565	82 738	944 892	1 968 847	1 023 955	52.0%	0
June	(844 190)	144 784	264 563	267 887	1 212 779	2 233 410	1 020 631	45.7%	0
Total Capital expenditure	258 887	1 737 413	2 233 410	1 212 779					

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

Figure 8: 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. As a tool to monitor the performance of each bid committee, 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 at the end of January 2020 to ensure effectiveness and efficiency. Additional members have been appointed to address the problem of non-sitting of committees as a result of meetings failing to meet the required quorum.

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) Reconfiguration of processes at the Supply Chain Management unit are also underway to improve all procurement related activities. SCM is compiling weekly register of all requisitions submitted by Directorates and this process will help to address the

challenges of missing requisitions or requisitions not captured timeously causing unnecessary procurement delays.

d) All committee meetings are required to sit twice a week during the lockdown period to address the backlogs.

15. OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 63% (R267.25 million, inclusive of reclaimed vat) of its 2019/20 adjusted operating projects budget of R423.56 million as at 30 June 2020. This reflects a decline when compared to the same period in the previous financial year where 68% (R237.74 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R349.21 million was spent. The Covid-19 lockdown restrictions have negatively affected expenditure performance, however based on past performance trends expenditure is expected to still improve as the financial year end closure is still in progress. Journals and closing entries are still to be processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2020.

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

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

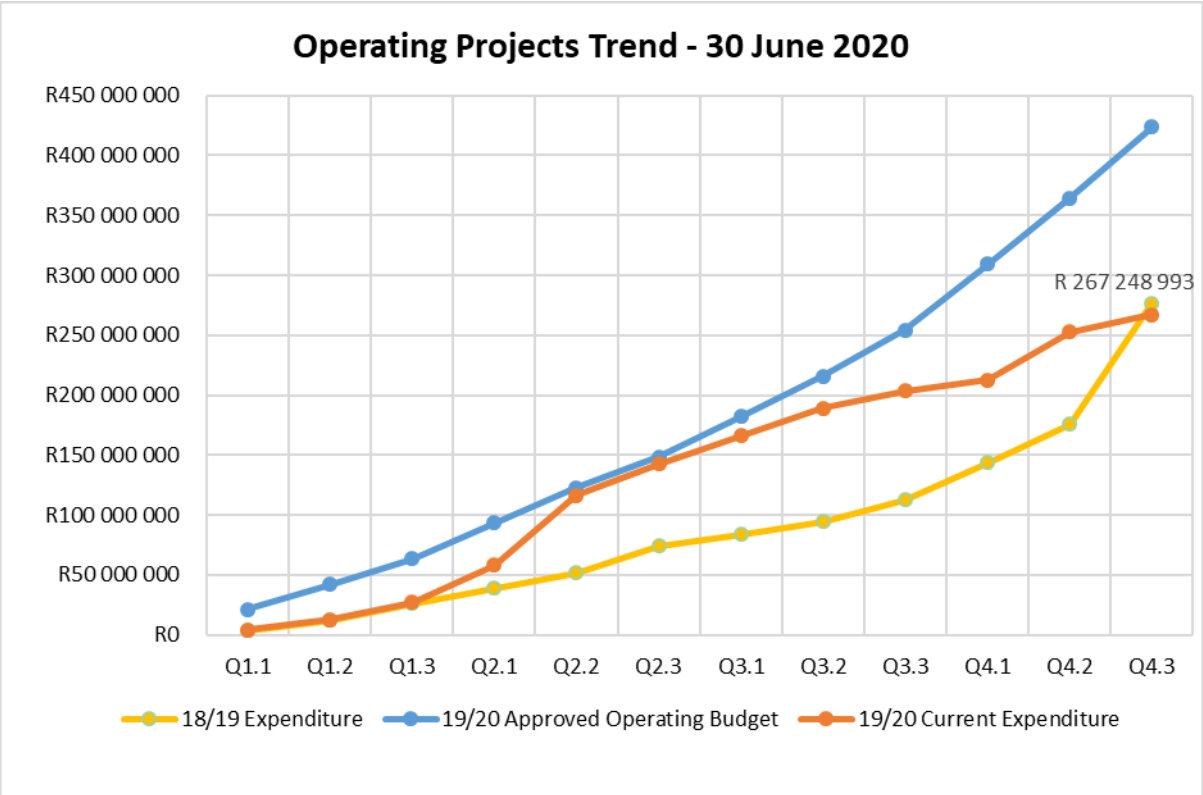
Directorate	2019/2020 Adjusted Budget	YTD Expenditure (incl. vat)	Variance (incl. VAT))	% Expenditure (incl. vat)
Executive Support Services	66 024 240	64 916 828	1 107 412	98%
City Manager's Office	37 398 960	41 896 547	-4 497 587	112%
Corporate Services	14 825 000	8 187 148	6 637 852	55%
Spatial Planning & Development	14 700 944	7 806 604	6 894 340	53%
Economic Development & Agencies	20 000 000	13 487 574	6 512 426	67%
Finance Services	15 742 000	11 856 471	3 885 529	75%
Health/Public Safety & Emergency Services	1 280 000	329 566	950 434	26%
Human Settlements	180 288 339	43 006 601	137 281 738	24%
Infrastructure Services	63 400 000	68 860 914	-5 460 914	109%
Municipal Services	9 900 000	6 900 742	2 999 258	70%
TOTAL PER DIRECTORATE	**423 559 483**	**267 248 993**	**156 310 490**	**63%**

Table 31: Operating Projects Per Funding Source

Funding	2019/2020 Adjusted Budget	YTD Expenditure (incl. vat)	Variance (incl. VAT)	% Expenditure (incl. vat)
Total Own Funding	**135 594 495**	**115 921 509**	**19 672 985**	**85%**
Urban Settlement Development Grant	86 842 960	88 941 777	-2 098 817	102%
Salaida (galve) c/o	435 689	72 806	362 883	17%
Public Transport Infrastructure Grant	3 850 000	2 766 580	1 083 420	72%
Finance Management Grant	942 000	879 238	62 762	93%
Infrastructure Skills Development Grant	11 150 000	7 154 287	3 995 713	64%
Expanded Public Works Programme	9 956 000	10 000 396	-44 396	100%
Human Settlements Development Grant	138 394 390	22 104 817	116 289 573	16%
Human Settlements Development Grant c/o	36 393 949	19 407 584	16 986 365	53%
TOTAL PER FUNDING SOURCE	**287 964 988**	**151 327 484**	**136 637 504**	**53%**
TOTAL OPERATING PROJECTS	**423 559 483**	**267 248 993**	**156 310 490**	**63%**

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

Figure 9: Operating Projects Expenditure Trend



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

16.1 Health / Public Safety & Emergency Services

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

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

Health & Public Safety	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES	**0**	**4 176 102**	**1 368 166**	**63 489**	**5 607 758**
GM - EMERGENCY SERVICES	**(107 505 549)**	**90 944 652**	**12 590 162**	**1 252 159**	**104 786 974**
EMERGENCY SERVICES	0	2 999 655	157 649	26 664	3 183 968
DISASTER MANAGEMENT	0	3 853 656	1 385 240	8 619	5 247 515
FIRE & RESCUE	(107 505 549)	84 091 341	11 047 274	1 216 876	96 355 491
GM - MUNICIPAL HEALTH SERVICES	**(303 839)**	**36 548 270**	**2 213 458**	**290 349**	**39 052 077**
MUNICIPAL HEALTH SERVICES: COASTAL REGION	(303 839)	36 548 270	2 213 458	290 349	39 052 077
GM - PUBLIC SAFETY & PROTECTION SERVICES	**(52 341 294)**	**262 420 847**	**16 717 807**	**2 942 309**	**282 080 963**
PUBLIC SAFETY & PROTECTION SERVICES	(404 203)	2 465 323	1 280 688	29 959	3 775 969
LAW ENFORCEMENT SERVICES	0	147 380 513	3 765 903	547 201	151 693 617
TRAFFIC SERVICES	(51 937 090)	112 575 011	11 671 216	2 365 150	126 611 377
Total	**(160 150 681)**	**394 089 872**	**32 889 594**	**4 548 307**	**431 527 773**

16.2 Municipal Services

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

Table 33: Municipal Services – Cost Analysis

Municipal Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	**0**	**10 773 452**	**1 721 352**	**15 595**	**12 510 400**
GM - COMMUNITY AMENITIES	**(19 773 475)**	**82 778 673**	**94 716 308**	**4 754 368**	**182 249 349**
COMMUNITY AMENITIES	(236)	14 720 063	80 271 804	771 698.94	95 763 566
LIBRARIES	(15 984 310)	36 032 353	7 680 062	735 386	44 447 801
HALLS	(1 184 847)	23 968 689	3 981 239	2 202 639	30 152 567
RESORTS	(2 604 318)	8 057 568	2 783 202	1 044 644	11 885 414
GM - SPORTS & RECREATION FACILITIES MANAGEMENT	**(1 549 062)**	**79 083 077**	**7 550 122**	**3 782 318**	**90 415 517**
SPORTS & RECREATION FACILITIES MANAGEMENT	0	1 667 500	235 950		1 903 450
RECREATION	(1 405 436)	48 496 331	2 195 010	1 486 420	52 177 761
SPORTS FACILITIES	(143 627)	28 919 245.42	5 119 162	2 295 898	36 334 305
GM - PARKS / CEMETRIES & CONSERVATION	**(7 151 472)**	**193 113 396**	**29 892 324**	**8 231 066**	**231 236 786**
PARKS / CEMETRIES & CONSERVATION		2 982 683	999 052	0	3 981 734
CEMETRIES & CREMOTORIA	(6 227 137)	42 636 431	12 842 190	1 264 150	56 742 770
CONSERVATION	(832 296)	23 059 338	3 073 534	1 071 383	27 204 255
PARKS: COASTAL	(92 039)	124 434 945	12 977 549	5 895 533	143 308 027
GM - SOLID WASTE MANAGEMENT	**(481 874 688)**	**226 709 731**	**138 460 619**	**11 102 102**	**376 272 452**
SOLID WASTE MANAGEMENT	0	17 058 686	31 623 765	9 795 322	58 477 774
CLEANSING & REFUSE REMOVAL: COASTAL	(479 082 898)	193 299 714	81 378 421	1 299 130	275 977 265
LANDFILLS & TRANSFER STATIONS	(2 791 789)	16 351 330	25 458 433	7 650	41 817 413
Total	**(510 348 697)**	**592 458 329**	**272 340 725**	**27 885 449**	**892 684 503**

17. 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 (IDP). 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 during fourth quarter is attached as Annexure G.

Below is the summary of the 4th quarter SDBIP performance per directorate.

17.1. SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS - FOURTH QUARTER 2019/2020 PER DIRECTORATE

i. Executive Support Services

The Executive Support Services Directorate has set 9 Key Performance Indicators. The total number of KPI's achieved is 3, not achieved is 1 and not for reporting in this quarter is 5. Therefore, the overall 4th Quarter Performance for Executive Support Services is 75%.

ii. Human Settlements

The Human Settlements Directorate has set 6 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 5, not achieved is 1 and 0 not for reporting for this quarter. Therefore, the overall 4th Quarter Performance for Human Settlements is 83%.

iii. **Directorate of Finance**

The Directorate of Finance has set 12 KPI's on their SDBIP. The total number of KPI's achieved is 5, not achieved is 4 and not for reporting for this quarter is 3. Therefore, the overall 4th Quarter Performance for Directorate of Finance is 56%.

iv. **Corporate Services**

The Corporate Services Directorate has set 10 KPI's. The total number of KPI's achieved is 4, not achieved is 1 and not for reporting for this quarter is 5. Therefore, the overall 4th Quarter Performance for Corporate Services is 80%.

v. **Infrastructure Services**

The Directorate of Infrastructure Services has set 21 KPI's. The total number of KPI's achieved is 15, not achieved is 5 and not for reporting for this quarter is 1. Therefore, the overall 4th Quarter Performance for Infrastructure Services is 75%.

vi. **Spatial Planning and Development**

The Directorate of Spatial Planning and Development has set 13 KPI's. The total number of KPI's achieved is 3, not achieved is 6 and not for reporting for this quarter is 4. Therefore, the overall 4th Quarter Performance for Spatial Planning and Development is standing at 33%.

vii. **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 3 and not for reporting is 5. Therefore, the overall 4th Quarter Performance for Economic Development & Agencies is standing at 100%.

viii. **Health/Public Safety and Emergency Services**

The Directorate of Health/Public Safety and Emergency Services has set 7 KPI's. The total number of KPI's achieved is 4, not achieved in

this quarter is 2 and not for reporting for this quarter is 1. Therefore, the overall 4th Quarter Performance for Health/Public Safety and Emergency Services is standing at 67%.

ix. **Municipal Services**

The Directorate of Municipal Services has set 11 KPI's. The total number of KPI's achieved is 5, not achieved is 1 and not for reporting in this quarter is 5. Therefore, the overall 4th Quarter Performance for Municipal Services is 67%.

The overall institutional performance for the 4th quarter is standing at **69%**. The above information is summarized in the table below.

Table 34: Summary of BCMM 4th 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	4th Quarter % of KPI's achieved
Executive Support Services	9	3	1	5	75%
Human Settlements	6	5	1	0	83%
Directorate of Finance	12	5	4	3	56%
Corporate Services	10	4	1	5	80%
Infrastructure Services	21	15	5	1	75%
Spatial Planning & Development	13	3	6	4	33%
Economic Development and Agencies	8	3	0	5	100%
Health/Public Safety and Emergency Services	7	4	2	1	67%
Municipal Services	11	5	1	5	83%
Total	**97**	**47**	**21**	**29**	**69%**

17.1.1. SUMMARY AND ANALYSIS

Eight Directorates have recorded quite an impressive performance during the fourth quarter 2019/2020 as they performed above the average of 50%. Spatial Planning and Development is the only directorate that has performed below 50%.The overall performance of the institution for the fourth quarter (2019/2020) is standing at 69%.

18. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

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 **June 2020** 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)