

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION  
OF THE 2020/21 BUDGET FOR THE PERIOD ENDED 31 AUGUST 2020**

**1. PURPOSE**

The purpose of the report is for Executive Mayor to consider and note the statement of financial performance and the implementation of the 2020/21 budget of the Buffalo City Metropolitan Municipality for the period ended 31 August 2020.

**2. AUTHORITY**

Executive Mayor.

**3. LEGAL / STATUTORY REQUIREMENTS**

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

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

3.3. Municipal Budget and Reporting Regulations, 2009

**4. BACKGROUND**

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

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

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

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

## **5. RESOLUTIONS**

It is recommended that:

- (i) The Executive Mayor considers and notes the report on the statement of financial performance and the implementation of the 2020/21 budget for the period ended 31 August 2020 including supporting documentation attached as Annexure A to F.
- (ii) The Executive Mayor notes the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.
- (iii) The Executive Mayor notes the year to date collection rate for the period ended 31 August 2020 of 52.94%.

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**A. SIHLAHLA**

**CITY MANAGER**

**BUFFALO CITY METROPOLITAN MUNICIPALITY**

Ntsikelelo Sigcau/ YM

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**DATE**

**6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 31 AUGUST 2020**

**6.1. Dashboard / Performance Summary**

**Table 1: Performance Summary**

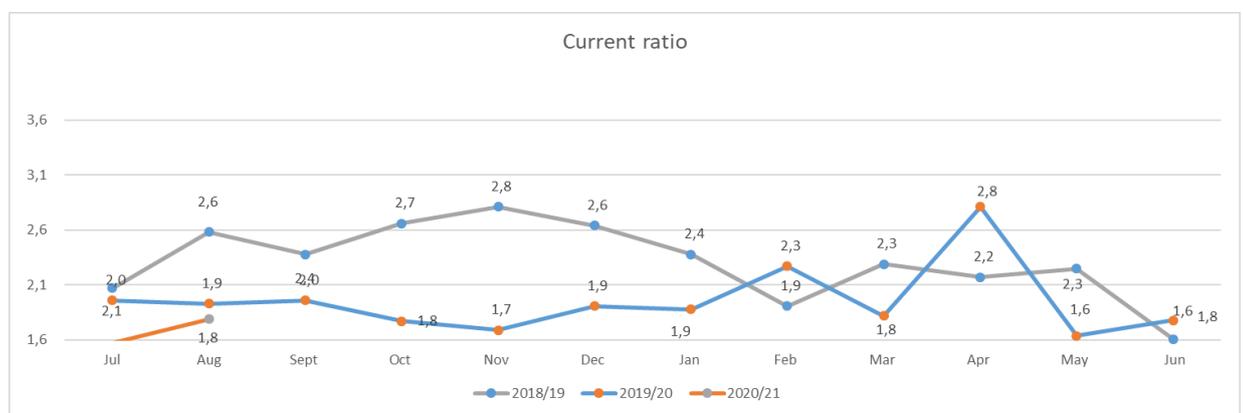
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 1 710 579 119	Bank Balance	R 166 279 643
Expenditure	(R 1 202 259 982)	Call investments (excl. int.)	R 1 283 423 824
Operating Surplus	R 508 319 137	<b>Cash and cash equivalents</b>	<b>R 1 449 703 467</b>
Transfers and Subsidies Recognised – Capital	R 5 807 306	<i>Account Payables</i>	<i>(R 792 860 529)</i>
Surplus After Capital Transfers	R 514 123 903	<i>Unspent conditional grants</i>	<i>(R 948 728 216)</i>
<b>DEBTORS</b>		<i>Committed to Capital budget-own funds</i>	<i>(R 1 083 673 165)</i>
Total debtors book (incl. impairment)	R 3 272 098 127	<b>Possible cash deficit should there be no revenue collection made</b>	<b>(R 1 375 558 443)</b>
Total debtors - Government	R 92 194 376		
Total debtors - Business	R 836 767 080	Total Long term loans	R 287 580 532
Total debtors - Households	R 2 343 136 671		
Total debt written off (YTD)	R 82 880 937	<b>SURPLUS / (DEFICIT) PER SERVICE</b>	
		Water	R 115 824 065
<b>REPAIRS AND MAINTENANCE</b>		Electricity	<i>(R 246 411 477)</i>
<b>2019/2020:</b> Exp.= R37,94 m, which is 10% of budget of R392,58 m	<b>2020/2021:</b> Exp.= R40,47 m, which is 10% of budget of R394.48 m	Refuse	R 117 721 533
		Sewerage	R 119 897 309
<b>CAPITAL EXPENDITURE</b>		<b>OPERATING PROJECTS EXPENDITURE</b>	
<b>2019/2020: Exp. as a % of Adjusted Budget of R1.95b:</b>  Exp. (excl. vat) = R66,72 mil % exp. (Excl. vat) :3%  Exp. (incl. vat) = R71,11 mil % exp. (incl. vat): 4%	<b>2020/2021: Exp. as a % of Adjusted Budget of R1.82b:</b>  Exp. (excl. vat) = R36.05 mil % exp. (Excl. vat) :2%  Exp. (incl. vat) = R39.58 mil % exp. (incl. vat): 2%	<b>2019/2020: Exp. as a % of Adjusted Budget of R466.26m:</b>  Exp. (excl. vat) = R12.66 mil % exp. (excl. vat): 3%  Exp. (incl. vat) = R12.68 mil % exp. (incl. vat): 3%	<b>2020/2021: Exp. as a % of Adjusted Budget of R376.71m:</b>  Exp. (excl. vat) = R12.69 mil % exp. (excl. vat): 3%  Exp. (incl. vat) = R12.75 mil % exp. (incl. vat): 3%
<b>FINANCIAL</b>		<b>HUMAN RESOURCES</b>	
Operating surplus before Capital Transfers	R 508 319 137	Total staff complement	5 639
Debtors collection ratio	52.94%	Staff Appointments	24
YTD Grants and subsidies: recognized – Capital	R 5 807 306	Staff Terminations	11
Creditors payment days	31 days	Number of funded vacant posts (under recruitment process)	375
Current ratio	1.79:1	Total overtime paid (YTD)	R 20 384 091
Total Debt to Revenue	2.98%	Allowances and benefits – Councillors (YTD)	R 10 561 998
Capital Charges to Operating Expenditure	0.39%	Salary bill – Officials (YTD)	R 322 368 075
Cost coverage ratio	1 month	Workforce costs as a % of expenditure	27.67%

## 6.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered stable as the Current Ratio is 1.79:1 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**

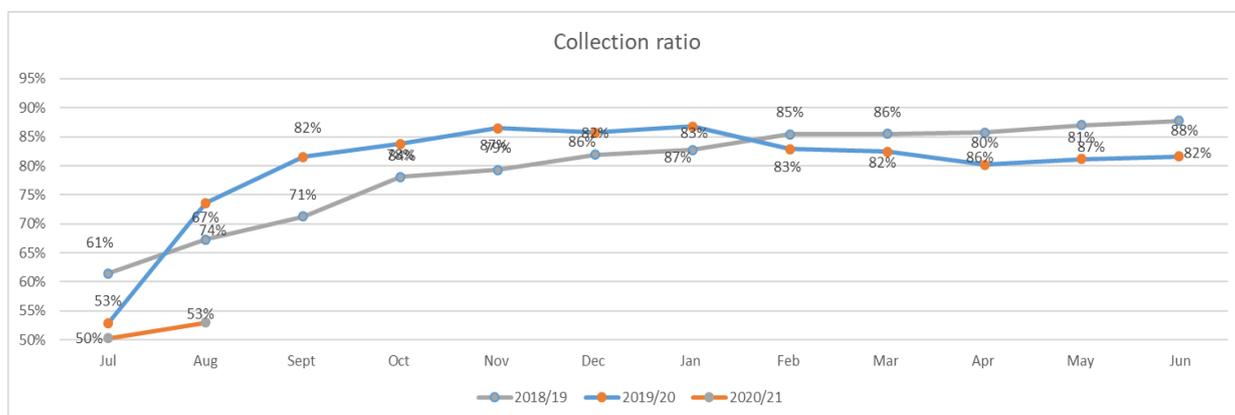


## 6.3. Collection Rate and Outstanding Debtors

The year to date collection rate as at 31 August 2020 is 52.94% (2019/20: 73.56%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has slightly increased by 2.68% from last month where 50.26% was achieved for the period ended 31 July 2020. The municipality raises annual charges in respects of rates, sewerage and where applicable refuse in the month of July 2020 which is only due at the end of September 2020, this has an effect on the collection ratio as consumers clear their annual charges on the due date which is 30 September 2020.

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 31 August 2020 amounts to R3.27 billion (2018/19: R2.22 billion). Households: R2.34 billion, Business: R836.77 million and Government: R92.19 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 2% (R39.58 million, inclusive of reclaimed vat) of its 2020/21 capital budget of R1.82 billion as at 31 August 2020. This reflects a decline when compared to the same period in the previous financial year where 4% (R71.11 million, inclusive of reclaimed vat) of the budget of R1.75 billion was spent. The Covid-19 pandemic continues to negatively affect expenditure performance. However, it is expected that expenditure will improve in the second quarter as procurement processes for major contracts would have been concluded. (Refer to Section 14 for further details).

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

### **6.5. Operating Projects**

The Metro has spent 3% (R12.75 million, inclusive of reclaimed vat) of its 2020/21 operating projects budget of R376.71 million as at 31 August 2020. This reflects the same trend when compared to the same period in the previous financial year where 3% (R12.68 million, inclusive of reclaimed vat) of the operating projects budget of R466.26 million was spent. The Covid-19 pandemic continues to negatively affect expenditure performance. However, it is expected that expenditure will improve in the second quarter as procurement processes for major contracts would have been concluded. (Refer to Section 15 for further details).

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

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

The Metro has spent 4% (R34.45 million, inclusive of reclaimed vat) of its 2020/2021 conditional grants budget of R826.13 million as at 31 August 2020. This reflects a decline when compared to the same period in the previous financial year where 5% (R51.5 million, inclusive of reclaimed vat) of conditional grants budget of R1.09 billion was spent. The Covid-19 pandemic continues to negatively affect expenditure performance. However, it is expected that expenditure will improve in the second quarter as procurement processes for major contracts would have been concluded. (Refer to Section 11.1 for further details).

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

BCMM has spent 3% (R18.71 million, inclusive of reclaimed vat) of its 2020/2021 USDG approved budget of R687.12 billion as at 31 August 2020. This reflects the same trend when compared to the same period in the previous financial year where 3% (R27.62 million, inclusive of reclaimed of vat) of USDG budget of R817.42 billion was spent. The Covid-19 pandemic continues to negatively affect expenditure performance. However, it is expected that expenditure will improve in the second quarter as procurement

processes for major contracts would have been concluded. (Refer to Section 11.1 for further details).

## **6.8. Cash and Cash Equivalents**

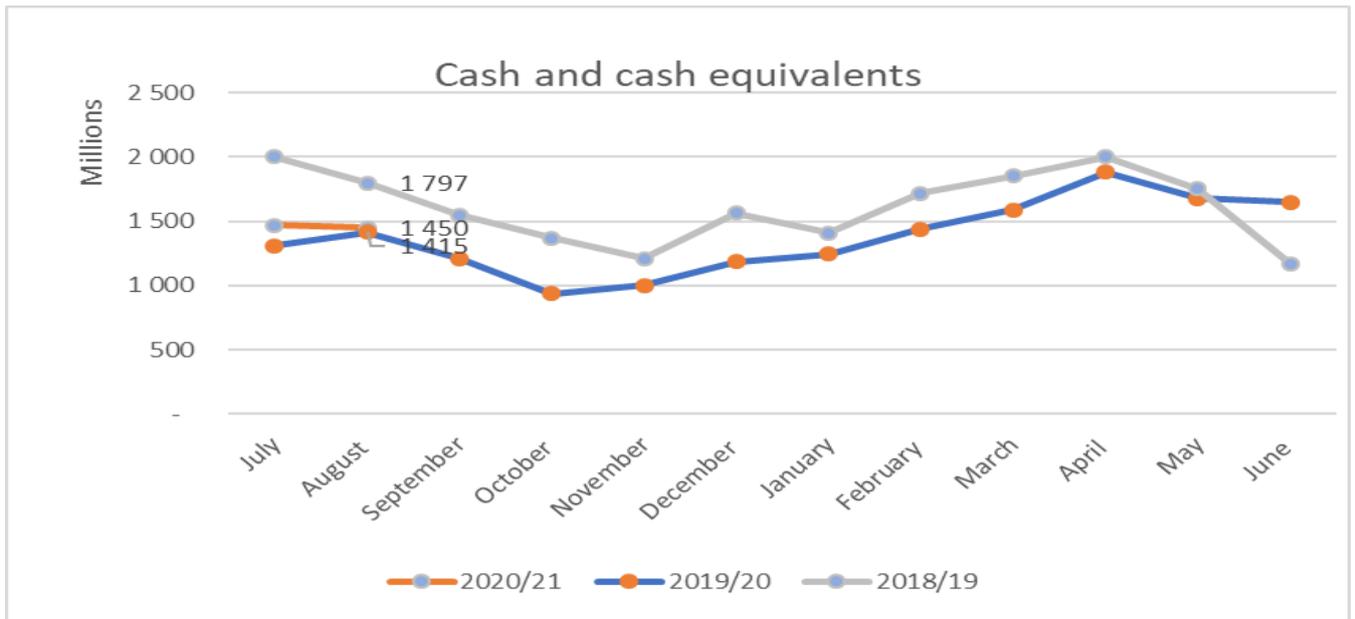
The cash and cash equivalents of the City as at 31 August 2020 is R1.45 billion made up of cash at the primary bank account amounting to R166.28 million and call investment deposits of R1.28 billion. This funding is invested with various financial institutions in compliance with the MFMA.

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 its own funding. This is an indication of the City's commitment in addressing the aging infrastructure and ensuring that cash reserves are re-invested into infrastructure assets. The decrease in cash reserves is also caused by the non-achievement of the targeted collection rate of 90.5%. 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 month. 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 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.

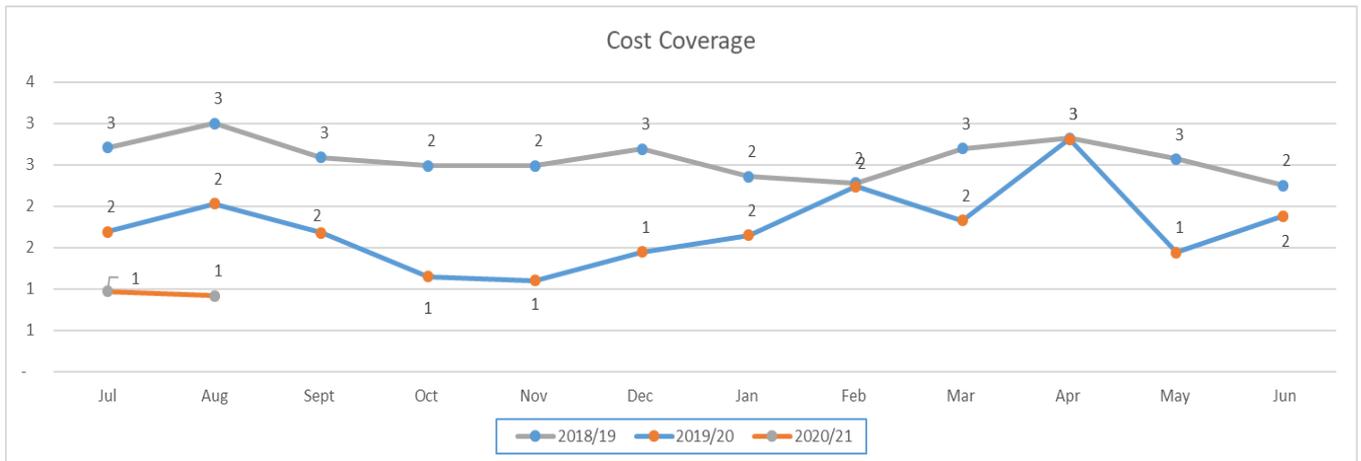
The graph below shows comparison of the monthly cash and cash equivalents over the 3-year period.

**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. Outstanding Creditors**

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. The creditors payment days has increased to 31 days. Refer to Section 9 for details.

#### **6.10. Long-Term Debt Profile**

The total long-term borrowings of the municipality as at 31 August 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 31 August 2020 is 0.39%. 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 2.98% as at 31 August 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 move this ratio closer to the National Treasury norm of 45%. However due to weak economic performance and regression of banks by rating agencies, as well as a weak collection rate, this process needs to be reviewed.

#### **6.11. Electricity Service Deficit**

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 under research 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 - M02 August

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	1 428 551	1 687 667	1 687 667	197 898	418 596	376 012	42 584	11%	1 687 667
Service charges	3 143 745	3 546 712	3 546 712	444 141	571 687	719 545	(147 859)	-21%	3 546 712
Investment revenue	70 650	54 473	54 473	1 672	6 558	10 186	(3 629)	-36%	54 473
Transfers and subsidies	986 694	1 230 979	1 447 950	2 639	413 114	536 308	(123 194)	-23%	1 447 950
Other own revenue	899 069	987 720	987 720	(1 530 057)	300 624	286 665	13 959	5%	987 720
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>6 528 709</b>	<b>7 507 552</b>	<b>7 724 523</b>	<b>(883 708)</b>	<b>1 710 579</b>	<b>1 928 717</b>	<b>(218 138)</b>	<b>-11%</b>	<b>7 724 523</b>
Employee costs	2 259 849	2 354 465	2 424 188	131 209	322 368	354 566	(32 197)	-9%	2 424 188
Remuneration of Councillors	64 687	72 766	72 766	5 323	10 562	11 912	(1 350)	-11%	72 766
Depreciation & asset impairment	1 703 463	866 757	896 757	91	118 393	140 221	(21 828)	-16%	896 757
Finance charges	32 564	44 211	44 211	2 368	4 737	7 839	(3 102)	-40%	44 211
Materials and bulk purchases	1 868 138	2 185 127	2 226 617	222 411	460 107	531 298	(71 191)	-13%	2 226 617
Transfers and subsidies	131 939	115 981	115 981	713	21 067	33 345	(12 277)	-37%	115 981
Other expenditure	1 256 987	1 867 645	1 943 404	(1 560 413)	265 026	279 399	(14 373)	-5%	1 943 404
<b>Total Expenditure</b>	<b>7 317 627</b>	<b>7 506 953</b>	<b>7 723 924</b>	<b>(1 198 298)</b>	<b>1 202 260</b>	<b>1 358 579</b>	<b>(156 319)</b>	<b>-12%</b>	<b>7 723 924</b>
<b>Surplus/(Deficit)</b>	<b>(788 918)</b>	<b>599</b>	<b>599</b>	<b>314 590</b>	<b>508 319</b>	<b>570 138</b>	<b>(61 819)</b>	<b>-11%</b>	<b>599</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	#####	808 929	732 197	(3)	(3)	16 219	###	-100%	732 197
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and	#####						###		
14 658	-	-	536	5 807	-	5 807	#DIV/0!		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>236 153</b>	<b>809 528</b>	<b>732 796</b>	<b>315 124</b>	<b>514 124</b>	<b>586 357</b>	<b>(72 233)</b>	<b>-12%</b>	<b>732 796</b>
Share of surplus/ (deficit) of associate	(105 406)	-	-	-	-	-	-		-
<b>Surplus/ (Deficit) for the year</b>	<b>130 747</b>	<b>809 528</b>	<b>732 796</b>	<b>315 124</b>	<b>514 124</b>	<b>586 357</b>	<b>(72 233)</b>	<b>-12%</b>	<b>732 796</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>1 549 628</b>	<b>1 660 239</b>	<b>1 825 164</b>	<b>35 886</b>	<b>36 052</b>	<b>73 209</b>	<b>(37 156)</b>	<b>-51%</b>	<b>1 825 164</b>
Capital transfers recognised	905 530	806 419	731 687	24 345	24 343	18 069	6 274	35%	731 687
Borrowing	-	230 800	230 800	-	-	10 000	(10 000)	-100%	230 800
Internally generated funds	<b>644 098</b>	<b>623 019</b>	<b>862 677</b>	<b>11 541</b>	<b>11 709</b>	<b>45 139</b>	<b>(33 430)</b>	<b>-74%</b>	<b>862 677</b>
<b>Total sources of capital funds</b>	<b>1 549 628</b>	<b>1 660 239</b>	<b>1 825 164</b>	<b>35 886</b>	<b>36 052</b>	<b>73 209</b>	<b>(37 156)</b>	<b>-51%</b>	<b>1 825 164</b>
<b>Financial position</b>									
Total current assets	8 910 221	2 699 673	2 674 987		9 427 773				2 674 987
Total non current assets	20 336 953	22 539 836	22 704 761		20 254 612				22 704 761
Total current liabilities	7 569 570	1 332 145	1 285 413		7 353 269				1 285 413
Total non current liabilities	991 853	1 088 289	1 088 289		954 353				1 088 289
Community wealth/Equity	<b>20 140 817</b>	<b>22 819 075</b>	<b>23 082 778</b>		<b>21 374 763</b>				<b>23 082 778</b>
<b>Cash flows</b>									
Net cash from (used) operating	-	1 594 612	1 360 908	447 835	1 090 500	226 818	(863 682)	-381%	1 360 908
Net cash from (used) investing	-	(1 660 239)	(1 825 164)	(36 335)	(37 067)	(304 194)	(267 127)	88%	(1 825 164)
Net cash from (used) financing	(6 218)	187 114	176 405	(113)	(78 200)	18 266	96 466	528%	109 411
<b>Cash/cash equivalents at the month/year end</b>	<b>1 165 414</b>	<b>(5 160 485)</b>	<b>(5 569 824)</b>	<b>-</b>	<b>1 449 703</b>	<b>(59 110)</b>	<b>#####</b>	<b>2553%</b>	<b>(354 845)</b>
<b>Debtors &amp; creditors analysis</b>									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
<b>Debtors Age Analysis</b>									
Total By Income Source	904 085	154 133	104 725	111 832	114 050	82 886	321 816	#####	3 272 098
<b>Creditors Age Analysis</b>									
Total Creditors	792 861	-	-	-	-	-	-	-	792 861

## 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) - M02 August**

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		<b>2 624 290</b>	<b>2 908 586</b>	<b>3 053 746</b>	<b>(1 354 240)</b>	<b>847 048</b>	<b>844 730</b>	2 318	0%	<b>3 053 746</b>
Executive and council		32 556	32 779	35 120	1 667	1 667	13 390	(11 723)	-88%	35 120
Finance and administration		2 591 734	2 875 807	3 018 625	(1 355 907)	845 381	831 340	14 041	2%	3 018 625
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		<b>466 184</b>	<b>622 417</b>	<b>648 285</b>	<b>22 199</b>	<b>48 388</b>	<b>97 962</b>	(49 573)	-51%	<b>648 285</b>
Community and social services		24 613	31 934	31 934	1 284	2 163	8 262	(6 099)	-74%	31 934
Sport and recreation		4 363	6 183	6 183	8	13	895	(881)	-99%	6 183
Public safety		146 718	190 904	190 904	20 907	46 212	36 614	9 598	26%	190 904
Housing		290 187	393 365	419 232	-	-	52 188	(52 188)	-100%	419 232
Health		304	32	32	-	-	3	(3)	-100%	32
<i><b>Economic and environmental services</b></i>		<b>498 007</b>	<b>513 478</b>	<b>494 390</b>	<b>2 682</b>	<b>29 340</b>	<b>60 635</b>	(31 296)	-52%	<b>494 390</b>
Planning and development		292 025	300 689	301 231	2 682	29 340	55 756	(26 416)	-47%	301 231
Road transport		205 143	208 873	189 244	(0)	(0)	4 452	(4 452)	-100%	189 244
Environmental protection		839	3 915	3 915	-	-	428	(428)	-100%	3 915
<i><b>Trading services</b></i>		<b>3 929 591</b>	<b>4 228 210</b>	<b>4 216 510</b>	<b>444 115</b>	<b>787 197</b>	<b>933 678</b>	(146 482)	-16%	<b>4 216 510</b>
Energy sources		1 957 799	2 273 390	2 270 690	165 255	261 106	426 131	(165 025)	-39%	2 270 690
Water management		877 175	864 701	861 701	134 123	201 172	260 792	(59 620)	-23%	861 701
Waste water management		593 120	602 537	596 537	67 983	152 512	129 553	22 959	18%	596 537
Waste management		501 497	487 582	487 582	76 754	172 407	117 203	55 204	47%	487 582
<i><b>Other</b></i>	<b>4</b>	<b>35 708</b>	<b>43 789</b>	<b>43 789</b>	<b>2 070</b>	<b>4 412</b>	<b>7 931</b>	<b>(3 519)</b>	<b>-44%</b>	<b>43 789</b>
<b>Total Revenue - Functional</b>	<b>2</b>	<b>7 553 780</b>	<b>8 316 481</b>	<b>8 456 720</b>	<b>(883 174)</b>	<b>1 716 384</b>	<b>1 944 936</b>	<b>(228 552)</b>	<b>-12%</b>	<b>8 456 720</b>
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		<b>1 245 519</b>	<b>1 531 830</b>	<b>1 597 373</b>	<b>(1 669 812)</b>	<b>202 579</b>	<b>244 804</b>	(42 225)	-17%	<b>1 597 373</b>
Executive and council		438 666	436 341	438 801	69 871	88 427	73 574	14 853	20%	438 801
Finance and administration		797 404	1 081 979	1 145 062	(1 740 397)	112 701	169 320	(56 619)	-33%	1 145 062
Internal audit		9 448	13 510	13 510	713	1 451	1 910	(459)	-24%	13 510
<i><b>Community and public safety</b></i>		<b>969 461</b>	<b>1 073 889</b>	<b>1 189 289</b>	<b>76 457</b>	<b>149 533</b>	<b>166 605</b>	(17 071)	-10%	<b>1 189 289</b>
Community and social services		136 656	150 844	174 844	11 106	21 249	24 547	(3 297)	-13%	174 844
Sport and recreation		352 568	305 910	311 162	21 244	47 797	45 163	2 634	6%	311 162
Public safety		391 550	436 528	445 865	34 703	64 901	65 579	(678)	-1%	445 865
Housing		45 602	133 967	205 898	6 067	9 062	24 093	(15 031)	-62%	205 898
Health		43 085	46 641	51 520	3 338	6 524	7 223	(699)	-10%	51 520
<i><b>Economic and environmental services</b></i>		<b>1 573 738</b>	<b>847 591</b>	<b>862 393</b>	<b>29 745</b>	<b>133 393</b>	<b>124 905</b>	8 488	7%	<b>862 393</b>
Planning and development		574 534	259 799	260 378	11 210	57 082	36 493	20 589	56%	260 378
Road transport		972 002	558 138	572 360	16 360	71 850	84 107	(12 256)	-15%	572 360
Environmental protection		27 202	29 654	29 654	2 175	4 460	4 306	155	4%	29 654
<i><b>Trading services</b></i>		<b>3 302 095</b>	<b>3 920 661</b>	<b>3 941 769</b>	<b>360 873</b>	<b>688 274</b>	<b>794 172</b>	(105 899)	-13%	<b>3 941 769</b>
Energy sources		2 110 180	2 400 027	2 401 160	253 350	511 297	538 253	(26 957)	-5%	2 401 160
Water management		513 311	695 248	699 941	51 098	88 123	132 777	(44 654)	-34%	699 941
Waste water management		276 528	444 158	456 395	21 294	32 615	65 829	(33 214)	-50%	456 395
Waste management		402 076	381 229	384 273	35 130	56 239	57 313	(1 074)	-2%	384 273
<i><b>Other</b></i>		<b>121 408</b>	<b>132 981</b>	<b>133 100</b>	<b>4 440</b>	<b>28 481</b>	<b>28 093</b>	<b>389</b>	<b>1%</b>	<b>133 100</b>
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>7 212 221</b>	<b>7 506 953</b>	<b>7 723 924</b>	<b>(1 198 298)</b>	<b>1 202 260</b>	<b>1 358 579</b>	<b>(156 319)</b>	<b>-12%</b>	<b>7 723 924</b>
<b>Surplus/ (Deficit) for the year</b>		<b>341 560</b>	<b>809 528</b>	<b>732 796</b>	<b>315 124</b>	<b>514 124</b>	<b>586 357</b>	<b>(72 233)</b>	<b>-12%</b>	<b>732 796</b>

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

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

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

BUF Buffalo City - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August										
Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>Revenue by Vote</b>	1									
Vote 01 - Directorate - Executive Support Services		90	-	822	-	-	75	(75)	-100,0%	822
Vote 02 - Directorate - Municipal Manager		32 548	32 128	34 469	1 667	1 667	13 320	(11 653)	-87,5%	34 469
Vote 03 - Directorate - Human Settlement		290 187	393 365	419 232	-	-	52 188	(52 188)	-100,0%	419 232
Vote 04 - Directorate - Chief Financial Officer		2 559 719	2 855 470	2 998 042	(1 357 513)	842 631	825 320	17 311	2,1%	2 998 042
Vote 05 - Directorate - Corporate Services		10 957	12 166	11 590	455	455	4 540	(4 085)	-90,0%	11 590
Vote 06 - Directorate - Infrastructure Services		3 633 237	3 949 502	3 918 172	367 361	614 790	820 927	(206 137)	-25,1%	3 918 172
Vote 07 - Directorate - Spatial Planning And Development		250 001	172 866	173 408	2 751	4 261	7 537	(3 276)	-43,5%	173 408
Vote 08 - Directorate - Health / Public Safety & Emergency Services		147 022	190 936	190 936	20 907	46 212	36 617	9 595	26,2%	190 936
Vote 09 - Directorate - Municipal Services		531 311	529 614	529 614	78 046	174 583	126 787	47 796	37,7%	529 614
Vote 10 - Directorate - Economic Development & Agencies		98 709	180 434	180 434	3 152	31 785	57 625	(25 839)	-44,8%	180 434
<b>Total Revenue by Vote</b>	2	<b>7 553 780</b>	<b>8 316 481</b>	<b>8 456 720</b>	<b>(883 174)</b>	<b>1 716 384</b>	<b>1 944 936</b>	<b>(228 552)</b>	<b>-11,8%</b>	<b>8 456 720</b>
<b>Expenditure by Vote</b>	1									
Vote 01 - Directorate - Executive Support Services		311 503	290 855	291 796	16 464	31 293	52 118	(20 826)	-40,0%	291 796
Vote 02 - Directorate - Municipal Manager		134 950	148 158	150 618	25 250	32 317	20 850	11 468	55,0%	150 618
Vote 03 - Directorate - Human Settlement		45 602	133 967	205 898	6 067	9 062	24 093	(15 031)	-62,4%	205 898
Vote 04 - Directorate - Chief Financial Officer		352 757	627 891	678 938	(1 745 925)	74 221	100 815	(26 594)	-26,4%	678 938
Vote 05 - Directorate - Corporate Services		243 963	243 553	253 955	28 531	44 016	37 908	6 108	16,1%	253 955
Vote 06 - Directorate - Infrastructure Services		3 968 976	4 161 751	4 194 419	345 657	714 199	830 103	(115 904)	-14,0%	4 194 419
Vote 07 - Directorate - Spatial Planning And Development		630 223	282 856	283 747	9 911	54 820	42 505	12 314	29,0%	283 747
Vote 08 - Directorate - Health / Public Safety & Emergency Services		439 761	488 866	503 083	38 634	72 391	73 636	(1 245)	-1,7%	503 083
Vote 09 - Directorate - Municipal Services		913 375	861 939	894 235	69 061	128 780	130 495	(1 715)	-1,3%	894 235
Vote 10 - Directorate - Economic Development & Agencies		171 110	267 116	267 234	8 052	41 162	46 056	(4 894)	-10,6%	267 234
<b>Total Expenditure by Vote</b>	2	<b>7 212 221</b>	<b>7 506 953</b>	<b>7 723 924</b>	<b>(1 198 298)</b>	<b>1 202 260</b>	<b>1 358 579</b>	<b>(156 319)</b>	<b>-11,5%</b>	<b>7 723 924</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>341 560</b>	<b>809 528</b>	<b>732 796</b>	<b>315 124</b>	<b>514 124</b>	<b>586 357</b>	<b>(72 233)</b>	<b>-12,3%</b>	<b>732 796</b>

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 31 August 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) - M02 August										
Description	Ref	2019/20	Budget year	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
		Audited Outcome	2020/21							
R thousands										
<b>Revenue By Source</b>										
Property rates		1 428 551	1 687 667	1 687 667	197 898	418 596	376 012	42 584	11%	1 687 667
Service charges - electricity revenue		1 838 105	2 184 209	2 184 209	165 404	230 564	400 802	(170 239)	-42%	2 184 209
Service charges - water revenue		665 645	631 338	631 338	134 118	121 325	188 139	(66 813)	-36%	631 338
Service charges - sanitation revenue		367 084	397 037	397 037	67 983	113 609	73 134	40 475	55%	397 037
Service charges - refuse revenue		272 911	334 128	334 128	76 635	106 189	57 470	48 719	85%	334 128
Rental of facilities and equipment		23 089	20 885	20 885	1 778	3 190	3 492	(302)	-9%	20 885
Interest earned - external investments		70 650	54 473	54 473	1 672	6 558	10 186	(3 629)	-36%	54 473
Interest earned - outstanding debtors		103 627	88 009	88 009	31 673	40 496	9 162	31 335	342%	88 009
Dividends received								-		
Fines, penalties and forfeits		10 864	19 712	19 712	587	1 084	3 024	(1 940)	-64%	19 712
Licences and permits		12 587	17 343	17 343	1 048	1 430	2 355	(926)	-39%	17 343
Agency services		23 428	43 909	43 909	2 593	1 063	7 667	(6 604)	-86%	43 909
Transfers and subsidies		986 694	1 230 979	1 447 950	2 639	413 114	536 308	(123 194)	-23%	1 447 950
Other revenue		714 323	797 862	797 862	220 195	252 056	260 966	(8 910)	-3%	797 862
Gains		11 151	-	-	(1 787 930)	1 305	-	1 305	0%	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>6 528 709</b>	<b>7 507 552</b>	<b>7 724 523</b>	<b>(883 708)</b>	<b>1 710 579</b>	<b>1 928 717</b>	<b>(218 138)</b>	<b>-11%</b>	<b>7 724 523</b>

Description	Ref	Budget year								
		2019/20	2020/21	Adjusted	Monthly	YearTD	YearTD	YTD variance	YTD variance	Full Year
		Audited	Original	Budget	actual	actual	budget		%	Forecast
R thousands		Outcome	Budget	Budget						
<b>Expenditure By Type</b>										
Employee related costs		2 259 849	2 354 465	2 424 188	131 209	322 368	354 566	(32 197)	-9%	2 424 188
Remuneration of councillors		64 687	72 766	72 766	5 323	10 562	11 912	(1 350)	-11%	72 766
Debt impairment		44 468	497 286	497 286	82 881	82 881	82 649	232	0%	497 286
Depreciation & asset impairment		1 703 463	866 757	896 757	91	118 393	140 221	(21 828)	-16%	896 757
Finance charges		32 564	44 211	44 211	2 368	4 737	7 839	(3 102)	-40%	44 211
Bulk purchases		1 772 339	2 057 476	2 057 476	218 265	455 703	514 986	(59 284)	-12%	2 057 476
Other materials		95 799	127 652	169 141	4 146	4 405	16 312	(11 907)	-73%	169 141
Contracted services		681 953	829 196	917 064	44 077	65 911	108 119	(42 208)	-39%	917 064
Transfers and subsidies		131 939	115 981	115 981	713	21 067	33 345	(12 277)	-37%	115 981
Other expenditure		519 656	541 164	529 055	100 560	115 348	88 631	26 716	30%	529 055
Losses		10 910	-	-	(1 787 930)	886	-	886	0%	-
<b>Total Expenditure</b>		<b>7 317 627</b>	<b>7 506 953</b>	<b>7 723 924</b>	<b>(1 198 298)</b>	<b>1 202 260</b>	<b>1 358 579</b>	<b>(156 319)</b>	<b>-12%</b>	<b>7 723 924</b>
<b>Surplus/(Deficit)</b>		<b>(788 918)</b>	<b>599</b>	<b>599</b>	<b>314 590</b>	<b>508 319</b>	<b>570 138</b>	<b>(61 819)</b>	<b>(0)</b>	<b>599</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 010 413	808 929	732 197	(3)	(3)	16 219	(16 221)	(0)	732 197
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		14 658	-	-	536	5 807	-	5 807	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>236 153</b>	<b>809 528</b>	<b>732 796</b>	<b>315 124</b>	<b>514 124</b>	<b>586 357</b>			<b>732 796</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>236 153</b>	<b>809 528</b>	<b>732 796</b>	<b>315 124</b>	<b>514 124</b>	<b>586 357</b>			<b>732 796</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>236 153</b>	<b>809 528</b>	<b>732 796</b>	<b>315 124</b>	<b>514 124</b>	<b>586 357</b>			<b>732 796</b>
Share of surplus/ (deficit) of associate		(105 406)	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>130 747</b>	<b>809 528</b>	<b>732 796</b>	<b>315 124</b>	<b>514 124</b>	<b>586 357</b>			<b>732 796</b>

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

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

### **7.4.1.1 Property rates**

The variance is due to the billing of rates for the full year for some properties (mostly government properties) as requested by property owners but payment is due on 30 September 2020.

### **7.4.1.2 Service charges - electricity revenue**

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

- i. The continued drive by Eskom to reduce electricity consumption.
- ii. The move by more affluent consumers to off grid or alternative energy sources.
- iii. Increase in meter tampering and illegal connections into the BCMM Electrical Grid.

### **7.4.1.3 Service charges - water revenue**

Underperformance is caused by the following:

- i. Provision for water which was raised at the end of the 19/20 financial year. The provision was then reversed in the 20/21 financial year which caused the variance in water charges.
- ii. Issues relating to no-go areas and labour disputes.

### **7.4.1.4 Service charges - sanitation revenue**

The variance is caused by the following:

- i. Early charges that are normally raised in July of each financial year as requested by owners.
- ii. The reason for the increase relates to the reversal of Indigent Subsidies, Write offs of beneficiaries that did not qualify for 18/19 and 19/20 financial year as well as interest raised for customers where it should have been raised in 19/20 financial year.

#### **7.4.1.5 Service charges – refuse revenue**

The reason for the increase relates to the reversal of Indigent Subsidies, Write offs of beneficiaries that did not qualify for 18/19 and 19/20 financial year as well as interest raised for customers where it should have been raised in 19/20 financial year.

#### **7.4.1.6 Interested 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.

#### **7.4.1.7 Interest earned – outstanding debtors**

The variance is as a result of an increase relating to the reversal of Indigent Subsidies, write-offs of beneficiaries that did not qualify in 18/19 and 19/20 financial years as well as interest raised for customers where it should have been raised in 19/20 financial year. The total value is R21,954,803. This value will be transferred to the respective financial years as there is an additional value related to 3,949 beneficiaries still to be adjusted.

#### **7.4.1.8 Fines, penalties and forfeits**

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) Shortage of process servers to serve summons and with current COVID-19 restrictions process servers are on hold for appointment until the COVID-19 restrictions as eased or lifted.
- (v) Fines that are withdrawn or reduced by the magistrate court or redirected.

It must be noted that the magistrate buildings are only dealing with urgent matters, all traffic related matters have been placed on hold until Covid-19 lockdown has been eased.

#### **7.4.1.9 Licences and permits**

Three private companies other than BCMM also offer roadworthy testing of vehicles. The department is not yet fully operational due to the COVID-19 restrictions which means that there is less public allowed to enter the building at a given time. The department currently uses appointment system where the public is given a date and time to come in and renew/ apply for their drivers licences/ learners and Professional Driving Permits (PRDP) to ensure compliance with the COVID-19 regulations.

#### **7.4.1.10 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. Due to the COVID-19 restrictions, this means that less public is allowed to enter the building at a given time.

#### **7.4.1.11 Transfers and subsidies**

The underperformance is caused by grant revenue which has not yet been recognized. Revenue on grants can only be recognized when conditions are met.

#### **7.4.1.12 Gains on disposal of PPE**

The variance is as a result of stock take adjustments which resulted in a surplus that was not budgeted for as past trends reflect that we incur net loss on disposal of assets.

#### **7.4.1.13 Remuneration of councillors**

The variance in Remuneration of councillors is due to their increases that have not yet been implemented.

#### **7.4.1.14 Depreciation & asset impairment**

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

#### **7.4.1.15 Finance charges**

BCMM is securing new loan funding, to date these new loans have not been activated, therefore no drawdown on the funds. This results in expenditure incurred being less than YTD budget and the associated variance for August 2020.

#### **7.4.1.16 Bulk purchases**

The variance on bulk purchases is due to the fact that expenditure on water and electricity is not incurred proportionally throughout the year due to cyclic demands.

#### **7.4.1.17 Other materials**

Underperformance on other materials can be attributed to the slow start of the financial year as a result of the COVID-19 pandemic which continues to negatively affect operations. It is expected that the expenditure will improve in the following months as procurement processes would be concluded.

#### **7.4.1.18 Contracted services**

The variance is mainly due to the under expenditure on operating projects and repairs and maintenance. It is expected that the expenditure will improve in the following months as procurement processes would be concluded.

#### **7.4.1.19 Transfers and subsidies**

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

#### **7.4.1.20 Other expenditure**

Other expenditure is made up of numerous miscellaneous items (e.g. printing & publications, plant hire, professional bodies membership and subscriptions, travel and accommodation, insurance premiums, software licences etc.).

The variance of R27 million results from annual payment of software licences for Microsoft used by the metro's computers as well as payment for licences for Wi-Fi, microwave & routers, the vote is however not overspent.

#### **7.4.1.21 Losses**

The variance is 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 31 August 2020, the repairs and maintenance expenditure is 10% of the budget of R394.48 million (2019/20: 10%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

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

Directorate	<u>2020/2021</u> <u>Annual</u> <u>Budget</u> R	<u>2020/2021</u> <u>Annual</u> <u>Expenditure</u> R	<u>2020/2021</u> <u>-</u> <u>Variance</u> R	<u>2020/2021</u> <u>% of</u> <u>Budget</u> %
Directorate of Executive Support Services	3 196 404	50 776	3 145 628	2%
Directorate of The City Manager	263 229	1 100	262 129	0%
Directorate of Corporate Services	8 251 398	535 476	7 715 922	6%
Directorate of Development & Spatial Planning	18 074 582	265 104	17 809 478	1%
Directorate of Economic Development & Agencies	1 235 916	61 540	1 174 376	5%
Directorate of Finance	2 700 861	236 277	2 464 584	9%
Directorate of Health / Public Safety & Emergency Services	6 450 940	362 015	6 088 925	6%
Directorate of Human Settlement	519 159	33 635	485 524	6%
Directorate of Infrastructure Services	324 511 712	36 549 231	287 962 481	11%
<i>Electricity</i>	123 887 955	20 801 201	103 086 754	17%
<i>Water</i>	39 967 163	5 035 403	34 931 760	13%
<i>Sanitation</i>	35 664 033	1 745 828	33 918 205	5%
<i>Other</i>	124 992 561	8 966 799	116 025 762	7%
Directorate of Municipal Services	29 279 234	2 381 346	26 897 888	8%
<b>TOTAL</b>	<b>394 483 435</b>	<b>40 476 500</b>	<b>354 006 935</b>	<b>10%</b>

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 R538.33 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 - M02 August)										
Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 01 - Directorate - Executive Support Services		2 783	4 000	4 561	-	-	123	(123)	-100%	4 561
Vote 02 - Directorate - Municipal Manager		777	5 669	5 669	-	-	956	(956)	-100%	5 669
Vote 03 - Directorate - Human Settlement		268 249	312 493	266 549	5 029	5 029	652	4 378	672%	266 549
Vote 04 - Directorate - Chief Financial Officer		69 255	83 094	145 680	14	14	8 585	(8 571)	-100%	145 680
Vote 05 - Directorate - Corporate Services		30 114	13 499	19 231	63	63	521	(458)	-88%	19 231
Vote 06 - Directorate - Infrastructure Services		737 607	928 515	926 473	6 259	6 256	33 180	(26 924)	-81%	926 473
Vote 07 - Directorate - Spatial Planning And Development		232 207	158 200	174 244	13 648	13 648	16 274	(2 626)	-16%	174 244
Vote 08 - Directorate - Health / Public Safety & Emergency Services		8 380	20 973	40 473	247	247	2 065	(1 818)	-88%	40 473
Vote 09 - Directorate - Municipal Services		137 554	49 310	93 868	2 365	2 534	5 042	(2 508)	-50%	93 868
Vote 10 - Directorate - Economic Development & Agencies		62 702	84 485	148 415	8 261	8 261	5 812	2 449	42%	148 415
<b>Total Capital Multi-year expenditure</b>	4,7	<b>1 549 628</b>	<b>1 660 239</b>	<b>1 825 164</b>	<b>35 886</b>	<b>36 052</b>	<b>73 209</b>	<b>(37 156)</b>	<b>-51%</b>	<b>1 825 164</b>
<b>Total Capital Expenditure</b>		<b>1 549 628</b>	<b>1 660 239</b>	<b>1 825 164</b>	<b>35 886</b>	<b>36 052</b>	<b>73 209</b>	<b>(37 156)</b>	<b>-51%</b>	<b>1 825 164</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>133 210</b>	<b>153 162</b>	<b>229 161</b>	<b>77</b>	<b>77</b>	<b>11 781</b>	<b>(11 705)</b>	<b>-99%</b>	<b>229 161</b>
Executive and council		32 649	20 518	21 470	26	26	777	(751)	-97%	21 470
Finance and administration		100 561	132 644	207 691	50	50	11 004	(10 954)	-100%	207 691
Internal audit										
<b>Community and public safety</b>		<b>316 733</b>	<b>362 267</b>	<b>362 506</b>	<b>6 031</b>	<b>6 200</b>	<b>6 043</b>	<b>157</b>	<b>3%</b>	<b>362 506</b>
Community and social services		12 232	10 800	23 255	688	857	1 910	(1 053)	-56%	23 255
Sport and recreation		28 041	18 100	39 773	67	67	2 094	(2 028)	-97%	39 773
Public safety		7 109	20 373	32 321	247	247	1 376	(1 129)	-82%	32 321
Housing		268 249	312 493	266 549	5 029	5 029	652	4 378	672%	266 549
Health		1 102	500	608	-	-	12	(12)	-100%	608
<b>Economic and environmental services</b>		<b>544 540</b>	<b>543 957</b>	<b>545 078</b>	<b>13 761</b>	<b>13 761</b>	<b>18 040</b>	<b>(4 279)</b>	<b>-24%</b>	<b>545 078</b>
Planning and development		215 299	148 810	157 735	13 742	13 742	14 677	(934)	-6%	157 735
Road transport		327 124	395 147	387 343	18	18	3 363	(3 345)	-99%	387 343
Environmental protection		2 117	-	-	-	-	-	-		-
<b>Trading services</b>		<b>494 118</b>	<b>518 879</b>	<b>542 514</b>	<b>7 851</b>	<b>7 848</b>	<b>31 532</b>	<b>(23 684)</b>	<b>-75%</b>	<b>542 514</b>
Energy sources		133 475	121 377	118 677	3 225	3 225	18 229	(15 004)	-82%	118 677
Water management		122 702	104 191	106 162	2 367	2 364	5 452	(3 087)	-57%	106 162
Waste water management		142 609	272 800	279 291	648	648	6 136	(5 487)	-89%	279 291
Waste management		95 333	20 510	38 383	1 610	1 610	1 715	(105)	-6%	38 383
<b>Other</b>		<b>61 027</b>	<b>81 975</b>	<b>145 905</b>	<b>8 167</b>	<b>8 167</b>	<b>5 812</b>	<b>2 355</b>	<b>41%</b>	<b>145 905</b>
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>1 549 628</b>	<b>1 660 239</b>	<b>1 825 164</b>	<b>35 886</b>	<b>36 052</b>	<b>73 209</b>	<b>(37 156)</b>	<b>-51%</b>	<b>1 825 164</b>
<b>Funded by:</b>										
National Government		903 951	806 419	731 687	24 251	24 249	18 069	6 179	34%	731 687
Provincial Government		1 579	-	-	-	-	-	-		-
District Municipality										
Transfers and subsidies - capital (in-kind - all)		-	-	-	94	94	-	94	0%	-
<b>Transfers recognised - capital</b>		<b>905 530</b>	<b>806 419</b>	<b>731 687</b>	<b>24 345</b>	<b>24 343</b>	<b>18 069</b>	<b>6 274</b>	<b>35%</b>	<b>731 687</b>
<b>Borrowing</b>	6	<b>-</b>	<b>230 800</b>	<b>230 800</b>	<b>-</b>	<b>-</b>	<b>10 000</b>	<b>(10 000)</b>	<b>-100%</b>	<b>230 800</b>
<b>Internally generated funds</b>		<b>644 098</b>	<b>623 019</b>	<b>862 677</b>	<b>11 541</b>	<b>11 709</b>	<b>45 139</b>	<b>(33 430)</b>	<b>-74%</b>	<b>862 677</b>
<b>Total Capital Funding</b>		<b>1 549 628</b>	<b>1 660 239</b>	<b>1 825 164</b>	<b>35 886</b>	<b>36 052</b>	<b>73 209</b>	<b>(37 156)</b>	<b>-51%</b>	<b>1 825 164</b>

#### 7.4.4 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R21.37 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 - M02 August

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		257 433	80 155	267 126	166 280	267 126
Call investment deposits		1 115 234	1 025 604	813 946	1 283 424	813 946
Consumer debtors		1 910 571	945 195	945 195	2 291 481	945 195
Other debtors		5 593 286	609 869	609 869	5 652 167	609 869
Current portion of long-term receivables		–	–	–	–	–
Inventory		33 697	38 851	38 851	34 422	38 851
<b>Total current assets</b>		<b>8 910 221</b>	<b>2 699 673</b>	<b>2 674 987</b>	<b>9 427 773</b>	<b>2 674 987</b>
<b>Non current assets</b>						
Long-term receivables		491	–	–	491	–
Investments						
Investment property		406 526	419 616	440 830	406 525	440 830
Investments in Associate		702 799	624 275	624 275	702 799	624 275
Property, plant and equipment		19 159 932	21 422 360	21 538 920	19 077 829	21 538 920
Biological						
Intangible		16 692	20 799	42 978	16 454	42 978
Other non-current assets		50 513	52 787	57 759	50 513	57 759
<b>Total non current assets</b>		<b>20 336 953</b>	<b>22 539 836</b>	<b>22 704 761</b>	<b>20 254 612</b>	<b>22 704 761</b>
<b>TOTAL ASSETS</b>		<b>29 247 173</b>	<b>25 239 509</b>	<b>25 379 748</b>	<b>29 682 385</b>	<b>25 379 748</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		54 396	48 750	48 750	54 396	48 750
Consumer deposits		77 704	66 994	66 994	78 200	66 994
Trade and other payables		7 066 277	907 862	861 130	6 968 634	861 130
Provisions		371 194	308 539	308 539	252 039	308 539
<b>Total current liabilities</b>		<b>7 569 570</b>	<b>1 332 145</b>	<b>1 285 413</b>	<b>7 353 269</b>	<b>1 285 413</b>
<b>Non current liabilities</b>						
Borrowing		233 185	366 485	366 485	233 185	366 485
Provisions		758 668	721 804	721 804	721 168	721 804
<b>Total non current liabilities</b>		<b>991 853</b>	<b>1 088 289</b>	<b>1 088 289</b>	<b>954 353</b>	<b>1 088 289</b>
<b>TOTAL LIABILITIES</b>		<b>8 561 423</b>	<b>2 420 434</b>	<b>2 373 702</b>	<b>8 307 621</b>	<b>2 373 702</b>
<b>NET ASSETS</b>	2	<b>20 685 750</b>	<b>22 819 075</b>	<b>23 006 046</b>	<b>21 374 763</b>	<b>23 006 046</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		10 687 663	12 508 060	12 771 764	11 921 491	12 771 764
Reserves		9 453 154	10 311 014	10 311 014	9 453 272	10 311 014
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>20 140 817</b>	<b>22 819 075</b>	<b>23 082 778</b>	<b>21 374 763</b>	<b>23 082 778</b>

### 7.4.5 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R975.23 million, resulting in cash and cash equivalents closing balance of R1.45 billion as at 31 August 2020.

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

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M02 August

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		-	1 527 339	1 527 339	186 550	275 764	254 557	21 207	8%	1 527 339
Service charges		-	3 209 775	3 209 775	308 958	611 459	534 962	76 497	14%	3 209 775
Other revenue		-	906 028	719 056	488 794	1 022 164	119 843	902 321	753%	719 056
Transfers and Subsidies - Operational		-	1 230 979	1 447 950	3 118	8 911	241 325	(232 414)	-96%	1 447 950
Transfers and Subsidies - Capital		-	808 929	732 197	4 158	204 497	122 033	82 464	68%	732 197
Interest		-	54 473	54 473	1 672	6 558	9 079	(2 521)	-28%	54 473
Dividends								-		
<b>Payments</b>										
Suppliers and employees		-	(5 982 718)	(6 169 689)	(542 333)	(1 013 049)	(1 028 282)	(15 232)	1%	(6 169 689)
Finance charges		-	(44 211)	(44 211)	(2 368)	(4 737)	(7 369)	(2 632)	36%	(44 211)
Transfers and Grants		-	(115 981)	(115 981)	(713)	(21 067)	(19 330)	1 737	-9%	(115 981)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	<b>1 594 612</b>	<b>1 360 908</b>	<b>447 835</b>	<b>1 090 500</b>	<b>226 818</b>	<b>(863 682)</b>	<b>-381%</b>	<b>1 360 908</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	(450)	(1 015)	-	(1 015)	#DIV/0!	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments										
<b>Payments</b>										
Capital assets		-	(1 660 239)	(1 825 164)	(35 886)	(36 052)	(304 194)	(268 142)	88%	(1 825 164)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	<b>(1 660 239)</b>	<b>(1 825 164)</b>	<b>(36 335)</b>	<b>(37 067)</b>	<b>(304 194)</b>	<b>(267 127)</b>	<b>88%</b>	<b>(1 825 164)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-		
Borrowing long term/refinancing		-	230 800	230 800	-	-	38 467	(38 467)	-100%	230 800
Increase (decrease) in consumer deposits		(6 218)	10 710	-	(113)	(78 200)	(11 134)	(67 066)	602%	(66 994)
<b>Payments</b>										
Repayment of borrowing		-	(54 396)	(54 396)	-	-	(9 066)	(9 066)	100%	(54 396)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		(6 218)	<b>187 114</b>	<b>176 405</b>	<b>(113)</b>	<b>(78 200)</b>	<b>18 266</b>	<b>96 466</b>	<b>528%</b>	<b>109 411</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		(6 218)	<b>121 488</b>	<b>(287 851)</b>	<b>411 387</b>	<b>975 232</b>	<b>(59 110)</b>			<b>(354 845)</b>
Cash/cash equivalents at beginning:		1 171 633	(5 281 973)	(5 281 973)		474 471				
Cash/cash equivalents at month/year end:		1 165 414	(5 160 485)	(5 569 824)		1 449 703	(59 110)			(354 845)

## **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**

Description	NT Code	Budget Year 2020/21								Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr				
R thousands													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	261 769	66 997	31 810	47 144	43 245	28 891	69 164	286 230	834 250	474 674		9 790
Trade and Other Receivables from Exchange Transactions - Electricity	1300	137 689	18 526	10 853	11 809	20 297	8 899	28 174	61 303	297 549	130 481		33 569
Receivables from Non-exchange Transactions - Property Rates	1400	262 233	38 255	33 791	28 291	21 644	19 796	93 183	337 740	834 933	500 654		26 392
Receivables from Exchange Transactions - Waste Water Management	1500	83 014	9 319	7 600	6 205	5 578	4 689	23 826	132 724	272 956	173 022		6 211
Receivables from Exchange Transactions - Waste Management	1600	87 295	8 815	7 729	6 509	5 994	5 432	27 469	197 901	347 144	243 304		5 090
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	32	32	32		
Interest on Arrear Debtor Accounts	1810	39 495	8 771	8 615	8 941	9 462	9 954	47 854	233 582	366 673	309 793		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	32 590	4 451	4 326	2 934	7 830	5 225	32 146	229 060	318 562	277 195		1 839
<b>Total By Income Source</b>	<b>2000</b>	<b>904 085</b>	<b>154 133</b>	<b>104 725</b>	<b>111 832</b>	<b>114 050</b>	<b>82 886</b>	<b>321 816</b>	<b>1 478 571</b>	<b>3 272 098</b>	<b>2 109 155</b>	<b>-</b>	<b>82 881</b>
<b>2019/20 - totals only</b>		<b>355 755</b>	<b>157 589</b>	<b>144 769</b>	<b>137 558</b>	<b>98 239</b>	<b>66 347</b>	<b>328 716</b>	<b>1 454 317</b>	<b>2 743 291</b>	<b>2 085 178</b>		
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	63 805	5 414	4 347	4 038	2 110	3 143	2 850	6 488	92 194	18 629		-
Commercial	2300	266 640	47 051	33 028	31 013	34 069	21 701	93 806	309 460	836 767	490 048		-
Households	2400	573 640	101 668	67 350	76 781	77 872	58 041	225 161	1 162 623	2 343 137	1 600 478		82 881
Other	2500	-	-	-	-	-	-	-	-	-	-		
<b>Total By Customer Group</b>	<b>2600</b>	<b>904 085</b>	<b>154 133</b>	<b>104 725</b>	<b>111 832</b>	<b>114 050</b>	<b>82 886</b>	<b>321 816</b>	<b>1 478 571</b>	<b>3 272 098</b>	<b>2 109 155</b>	<b>-</b>	<b>82 881</b>

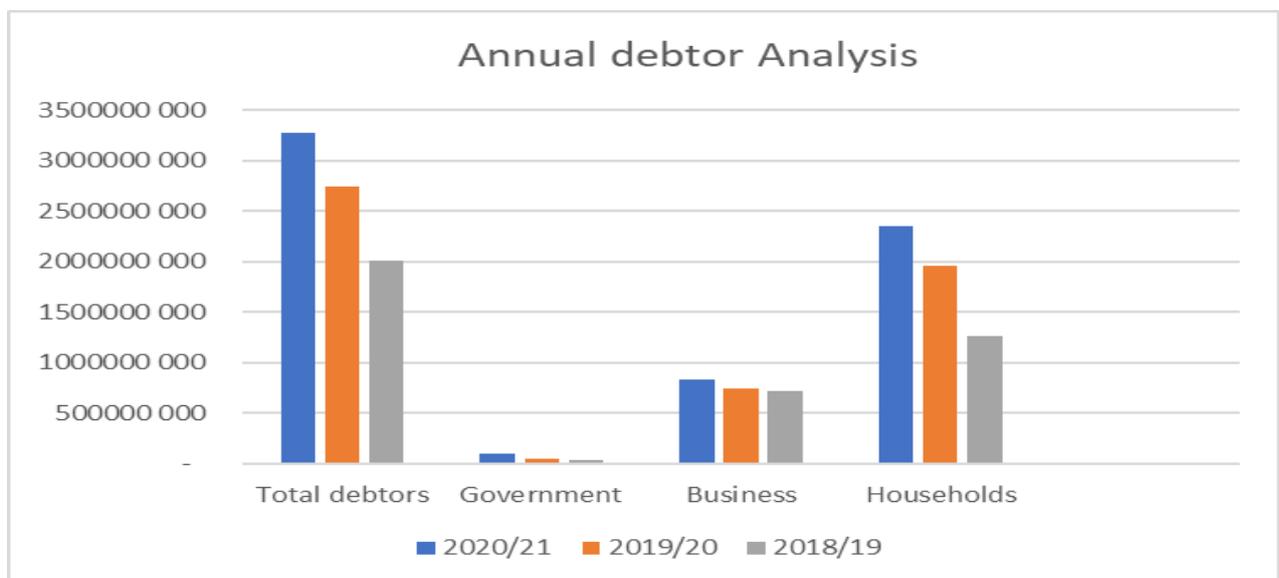
### 8.1.1. Additional debtors' information

The total debtors book, which includes all charges excluding VAT, amounted to R3,272,098,127 as at 31 August 2020 which is an increase of R281,488,452 over the amount of R2,990,609,675 as at 31 July 2020. The increase is primarily due to the annual charges raised in July 2020, which are due on 30 September 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 were allocated as electricity purchase and 40 cents was 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 31 August 2020. It also provides comparison with the previous month (31 July 2020) which indicates an increase from 2.99 billion to 3.27 billion.

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

<b>AGEING</b>	<b>RATES</b>	<b>SEWERAGE</b>	<b>ELECTRICITY</b>	<b>WATER</b>	<b>REFUSE</b>	<b>SUNDRY DEBTORS</b>	<b>TOTAL FOR AUGUST 2020</b>	<b>TOTAL FOR JULY 2020</b>
<b>CURRENT</b>	211 112 396	75 088 908	111 654 915	175 340 204	77 319 177	20 342 553	670 858 152	523 763 883
<b>30 DAYS</b>	60 139 158	19 307 023	32 528 592	97 425 118	16 416 890	7 410 406	233 227 186	187 387 274
<b>60 DAYS</b>	41 387 064	10 844 072	19 672 475	67 953 660	9 844 342	4 431 114	154 132 727	121 417 659
<b>90 DAYS</b>	36 888 250	9 096 436	12 104 032	33 607 942	8 755 567	4 272 335	104 724 563	125 205 056
<b>120 DAYS TO 360 DAYS</b>	189 343 953	53 077 688	98 901 772	203 894 456	55 294 883	30 071 750	630 584 502	589 158 821
<b>YEAR 2</b>	132 331 986	42 965 553	50 081 785	82 971 000	51 460 849	31 920 032	391 731 206	385 290 476
<b>YEAR 3</b>	88 167 707	35 214 661	34 422 561	71 000 012	41 544 415	29 448 492	299 797 848	290 654 276
<b>YEAR 4</b>	50 161 742	25 527 333	22 220 842	57 996 481	30 863 804	17 642 044	204 412 244	204 664 751
<b>YEAR 5</b>	38 381 420	20 525 819	13 371 793	36 786 691	24 131 732	13 254 710	146 452 163	137 782 007
<b>YEAR 5+</b>	106 932 346	65 640 732	20 636 101	93 931 153	87 533 236	61 503 966	436 177 535	425 285 472
<b>TOTAL</b>	<b>954 846 022</b>	<b>357 288 225</b>	<b>415 594 867</b>	<b>920 906 718</b>	<b>403 164 894</b>	<b>220 297 401</b>	<b>3 272 098 127</b>	<b>2 990 609 675</b>

### 8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type as at 31 August 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**

<b>CATEGORY TYPE</b>	<b>CURRENT</b>	<b>30 DAYS</b>	<b>60 DAYS</b>	<b>90 DAYS</b>	<b>120 DAYS+</b>	<b>Total</b>	<b>% Share</b>
<b>Domestic</b>	527 698 825	59 562 495	45 561 444	64 189 929	1 434 616 970	2 131 629 662	65.15
<b>Indigent</b>	43 475 558	41 012 602	21 089 970	12 333 709	87 540 052	205 451 891	6.28
<b>Business</b>	266 640 221	47 050 587	33 027 957	31 012 928	459 035 387	836 767 080	25.57
<b>Government</b>	63 804 646	5 413 953	4 346 730	4 037 919	14 591 128	92 194 376	2.82
<b>Municipal Staff*</b>	2 270 811	1 076 840	696 428	254 207	1 535 399	5 833 685	0.18
<b>Councillors*</b>	195 291	16 248	2 032	3 607	4 255	221 433	0.01
<b>Total</b>	<b>904 085 352</b>	<b>154 132 724</b>	<b>104 724 560</b>	<b>111 832 300</b>	<b>1 997 323 191</b>	<b>3 272 098 127</b>	<b>100.00</b>

Note\*: A stop order deduction is implemented for all municipal staff and councillors in arrears. When new staff join the employ of the municipality in many instances there is services debt, and therefore the arrears will be liquidated over an acceptable period of time, in terms of the Credit Control Policy. The reason why the debt reflects in the 30/60/90 day columns relating to staff and councillors is due to the fact that when the stop orders are 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 August 2020, a total of R2,089,361.88 was receipted against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 1,484,105.83
Arrears Receipts	<u>R 605,256.05</u>
Total Receipts	<u>R 2,089,361.88</u>

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

### 8.2.3. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 August 2020 amounted to R92,194,376 and this is a decrease of R37,945,342 as compared to July 2020.

The breakdown of the arrears per department (excluding accounts in credit) are indicated in the table hereunder, as at 31 August 2020.

**Table 13: Analysis of Government Debtors**

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 AUGUST 2020	ARREARS AS AT 31 JULY 2020	DIFFERENCE
National Department of Public Works	16 503 001	8 649 139	25 152 140	19 447 867	5 704 273
Provincial Department of Public Works	29 021 288	11 246 497	40 267 785	88 171 267	(47 903 482)
Department of Education	0	11 605 487	11 605 487	9 842 862	1 762 624
Department of Health	0	11 846 939	11 846 939	9 904 177	1 942 762
Department of Social Development	0	726 928	726 928	685 197	41 731
Department of Transport	0	134 778	134 778	236 494	(101 716)
Department of Agriculture	0	134 699	134 699	117 124	17 575
Department of Nature Conservation	0	2 601	2 601	3 710	(1 109)
Department of Human Settlements	0	359 506	359 506	317 699	41 806
Sport, Recreation, Arts and Culture	0	101 380	101 380	132 404	(31 024)
Department of Labour - UIF Services	0	569 827	569 827	39 696	530 132
Members of Provincial Legislature	0	250 991	250 991	225 830	25 161
Department of Water Affairs	0	6 745	6 745	4 386	2 359
Department of Rural Development and Land Reform	0	1 034 569	1 034 569	1 011 004	23 565
<b>TOTAL</b>	<b>45 524 289</b>	<b>46 670 087</b>	<b>92 194 376</b>	<b>130 139 718</b>	<b>(37 945 342)</b>

## 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. The creditors payment days has increased to 31 days.

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

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August

Description R thousands	NT Code	Budget Year 2020/21									Prior year totals for chart (same period)	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total		
<b>Creditors Age Analysis By Customer Type</b>												
Bulk Electricity	0100	217 173									217 173	
Bulk Water	0200	22 909									22 909	
PAYE deductions	0300	27 816									27 816	
VAT (output less input)	0400	-									-	
Pensions / Retirement deductions	0500	32 865									32 865	
Loan repayments	0600	-									-	
Trade Creditors	0700	85 889									85 889	
Auditor General	0800	106									106	
Other	0900	406 102									406 102	
<b>Total By Customer Type</b>	<b>1000</b>	<b>792 861</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>792 861</b>	<b>-</b>

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

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

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM				217 172 613,05	217 172 613,05	217 172 613,05
AMATOLA WATER				22 908 983,64	22 908 983,64	22 908 983,64
STEFANUTTI STOCKS ROADS & EARTHWORKS				12 726 476,46	12 726 476,46	12 726 476,46
MANTELLA TRADING 522CC				8 262 700,41	8 262 700,41	8 262 700,41
MVEZO PLANT & CIVILS CC				7 862 711,90	7 862 711,90	7 862 711,90
RUWACON (PTY) LTD				7 710 334,92	7 710 334,92	7 710 334,92
EZULUWENI CONSTRUCTION (PTY) LTD			6 824 987,83		6 824 987,83	6 824 987,83
MAKALI PLANT AND CONSTRUCTION (PTY) LTD				3 425 357,36	3 425 357,36	3 425 357,36
C & M FASTNERS CC				2 955 488,44	2 955 488,44	2 955 488,44
EYA BANTU PROFESSIONAL SERVICES CC				2 902 482,91	2 902 482,91	2 902 482,91
MAZANGWA CONSTRUCTION CC				2 275 631,82	2 275 631,82	2 275 631,82
MAMLAMBO CONSTRUCTION				2 066 656,75	2 066 656,75	2 066 656,75
KHULANI WASTE MANAGEMENT				2 058 825,00	2 058 825,00	2 058 825,00
PUMP TECHNOLOGIES TRUST				2 009 928,60	2 009 928,60	2 009 928,60
GCOBO INVESTMENTS CC				1 946 021,93	1 946 021,93	1 946 021,93
DOWN TOUCH INVESTMENTS (PTY) LTD			1 924 619,15		1 924 619,15	1 924 619,15
COLMATE CONSTRUCTION AND FACILITATION CC			1 748 431,25		1 748 431,25	1 748 431,25
BIDVEST MCCATHY ISUZU TRUCKS (PTY) LTD			1 748 108,02		1 748 108,02	1 748 108,02
LINOTO DEVELOPERS				1 721 287,73	1 721 287,73	1 721 287,73
AZIZI PLANT HIRE AND CONSTRUCTION CC				1 643 793,85	1 643 793,85	1 643 793,85
<b>TOTAL</b>	-	-	12 246 146,25	299 649 294,77	311 895 441,02	311 895 441,02

## 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**

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 <sup>a</sup>	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial /	Investment Top Up	Closing Balance
		Yrs/Months										Premature Withdrawal (4)		
<b>R thousands</b>														
<b>Municipality</b>														
Finance Management Grant		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	810	2	732	–	1 544
MD Urban Renewal (MT Ruth Node)		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	3 734	22	–	–	3 755
Workmans Compensation (COID)		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	19 366	109	283	–	19 757
Reeston Development		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	187	1	–	–	188
Human Settlement Development Grant (HSDG)		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	19 230	109	–	–	19 339
Intergrated Electrification Programme (INEP)		Call Account	Call Account	Yes	Variable	4,38	0		Call Account	11	0	–	–	11
Trust Funds		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	1 142	7	–	–	1 149
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	54	0	–	–	54
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	200	1	–	–	201
City of Leiden		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	89	1	–	–	89
Needscamp Planning		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	1 003	6	66	–	1 074
Umsobomvu Youth Fund (UYF)		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	320	2	–	–	322
European Commission		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	1 258	7	–	–	1 265
Salaida		Call Account	Call Account	Yes	Variable	4,38	0		Call Account	822	6	73	–	901
Electricity Demand Management Grant		Call Account	Call Account	Yes	Variable	4,38	0		Call Account	3	0	–	–	3
Urban Settelement Development Grant		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	61 716	420	–	–	62 136
Urban Settelement Development Grant		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	104 242	622	–	–	104 864
Urban Settelement Development Grant		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	107 511	713	–	–	108 225
Urban Settelement Development Grant		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	190 089	1 097	–	–	191 186
Infrastructure Skills Development Grant		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	5 069	26	2 585	–	7 680
Infrastructure Development Levy		Call Account	Call Account	Yes	Variable	4,38	0		Call Account	183	1	–	–	184
Bcmet		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	542	3	54	–	599

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
<b>R thousands</b>														
<b>Municipality</b>														
Expanded Public Works Programme		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	3 075	8	3 075	-	6 157
City of Oldenburg		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	368	2	-	-	370
Public Transport Network Grant		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	133 112	684	25 965	-	159 761
DEAT		Call Account	Call Account	Yes	Variable	4,38	0		Call Account	240	2	-	-	242
Neighbourhood Development Grant (NDP Grant)		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	9 683	63	528	-	10 274
Integrated City Development Grant (ICDG)		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	10 698	35	8 071	-	18 805
Municipal Emergency Housing Grant (MEHG)		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	3	0	-	-	3
Land Affairs - West Bank		Fixed Deposit	Fixed Deposit	Yes	Fixed	6,45	0		Fixed Deposit	61 409	224	61 633	-	123 267
Land Affairs - West Bank		Fixed Deposit	Fixed Deposit	Yes	Fixed	6,65	0		Fixed Deposit	50 233	189	50 422	-	100 843
Land Affairs - East Bank		Fixed Deposit	Fixed Deposit	Yes	Fixed	4,09	0		Fixed Deposit	96 014	649	-	-	96 663
Land Affairs - West Bank		Fixed Deposit	Fixed Deposit	Yes	Fixed	3,85	0		Fixed Deposit		72	-	-	72
Land Affairs - West Bank		Fixed Deposit	Fixed Deposit	Yes	Fixed	4,06	0		Fixed Deposit		73	-	-	73
Capital Replacement Reserve ( CRR)		Call Account	Call Account	Yes	Variable	4,38	0		Call Account	17 750	135	-	-	17 885
Mayoral Projects (CRR)		Call Account	Call Account	Yes	Variable	4,38	0		Call Account	1 392	11	-	-	1 403
Own Funds		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	11 655	67	-	-	11 722
Own Funds		Call Account	Call Account	Yes	Variable	4,38	0		Call Account	21 526	164	-	-	21 690
Own Funds		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	20 171	114	-	-	20 285
Own Funds		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	21 256	123	-	-	21 379
Own Funds		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	19 808	114	-	-	19 922
Own Funds - CRR		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	60 399	349	-	-	60 748
Own Funds - CRR		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	14 696	85	-	-	14 781
Own Funds - CRR		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	36 393	210	-	-	36 603
Own Funds - CRR		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	3 124	18	-	-	3 142
Own Funds - CRR		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	5 189	30	-	-	5 219
Housing Development		Call Account	Call Account	Yes	Variable	3,3	0		Call Account	3 091	18	-	-	3 109
														-
<b>Municipality sub-total</b>										<b>1 118 867</b>	<b>6 593</b>	<b>153 488</b>	<b>-</b>	<b>1 278 947</b>
<b>Entities</b>														-
														-
<b>Entities sub-total</b>										<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>									<b>1 118 867</b>		<b>153 488</b>	<b>-</b>	<b>1 278 947</b>

## 11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

BUF Buffalo City - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M02 August										
Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		959 620	1 006 257	1 150 594	3 113	420 536	446 738	(26 202)	-5,9%	1 150 594
Department of Environmental Affairs		-	-	-	-	-	-	-	-	-
Equitable Share		847 431	911 042	1 053 614	-	409 969	409 969	-	0,0%	1 053 614
Expanded Public Works Programme Integrated Grant		9 956	8 449	8 449	2 113	2 113	2 113	-	0,0%	8 449
Infrastructure Skills Development Grant		7 167	11 364	10 788	-	5 787	5 787	-	0,0%	10 788
Integrated City Development Grant		-	6 279	6 279	-	-	-	-	-	6 279
Local Government Financial Management Grant	3	942	1 000	1 000	1 000	1 000	1 000	-	0,0%	1 000
Public Transport Network Grant		2 767	-	-	-	-	-	-	-	-
Urban Settlement Development Grant		91 357	68 122	70 464	-	1 667	27 869	(26 202)	-94,0%	70 464
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		-	81 276	153 088	-	-	46 293	(46 293)	-100,0%	153 088
Capacity Building		-	-	-	-	-	-	-	-	-
Human Settlement Development		-	-	-	-	-	-	-	-	-
Library Service		-	-	-	-	-	-	-	-	-
Human Settlement Development Grant	4	-	81 276	153 088	-	-	46 293	(46 293)	-100,0%	153 088
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		27 074	143 445	144 268	-	956	57 826	(56 870)	-98,3%	144 268
Libraries, Archives and Museums		15 870	15 870	15 870	-	-	6 389	(6 389)	-100,0%	15 870
European Union		-	10 278	10 278	-	-	4 138	(4 138)	-100,0%	10 278
Local Government Water and Related Service SETA		3 712	10 278	10 278	-	-	4 138	(4 138)	-100,0%	10 278
Parent Municipality		7 419	107 020	107 020	-	956	43 086	(42 131)	-97,8%	107 020
Salaïda		74	-	822	-	-	75	(75)	-100,0%	822
<b>Total Operating Transfers and Grants</b>	5	986 694	1 230 979	1 447 950	3 113	421 491	550 856	(129 365)	-23,5%	1 447 950
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		1 008 835	806 419	729 687	4 158	204 497	206 586	(2 089)	-1,0%	729 687
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant		-	-	-	-	-	-	-	-	-
Integrated City Development Grant		10 382	2 038	2 038	4 158	4 158	4 158	-	0,0%	2 038
Integrated National Electrification Programme Grant		-	7 000	6 300	-	-	139	(139)	-100,0%	6 300
Local Government Financial Management Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		1 945	18 000	18 000	-	10 000	10 000	-	0,0%	18 000
Public Transport Infrastructure Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant		153 328	86 000	86 000	-	-	1 901	(1 901)	-100,0%	86 000
Regional Bulk Infrastructure Grant		58	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		-	-	542	-	-	49	(49)	-100,0%	542
Urban Settlement Development Grant		843 121	693 382	616 807	-	190 339	190 339	-	0,0%	616 807
<b>Provincial Government:</b>		1 579	-	-	-	-	-	-	-	-
Human Settlement Development		-	-	-	-	-	-	-	-	-
Road Infrastructure		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		1 579	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
Finance and Admin		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		13 811	2 510	2 510	-	5 807	55	5 752	10369,1%	2 510
[insert description]		-	-	-	-	-	-	-	-	-
Parent Municipality		13 811	2 510	2 510	-	5 807	55	5 752	10369,1%	2 510
Unspecified		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	1 024 224	808 929	732 197	4 158	210 304	206 642	3 663	1,8%	732 197
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	2 010 919	2 039 908	2 180 147	7 271	631 796	757 498	(125 702)	-16,6%	2 180 147

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

The Metro has spent 4% (R34.45 million, inclusive of reclaimed vat) of its 2020/2021 conditional grants budget of R826.13 million as at 31 August 2020. This reflects a decline when compared to the same period in the previous financial year where 5% (R51.5 million, inclusive of reclaimed vat) of conditional grants budget of R1.09 billion was spent. The Covid-19 pandemic continues to negatively affect expenditure performance. However, it is expected that expenditure will improve in the second quarter as procurement processes for major contracts would have been concluded.

Table 18 below reflects the year to date expenditure on 2020/21 total conditional grants.

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

<b>Funding/Grant</b>	<b>2020/21 Adjusted Budget</b>	<b>YTD Expenditure (vat) R</b>	<b>YTD Variance (vat incl.) R</b>	<b>% Expenditure (vat incl.)</b>
Finance Management Grant	1 000 000	141 666	858 334	14%
Energy Efficiency Demand Side Management Grant	6 300 000	0	6 300 000	0%
Infrastructure Skills Development Grant	10 938 000	1 109 718	9 828 282	10%
Urban Settlement Development Grant	687 121 000	18 713 878	668 407 122	3%
Neighbourhood Development Partnership Grant	18 000 000	0	18 000 000	0%
Integrated City Development Grant	8 317 000	0	8 317 000	0%
Expanded Public Works Programme Grant	8 449 000	1 756 703	6 692 297	21%
Public Transport Infrastructure and Systems Grant	86 000 000	12 726 476	73 273 524	15%
<b>TOTAL</b>	<b>826 125 000</b>	<b>34 448 442</b>	<b>791 676 558</b>	<b>4%</b>

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

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

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

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

There are 8 (eight) interns serving on the internship programme. The interns are being remunerated accordingly. Furthermore, the grant will be utilised for capacity and upskilling of officials in the Finance directorate as well as Internal Audit. Grant funding is being utilized in line with the set targets.

#### **11.1.2. ENERGY EFFICIENCY DEMAND SIDE MANAGEMENT GRANT (EEDSMG)**

Contracts for the Energy Efficiency Demand Side Management has been signed and returned to the Department of Mineral Resources and Energy (DMRE). Material has been ordered and work will commence in Mid-October 2020.

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

Recruitment process for 1 (one) intern and 2 (two) mentors is still underway. Late submission of claims by mentors have contributed to low expenditure.

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

##### **i. Spatial Planning and Development**

##### **Bridge Designs & Implementation:**

Duncan Village Bridges (Matanzima and Gesini) have been completed as at the end of August 2020. Scenery Park Bridges (North and South) and Sithembiso Primary School Bridge requisitions for construction have been completed and submitted, awaiting generation of work orders for projects to commence.

##### **Sleeper Site:**

Contractor has completed the road works on the new section of road and currently busy with stormwater pipes at Currie Street.

## ii. **Infrastructure Services**

### **Roads & stormwater:**

Engagement and project scope identification process is underway to prepare requisitions for the work to be undertaken. Requisitions and orders to be generated so that work can commence.

### **Water and Sanitation:**

The department conducted site visits for preparation of quotes for construction of new ablution facilities. Quotes have now been received from contractors, and requisitions submitted to SCM.

A contract is being terminated for one of the Contractors completing Phase 2 in Berlin due to non performance. The change of approach from using Contract 3A contractors in completing work in Hood Point to conducting formal tendering process has resulted in delays and low expenditure. The Department is expediting the generation of purchase orders and close monitoring of contractors already on site. Expenditure is expected to pickup at the end of the first quarter.

### **Electricity:**

#### **Street Lighting & Highmast Within BCMM Areas Of Supply:**

Bid Adjudication Committee has approved the contract. Once appointment has been finalized, equipment will be ordered, and installation will take place.

### **Electrification Programme**

Memorandum has been submitted to Human Settlement directorate in respect of completed housing projects ready for electrification. Contractor has been appointed for implementation and expenditure will improve as projects progress.

### **Electrification - Informal Dwelling Areas – BCMM**

Projects have commenced in Mzamomhle and Xhwithinja, expenditure will improve as projects progress. Awaiting additional informal areas that are meeting the minimum requirements as per Council resolution from Spatial Planning and Development Directorate.

### **iii. Human Settlements**

The department is currently in the process of getting new work orders for construction to proceed. Fast-tracking the conclusion of new contracts work orders to speed up works on site and to follow up on contracts under procurement. Expenditure is expected to improve during the first quarter of 2020-2021 financial year.

### **11.1.5. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)**

New projects have just been identified and are being packaged for approval by National Treasury. There are currently 3 projects in the Mdantsane Urban Hub that are already under the radar of the National Treasury's Neighborhood Development Partnership Unit. The first project is the Pedestrianization of Mapimpi Boulevard, or the R308. Mapimpi Boulevard is expected to be ready for submission to the NDP Unit in two weeks' time.

The tender document for the appointment of the consulting service providers will be prepared while waiting for approval for the Project by the National Treasury. This will save on time and result in the early commencement of the projects. It is also expected to use the formal tender process route for the appointment of the implementation service providers to avoid delays that have been encountered in the past when annual contractors were utilized.

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

Engagement and project scope identification process is underway to prepare requisitions for the work to be undertaken. Requisitions and orders to be generated so that work can commence.

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

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

Contractor is 100% complete and final invoice is expected during the month of September 2020.

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

Detailed Designs currently being finalized with specialist investigations. Environmental Process has begun and an application will be submitted shortly. Environmental Impact Assessment (EIA) approval anticipated in the 4th Quarter due to legislated timeframes. None-Motorized Transport Facilities are being investigated for implementation along the Northern side of Mdantsane Access Road which are EIA dependent. Expenditure for the design stage anticipated from the month of September 2020 and greater improvement on expenditure would be incurred during the construction stage which would start in the third quarter of the financial year.

## 12. COUNCILLOR AND EMPLOYEE BENEFITS

### 12.1. Councillor and Employees Benefits Summary

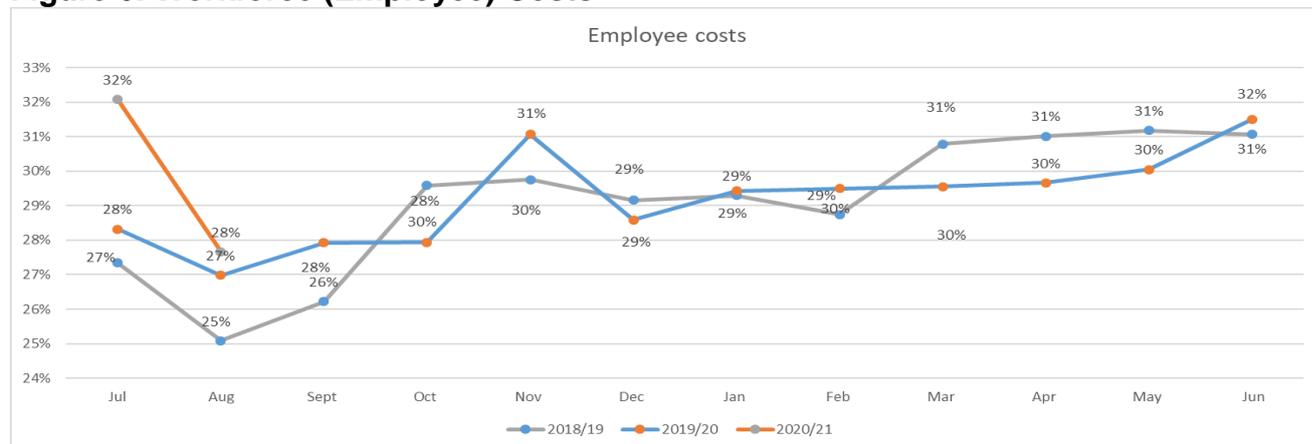
Table 19 below provides summary of employees and councillors remuneration. The workforce costs as a percentage of total expenditure amounted to 27.67%. This is within the norm of 25% - 40%.

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

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August										
Summary of Employee and Councillor remuneration	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		36 984	45 635	45 635	3 004	5 948	7 470	(1 522)	-20%	45 635
Pension and UIF Contributions		4 505	4 533	4 533	356	719	742	(23)	-3%	4 533
Medical Aid Contributions		2 500	2 137	2 137	209	420	350	70	20%	2 137
Motor Vehicle Allowance										
Cellphone Allowance		4 095	2 975	2 975	333	665	487	178	36%	2 975
Housing Allowances		2 311	2 578	2 578	211	406	422	(16)	-4%	2 578
Other benefits and allowances		14 293	14 908	14 908	1 210	2 404	2 440	(36)	-1%	14 908
<b>Sub Total - Councillors</b>		<b>64 687</b>	<b>72 766</b>	<b>72 766</b>	<b>5 323</b>	<b>10 562</b>	<b>11 912</b>	<b>(1 350)</b>	<b>-11%</b>	<b>72 766</b>
<b>% increase</b>	4		<b>12,5%</b>	<b>12,5%</b>						<b>12,5%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	3	9 486	14 361	14 361	80	160	2 124	(1 964)	-92%	14 361
Pension and UIF Contributions		1 632	2 321	2 321	16	31	343	(312)	-91%	2 321
Medical Aid Contributions		246	381	381	-	-	56	(56)	-100%	381
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		-	-	-	-	-	-	-		-
Motor Vehicle Allowance		1 952	2 860	2 860	-	-	423	(423)	-100%	2 860
Cellphone Allowance		244	286	286	2	5	42	(38)	-89%	286
Housing Allowances		2 332	1 414	1 414	38	75	209	(134)	-64%	1 414
Other benefits and allowances		89	141	141	0	0	21	(21)	-100%	141
Payments in lieu of leave		-	-	-	-	-	-	-		-
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations	2									
<b>Sub Total - Senior Managers of Municipality</b>		<b>15 982</b>	<b>21 763</b>	<b>21 763</b>	<b>135</b>	<b>271</b>	<b>3 219</b>	<b>(2 948)</b>	<b>-92%</b>	<b>21 763</b>
<b>% increase</b>	4		<b>36,2%</b>	<b>36,2%</b>						<b>36,2%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		1 341 643	1 497 241	1 566 964	119 847	240 027	227 781	12 246	5%	1 566 964
Pension and UIF Contributions		268 543	268 436	268 436	4 577	28 648	39 702	(11 053)	-28%	268 436
Medical Aid Contributions		102 780	132 250	132 250	9 092	18 187	19 560	(1 372)	-7%	132 250
Overtime		152 201	112 816	112 816	10 955	22 045	16 686	5 359	32%	112 816
Performance Bonus		121 770	109 923	109 923	8 904	20 110	16 258	3 852	24%	109 923
Motor Vehicle Allowance		31 792	32 857	32 857	3 063	6 178	4 860	1 318	27%	32 857
Cellphone Allowance		4 357	4 522	4 522	377	756	669	87	13%	4 522
Housing Allowances		7 561	12 234	12 234	663	1 325	1 810	(485)	-27%	12 234
Other benefits and allowances		78 575	74 679	74 679	6 729	13 372	11 046	2 327	21%	74 679
Payments in lieu of leave		71 371	30 000	30 000	-	-	4 437	(4 437)	-100%	30 000
Long service awards		28 082	28 036	28 036	2 539	5 103	4 147	956	23%	28 036
Post-retirement benefit obligations	2	13 053	1 817	1 817	(37 689)	(37 689)	269	(37 957)	-14128%	1 817
<b>Sub Total - Other Municipal Staff</b>		<b>2 221 727</b>	<b>2 304 813</b>	<b>2 374 537</b>	<b>129 058</b>	<b>318 063</b>	<b>347 222</b>	<b>(29 159)</b>	<b>-8%</b>	<b>2 374 537</b>
<b>% increase</b>	4		<b>3,7%</b>	<b>6,9%</b>						<b>6,9%</b>
<b>Total Parent Municipality</b>		<b>2 302 396</b>	<b>2 399 342</b>	<b>2 469 065</b>	<b>134 516</b>	<b>328 896</b>	<b>362 353</b>	<b>(33 457)</b>	<b>-9%</b>	<b>2 469 065</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>2 260 225</b>	<b>2 352 506</b>	<b>2 422 229</b>	<b>131 209</b>	<b>322 368</b>	<b>354 276</b>	<b>(31 908)</b>	<b>-9%</b>	<b>2 422 229</b>

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

**Figure 6: Workforce (Employee) Costs**



## 12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 August 2020. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 August 2020.

**Table 20: Overtime per Directorate**

Directorate Overtime	2020/2021 Annual Budget R	2020/2021 YTD Budget R	2020/2021 YTD Expenditure R	2020/2021 YTD Variance R	2020/2021 % of YTD Budget %
Directorate of Executive Support Services	2 250 837	165 282	480 562	(315 279)	291%
Directorate of The City Manager	631 313	46 358	136 102	(89 744)	294%
Directorate of Corporate Services	651 363	47 831	129 739	(81 909)	271%
Directorate of Development & Spatial Planning	176 464	12 958	72 965	(60 007)	563%
Directorate of Economic Development & Agencies	368 751	27 078	83 202	(56 124)	307%
Directorate of Finance	2 857 156	209 805	1 172 469	(962 664)	559%
Directorate of Health / Public Safety & Emergency Services	27 474 669	2 017 508	4 514 961	(2 497 453)	224%
Directorate of Human Settlement	4 305	316	0	316	0%
Directorate of Infrastructure Services	34 211 337	2 512 191	7 024 315	(4 512 123)	280%
<i>Electricity</i>	12 145 119	891 835	2 635 872	(1 744 037)	296%
<i>Water</i>	10 712 174	786 612	1 842 888	(1 056 277)	234%
<i>Sanitation</i>	10 362 508	760 935	2 303 729	(1 542 794)	303%
<i>Other</i>	991 536	72 810	241 826	(169 016)	332%
Directorate of Municipal Services	35 606 018	2 614 605	6 769 776	(4 155 171)	259%
<b>Total</b>	<b>104 232 213</b>	<b>7 653 933</b>	<b>20 384 091</b>	<b>(12 730 158)</b>	<b>266%</b>

The total overtime payment for the months of June 2020, July 2020 and August 2020 is reflected below. There was a decrease in the total payment of overtime between June 2020 and July 2020 of R1 969 565 and a decrease in the total payment of overtime between July 2020 and August 2020 of R317 862.

**Table 21: Overtime Per Cost Centre: June 2020 – August 2020**

**OVERTIME PER COST CENTRE**

		June 2020 Amount	July 2020 Amount	August 2020 Amount
	<b>DIRECTORATE -EXECUTIVE SUPPORT SERVICES</b>			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	240 132.08	221 792.05	237 445.51
0511	COMM/MARKETING/INTERNAT & INTERGOV RELATIONS	-	5 400.66	-
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	-	5 136.34	-
0523	IDP & BUDGET INTEGRATION	-	-	-
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	-	970.08	-
		<b>240 132.08</b>	<b>233 299.13</b>	<b>237 445.51</b>
	<b>DIRECTORATE OF THE CITY MANAGER</b>			
1005	OFFICE OF THE CITY MANAGER	84 444.40	69 245.79	57 398.93
		<b>84 444.40</b>	<b>69 245.79</b>	<b>57 398.93</b>
	<b>DIRECTORATE OF CORPORATE SERVICES</b>			
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	-138.56	-138.56	-
1512	ADMINISTRATIVE & CORPORATE SUPPORT	3 399.44	25 847.10	20 473.13
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	8 596.64	34 926.03	22 184.41
1514	INFORMATION / TECHNOLOGY & SUPPORT	31 600.47	14 295.93	-
1531	HUMAN RESOURCES MANAGEMENT	-	-	10 416.17
1536	ORGANISATIONAL DEVELOPMENT	-500.00	-500.00	-500.00
		<b>42 957.99</b>	<b>74 430.50</b>	<b>52 573.71</b>
	<b>DIRECTORATE OF DEVELOPMENT &amp; SPATIAL PLANNING</b>			
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	49 015.79	49 849.31	10 889.34
2037	TRAFFIC MANAGEMENT & SAFETY	8 792.83	7 472.11	2 580.79
		<b>57 808.62</b>	<b>57 321.42</b>	<b>13 470.13</b>

		June 2020 Amount	July 2020 Amount	August 2020 Amount
	<b>DIRECTORATE OF ECONOMIC DEVELOPMENT &amp; AGENCIES</b>			
2505	OFFICE OF THE DIRECTOR ECONOMIC DEVELOPMENT	-	-	-
2511	FRESH PRODUCE MARKET	3 540.57	63 798.66	14 222.40
2521	TOURISM / ARTS / CULTURE & HERITAGE	18 811.68	-	-
2531	TRADE / INDUSTRY & RURAL AGRARIAN	7 661.01	-	-
		<b>30 013.26</b>	<b>63 798.66</b>	<b>14 222.40</b>
	<b>DIRECTORATE OF FINANCE</b>			
3021	CORPORATE ASSET MANAGEMENT	-	3 559.92	1 936.76
3034	VAT / LEASES & PAYMENTS	-	-	36 523.00
3051	VAT / LEASES & PAYMENTS	-	6 107.08	-
3051	REVENUE MANAGEMENT	-	6 443.92	10 634.17
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	4 613.39	1 618.96	5 810.56
3053	COASTAL REVENUE MANAGEMENT	145 712.28	167 394.84	301 027.81
3054	CUSTOMER RELATIONS (CALL CENTRE)	136 437.95	119 386.66	152 190.50
3055	INLAND REVENUE MANAGEMENT	-	50 412.34	146 759.02
3056	MIDLAND REVENUE MANAGEMENT	4 580.64	7 625.35	49 987.20
3057	RATES & VALUATIONS	6 580.20	-	-
3061	STRATEGY & OPERATIONS	-	-	1 948.00
3071	SUPPLY CHAIN MANAGEMENT	-	30 758.28	58 489.70
		<b>297 924.46</b>	<b>393 307.35</b>	<b>765 306.72</b>
	<b>DIRECTORATE OF HEALTH / PUBLIC SAFETY &amp; EMERGENCY SERVICES</b>			
3512	DISASTER MANAGEMENT	14 036.80	10 699.43	15529.18
3513	FIRE & RESCUE	888 746.78	482602.89	318085.39
3521	MUNICIPAL HEALTH SERVICES	61 638.95	51 670.83	86 083.11
3532	LAW ENFORCEMENT SERVICES	1 931 827.64	1 143 952.57	827 955.93
3533	TRAFFIC SERVICES	749 034.27	201 209.18	229 261.47
3533	TRAFFIC SERVICES	1 417.76	-	-
		<b>3 646 702.20</b>	<b>1 890 134.90</b>	<b>1 476 915.08</b>

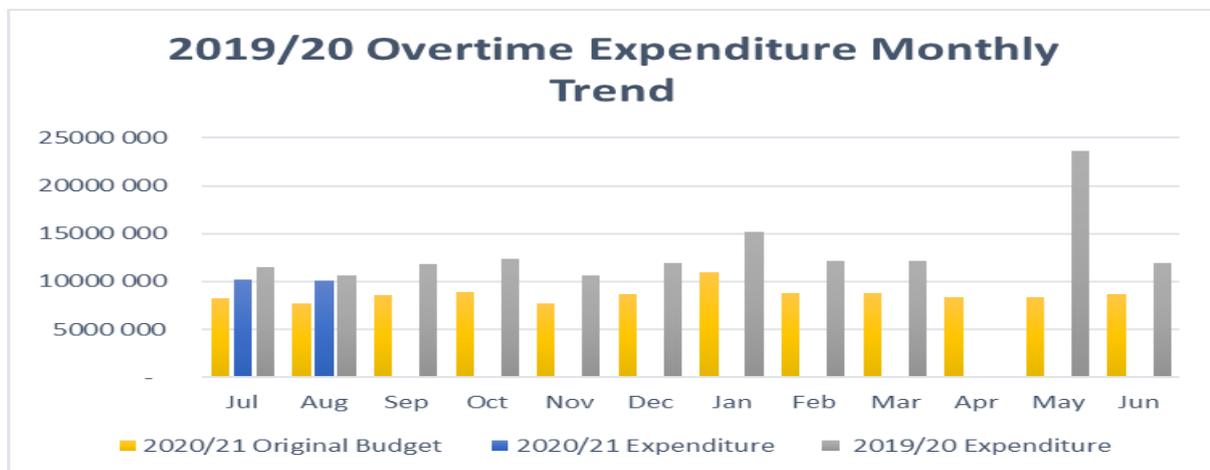
		June 2020 Amount	July 2020 Amount	August 2020 Amount
	<b>DIRECTORATE OF INFRASTRUCTURE SERVICES</b>			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	8 983.80	29 786.40	9 086.81
4512	CUSTOMER SERVICES & REVENUE PROTECTION	120 848.37	85 533.44	117 978.87
4514	ELECTRICAL DISTRIBUTION	1 272 677.43	1 018 221.81	1 298 133.20
4522	CONSTRUCTION	4 215.23	4 085.03	7 001.36
4524	ROADS	24 505.54	36 941.92	20 977.62
4532	SANITATION	821 805.38	952 639.51	1 155 420.49
4535	WATER SERVICES	1 243 317.44	992 215.92	762 972.06
4542	FLEET SERVICES & PLANT	-	3 986.36	-2 686.67
4543	WORKSHOPS	114 973.16	69 590.91	96 518.65
		<b>3 611 326.35</b>	<b>3 193 001.30</b>	<b>3 465 402.39</b>
	<b>DIRECTORATE OF MUNICIPAL SERVICES</b>			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	6 465.90	6 465.90	-
5011	COMMUNITY AMENITIES	12 114.18	8 858.10	7 624.33
5013	LIBRARIES	926.75	926.75	-923.00
5014	HALLS	50 957.81	40 840.87	46 057.83
5015	RECREATION	4 332.90	3 697.44	4 314.70
5022	CEMETRIES & CREMATORIA	438 908.29	393 106.12	452 988.18
5023	CONSERVATION	147 205.76	76 418.18	122 487.82
5024	PARKS: COASTAL	344 993.38	609 474.24	276 586.62
5031	SOLID WASTE MANAGEMENT	18 021.58	15 948.95	18 089.12
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 977 510.76	1 916 751.43	1 763 739.79
5035	LANDFILLS & TRANSFER STATIONS	159 066.78	141 933.41	123 962.50
5042	RECREATIONAL FACILITIES	8 816.75	-418.55	3 701.40
5043	SPORTS FACILITIES	8 160.41	30 683.98	-
		<b>3 177 481.25</b>	<b>3 244 686.82</b>	<b>2 818 629.29</b>
	<b>TOTAL OVERTIME</b>	<b>11 188 790.61</b>	<b>9 219 225.87</b>	<b>8 901 364.16</b>

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

- a) Employees are not permitted to work more than ten (10) hours overtime per week – this is in line with the Basic Conditions of Employment Act.
- b) All planned overtime is capped at forty (40) hours per month - this is in line with the Basic Conditions of Employment Act.
- c) All emergency overtime to be signed and approved by Heads of Directorates to ensure accountability and emphasis on control measures.
- d) Further to the above, an 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 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 to political officers and officials so that deadlines can be met.

**d) Directorate Of Development & Spatial Planning**

The over-expenditure on Year-To-Date (YTD) Overtime was caused by the Bus Services that are currently transporting Solid Waste Employees to and from work during the Covid-19 lockdown.

**e) Directorate Of Economic Development & Agencies**

A detailed assessment to turn around the situation will be done.

**f) Directorate of Finance**

The over expenditure on overtime is as a result of staff that worked to process and finalise financial month end processes. Furthermore, due to the National Lockdown in place, operations to perform at full capacity have been affected as staff members work on rotational basis due to Covid-19 regulations. Without the full staff complement, it is impossible to perform the full functions associated with the post during normal working hours which include exceptions, terminations, meter changes, adjustments to the accounts where necessary on the meter books which were supposed to be allocated to the employees excluded from work.

The Billing Enquiries Section had to work overtime for 4 weekends to update the interim Inland accounts to make sure that the Billing system is in order. The exercise was to reduce the interim charges, increase turnover for the institution and improve service delivery.

**g) Directorate of Health, Public Safety & Emergency Services**

Covid-19 regulations and required oversight has resulted in increased overtime. Excessive fire calls have also resulted in increased overtime. Vector Control Section is also continuously disinfecting hot spot areas, public spaces and

offices due to Covid-19 pandemic. Environmental Health practitioners have to be present for monitoring all Covid-19 related burials.

#### **h) 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 done at Reserve Road for the clearing of block stormwater drains. Callout received to clear hazardous loose materials on the road at Alexandra Road.
- iii. Sanitation – The Sanitation Department is an Essential Service department, compelled in terms of legislative framework to always ensure that maintenance teams are available on standby on a 24hr basis each day. Similarly, the department operates 15 wastewater treatment works, which must be manned by staff on a 24hr basis, on a shift basis. Staff shortages at treatment works result in increased overtime. COVID-19 compliance also has an added impact.
- 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 and also assisting with water deliveries.

#### **i) Directorate of Municipal Services**

Cleansing & Refuse Removal: Inland – the department provides services 7 days' a week and five days are normal working days. The department is busy negotiating with HR in order to introduce Shift System.

Cemeteries and Crematoria: Overtime is caused by staff who have to work on weekends for burials and cremations.

Parks: The over expenditure on overtime is as a result grass cutting backlog as well as emergency overtime which needed to be worked to clear hazardous loose materials (trees).

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

Table 22 below reflects the total standby and shift payment for the months of June 2020, July 2020 and August 2020. There was a decrease in the total payment between June 2020 and July 2020 of R202 335 and an increase in the total payment between July 2020 and August 2020 of R6 294.

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

	<b>June 2020 Amount</b>	<b>July 2020 Amount</b>	<b>August 2020 Amount</b>
Directorate of Executive Support Services	4 517	4 785	4 966
Directorate of the City Manager	4 353	4 922	4 536
Directorate of Corporate Services	47 446	49 683	35 318
Directorate of Development & Spatial Planning	32 580	33 668	22 721
Directorate Economic Development & Agencies	-	2 716	2 466
Directorate of Finance	4 232	7 057	6 798
Directorate of Health/Public Safety & Emergency Services	707 866	632 247	665 458
Directorate of Infrastructure Services	852 029	807 321	744 004
Directorate of Municipal Services	431 963	340 353	402 779
<b>TOTAL</b>	<b>2 084 987</b>	<b>1 882 751</b>	<b>1 889 045</b>

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

Table 23 below reflects the total payment of Temporary Staff for the months of June 2020, July 2020 and August 2020. There was an increase in the total payment between June 2020 and July 2020 of R197 354 and an increase in the total payment between July 2020 and August 2020 of R126 165.

**Table 23: Temporary Staff per Directorate**

	June 2020 Amount	July 2020 Amount	August 2020 Amount
Directorate of Executive Support Services	225 909	254 363	215 216
Directorate of the City Manager	143 390	95 946	15 267
Directorate of Corporate Services	1 623 559	1 433 550	1 602 687
Directorate of Development & Spatial Planning	24 962	250 703	-
Directorate Economic Development & Agencies	-	-	125 533
Directorate of Finance	79 327	101 691	242 311
Directorate of Health/Public Safety & Emergency Services	83 600	87 598	100 891
Directorate of Infrastructure Services	365 933	503 661	465 957
Directorate of Municipal Services	106 485	123 009	208 824
<b>TOTAL</b>	<b>2 653 167</b>	<b>2 850 520</b>	<b>2 976 685</b>

**12.5. Councillors Costs**

The table below shows the budget and expenditure to date for councillors' costs. The year to date budget of R 11.91 million less the year to date expenditure of R 10.56 million leaves a variance of R 1.35 million.

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

Councillors Allowances And Benefits	2020/2021 Annual Budget R	2020/2021 YTD Budget R	2020/2021 YTD Expenditure R	2020/2021 Variance R	2020/2021 Variance %
Councillors Allowances	48 609 262	7 957 358	6 612 835	1 344 524	16.90
Housing Allowance	2 578 002	422 020	406 090.20	15 930	0.00
Medical Aid Allowance	2 136 903	349 812	420 292	-70 480	-20.15
Pension Allowance	4 533 348	742 111	718 685	23 426	3.16
Travel Allowance	14 908 269	2 440 490	2 404 096	36 394	1.49
<b>Total</b>	<b>72 765 784</b>	<b>11 911 792</b>	<b>10 561 998</b>	<b>1 349 794</b>	<b>11.33</b>

### 13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R12.68 million (9.46%) of its 2020/2021 approved operating budget of R134.13 million. A detailed analysis of the entity's performance for month ended 31 August 2020 is outlined in the attached Annexure F.

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

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Municipal Entity</b>										
Interest earned - external investments		520	854	854	54	76	142	(66)	-47%	854
Agency services		1 752	7 933	7 933	43	465	483	(18)	-4%	7 933
Transfers and subsidies		7 451	117 298	117 298	986	6 763	19 000	(12 237)	-64%	117 298
Other revenue		39 467	8 049	8 049	-	20 070	9 000	11 070	123%	8 049
<b>Total Operating Revenue</b>	1	<b>49 190</b>	<b>134 135</b>	<b>134 135</b>	<b>1 082</b>	<b>27 373</b>	<b>28 625</b>	<b>(1 252)</b>	<b>-4%</b>	<b>134 135</b>
<b>Expenditure By Municipal Entity</b>										
Employee related costs		22 516	27 888	27 888	2 016	4 035	4 648	(614)	-13%	27 888
Depreciation & asset impairment		-	1 921	1 921	91	91	320	(229)	-72%	1 921
Finance charges		-	4	4	-	-	1	(1)	-100%	4
Other materials		1 313	1 481	1 481	30	53	247	(193)	-78%	1 481
Contracted services		19 079	79 461	79 461	1 229	6 728	9 000	(2 272)	-25%	79 461
Transfers and subsidies		197	321	321	-	-	53	(53)	-100%	321
Other expenditure		6 596	23 058	23 058	247	1 774	3 843	(2 069)	-54%	23 058
<b>Total Operating Expenditure</b>	2	<b>49 702</b>	<b>134 134</b>	<b>134 134</b>	<b>3 612</b>	<b>12 681</b>	<b>18 112</b>	<b>(5 431)</b>	<b>-30%</b>	<b>134 134</b>
<b>Surplus/ (Deficit) for the yr/period</b>		(512)	0	0	(2 530)	14 692	10 513	(6 683)	-64%	0
<b>Capital Expenditure By Municipal Entity</b>										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 675	2 510	2 510	94	94	377	(282)	-75%	2 510
<b>Total Capital Expenditure</b>	3	<b>1 675</b>	<b>2 510</b>	<b>2 510</b>	<b>94</b>	<b>94</b>	<b>377</b>	<b>(282)</b>	<b>-75%</b>	<b>2 510</b>

#### 14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 2% (R39.58 million, inclusive of reclaimed vat) of its 2020/21 capital budget of R1.82 billion as at 31 August 2020. This reflects a decline when compared to the same period in the previous financial year where 4% (R71.11 million, inclusive of reclaimed vat) of the budget of R1.75 billion was spent. The Covid-19 pandemic continues to negatively affect expenditure performance. However, it is expected that expenditure will improve in the second quarter as procurement processes for major contracts would have been concluded.

Refer to Annexure A – C5 for the breakdown per municipal vote standard classification & funding; Annexure B – SC14 for monthly expenditure trends; SC13a for breakdown of asset classification for new assets and SC13b for breakdown on asset classification on renewal of existing asset.

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

Table 26 below reflects capital expenditure performance per source of funding.

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

<b>Funding</b>	<b>2020/2021 Adjusted Budget</b>	<b>YTD Expenditure (incl. VAT)</b>	<b>Variance (incl. VAT)</b>	<b>% Expenditure (incl. VAT)</b>
Own Funding	623 019 286	11 803 538	611 215 748	2%
Own Funding c/o	241 657 275	0	241 657 275	0%
Loan	230 800 142	0	230 800 142	0%
<b>TOTAL OWN FUNDING</b>	<b>1 095 476 703</b>	<b>11 803 538</b>	<b>1 083 673 165</b>	<b>1%</b>
Urban Settlement Development Grant	616 657 370	15 006 843	601 650 527	2%
BCMET c/o	541 862	0	541 862	0%
Public Transport Network Grant	86 000 000	12 726 476	73 273 524	15%
Intergrated City Development Grant	2 037 665	0	2 037 665	0%
Energy Efficiency Demand Side Management Grant	6 300 000	0	6 300 000	0%
Neighborhood Development Partnership Grant	18 000 000	0	18 000 000	0%
Infrastructure Skills Development Grant	150 000	42 162	107 838	28%
<b>TOTAL GRANTS</b>	<b>729 686 897</b>	<b>27 775 481</b>	<b>701 911 416</b>	<b>4%</b>
<b>TOTAL CAPITAL BUDGET</b>	<b>1 825 163 600</b>	<b>39 579 019</b>	<b>1 785 584 581</b>	<b>2%</b>

Table 27 below reflects capital expenditure performance per service

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

Services	2020/2021 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Amenities	56 164 533	923 860	55 240 673	2%
Electricity	118 176 595	3 584 148	114 592 447	3%
Human Settlements	266 048 850	5 712 447	260 336 403	2%
Local Economic Development	145 658 196	8 166 515	137 491 682	6%
Other: BCMM Fleet	35 000 000	0	35 000 000	0%
Public Safety	39 901 621	246 731	39 654 890	1%
Roads	387 343 158	115 408	387 227 750	0%
Spatial Planning	20 912 680	0	20 912 680	0%
Support Services	180 419 703	266 621	180 153 083	0%
Transport Planning	152 631 504	15 675 519	136 955 985	10%
Waste Management	37 453 093	1 520 094	35 932 999	4%
Waste Water	266 800 142	648 178	266 151 964	0%
Water	118 653 523	2 719 499	115 934 024	2%
<b>TOTAL - PER SERVICE</b>	<b>1 825 163 600</b>	<b>39 579 019</b>	<b>1 785 584 581</b>	<b>2%</b>

Table 28 below reflects capital expenditure performance per directorate.

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

Directorate	2020/2021 Rt Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Executive Support Services	4 561 406	0	4 561 406	0%
City Manager's Office	5 669 366	0	5 669 366	0%
Corporate Services	19 230 547	68 492	19 162 055	0%
Spatial Planning & Development	174 244 184	15 675 519	158 568 665	9%
Economic Development & Agencies	51 970 007	2 895 606	49 074 401	6%
Finance Services	134 998 979	0	134 998 979	0%
Health/Public Safety & Emergency Services	40 472 581	246 731	40 225 850	1%
Human Settlements	266 548 850	5 712 447	260 836 403	2%
Infrastructure Services	926 473 418	7 067 233	919 406 185	1%
Municipal Services	93 867 627	2 534 154	91 333 472	3%
<b>TOTAL DIRECTORATES</b>	<b>1 718 036 965</b>	<b>34 200 181</b>	<b>1 683 836 783</b>	<b>2%</b>
Asset Replacements	10 681 236	13 738	10 667 498	0%
BCMDA Projects	96 445 399	5 365 100	91 080 299	6%
<b>TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE</b>	<b>1 825 163 600</b>	<b>39 579 019</b>	<b>1 785 584 581</b>	<b>2%</b>

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

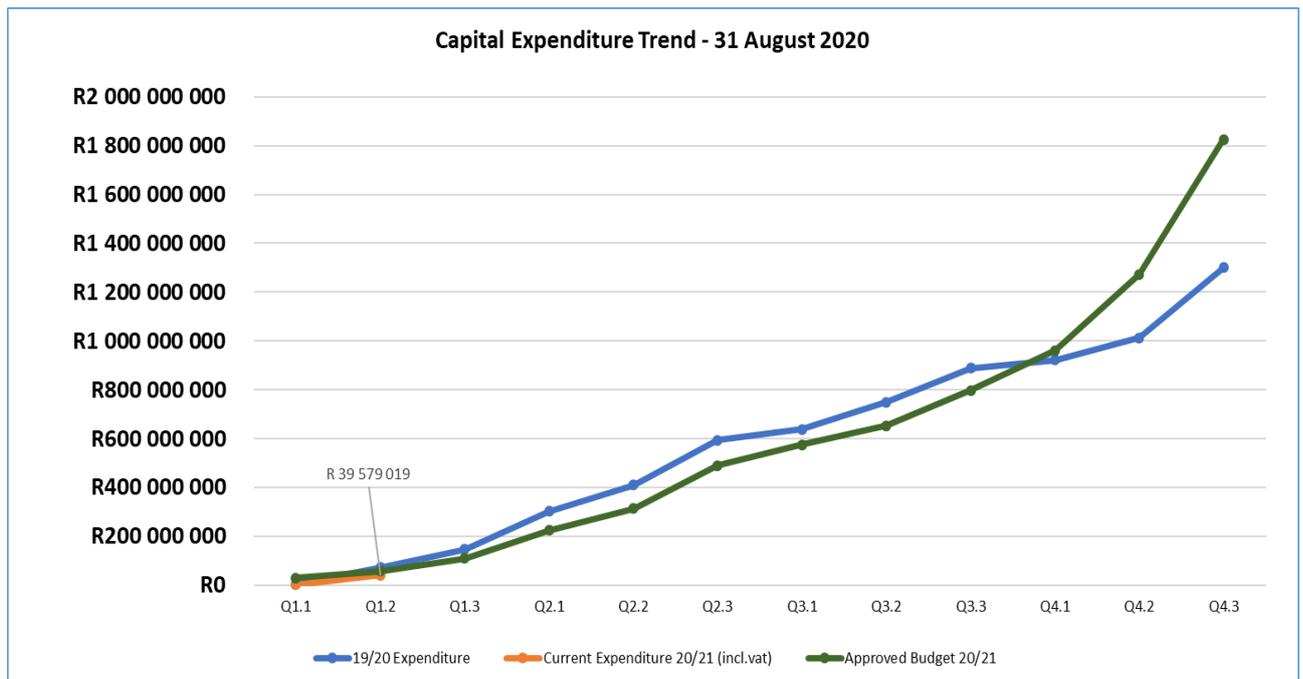
**Table 29: SC12 Monthly Budget Statement – capital expenditure trend**

BUF Buffalo City - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M02 August

Month	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July	2 828	138 353	25 521	166	166	25 521	25 355	99,3%	0%
August	63 892	138 353	47 688	35 886	36 052	73 209	37 156	50,8%	2%
September	68 630	138 353	69 584	-	-	142 792	-	-	-
October	143 183	138 353	120 355	-	-	263 147	-	-	-
November	100 843	138 353	100 556	-	-	363 703	-	-	-
December	171 076	138 353	173 075	-	-	536 778	-	-	-
January	43 263	138 353	96 296	-	-	633 074	-	-	-
February	103 431	138 353	91 947	-	-	725 021	-	-	-
March	132 334	138 353	146 316	-	-	871 337	-	-	-
April	32 673	138 353	166 849	-	-	1 038 186	-	-	-
May	82 738	138 353	289 676	-	-	1 327 863	-	-	-
June	(943 216)	138 353	497 301	-	-	1 825 164	-	-	-
<b>Total Capital expenditure</b>	<b>1 675</b>	<b>1 660 239</b>	<b>1 825 164</b>	<b>36 052</b>					

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 3% (R12.75 million, inclusive of reclaimed vat) of its 2020/21 operating projects budget of R376.71 million as at 31 August 2020. This reflects the same trend when compared to the same period in the previous financial year where 3% (R12.68 million, inclusive of reclaimed vat) of the operating projects budget of R466.26 million was spent. The Covid-19 pandemic continues to negatively affect expenditure performance. However, it is expected that expenditure will improve in the second quarter as procurement processes for major contracts would have been concluded.

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

Tables 30 and 31 below summarise Annexure D.

**Table 30: Operating Projects per Directorate**

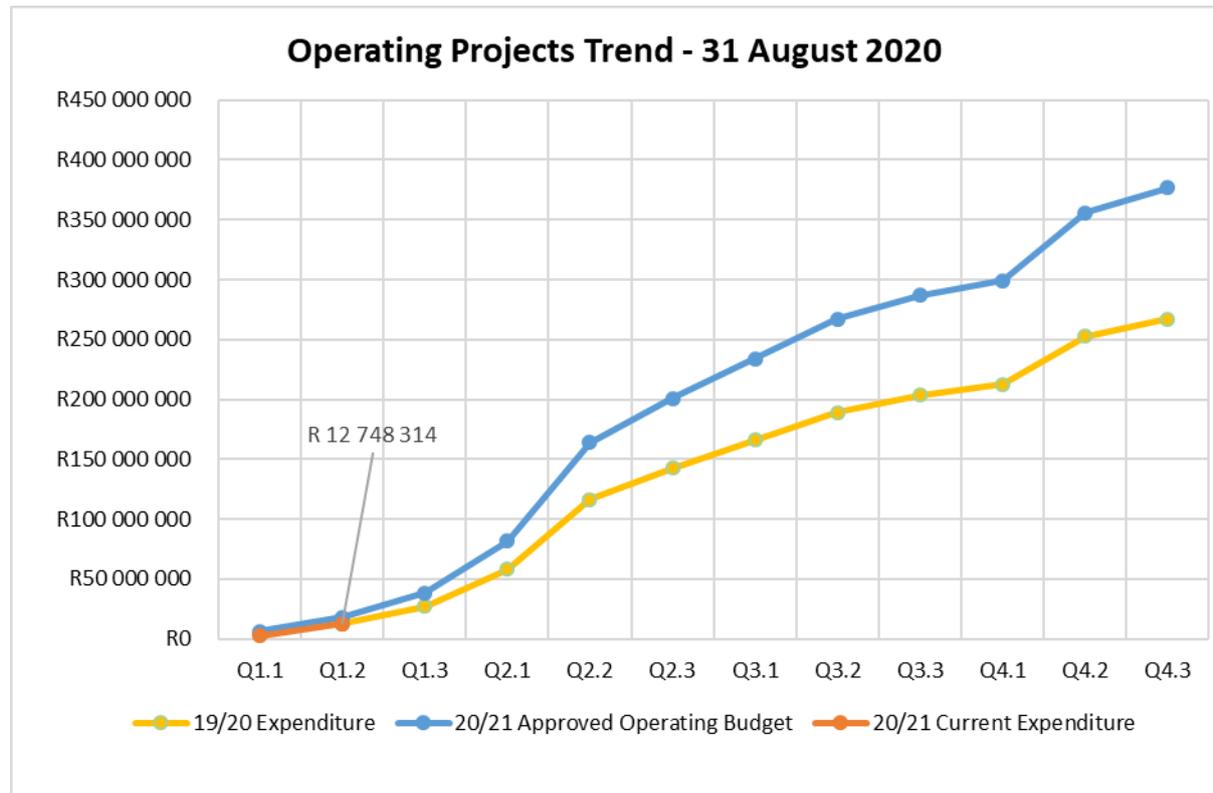
<b>Directorate</b>	<b><u>2020/2021 Adjusted Budget</u></b>	<b><u>YTD Expenditure (incl. vat)</u></b>	<b><u>Variance (incl. VAT)</u></b>	<b><u>% Expenditure (incl. vat)</u></b>
Executive Support Services	53 822 313	220 372	53 601 941	0%
City Manager's Office	50 533 430	7 092 593	43 440 837	14%
Corporate Services	22 547 237	1 298 527	21 248 710	6%
Spatial Planning & Development	6 310 705	23 100	6 287 605	0%
Economic Development & Agencies	4 850 000	117 462	4 732 538	2%
Finance Services	28 399 087	443 478	27 955 608	2%
Health/Public Safety & Emergency Services	1 574 413	0	1 574 413	0%
Human Settlements	153 088 401	3 151 114	149 937 287	2%
Infrastructure Services	53 284 251	401 668	52 882 584	1%
Municipal Services	2 300 000	0	2 300 000	0%
<b>TOTAL PER DIRECTORATE</b>	<b>376 709 837</b>	<b>12 748 314</b>	<b>363 961 522</b>	<b>3%</b>

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

<b>Funding</b>	<b>2020/2021 Adjusted Budget</b>	<b>YTD Expenditure (incl. vat)</b>	<b>Variance (incl. VAT)</b>	<b>% Expenditure (incl. vat)</b>
<b>Total Own Funding</b>	<b>125 819 158</b>	<b>2 924 239</b>	<b>122 894 918</b>	<b>2%</b>
Urban Settlement Development Grant	70 463 630	3 707 035	66 756 595	5%
SALAIDA c/o	822 313	0	822 313	0%
Finance Management Grant	1 000 000	141 666	858 334	14%
Infrastructure Skills Development Grant	10 788 000	1 067 556	9 720 444	10%
Integrated City Development Grant	6 279 335	0	6 279 335	0%
Expanded Public Works Programme	8 449 000	1 756 703	6 692 297	21%
Human Settlements Development Grant	81 276 351	3 151 114	78 125 237	4%
Human Settlements Development Grant c/o	71 812 050	0	71 812 050	0%
<b>TOTAL PER FUNDING SOURCE</b>	<b>250 890 679</b>	<b>9 824 075</b>	<b>241 066 604</b>	<b>4%</b>
<b>TOTAL OPERATING PROJECTS</b>	<b>376 709 837</b>	<b>12 748 314</b>	<b>363 961 522</b>	<b>3%</b>

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**

<b>Health &amp; Public Safety</b>	<b>Total Revenue</b>	<b>Employee Costs</b>	<b>Other Operating Expenditure</b>	<b>Repairs &amp; Maintenance</b>	<b>Total Expenditure Excluding Capital</b>
<b>DIRECTOR OF HEALTH / PUBLIC SAFETY &amp;</b>	<b>0</b>	<b>627 430</b>	<b>92 270</b>	<b>0</b>	<b>719 700</b>
<b>GM - EMERGENCY SERVICES</b>	<b>(43 146 238)</b>	<b>15 944 982</b>	<b>4 588 590</b>	<b>134 580</b>	<b>20 668 152</b>
EMERGENCY	0	528 549	2 034 308	0	2 562 857
DISASTER MANAGEMENT	0	654 155	309 714	2 204	966 073
FIRE & RESCUE	(43 146 238)	14 762 278	2 244 568	132 376	17 139 222
<b>GM - MUNICIPAL HEALTH SERVICES</b>	<b>0</b>	<b>6 474 711</b>	<b>42 579</b>	<b>6 605</b>	<b>6 523 894</b>
MUNICIPAL HEALTH SERVICES: COASTAL REGION	0	6 474 711	42 579	6 605	6 523 894
<b>GM - PUBLIC SAFETY &amp; PROTECTION SERVICES</b>	<b>(3 065 805)</b>	<b>42 772 191</b>	<b>1 486 217</b>	<b>220 830</b>	<b>44 479 238</b>
PUBLIC SAFETY & PROTECTION	14 095	384 496	636 701	0	1 021 198
LAW ENFORCEMENT SERVICES	0	24 090 905	39 622	79 745	24 210 272
TRAFFIC SERVICES	(3 079 899)	18 296 789	809 893	141 085	19 247 768
<b>Total</b>	<b>(46 212 043)</b>	<b>65 819 314</b>	<b>6 209 655</b>	<b>362 015</b>	<b>72 390 984</b>

## 16.2 Municipal Services

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

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

<b>Municipal Services</b>	<b>Total Revenue</b>	<b>Employee Costs</b>	<b>Other Operating Expenditure</b>	<b>Repairs &amp; Maintenance</b>	<b>Total Expenditure Excluding Capital</b>
<b>OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES</b>	<b>0</b>	<b>1 488 463</b>	<b>64 912</b>	<b>0</b>	<b>1 553 375</b>
<b>GM - COMMUNITY AMENITIES</b>	<b>(1 266)</b>	<b>13 342 649</b>	<b>8 267 797</b>	<b>402 769</b>	<b>22 013 215</b>
COMMUNITY AMENITIES		2 279 318	6 807 951	66 658,00	9 153 927
LIBRARIES	(212)	5 755 880	705 502	60 306	6 521 689
HALLS	-	4 060 948	552 777	231 636	4 845 361
RESORTS	-1 054	1 246 502	201 568	44 169	1 492 238
<b>GM - SPORTS &amp; RECREATION FACILITIES</b>	<b>-3 388</b>	<b>12 852 445</b>	<b>561 621</b>	<b>136 312</b>	<b>13 550 379</b>
SPORTS & RECREATION FACILITIES MANAGEMENT	0	273 697	325 462		599 159
RECREATION	0	7 405 336	125 652	27 686	7 558 674
SPORTS FACILITIES	(3 388)	5 173 411,75	110 507,19	108 626	5 392 545
<b>GM - PARKS / CEMETRIES &amp; CONSERVATION</b>	<b>(2 171 477)</b>	<b>33 692 112</b>	<b>2 361 268</b>	<b>924 023</b>	<b>36 977 404</b>
PARKS / CEMETRIES & CONSERVATION		580 603	124 509	0	705 112
CEMETRIES & CREMATORIA CONSERVATION	(2 162 520)	7 220 597	1 477 920	217 830	8 916 347
CONSERVATION	0	4 126 259	323 844	10 375	4 460 477
PARKS: COASTAL	(8 957)	21 764 654	434 995	695 819	22 895 467
<b>GM - SOLID WASTE MANAGEMENT</b>	<b>(172 406 953)</b>	<b>38 534 637</b>	<b>15 232 541</b>	<b>918 242</b>	<b>54 685 420</b>
SOLID WASTE MANAGEMENT	0	2 905 094	778 522	800 902	4 484 518
CLEANSING & REFUSE REMOVAL: COASTAL	(172 114 467)	32 851 554	11 511 260	117 340	44 480 154
LANDFILLS & TRANSFER STATIONS	(292 486)	2 777 989	2 942 759	0	5 720 748
<b>Total</b>	<b>(174 583 085)</b>	<b>99 910 306</b>	<b>26 488 139</b>	<b>2 381 346</b>	<b>128 779 792</b>

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

<b>QUALITY CERTIFICATE</b>
----------------------------

I, Andile Sihlahla, City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

The monthly budget statement (Section 71 Report)

for the period ending **August 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