

STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF THE 2019/20 BUDGET FOR THE SECOND QUARTER & MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

1. PURPOSE

The purpose of the report is for Council to consider and note the statement of financial performance and the implementation of the 2019/20 budget for the second quarter & mid-year budget and performance assessment report for the period ended 31 December 2019.

2. AUTHORITY

Buffalo City Metropolitan Council.

3. LEGAL / STATUTORY REQUIREMENTS

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

3.2. Municipal Finance Management Act No 56, 2003 Chapter 7, Section 52, 54, 71 & 72

3.3. Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

In terms of Section 72, of the Municipal Finance Management Act No. 56, 2003, Chapter 8, the accounting officer of the municipality must, by 25 January of each year,-

a) assess the performance of the municipality during the first half of the financial year, taking into account—

(i) the monthly statements referred to in section 71 for the first half of the financial year;

(ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance

- indicators set in the service delivery and budget implementation plan;
 - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
 - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
- b) submit a report on such assessment to—
- (i) the mayor of the municipality;
 - (ii) the National Treasury; and
 - (iii) the relevant provincial treasury.

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

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

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

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PART 1: IN-YEAR REPORT

5. EXECUTIVE MAYOR'S REPORT/COMMENTS

In terms of the legislative requirements placed on myself as an Executive Mayor, in terms of S54 (1):

- (i) I have considered the report and found it to be a fair reflection of the financial affairs of the institution.
- (ii) The approved budget has been implemented in accordance with the service delivery and budget implementation plan.
- (iii) There are currently no changes to the service delivery and budget implementation plan; however, the changes will be considered during the mid-year adjustment budget period.
- (iv) The monthly budget statements (S71 reports) are prepared by the Accounting Officer and submitted to the office of the Executive Mayor within 10 working days of the new month.
- (v) The S71 reports for the first six months of this financial year have been considered in the preparation of this assessment report.
- (vi) In terms of the mid-year performance report the City finds itself in a financially sustainable environment, there is however a decreasing trend in the City's liquidity position that require enforcement of stricter financial discipline.

6. RESOLUTIONS

It is recommended that:

- (i) Council consider and note the report on the statement of financial performance and the implementation of the 2019/20 budget for the second quarter & mid-year budget and performance assessment report for the period ended 31 December 2019 in terms of Section 52 and 72 of the MFMA including supporting documentation attached as Annexure A to G.
- (ii) Council consider notes the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 15 and 16 respectively of this report.
- (iii) The Council consider notes the year to date collection rate for the period ended 31 December 2019 of 85.71%.

X. PAKATI

EXECUTIVE MAYOR

BUFFALO CITY METROPOLITAN MUNICIPALITY

ANDILE SIHLAHLA/ NS

DATE

7. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 31 DECEMBER 2019

7.1. Dashboard / Performance Summary

Table 1: Performance Summary

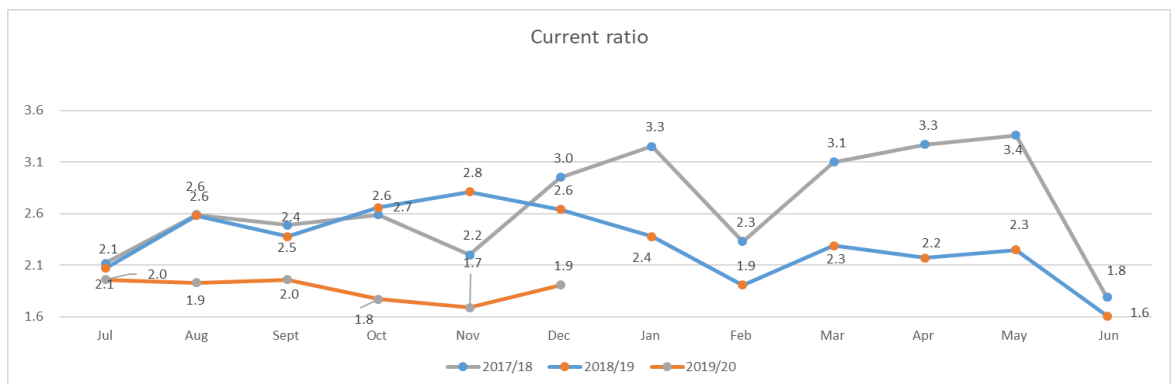
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 3,614,252,769	Bank Balance	R 236,331,632
Expenditure	(R 3,889,023,566)	Call investments (excl. int.)	R 947,651,264
Operating Deficit	(R 274,770,797)	Cash and cash equivalents	R 1,183,982,896
Transfers and Subsidies Recognised – Capital	R 305,537,091	<i>Account Payables</i>	<i>(R 523,272,973)</i>
Surplus After Capital Transfers	R 30 766 293	<i>Unspent conditional grants</i>	<i>(R 430,833,566)</i>
DEBTORS		<i>Committed to Capital budget-own funds</i>	<i>(R 660,975,601)</i>
Total debtors book (incl. impairment)	R 2,303,243,515	Possible cash deficit should there be no revenue collection made	(R 431,099,244)
Total debtors - Government	R 44,817,974		
Total debtors - Business	R 621,065,430	Total Long term loans	R 317,326,237
Total debtors - Households	R 1,637,360,111		
Total debt written off (YTD)	R 0	SURPLUS / (DEFICIT) PER SERVICE	
		Water	R 120,269,789
REPAIRS AND MAINTENANCE		Electricity	(R 189,208,126)
2018/2019: Exp.= R200,64 m, which is 41% of adjusted budget of R493.60 m	2019/2020: Exp.= R190.64 m, which is 49% of budget of R392,58 m	Refuse	R 43,496,118
		Sewerage	R 134,051,485
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
<u>2018/2019: Exp. as a % of Adjusted Budget of R1.99b:</u> Exp. (excl. vat) = R537,44 mil % exp. (Excl. vat) :27% Exp. (incl. vat) = R584,48 mil % exp. (incl. vat): 29%	<u>2019/2020: Exp. as a % of Adjusted Budget of R1.95b:</u> Exp. (excl. vat) = R550.45 mil % exp. (Excl. vat) :28% Exp. (incl. vat) = R592.54 mil % exp. (incl. vat): 30%	<u>2018/2019: Exp. as a % of Adjusted Budget of R333.73m:</u> Exp. (excl. vat) = R74,08 mil % exp. (excl. vat): 22% Exp. (incl. vat) = R74,44 mil % exp. (incl. vat): 22%	<u>2019/2020: Exp. as a % of Adjusted Budget of R466.26m:</u> Exp. (excl. vat) = R134.81 mil % exp. (excl. vat): 29% Exp. (incl. vat) = R142.48 mil % exp. (incl. vat): 31%
FINANCIAL		HUMAN RESOURCES	
Operating deficit before Capital Transfers	(R 274,770,797)	Total staff complement	5 716
Debtors collection ratio	85.71%	Staff Appointments	15
YTD Grants and subsidies: recognized – Capital	R 305,537,091	Staff Terminations	21
Creditors payment days	15 days	Number of funded vacant posts (under recruitment process)	304
Current ratio	1.91:1	Total overtime paid (YTD)	R 68,985,974
Total Debt to Revenue	5.67%	Allowances and benefits – Councillors (YTD)	R 30,998,056
Capital Charges to Operating Expenditure	1.17%	Salary bill – Officials	R 1,080,943,791
Cost coverage ratio	1.45 months	Workforce costs as a % of expenditure	28.59%

7.2. Liquidity position

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

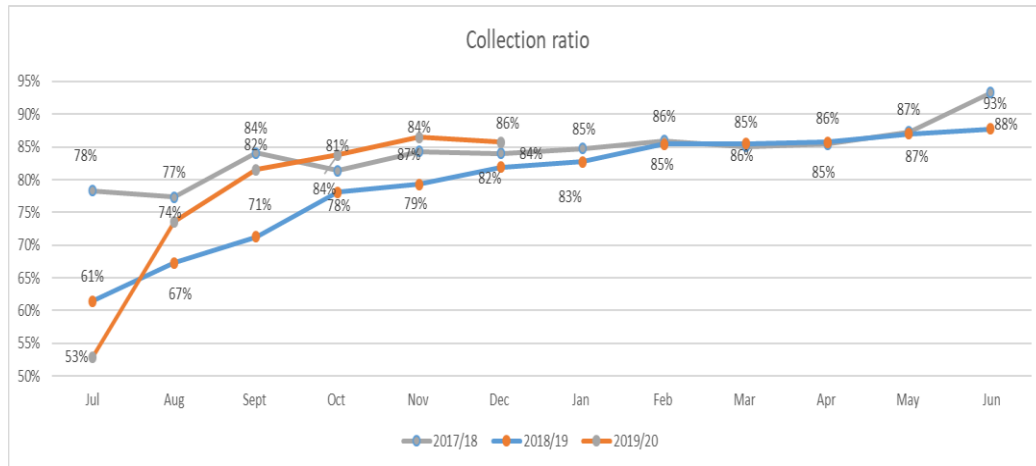


7.3. Collection Rate and Outstanding Debtors

The year to date collection rate for the month ended 31 December 2019 is 85.71% (2018/19: 81.90%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has decreased by 0.79% from last month where 86.50% was achieved for the period ended 30 November 2019. Refer to section 9.1.1 for reasons of collection rate to be below the target.

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 December 2019 amounts to R2.30 billion (2018/19: R2.27 billion). Households: R1.64 billion, Business: R621.07 million and Government: R44.82 million.

Refer to section 9.1 of the report for details on debtors' management. The debtors' age analysis report is reflected on Annexure B – SC3.

7.4. Capital Expenditure

BCMM has spent 30% (R592.54 million, inclusive of reclaimed vat) of its 2019/20 capital budget of R1.95 billion as at 31 December 2019. This reflects a slight improvement when compared to the same period in the previous financial year where 29% (R584.48 million, inclusive of reclaimed vat) of the budget of R1.99 billion was spent. (Refer to Section 15 for further details).

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

7.5. Operating Projects

The Metro has spent 31% (R142.48 million, inclusive of reclaimed vat) of its 2019/20 operating projects budget of R466.26 million as at 31 December 2019. This reflects an improved performance when compared to the same period in the previous financial year where 22% (R74.44 million, inclusive of reclaimed vat) of the operating projects budget of R333.73 million was spent. (Refer to Section 16 for further details).

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

7.6. Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 40% (R433.17 million, inclusive of reclaimed vat) of its 2019/2020 conditional grants budget of R1.09 billion as at 31 December 2019. This reflects a decline when compared to the same period in the previous financial year where 45% (R392.93 million, inclusive of reclaimed vat) of conditional grants budget of R911.61 million was spent. (Refer to Section 12.1 for further details).

7.7. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent 40% (R330.42 million, inclusive of reclaimed vat) of its 2019/2020 USDG budget of R817.42 million as at 31 December 2019. This reflects a decline when compared to the same period in the previous financial year where 43% (R326.69 million, inclusive of reclaimed of vat) of USDG budget of R762.99 million was spent. (Refer to Section 12.1 for further details).

7.8. Cash and Cash Equivalents

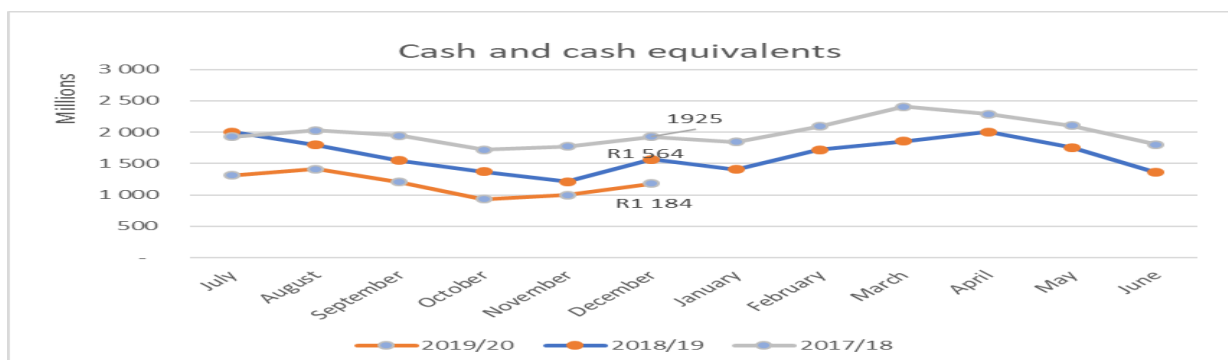
The cash and cash equivalents of the City as at 31 December 2019 are R1.18 billion made up of cash at the primary bank account amounting to R236.33 million and call investment deposits of R947.65 million. This funding is invested with various financial institutions in compliance with the MFMA.

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 92.5%. Refer to Section 8.4.5 and Annexure A – C7 for the cash flow statement as well as Section 11 and Annexure B – SC5 for the investment portfolio breakdown.

The cost coverage ratio of the City is 1.45 months. This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue during that period. This ratio denotes that the City can meet its monthly operating commitments 1.45 times, which is within the norm of 1-3 months as per the MFMA circular 71. It is however a concern to note that the City's cash and cash equivalent reserve is decreasing due to stagnant revenue base and operating expenditure that is increasing at a high rate. There has also been high capital investment that is funded by internally generated funds.

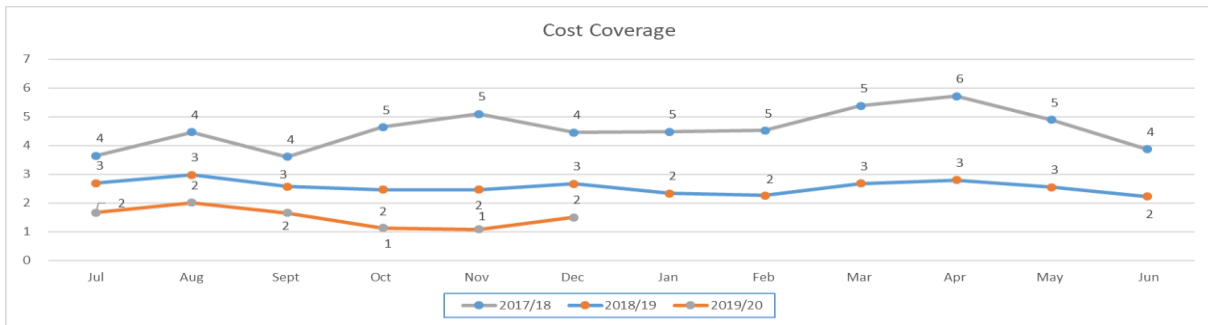
The graph below shows comparison of the monthly cash and cash equivalents over the 3-year period.

Figure 3: Cash and Cash Equivalents



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

Figure 4: Cost Coverage



7.9. Outstanding Creditors

The creditors payment period is 15 days; this shows that the Metro is paying its creditors within 30 days as stipulated by section 65 (e) of the MFMA. Small Micro Medium Enterprises (SMME) are paid on a fortnightly basis to assist emerging service providers. Refer to Section 9 for details.

7.10. Long-Term Debt Profile

The total long term borrowings of the municipality as at 31 December 2019 amounts to R317.33 million. Refer to Annexure C for the schedule of borrowings.

The ratio of capital charges to operating expenditure as at 31 December 2019 is 1.17%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6 and 8%.

The total debt to revenue ratio is 5.67% as at 31 December 2019, this indicates the extent of total borrowings (short and long term debt financing) in relation to total operating revenue of the municipality. The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities. The outcome is below the norm. This indicates that the municipality has capacity to take on additional financing from borrowing to invest in infrastructure projects. BCMM is in the process of considering new loan funding which will move this ratio closer to the National Treasury norm of 45%.

7.11. 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 undertaken to reduce the number of 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).

8.2 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) - M06 December

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		2 699 524	2 729 981	2 730 417	439 636	1 555 386	1 365 189	190 198	14%	2 730 417
Executive and council		22 482	35 159	35 159	5 602	17 873	17 579	294	2%	35 159
Finance and administration		2 677 042	2 694 822	2 695 258	434 034	1 537 513	1 347 609	189 904	14%	2 695 258
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		380 585	608 124	652 117	59 559	142 090	324 059	(181 969)	-56%	652 117
Community and social services		24 784	31 203	31 203	448	2 997	15 601	(12 604)	-81%	31 203
Sport and recreation		3 525	5 676	5 676	771	1 789	2 838	(1 049)	-37%	5 676
Public safety		166 093	175 724	175 724	27 883	81 271	87 862	(6 591)	-8%	175 724
Housing		185 279	395 491	439 485	30 458	55 876	217 743	(161 867)	-74%	439 485
Health		903	29	29	–	158	15	143	971%	29
<i>Economic and environmental services</i>		534 719	575 202	576 782	74 905	186 064	288 319	(102 255)	-35%	576 782
Planning and development		250 967	367 180	368 760	51 915	133 000	184 308	(51 308)	-28%	368 760
Road transport		282 681	204 417	204 417	22 904	52 462	102 208	(49 747)	-49%	204 417
Environmental protection		1 071	3 605	3 605	87	603	1 803	(1 200)	-67%	3 605
<i>Trading services</i>		3 678 505	4 174 601	4 123 387	475 816	2 023 295	1 877 590	145 705	8%	4 123 387
Energy sources		1 854 974	2 259 485	2 208 272	194 199	1 017 448	920 032	97 416	11%	2 208 272
Water management		796 939	806 126	806 126	119 370	412 674	403 063	9 611	2%	806 126
Waste water management		602 556	587 569	587 569	93 538	335 510	293 784	41 725	14%	587 569
Waste management		424 035	521 421	521 421	68 708	257 663	260 710	(3 047)	-1%	521 421
<i>Other</i>	4	25 418	29 650	29 650	2 523	12 955	14 825	(1 871)	-13%	29 650
Total Revenue - Functional	2	7 318 753	8 117 558	8 112 354	1 052 438	3 919 790	3 869 982	49 808	1%	8 112 354
Expenditure - Functional										
<i>Governance and administration</i>		1 183 760	1 500 467	1 502 191	110 456	716 113	750 624	(34 511)	-5%	1 502 191
Executive and council		420 679	429 182	444 786	29 907	219 846	221 740	(1 894)	-1%	444 786
Finance and administration		754 038	1 056 121	1 042 241	79 614	491 053	521 302	(30 249)	-6%	1 042 241
Internal audit		9 043	15 164	15 164	935	5 214	7 582	(2 368)	-31%	15 164
<i>Community and public safety</i>		1 012 343	990 791	1 034 784	87 968	499 389	515 395	(16 006)	-3%	1 034 784
Community and social services		116 150	104 032	104 032	12 026	67 512	52 016	15 496	30%	104 032
Sport and recreation		316 607	239 476	239 476	30 688	177 944	119 739	58 205	49%	239 476
Public safety		480 926	401 328	401 328	31 690	192 639	200 665	(8 026)	-4%	401 328
Housing		57 397	201 210	245 204	10 160	41 480	120 602	(79 123)	-66%	245 204
Health		41 263	44 744	44 744	3 404	19 814	22 372	(2 559)	-11%	44 744
<i>Economic and environmental services</i>		1 275 351	831 640	793 218	140 172	751 375	398 764	352 612	88%	793 218
Planning and development		447 618	212 101	220 851	47 242	275 400	110 427	164 974	149%	220 851
Road transport		803 240	596 715	549 343	90 287	461 911	276 825	185 086	67%	549 343
Environmental protection		24 493	22 824	23 024	2 644	14 064	11 512	2 552	22%	23 024
<i>Trading services</i>		3 318 954	3 676 200	3 662 121	262 867	1 858 538	1 724 683	133 855	8%	3 662 121
Energy sources		2 027 332	2 262 563	2 248 685	159 531	1 213 577	1 017 964	195 613	19%	2 248 685
Water management		599 887	615 516	615 516	45 524	275 317	307 758	(32 441)	-11%	615 516
Waste water management		301 628	436 078	436 078	24 406	166 873	218 039	(51 166)	-23%	436 078
Waste management		390 107	362 043	361 843	33 406	202 771	180 922	21 849	12%	361 843
<i>Other</i>		86 867	143 000	143 000	13 122	63 608	71 501	(7 893)	-11%	143 000
Total Expenditure - Functional	3	6 877 275	7 142 098	7 135 314	614 585	3 889 024	3 460 966	428 057	12%	7 135 314
Surplus/ (Deficit) for the year		441 478	975 460	977 040	437 853	30 766	409 015	(378 249)	-92%	977 040

8.3 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) - M06 December										
Vote Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Directorate - Executive Support Services		419	-	436	1	7	198	(191)	-96.4%	436
Vote 02 - Directorate - Municipal Manager		22 544	34 559	34 559	5 602	17 873	17 279	594	3.4%	34 559
Vote 03 - Directorate - Human Settlement		185 279	395 491	439 485	30 458	55 876	217 743	(161 867)	-74.3%	439 485
Vote 04 - Directorate - Chief Financial Officer		2 632 032	2 671 898	2 671 898	432 161	1 526 033	1 335 949	190 084	14.2%	2 671 898
Vote 05 - Directorate - Corporate Services		14 021	14 901	14 901	878	5 287	7 450	(2 164)	-29.0%	14 901
Vote 06 - Directorate - Infrastructure Services		3 537 151	3 857 597	3 806 383	430 011	1 818 093	1 719 088	99 005	5.8%	3 806 383
Vote 07 - Directorate - Spatial Planning And Development		247 553	314 111	315 691	51 739	113 035	157 774	(44 738)	-28.4%	315 691
Vote 08 - Directorate - Health / Public Safety & Emergency Services		166 997	175 754	175 754	27 883	81 428	87 877	(6 449)	-7.3%	175 754
Vote 09 - Directorate - Municipal Services		453 416	561 905	561 905	70 013	263 052	280 952	(17 900)	-6.4%	561 905
Vote 10 - Directorate - Economic Development & Agencies		59 341	91 342	91 342	3 693	39 105	45 671	(6 567)	-14.4%	91 342
Total Revenue by Vote	2	7 318 753	8 117 558	8 112 354	1 052 438	3 919 790	3 869 982	49 808	1.3%	8 112 354
Expenditure by Vote	1									
Vote 01 - Directorate - Executive Support Services		294 524	308 243	322 557	25 174	137 461	160 629	(23 169)	-14.4%	322 557
Vote 02 - Directorate - Municipal Manager		199 632	124 676	124 676	6 590	72 671	62 338	10 332	16.6%	124 676
Vote 03 - Directorate - Human Settlement		57 397	201 210	245 204	10 160	41 480	120 602	(79 123)	-65.6%	245 204
Vote 04 - Directorate - Chief Financial Officer		383 293	587 424	583 583	45 405	276 111	291 967	(15 857)	-5.4%	583 583
Vote 05 - Directorate - Corporate Services		154 396	251 127	251 127	15 038	127 600	125 564	2 036	1.6%	251 127
Vote 06 - Directorate - Infrastructure Services		3 800 756	3 972 415	3 911 164	328 286	2 162 932	1 851 358	311 574	16.8%	3 911 164
Vote 07 - Directorate - Spatial Planning And Development		500 010	318 067	318 067	53 128	312 852	159 035	153 817	96.7%	318 067
Vote 08 - Directorate - Health / Public Safety & Emergency Services		526 944	452 199	452 199	35 453	215 017	226 100	(11 084)	-4.9%	452 199
Vote 09 - Directorate - Municipal Services		842 602	722 249	722 249	78 406	459 727	361 126	98 601	27.3%	722 249
Vote 10 - Directorate - Economic Development & Agencies		117 722	204 489	204 489	16 946	83 174	102 245	(19 071)	-18.7%	204 489
Total Expenditure by Vote	2	6 877 275	7 142 098	7 135 314	614 585	3 889 024	3 460 966	428 057	12.4%	7 135 314
Surplus/ (Deficit) for the year	2	441 478	975 460	977 040	437 853	30 766	409 015	(378 249)	-92.5%	977 040

8.4 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 December 2019.

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

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		1 295 503	1 552 051	1 552 051	111 761	777 878	803 448	(25 570)	-3%	1 552 051
Service charges - electricity revenue		1 783 481	2 161 342	2 110 129	163 118	963 240	1 059 231	(95 991)	-9%	2 110 129
Service charges - water revenue		503 580	583 149	583 149	57 570	263 244	284 872	(21 629)	-8%	583 149
Service charges - sanitation revenue		328 923	363 587	363 587	30 987	188 946	195 271	(6 325)	-3%	363 587
Service charges - refuse revenue		251 916	310 978	310 978	22 793	136 374	167 220	(30 845)	-18%	310 978
Rental of facilities and equipment		22 505	19 214	19 214	1 506	9 268	8 903	365	4%	19 214
Interest earned - external investments		98 690	110 025	110 025	3 869	33 121	53 426	(20 305)	-38%	110 025
Interest earned - outstanding debtors		67 093	59 465	59 465	9 270	48 228	27 909	20 319	73%	59 465
Dividends received								-		
Fines, penalties and forfeits		24 938	18 134	18 134	1 385	7 954	9 906	(1 952)	-20%	18 134
Licences and permits		15 156	15 955	15 955	1 324	6 051	11 472	(5 422)	-47%	15 955
Agency services		26 413	34 334	34 334	7 159	6 731	14 705	(7 974)	-54%	34 334
Transfers and subsidies		921 187	1 136 152	1 180 582	325 928	717 188	785 448	(68 259)	-9%	1 180 582
Other revenue		701 636	778 623	778 623	193 506	449 508	448 170	1 338	0%	778 623
Gains on disposal of PPE		2	-	-	819	6 522	-	6 522	0%	-
Total Revenue (excluding capital transfers and contributions)		6 041 025	7 143 008	7 136 225	930 994	3 614 253	3 869 982	(255 729)	-7%	7 136 225

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		2 049 343	2 259 759	2 259 759	183 741	1 080 944	1 117 750	(36 806)	-3%	2 259 759
Remuneration of councillors		62 316	68 485	68 485	5 245	30 998	31 431	(433)	-1%	68 485
Debt impairment		373 183	372 833	368 992	31 075	186 453	183 062	3 391	2%	368 992
Depreciation & asset impairment		1 299 131	918 128	870 756	142 490	846 139	421 858	424 280	101%	870 756
Finance charges		38 467	41 004	41 004	2 872	17 181	21 269	(4 088)	-19%	41 004
Bulk purchases		1 628 957	1 938 461	1 924 582	115 321	969 244	972 346	(3 102)	0%	1 924 582
Other materials		87 079	72 241	72 241	6 957	42 534	33 115	9 419	28%	72 241
Contracted services		676 710	888 061	932 107	75 108	373 759	380 443	(6 685)	-2%	932 107
Transfers and subsidies		91 703	48 175	48 175	9 248	23 774	28 650	(4 875)	-17%	48 175
Other expenditure		524 739	534 951	549 213	42 529	317 998	271 042	46 956	17%	549 213
Loss on disposal of PPE		45 648	-	-	-	-	-	-		-
Total Expenditure		6 877 275	7 142 098	7 135 314	614 585	3 889 024	3 460 966	428 057	12%	7 135 314
Surplus/(Deficit)		(836 249)	911	911	316 409	(274 771)	409 015	(683 786)	(0)	911
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		997 754	974 549	976 130	121 444	303 589	487 993	(184 404)	(0)	976 130
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		907	-	-	-	1 949	-	1 949	-	-
Transfers and subsidies - capital (in-kind - all)		279 067	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		441 478	975 460	977 040	437 853	30 766	897 008			977 040
Taxation		-	-	-	-	-	-	-		-
Surplus/(Deficit) after taxation		441 478	975 460	977 040	437 853	30 766	897 008			977 040
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		441 478	975 460	977 040	437 853	30 766	897 008			977 040
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		441 478	975 460	977 040	437 853	30 766	897 008			977 040

8.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

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

8.4.1.1 Service Charges – Refuse

Revenue Management department has mapped all properties that are being charged refuse and the department is busy analysing properties where there could be possible undercharging. The exercise is done in collaboration with the Geographic Information System (GIS) Unit to fast-track the completion of the exercise. The exercise is ongoing and the target for the completion is the end of June 2020.

8.4.1.2 Interest earned - external investments

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

8.4.1.3 Interest earned – outstanding debtors

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

8.4.1.4 Fines, penalties and forfeits

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

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

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

8.4.1.5 Licences and permits

Three private companies other than BCMM also offer roadworthy testing of vehicles. These private companies are not as strict and as legislated as BCMM. Learners Licences and Professional Drivers Licence testing can also be undertaken at the Department of Transport. If members of the public cannot secure an appointment for these tests which are suitable for them through BCMM they will then arrange an appointment with the Department of Transport which contributes to the lesser income derived by BCMM.

8.4.1.6 Agency services

Under collection or decrease in revenue can be attributed to the fact that vehicle licences can be renewed at the Post Office and the Department of Transport directly. Members of the public generally go to the 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.

8.4.1.7 Gains on disposal of PPE

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

8.4.1.8 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.

8.4.1.9 Finance charges

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

8.4.1.10 Other materials

The variance is due to fuel consumption, it is difficult to budget for fuel as it has a fluctuating demand and the price of fuel is market driven.

8.4.1.11 Transfers and Subsidies

Under performance of Transfers and Subsidies is as a result of expenditure that has not yet been incurred for sponsorship of organizations such as Creche's, Old Age homes, NGO's etc. around BCMM. There first has to be verification of existence of organizations followed by a report to council for approval. The report will be be tabled at a council meeting that is scheduled for 29 January 2020.

8.4.1.12 Other expenditure

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

The main contributing items to the variance are the following:

- i. Insurance premiums – annual payment made to insure all the Metro's assets and liabilities. The reason for the expenditure to be above what was budgeted for is because one of BCMM insurance underwriters which insures the bulk of BCMM's assets had notified BCMM that they were no longer going to operate as insurance underwriters as a result BCMM had to source new insurance underwriters which came at a higher cost to insure BCMM's assets.
- ii. Hired plant - The variance is mainly due to an increase in the hiring of compactor trucks so as to cope with the demand of collecting refuse from the community.
- iii. Software licences – Annual payment of software licences for Microsoft used by the metro's computers as well as payment for licences for Wi-Fi, microwave & routers.

8.4.2 Repairs and maintenance

Table 6 below reflects that as at 31 December 2019, the repairs and maintenance expenditure is 49% of the budget of R392.58 million (2018/19: 41%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	<u>2019/2020</u> <u>Annual</u> <u>Budget</u> <u>R</u>	<u>2019/2020</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2019/2020</u> <u>-</u> <u>Variance</u> <u>R</u>	<u>2019/2020</u> <u>% of</u> <u>Budget</u> <u>%</u>
Directorate of Executive Support Services	3 252 819	765 425	2 487 394	24%
Directorate of The City Manager	146 999	25 808	121 191	18%
Directorate of Corporate Services	8 242 027	1 453 182	6 788 845	18%
Directorate of Development & Spatial Planning	18 164 274	10 748 635	7 415 639	59%
Directorate of Economic Development & Agencies	1 302 684	455 657	847 027	35%
Directorate of Finance	2 735 663	334 669	2 400 994	12%
Directorate of Health / Public Safety & Emergency Services	5 985 637	2 637 931	3 347 706	44%
Directorate of Human Settlement	575 174	192 260	382 914	33%
Directorate of Infrastructure Services	322 028 356	153 257 587	168 770 769	48%
<i>Electricity</i>	123 572 532	65 900 075	57 672 457	53%
<i>Water</i>	40 022 503	23 338 746	16 683 757	58%
<i>Sanitation</i>	35 738 327	21 257 596	14 480 731	59%
<i>Other</i>	122 694 994	42 761 171	79 933 823	35%
Directorate of Municipal Services	30 149 802	20 765 806	9 383 996	69%
TOTAL	392 583 435	190 636 960	201 946 475	49%

The repairs and maintenance budget of the Metro is below the recommended National Treasury norm of 8%. The main challenge in achieving the 8% is the use of the revaluation model to value PPE. The Metro has assessed its infrastructure asset categories and has noted with concern a continuing trend suggesting an infrastructure asset base showing a declining remaining useful life. The Metro's infrastructure repairs and maintenance programme is complemented by the renewal and upgrading of existing infrastructure programme.

The metro has allocated R887.25 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).

8.4.3 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 - M06 December)										
Vote Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Directorate - Executive Support Services		1 967	500	3 500	1 999	2 290	1 614	676	42%	3 500
Vote 02 - Directorate - Municipal Manager		3 358	6 664	6 664	4 520	4 530	3 332	1 198	36%	6 664
Vote 03 - Directorate - Human Settlement		415	252 782	252 782	33 278	69 564	126 391	(56 827)	-45%	252 782
Vote 04 - Directorate - Chief Financial Officer		2 339	141 858	159 982	6 782	14 143	79 167	(65 024)	-82%	159 982
Vote 05 - Directorate - Corporate Services		562	45 910	46 024	9 994	27 110	23 007	4 103	18%	46 024
Vote 06 - Directorate - Infrastructure Services		221 488	700 606	785 857	65 456	237 723	389 054	(151 330)	-39%	785 857
Vote 07 - Directorate - Spatial Planning And Development		3 330	307 351	328 975	32 018	115 670	163 505	(47 835)	-29%	328 975
Vote 08 - Directorate - Health / Public Safety & Emergency Services		13 916	24 650	28 307	1 254	2 591	13 987	(11 397)	-81%	28 307
Vote 09 - Directorate - Municipal Services		3 239	158 121	203 237	13 820	51 926	99 568	(47 642)	-48%	203 237
Vote 10 - Directorate - Economic Development & Agencies		5 936	98 970	139 939	1 955	24 906	68 107	(43 201)	-63%	139 939
Total Capital Expenditure		256 551	1 737 413	1 955 267	171 076	550 453	967 732	(417 279)	-43%	1 955 267
Capital Expenditure - Functional Classification										
Governance and administration		79 818	225 114	257 452	24 038	64 940	127 256	(62 316)	-49%	257 452
Executive and council		5 325	47 424	50 424	16 514	33 809	25 076	8 734	35%	50 424
Finance and administration		74 493	177 690	207 028	7 524	31 131	102 181	(71 050)	-70%	207 028
Internal audit										
Community and public safety		16 577	324 264	355 727	37 674	96 609	176 434	(79 825)	-45%	355 727
Community and social services		898	12 123	20 505	481	4 678	10 065	(5 387)	-54%	20 505
Sport and recreation		1 348	34 910	58 584	2 687	19 923	28 216	(8 293)	-29%	58 584
Public safety		13 674	23 250	22 657	1 228	2 444	11 162	(8 718)	-78%	22 657
Housing		415	252 782	252 782	33 278	69 564	126 391	(56 827)	-45%	252 782
Health		242	1 200	1 200			600	(600)	-100%	1 200
Economic and environmental services		13 309	649 295	698 432	63 158	198 122	346 983	(148 861)	-43%	698 432
Planning and development		4 922	354 451	376 410	31 769	102 030	187 207	(85 177)	-45%	376 410
Road transport		7 983	294 844	318 580	31 357	94 593	158 211	(63 618)	-40%	318 580
Environmental protection		404		3 442	32	1 499	1 565	(65)	-4%	3 442
Trading services		142 652	505 051	580 434	44 251	166 081	286 791	(120 709)	-42%	580 434
Energy sources		70 936	102 500	105 122	18 802	59 574	52 442	7 132	14%	105 122
Water management			83 500	101 444	9 741	42 674	49 907	(7 233)	-14%	101 444
Waste water management		71 127	207 762	248 711	5 063	37 860	122 494	(84 634)	-69%	248 711
Waste management		589	111 289	125 157	10 646	25 973	61 948	(35 975)	-58%	125 157
Other		4 195	33 688	63 222	1 955	24 702	30 269	(5 567)	-18%	63 222
Total Capital Expenditure - Functional Classification	3	256 551	1 737 413	1 955 267	171 076	550 453	967 732	(417 279)	-43%	1 955 267
Funded by:										
National Government		83 694	974 549	974 549	92 841	308 060	487 275	(179 215)	-37%	974 549
Provincial Government				1 580		744	718	25	4%	1 580
District Municipality										
Other transfers and grants		1 742	65 282	65 282			32 641	(32 641)	-100%	65 282
Transfers recognised - capital		85 436	1 039 831	1 041 412	92 841	308 804	520 634	(211 830)	-41%	1 041 412
Borrowing	6		69 582	69 582		299	34 791	(34 492)	-99%	69 582
Internally generated funds		163 021	628 000	844 274	78 235	241 350	412 307	(170 956)	-41%	844 274
Total Capital Funding		248 457	1 737 413	1 955 267	171 076	550 453	967 732	(417 279)	-43%	1 955 267

8.4.4 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R20.92 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 - M06 December

Description	Ref	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		247 281	80 155	80 155	236 332	80 155
Call investment deposits		921 186	1 570 148	1 112 391	947 651	1 112 391
Consumer debtors		1 079 577	798 270	798 270	1 257 541	798 270
Other debtors		5 022 892	968 000	968 000	5 225 154	968 000
Current portion of long-term receivables		–	–	–	–	–
Inventory		37 153	47 069	47 069	39 400	47 069
Total current assets		7 308 087	3 463 641	3 005 884	7 706 077	3 005 884
Non current assets						
Long-term receivables		491	–	–	2 440	–
Investments						
Investment property		401 546	534 856	572 764	423 721	572 764
Investments in Associate		597 392	133 109	133 109	597 392	133 109
Property, plant and equipment		19 743 493	20 074 795	20 245 065	19 415 790	20 245 065
Biological						
Intangible		19 553	20 773	28 045	29 513	28 045
Other non-current assets		49 780	55 420	57 825	49 783	57 825
Total non current assets		20 812 255	20 818 954	21 036 808	20 518 638	21 036 808
TOTAL ASSETS		28 120 343	24 282 595	24 042 692	28 224 716	24 042 692
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		57 974	56 849	56 849	57 974	56 849
Consumer deposits		71 485	79 135	79 135	76 073	79 135
Trade and other payables		5 831 294	1 335 430	1 335 430	5 928 988	1 335 430
Provisions		251 010	244 792	244 792	251 010	244 792
Total current liabilities		6 211 763	1 716 206	1 716 206	6 314 045	1 716 206
Non current liabilities						
Borrowing		287 581	246 225	246 225	259 353	246 225
Provisions		733 935	579 483	579 483	733 935	579 483
Total non current liabilities		1 021 515	825 708	825 708	993 287	825 708
TOTAL LIABILITIES		7 233 279	2 541 914	2 541 914	7 307 332	2 541 914
NET ASSETS	2	20 887 064	21 740 680	21 500 778	20 917 383	21 500 778
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		11 025 426	11 785 177	11 545 275	11 050 389	11 545 275
Reserves		9 866 999	9 955 503	9 955 503	9 866 999	9 955 503
TOTAL COMMUNITY WEALTH/EQUITY	2	20 892 426	21 740 680	21 500 778	20 917 389	21 500 778

8.4.5 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 R12.35 million, resulting in cash and cash equivalents closing balance of R1.18 billion as at 31 December 2019.

Table 9: C7: Monthly Budget Statement – Cash Flow

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M06 December										
Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		1 295 503	1 435 647	1 435 647	136 608	744 379	717 824	26 555	4%	1 435 647
Service charges		2 823 913	3 162 626	3 115 254	403 774	1 672 599	1 581 313	91 286	6%	3 115 254
Other revenue		444 790	809 829	801 291	205 699	486 034	404 915	81 119	20%	801 291
Government - operating		921 187	1 126 922	1 180 582	464 976	1 015 310	563 461	451 849	80%	1 180 582
Government - capital		998 245	974 549	976 130	-	524 414	487 275	37 139	8%	976 130
Interest		165 784	165 029	165 029	13 138	81 349	82 515	(1 166)	-1%	165 029
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(5 407 264)	(5 761 958)	(5 806 387)	(838 542)	(3 894 722)	(2 880 979)	1 013 743	-35%	(5 806 387)
Finance charges		(38 467)	(41 004)	(41 004)	(2 872)	(17 181)	(20 502)	(3 321)	16%	(41 004)
Transfers and Grants		(47 193)	(48 175)	(48 175)	(8 922)	(21 150)	(24 087)	(2 937)	12%	(48 175)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 156 497	1 823 466	1 778 367	373 859	591 031	911 733	320 702	35%	1 778 367
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		2 226						-		
Decrease (Increase) in non-current debtors		-						-		
Decrease (increase) other non-current receivables		-						-		
Decrease (increase) in non-current investments		-						-		
Payments										
Capital assets		(1 760 015)	(1 737 413)	(1 955 267)	(171 076)	(550 453)	(868 706)	(318 253)	37%	(1 955 267)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 757 789)	(1 737 413)	(1 955 267)	(171 076)	(550 453)	(868 706)	(318 253)	37%	(1 955 267)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		-
Borrowing long term/refinancing			69 582	69 582				-		69 582
Increase (decrease) in consumer deposits								-		-
Payments										
Repayment of borrowing		(52 572)	(56 849)	(56 849)	(18 576)	(28 228)	(28 424)	(197)	1%	(56 849)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(52 572)	12 733	12 733	(18 576)	(28 228)	(28 424)	(197)	1%	12 733
NET INCREASE/ (DECREASE) IN CASH HELD		(653 864)	98 786	(164 167)	184 207	12 350	14 602			(164 167)
Cash/cash equivalents at beginning:		1 825 497	1 551 516	1 356 713		1 171 633	1 356 713			1 171 633
Cash/cash equivalents at month/year end:		1 171 633	1 650 302	1 192 546		1 183 983	1 371 315			1 007 465

PART 2: SUPPORTING **DOCUMENTATION**

9. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

9.1 Debtors

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

Table 10: SC3 Monthly Budget Statement Aged Debtors

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2019/20									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.L.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	72 027	26 557	22 994	19 310	13 002	11 384	44 216	268 327	477 818	356 239	-	3 649
Trade and Other Receivables from Exchange Transactions - Electricity	1300	107 613	20 181	12 087	8 574	6 697	6 533	19 400	47 288	228 374	88 493	-	12 836
Receivables from Non-exchange Transactions - Property Rates	1400	105 860	35 815	28 916	18 369	20 396	15 026	68 845	280 598	573 824	403 233	-	9 702
Receivables from Exchange Transactions - Waste Water Management	1500	24 775	10 839	8 748	5 794	5 013	4 745	19 887	120 756	200 558	156 196	-	2 272
Receivables from Exchange Transactions - Waste Management	1600	20 010	9 817	6 990	6 046	5 617	5 407	25 197	179 609	258 691	221 876	-	1 944
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	39	39	39	-	-
Interest on Arrear Debtor Accounts	1810	9 643	9 238	9 220	6 976	6 733	6 695	37 212	196 754	282 472	254 371	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	14 102	7 199	7 267	5 839	7 017	8 856	30 384	200 804	281 468	252 901	-	673
Total By Income Source	2000	354 029	119 645	96 221	70 909	64 476	58 646	245 142	1 294 175	2 303 244	1 733 348	-	31 075
2018/19 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	15 620	7 964	5 617	3 828	2 586	2 519	1 079	5 605	44 818	15 617	-	-
Commercial	2300	181 268	37 698	28 119	20 082	18 022	15 148	66 198	254 530	621 065	373 980	-	-
Households	2400	157 141	73 984	62 485	46 999	43 868	40 979	177 864	1 034 041	1 637 360	1 343 750	-	31 075
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	354 029	119 645	96 221	70 909	64 476	58 646	245 142	1 294 175	2 303 244	1 733 348	-	31 075

9.1.1. Additional debtors' information

The total debtors book, which includes all charges excluding VAT, amounted to R2,303,243,506 as at 31 December 2019 which is an increase of R62,414,914 over the amount of R2,240,828,592 as at 30 November 2019.

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

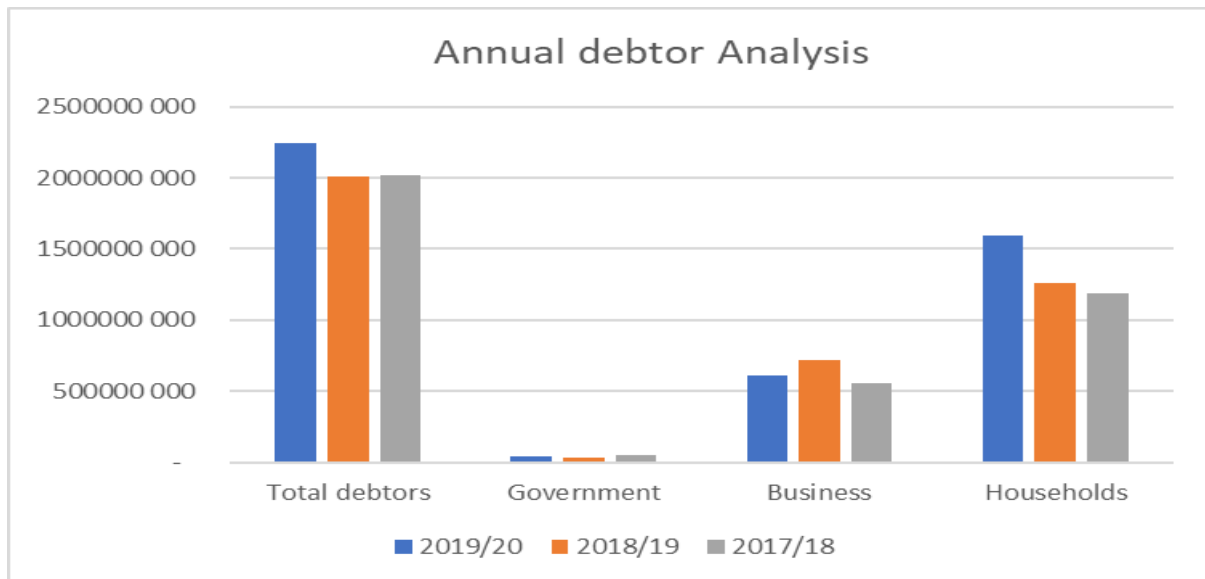
- a) Illegal connections/ meter tampering is on the increase and has a negative impact on the collection rate. The Revenue Protection Unit is in place to address the meter tampering on electricity meters, however where tampers are removed, the customers and communities continue to tamper.
- b) "No-go" areas are on a sharp increase. In areas such as Breidbach, Sweetwaters, Ginsberg and Reeston (but not limited to), the BCMM staff are being chased out or threatened. This relates to meter readers and disconnections and reconnections.
- c) Increased unemployment rate / downturn in local economy.
- d) Poor network connectivity to the outline regions specifically to the Inland Region and Midland Region.
- e) Dishonoured debt settlement arrangements by debtors.
- f) There are areas where BCMM charges rates and services however disconnection and blocking of electricity meters cannot be done because these areas are supplied by Eskom.
- g) Electricity load shedding, implemented by Eskom.

Remedial action to address the above:

- a) Enforcement of debt collection action as prescribed in the Credit Control Policy.
- b) Conversion of existing electricity meters to smart prepayment meters, including conversion of large power users to automated metering devices.
- c) Continued implementation of the on-line vending purchases and bill payments through latest technology.
- d) Continuous use of SMS functionality to inform customers of their current and outstanding debt.
- e) Investigation of the strategies to ensure that revenue management services are not interrupted, specifically related to industrial action within the Metro.
- f) Performance of water meter audit to address the non-reading of water meters and the roll-out of the Water Smart Meter Project.
- g) Exploring the increase of the Metro's revenue base, to ease pressure on existing customers.
- h) Implementation of Indigent Registration, Revenue Management Awareness (explaining the importance of consumers paying for municipal services) campaigns during 2019/20 financial year.
- i) Work at curbing electricity and water non-technical losses to the acceptable norm, such as meter tampering.
- j) Continued installation of electricity smart meters and commence the roll-out of the water smart meters during the financial year.
- k) Leadership intervention required to alleviate the community resistance to debt collection actions being implemented.
- l) BCMM to undertake a process of ensuring that areas supplied by Eskom are rather supplied by BCMM for electricity so as to be able to effect disconnection and blocking of electricity meters.

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



9.2. Additional debtor's information.

9.2.1. Age Analysis per Category

Table 11 below details debtors age analysis by income source as at 31 December 2019. It also provides comparison with the previous month (30 November 2019) which indicates an increase from R2.24 billion to R2.30 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR DECEMBER 2019	TOTAL FOR NOVEMBER 2019
CURRENT	109 171 506	30 239 473	110 705 704	73 842 114	21 200 130	8 870 393	354 029 319	329 513 395
30 DAYS	38 967 484	12 438 184	23 679 090	28 561 221	10 999 918	4 999 455	119 645 352	136 793 938
60 DAYS	31 906 153	10 414 050	16 581 058	24 980 396	8 220 242	4 119 196	96 221 096	83 549 114
90 DAYS	20 809 625	7 036 680	12 201 030	20 405 468	6 950 064	3 505 726	70 908 592	72 304 910
120 DAYS TO 360 DAYS	132 084 151	42 427 192	59 187 235	88 364 987	47 275 570	30 227 172	399 566 308	382 813 807
YEAR 2	109 810 988	40 758 931	38 726 444	86 937 970	48 461 113	24 786 974	349 482 421	343 254 392
YEAR 3	62 393 762	30 642 892	28 898 434	72 246 296	35 624 190	27 889 568	257 695 142	250 995 570
YEAR 4	42 838 070	23 056 564	16 422 102	44 237 054	27 341 049	14 727 007	168 621 846	165 492 636
YEAR 5	32 086 963	16 330 188	9 004 573	26 715 099	19 289 855	11 386 061	114 812 739	111 403 739
YEAR 5+	88 286 195	56 750 108	16 226 783	78 991 244	77 149 997	54 856 364	372 260 691	364 707 091
TOTAL	668 354 897	270 094 261	331 632 454	545 281 849	302 512 129	185 367 917	2 303 243 506	2 240 828 592

9.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type as at 31 December 2019. It also reflects the percentage split per category with domestic consumers having the highest share followed by business. Please note that the financial system is not able to produce a collection ratio per category, however the collection ratio is reported on total debtors.

Table 12: Age Analysis per Category Type

CATEGORY TYPE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	157 141 053	73 983 883	62 484 766	46 998 779	1 191 972 211	1 532 580 692	66.54
Indigent	20 362 492	12 830 067	12 637 567	9 582 752	45 062 011	100 474 888	4.36
Business	181 268 174	37 697 936	28 119 201	20 082 303	353 897 816	621 065 430	26.96
Government	15 620 093	7 963 539	5 617 129	3 827 510	11 789 703	44 817 974	1.95
Municipal Staff*	1 729 105	507 402	259 710	195 411	1 517 251	4 208 879	0.18
Councillors*	61 536	6 407	4 238	2 840	20 623	95 643	0.00
Total	376 182 453	132 989 233	109 122 610	80 689 595	1 604 259 615	2 303 243 506	100.00

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

During the month of December 2019 a total of R1,853,841.18 was receipted against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 1,492,977.97
Arrears Receipts	<u>R 360,863.21</u>
Total Receipts	<u>R1,853,841.18</u>

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

9.2.3. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 December 2019 amounted to R44 817 975 and this is a decrease of R188 069.89 when compared to 30 November 2019.

The breakdown of the arrears per department (excluding accounts in credit) are indicated in the table hereunder, as at 31 December 2019.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 DECEMBER 2019	ARREARS AS AT 30 NOVEMBER 2019	DIFFERENCE
National Department of Public Works	2 146 659	3 384 437	5 531 095	5 476 774	54 322
Provincial Department of Public Works	979 351	7 658 697	8 638 049	12 503 032	(3 864 984)
Department of Education	0	7 587 006	7 587 006	5 904 144	1 682 862
Department of Health	0	20 599 451	20 599 451	14 967 277	5 632 174
Department of Social Development	0	994 037	994 037	829 968	164 069
Department of Transport	0	113 411	113 411	63 641	49 770
Department of Agriculture	0	35 950	35 950	66 997	(31 048)
Department of Nature Conservation	0	12 087	12 087	11 226	861
Department of Human Settlements	0	130 251	130 251	101 290	28 961
Sport, Recreation, Arts and Culture	0	79 850	79 850	16 538	63 311
Department of Labor - UIF Services	0	304 053	304 053	651 944	(347 891)
Members of Provincial Legislature	0	140 486	140 486	3 798 460	(3 657 974)
Department of Rural Development and Land Reform	0	652 249	652 249	614 753	37 496
TOTAL	3 126 010	41 691 964	44 817 974	45 006 044	(188 070)

10. CREDITORS' ANALYSIS

The creditors' analysis as depicted in table 14 below contains an aged analysis by customer type. The creditors payment days has decreased to 15 days; this shows that the Metro is paying its creditors within 30 days as stipulated by section 65 (e) of the MFMA.

Table 14: SC4 Monthly Budget Statement Aged Creditors

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2019/20									Prior year totals for chart (same period)	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total		
R thousands												
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	111 912									111 912	
Bulk Water	0200	21 131									21 131	
PAYE deductions	0300	28 585									28 585	
VAT (output less input)	0400										-	
Pensions / Retirement deductions	0500	31 262									31 262	
Loan repay ments	0600	26 020									26 020	
Trade Creditors	0700	29 546									29 546	
Auditor General	0800	5 379									5 379	
Other	0900	269 438									269 438	
Total By Customer Type	1000	523 273	-	-	-	-	-	-	-	-	523 273	-

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

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

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM				111 912 254	111 912 254	111 912 254
STEFANUTTI STOCK ROADS & EARTHWORKS				31 180 588	31 180 588	31 180 588
AMATOLA WATER				21 131 205	21 131 205	21 131 205
DOWN TOUCH INVESTMENTS (PTY) LTD				21 495 129	21 495 129	21 495 129
MANTELLA TRADING 522 CC				18 381 567	18 381 567	18 381 567
MVEZO PLANT & CIVILS CC				14 032 133	14 032 133	14 032 133
EASTERN CAPE DEPARTMENT OF HUMAN SETTLEMENT				11 668 477	11 668 477	11 668 477
MAKALI PLANT AND CONSTRUCTION (PTY) LTD				10 954 452	10 954 452	10 954 452
CZAR CONSTRUCTION				10 688 611	10 688 611	10 688 611
EZULUWENI CONSTRUCTION (PTY) LTD				8 690 014	8 690 014	8 690 014
EYA BANTU PROFESSIONALSERVICES CC				8 285 310	8 285 310	8 285 310
NEXTEC INDUSTRIAL TECHNOLOGIES T/A EOH INTELLIGENT				7 949 456	7 949 456	7 949 456
GIBB (PTY) LTD				7 085 074	7 085 074	7 085 074
VODACOM (PTY) LTD				6 864 736	6 864 736	6 864 736
RUWACON (PTY) LTD				6 810 860	6 810 860	6 810 860
RANDCIVILS				5 524 282	5 524 282	5 524 282
ACTOM MV SWITCHGEAR				5 194 971	5 194 971	5 194 971
BONTIFOR (PTY) LTD				4 472 100	4 472 100	4 472 100
BUSINESS CONNEXION				3 653 807	3 653 807	3 653 807
MAKINWA MEDIA SOLUTIONS				3 001 020	3 001 020	3 001 020
TOTAL	0	0	0	318 976 046	318 976 046	318 976 046

11. INVESTMENT PORTFOLIO ANALYSIS

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

Table 16: SC5 Monthly Budget Statement – investment portfolio

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commissio n Paid (Rands)	Commissio n Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
R thousands														
Municipality														
Standard 088615901-001		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	-	155 713	12 535 000	12 535 000	155 713
Rand Merchant Bank X021901943		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	57 774 842	1 243 603	59 018 445	-	-
Absa 9128844539/4094793455		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	389 770	21 067	-	1 000 000	1 410 837
Absa 91 4102 2241/4094798489		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	11 576 932	257 631	7 454 785	-	4 379 778
Rand Merchant Bank X021904910		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	18 662 308	596 396	462 518	-	18 796 187
Absa 9205622137/4094793968		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	177 086	5 721	-	-	182 808
Rand Merchant Bank X021904913		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	18 173 226	587 153	-	-	18 760 379
Stanlib 551 660 303		Call Account	Call Account	Yes	Variable	7.13	-		Call Account	2 300 057	58 654	1 312 442	-	1 046 269
Nedbank 03/7881532939/000041		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	1 151 391	36 552	73 428	-	1 114 516
Nedbank 03/7881532939/000056		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	1 074 835	14 700	1 089 536	-	-
Absa 9205590710/4094789181		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	50 650	1 636	-	-	52 287
Nedbank 03/7881532939/000117		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	188 939	6 105	-	-	195 043
Nedbank 03/7881532939/000108		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	83 742	2 706	-	-	86 448
Absa 9193607257/4094789157		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	947 793	30 622	-	-	978 415
Nedbank 03/7881532939/000110		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	302 400	9 770	-	-	312 169
Rand Merchant Bank RRB1629010		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	89 982 895	2 588 275	92 571 170	-	-
Stanlib 551 989 180		Call Account	Call Account	Yes	Variable	7.13	-		Call Account	46 968 387	1 579 289	48 547 676	-	-
Absa 9225909850/4094790083		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	1 188 587	38 402	-	-	1 226 988
Stanlib 551 539 764		Call Account	Call Account	Yes	Variable	7.13	-		Call Account	937 171	32 263	173 277	-	796 157
Stanlib 700 475 605		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	141 985	2 818	141 500	-	3 304
Rand Merchant Bank RRB0B25020		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	1 691 951	23 140	1 715 091	-	-
Nedbank 03/7881532939/000128		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	123 923 047	2 474 365	173 156 639	75 356 000	28 596 773
Rand Merchant Bank RRB1722008		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	22 011 020	848 538	98 000 000	100 000 000	24 859 558

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial /	Investment Top Up	Closing Balance
		Yrs/Months										Premature Withdrawal (4)		
R thousands														
Municipality														
Standard 76586/442745		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	75 781 341	1 986 183	159 364 440	103 000 000	21 403 084
Absa 9264063148/4094790211		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	91 818 381	3 048 272	126 482 687	130 356 000	98 739 966
Rand Merchant Bank KLN2720020		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	3 132 740	153 565	4 116 715	5 000 000	4 169 589
Stanlib 551 868 235		Call Account	Call Account	Yes	Variable	7.13	-		Call Account	170 455	6 434	-	-	176 890
Absa 9205590891/4094793895		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	512 075	16 544	-	-	528 619
Rand Merchant Bank VVW2B13011		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	7 967	57 838	2 492 681	6 970 000	4 543 125
Nedbank 03/7881532939/000133		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	347 567	11 229	-	-	358 796
Nedbank 03/7881532939/000134		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	9 210 327	953 357	31 377 383	105 510 000	84 296 301
Stanlib 700 262 053		Call Account	Call Account	Yes	Variable	7.13	-		Call Account	223 857	8 450	-	-	232 307
Rand Merchant Bank KLN8UJ0005		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	4 691 796	119 281	4 737 782	5 000 000	5 073 295
Standard 76586/524914		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	312 026	56 328	314 792	10 383 000	10 436 563
Nedbank 03/7881532939/000136		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	9 144 200	155 699	8 949 090	-	350 809
Nedbank 03/7881532939/000137		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	-	295 764	59 314 209	59 018 445	-
Rand Merchant Bank GBS9ZO0003		Call Account	Call Account	Yes	Variable	7.51	-		Call Account	-	152 375	-	92 571 170	92 723 545
Nedbank 03/7881532939/000138		Call Account	Call Account	Yes	Variable	7.50	-		Call Account	-	97 503	-	59 314 209	59 411 712
Standard 76586/537623		Call Account	Call Account	Yes	Variable	7.10	-		Call Account	-	75 548	-	48 547 676	48 623 225
Stanlib 552 200 130		Call Account	Call Account	Yes	Variable	7.13	-		Call Account	16 560 332	625 096	-	-	17 185 428
Stanlib 552 200 132		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	1 298 624	49 019	-	-	1 347 642
Standard 76586/442736		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	310 942	59 401	-	11 000 000	11 370 343
Stanlib 552 200 131		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	17 150 550	916 422	40 000 000	65 000 000	43 066 972
Rand Merchant Bank X021904579		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	1 003 499	548 056	18 000 000	67 000 000	50 551 554
Nedbank 03/7881532939/000101		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	16 271 847	1 443 920	64 000 000	89 000 000	42 715 767
Absa 4094793536		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	1 873 032	944 576	65 000 000	100 500 000	38 317 608
Absa 4094789872		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	131 291 496	2 754 754	46 829 108	-	87 217 141
Standard 76586/442741		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	38 461 608	1 242 573	-	-	39 704 181
Standard 76586/442744		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	34 392 370	1 111 109	-	-	35 503 479
Rand Merchant Bank RRB0C07002		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	23 744 771	767 163	-	-	24 511 934
Nedbank 03/7881532939/000129		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	26 641 873	860 764	-	-	27 502 637
Nedbank 03/7881532939/000132		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	17 645 450	240 782	17 886 232	-	-
Standard 76586/442738		Call Account	Call Account	Yes	Variable	6.30	-		Call Account	2 921 254	94 377	-	-	3 015 631
Municipality sub-total										924 619	29 468	1 145 117	1 147 062	956 032
Entities														
Entities sub-total										-	-	-	-	-
TOTAL INVESTMENTS AND INTEREST	2									924 619	29 468	1 145 117	1 147 062	956 032

12. 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 12.1 below.

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

BUF Buffalo City - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		1 069 067	1 512 407	1 512 407	464 976	942 922	942 922	-	0.0%	964 910
RSC Levy Replacement		179 724	547 497	547 497	182 499	364 998	364 998	-	0.0%	-
Equitable Share		778 048	847 431	847 431	282 477	564 954	564 954	-	0.0%	847 431
Expanded Public Works Programme Integrated Grant		4 050	9 956	9 956	-	6 970	6 970	-	0.0%	9 956
Infrastructure Skills Development Grant		9 587	11 150	11 150	-	5 000	5 000	-	0.0%	11 150
Local Government Financial Management Grant		1 086	1 000	1 000	-	1 000	1 000	-	0.0%	1 000
Public Transport Network Grant	3	3 407	15 850	15 850	-	-	-	-	-	15 850
Urban Settlement Development Grant		93 164	79 523	79 523	-	-	-	-	-	79 523
Other transfers and grants [insert description]										
Provincial Government:		9 501	-	-	-	-	-	-	-	-
Capacity Building		752	-	-	-	-	-	-	-	-
Human Settlement Development		8 749	-	-	-	-	-	-	-	-
Libraries; Archives and Museums		-	-	-	-	-	-	-	-	-
Specify (Add grant description)	4	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		22 343	28 121	28 556	-	1 783	1 783	-	0.0%	28 556
Libraries		15 870	15 870	15 870	-	-	-	-	-	15 870
Local Government Water and Related Service SETA		3 594	12 251	12 251	-	1 783	1 783	-	0.0%	12 251
Parent Municipality		2 468	-	-	-	-	-	-	-	-
Salaida		410	-	436	-	-	-	-	-	436
Total Operating Transfers and Grants	5	1 100 911	1 540 528	1 540 963	464 976	944 705	944 705	-	-	993 466
Capital Transfers and Grants										
National Government:		990 299	974 399	974 399	-	519 222	519 222	-	0.0%	974 549
Energy Efficiency and Demand Side Management Grant		7 998	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant		110	-	-	-	-	-	-	-	-
Integrated City Development Grant		10 002	10 383	10 383	-	-	-	-	-	10 383
Integrated National Electrification Programme Grant		5 213	-	-	-	-	-	-	-	-
Local Government Financial Management Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		5 993	7 500	7 500	-	5 000	5 000	-	0.0%	7 500
Public Transport Infrastructure Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant		91 092	218 616	218 616	-	105 510	105 510	-	0.0%	218 616
Regional Bulk Infrastructure Grant		65	-	-	-	-	-	-	-	-
Urban Settlement Development Grant		869 826	737 900	737 900	-	408 712	408 712	-	0.0%	738 050
Provincial Government:		7 456	-	1 580	-	-	-	-	-	1 580
Human Settlement Development		-	-	-	-	-	-	-	-	-
Road Infrastructure		7 456	-	-	-	-	-	-	-	-
LGTH		-	-	1 580	-	-	-	-	-	1 580
District Municipality:		-	-	-	-	-	-	-	-	-
Finance and Admin		-	-	-	-	-	-	-	-	-
Other grant providers:		907	-	-	-	-	-	-	-	-
[insert description]										
Parent Municipality		907	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	998 662	974 399	975 980	-	519 222	519 222	-	-	976 130
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	2 099 573	2 514 927	2 516 943	464 976	1 463 927	1 463 927	-	-	1 969 596

12.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 40% (R433.17 million, inclusive of reclaimed vat) of its 2019/2020 conditional grants budget of R1.09 billion as at 31 December 2019. This reflects a decline when compared to the same period in the previous financial year where 45% (R392.93 million, inclusive of reclaimed vat) of conditional grants budget of R911.61 million was spent

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

Table 18: Spending per Conditional Grant Funding Allocation

Funding/Grant	2019/20 Adjusted Budget	YTD Expenditure (vat) R	YTD Variance (vat incl.) R	% Expenditure (vat incl.)
Finance Management Grant	1 000 000	215 864	784 136	22%
Infrastructure Skills Development Grant	11 300 000	4 158 967	7 141 033	37%
Urban Settlement Development Grant	817 423 000	330 418 671	487 004 329	40%
Neighborhood Development Partnership Grant	7 500 000	494 849	7 005 151	7%
Integrated City Development Grant	10 383 000	6 079 594	4 303 406	59%
Expanded Public Works Programme Grant	9 956 000	7 820 515	2 135 485	79%
Public Transport Infrastructure and Systems Grant	234 466 000	83 981 924	150 484 076	36%
TOTAL	1 092 028 000	433 170 384	658 857 616	40%

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 15.1 of the report on measures to improve expenditure performance.

12.1.1. FINANCE MANAGEMENT GRANT (FMG)

There are currently four (4) interns serving on the internship programme. The interns are being remunerated accordingly. A recruitment process is underway for four (4) additional interns, as the target for the current financial year is to have at least eight (8) interns. Grant funding is being utilized in line with the set targets. The funding will be fully spent by 30 June 2020.

12.1.2. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

Interviews have already taken place to appoint four (4) additional interns. The target is to have the four (4) interns that have been recommended by the panel resume duties by February 2020. Professional Registration renewals also to be processed during January 2020.

12.1.3. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

Spatial Planning and Development

a) Bridge Designs & Implementation:

Three bridges have been identified for construction in the current financial year. Designs are complete for all bridges. A contractor has been appointed to construct the first bridge and is expected to complete the bridge by February 2020. Designs for the other two bridges have been submitted to Department of Economic Affairs, Environment and Tourism (DEAET) for environmental approval. Approval has been granted and construction will commence in February 2020.

Expenditure is expected to increase as a contractor is on site for the first bridge. Once works orders for the other two bridges are generated implementation will commence on the Mdantsane and Duncan Village sites and expenditure will increase.

b) Taxi Rank Infrastructure:

The bid for the Upgrading of Ginsberg Rank is at the procurement stage. Procurement processes are still to be concluded. Expenditure will improve once the service provider is appointed.

c) Taxi/Bus Embayment:

The Contractors work rate is poor and they are struggling to complete the works on one embayment. The services of the contractor will be terminated no later than the end of January 2020 and new Contractor will be appointed to complete the outstanding work in the 3rd quarter.

Infrastructure Services

a) Roads & stormwater:

The annual contractors shut down takes place over December to Mid-January which equates to a slow period over December. Many of the projects had preparatory works that had to be completed before the final works could take place which has been time consuming. It is expected that there will be an acceleration in the works as the contractors open after the December Shut Down. Orders have been issued to the contractors over December 2019 which will enable them to increase production.

Human Settlements

Major contractors that are on site have received new orders for continuation of work, however work orders were issued closer to the December shutdown period as a result not much could be done towards closure. Expenditure is expected to increase during 3rd Quarter.

12.1.4. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

A consultant has been appointed to undertake designs and monitoring. Annual contractors are going to be used to undertake the work, bill of quantities has been submitted by the consultant. A process to appoint an annual contractor is underway with appointment expected in January 2020.

12.1.5. PUBLIC TRANSPORT INFRASTRUCTURE GRANT (PTNG)

a) Qumza Highway:

Construction of the current phase is progressing well and balance of the budget will be tendered for the next phase of Qumza Highway. Next phase of the tender is expected to be advertised in January 2020 and expenditure will improve once an award is made.

b) Mdantsane Access Road:

Specialist service providers to carry out concept designs have been appointed and an inception meeting took place in December 2019. Further invoices to be received from February 2020.

c) Industry Transition Plan

The project commenced at the beginning of August 2019 and service providers for Legal Services are still to be appointed. Expenditure is expected to increase once service providers are appointed.

13. COUNCILLOR AND EMPLOYEE BENEFITS

13.1. Councillor and Employees Benefits Summary

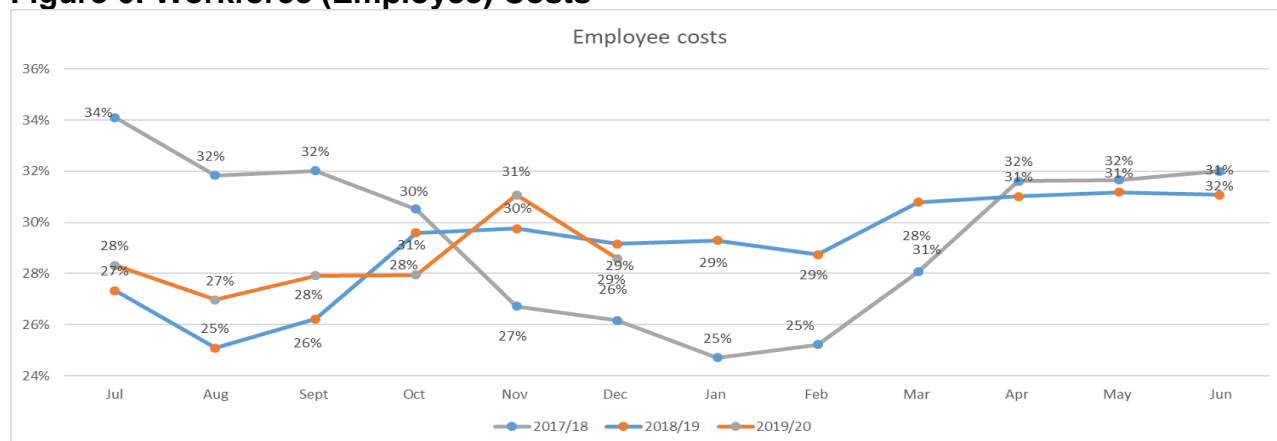
Table 19 below provides summary of employees and councillors remuneration. The workforce costs as a percentage of total expenditure amounted to 28.59%. This is within the norm of 25% - 40%.

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 - M06 December										
Summary of Employee and Councillor remuneration	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		35 236	42 950	42 950	2 941	17 387	19 597	(2 210)	-11%	42 950
Pension and UIF Contributions		4 265	4 267	4 267	365	2 151	1 958	192	10%	4 267
Medical Aid Contributions		2 270	2 011	2 011	198	1 194	923	271	29%	2 011
Motor Vehicle Allowance								-		
Cellphone Allowance		4 309	2 800	2 800	344	2 040	1 400	640	46%	2 800
Housing Allowances		2 361	2 426	2 426	198	1 159	1 114	46	4%	2 426
Other benefits and allowances		13 873	14 031	14 031	1 199	7 067	6 440	628	10%	14 031
Sub Total - Councillors		62 316	68 485	68 485	5 245	30 998	31 431	(433)	-1%	68 485
% increase	4		9.9%	9.9%						9.9%
Senior Managers of the Municipality										
Basic Salaries and Wages		9 511	16 223	16 223	730	4 382	8 112	(3 729)	-46%	16 223
Pension and UIF Contributions		1 601	3 012	3 012	125	753	1 506	(753)	-50%	3 012
Medical Aid Contributions		229	398	398	17	102	199	(97)	-49%	398
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		76	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1 919	3 496	3 496	145	873	1 748	(875)	-50%	3 496
Cellphone Allowance		259	-	-	21	121	-	121	#DIV/0!	-
Housing Allowances		2 512	550	550	194	1 166	275	891	324%	550
Other benefits and allowances		112	2 899	2 899	5	52	1 450	(1 398)	-96%	2 899
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2									
Sub Total - Senior Managers of Municipality		16 218	26 579	26 579	1 238	7 448	13 290	(5 842)	-44%	26 579
% increase	4		63.9%	63.9%						63.9%
Other Municipal Staff										
Basic Salaries and Wages		1 251 624	1 345 284	1 345 284	111 904	664 405	660 514	3 891	1%	1 345 284
Pension and UIF Contributions		223 053	236 205	236 205	22 727	135 248	118 103	17 145	15%	236 205
Medical Aid Contributions		90 841	145 509	145 509	8 201	48 851	72 755	(23 903)	-33%	145 509
Overtime		128 012	80 813	80 818	11 981	68 986	40 408	28 578	71%	80 818
Performance Bonus		92 884	110 487	110 487	11 955	58 810	55 244	3 566	6%	110 487
Motor Vehicle Allowance		29 203	42 790	42 790	2 626	15 868	21 395	(5 527)	-26%	42 790
Cellphone Allowance		4 304	5 181	5 181	378	2 140	2 590	(450)	-17%	5 181
Housing Allowances		6 714	29 105	29 105	634	3 783	14 553	(10 770)	-74%	29 105
Other benefits and allowances		100 766	155 695	155 690	7 929	50 513	77 847	(27 335)	-35%	155 690
Payments in lieu of leave		48 353	24 453	24 453	-	-	12 227	(12 227)	-100%	24 453
Long service awards		24 955	25 258	25 258	2 297	13 864	12 629	1 234	10%	25 258
Post-retirement benefit obligations	2	14 998	8 110	8 110	0	13	4 055	(4 042)	-100%	8 110
TOTAL MANAGERS AND STAFF		2 049 335	2 259 749	2 259 749	183 741	1 080 944	1 117 750	(36 806)	-3%	2 259 749

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



13.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 December 2019. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 December 2019.

Table 20: Overtime per Directorate

Directorate Overtime	2019/2020 Annual Budget R	2019/2020 YTD Budget R	2019/2020 YTD Expenditure R	2019/2020 YTD Variance R	2019/2020 % of YTD Budget %
Directorate of Executive Support Services	1 834 406	907 356	1 558 156	(650 799)	172%
Directorate of The City Manager	414 282	204 917	491 097	(286 179)	240%
Directorate of Corporate Services	796 773	394 110	472 087	(77 977)	120%
Directorate of Development & Spatial Planning	831 902	411 486	145 423	266 062	35%
Directorate of Economic Development & Agencies	625 541	309 413	245 829	63 584	79%
Directorate of Finance	2 251 825	1 113 825	2 231 802	(1 117 977)	200%
Directorate of Health / Public Safety & Emergency Services	23 993 099	11 867 762	16 683 196	(4 815 434)	141%
Directorate of Human Settlement	136 012	67 276	1 772	65 504	3%
Directorate of Infrastructure Services	22 870 051	11 314 683	22 602 756	(11 288 072)	200%
<i>Electricity</i>	10 329 376	5 111 660	7 881 672	(2 770 012)	154%
<i>Water</i>	4 474 561	2 214 886	7 211 805	(4 996 919)	326%
<i>Sanitation</i>	6 611 418	3 324 023	6 938 477	(3 614 454)	209%
<i>Other</i>	1 454 696	664 114	570 802	93 313	86%
Directorate of Municipal Services	27 059 544	13 384 525	24 553 857	(11 169 332)	183%
Total	80 813 435	39 975 353	68 985 974	(29 010 621)	173%

The total overtime payment for the months of October 2019, November 2019 and December 2019 is reflected below. There was a decrease in the total payment of overtime between October 2019 and November 2019 of R1 689 364 and an increase in the total payment of overtime between November 2019 and December 2019 of R1 405 683.

Table 21: Overtime Per Cost Centre: October 2019 – December 2019

OVERTIME PER COST CENTRE

		October 2019 Amount	November 2019 Amount	December 2019 Amount
	DIRECTORATE -EXECUTIVE SUPPORT SERVICES			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	210 192.98	201 357.93	332 076.58
0511	COMM/MARKETING/INTERNAT & INTERGOV RELATIONS	1 707.21	-	1 138.14
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	6 018.57	1 749.60	14 034.37
0523	IDP & BUDGET INTEGRATION		9 083.03	9 214.80
0531	POLITICAL OFFICE ADMINISTRATION	-	28 172.65	23 633.08
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE		2 151.50	-
		217 918.76	242 514.71	380 096.97
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	72 129.90	59 857.73	83 410.24
		72 129.90	59 857.73	83 410.24
	DIRECTORATE OF CORPORATE SERVICES			
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	-138.56	-138.56	-138.56
1512	ADMINISTRATIVE & CORPORATE SUPPORT	13 411.92	18 165.62	3 239.39
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	19 485.21	28 636.74	37 688.72
1514	INFORMATION / TECHNOLOGY & SUPPORT	20 257.96	24 181.66	46 431.56
1531	HUMAN RESOURCES MANAGEMENT	9 251.88	7 380.56	22 519.80
1532	ADMINISTRATIVE SUPPORT	7 752.00	7 752.00	7 752.00
1536	ORGANISATIONAL DEVELOPMENT	382.46	-791.71	-791.71
		70 402.87	85 186.31	116 701.20

		October 2019 Amount	November 2019 Amount	December 2019 Amount
	DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING			
2014	GEOMATICS	926.18	-	-
2023	BUILDING MAINTANANCE	-	-	-
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	4 992.51	4 475.77	21 045.03
2037	TRAFFIC MANAGEMENT & SAFETY	17 378.50	8 735.35	16 395.20
		23 297.19	13 211.12	37 440.23
	DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES			
2511	FRESH PRODUCE MARKET	13 006.24	14 628.12	26 453.02
2521	TOURISM / ARTS / CULTURE & HERITAGE	53 862.21	18 083.99	13 152.88
2531	TRADE / INDUSTRY & RURAL AGRARIAN	3 038.84	-	-
		69 907.29	32 712.11	39 605.90
	DIRECTORATE OF FINANCE			
3031	EXPENDITURE & PAYMENTS MANAGEMENT	4 577.04	-	1 523.78
3034	VAT / LEASES & PAYMENTS	9 324.00	-	7 538.85
3051	REVENUE MANAGEMENT	919.68	-	4 426.80
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	2 906.78	57.51	10 356.21
3053	COASTAL REVENUE MANAGEMENT	11 108.39	9 988.40	127 654.36
3054	CUSTOMER RELATIONS (CALL CENTRE)	171 026.37	159 806.71	168 355.94
3055	INLAND REVENUE MANAGEMENT	3 440.87	40 350.57	102 470.28
3056	MIDLAND REVENUE MANAGEMENT	5 987.34	8 402.92	10 553.98
3057	RATES & VALUATIONS	15 497.36	-	
3061	STRATEGY & OPERATIONS	-	2 626.75	-
3071	SUPPLY CHAIN MANAGEMENT	29 635.98	18 976.32	60 843.78
		254 423.81	240 209.18	493 723.98
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	6 872.80	8 203.23	10 660.20
3513	FIRE & RESCUE	603 153.02	282 569.65	452 922.61
3521	MUNICIPAL HEALTH SERVICES	8 905.41	-	12 253.05
3532	LAW ENFORCEMENT SERVICES	1 591 173.61	906 259.21	1 142 443.53
3533	TRAFFIC SERVICES	486 876.80	478 477.83	558 945.10
		2 696 981.64	1 675 509.92	2 177 224.49

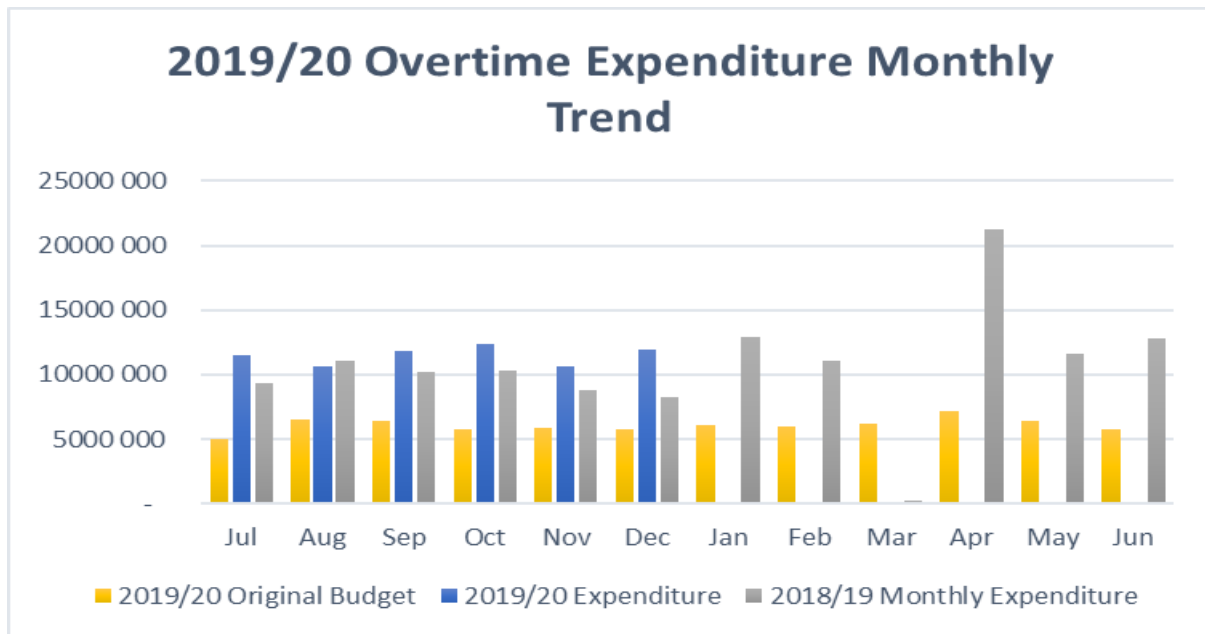
		October 2019 Amount	November 2019 Amount	December 2019 Amount
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	6 982.71	9 591.15	12 126.70
4511	ELECTRICAL & ENERGY SERVICES	1 983.87	2 507.71	2 256.03
4512	CUSTOMER SERVICES & REVENUE PROTECTION	134 244.89	111 882.46	-
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	1 091.34	1 227.77	1 091.34
4514	ELECTRICAL DISTRIBUTION	1 232 164.95	1 185 784.40	1 221 727.46
4522	CONSTRUCTION	4 716.63	3 628.21	3 483.66
4524	ROADS	46 553.34	25 352.26	70 712.13
4532	SANITATION	951 461.56	1 116 997.00	858 319.22
4535	WATER SERVICES	1 165 647.19	1 028 544.98	1 122 206.13
4542	FLEET SERVICES & PLANT	1 194.55	-	955.64
4543	WORKSHOPS	74 364.72	71 977.30	84 274.13
		3 620 405.75	3 557 493.24	3 377 152.44
	DIRECTORATE OF MUNICIPAL SERVICES			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	22 764.24	5 816.60	6 376.16
5011	COMMUNITY AMENITIES	39 920.19	31 940.47	62 439.61
5013	LIBRARIES	9 388.17	40 866.25	35 314.23
5014	HALLS	230 889.41	223 406.35	259 271.02
5015	RECREATION	81 536.13	66 710.78	78 853.31
5016	SPORTS FACILITIES	13 150.93	10 681.75	10 165.65
5022	CEMETRIES & CREMATORIA	423 800.74	404 640.68	484 409.56
5023	CONSERVATION	184 984.73	152 979.49	171 022.75
5024	PARKS: COASTAL	371 360.74	205 751.34	238 134.04
5031	SOLID WASTE MANAGEMENT	16 110.07	11 878.99	16 554.17
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 926 238.24	1 615 399.89	1 889 927.39
5035	LANDFILLS & TRANSFER STATIONS	131 482.29	131 069.67	150 028.56
5041	SPORT AND RECREATIONAL FACILITIES	5 671.04	4 962.16	6 025.48
5042	RECREATIONAL FACILITIES	473 396.49	436 623.14	520 413.96
5043	SPORTS FACILITIES	179 280.70	196 655.07	217 468.64
		4 109 974.11	3 539 382.63	4 146 404.53
	TOTAL OVERTIME	11 135 441.3	9 446 076.95	10 851 759.98

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



13.2.1. Comments On Overtime

a) Directorate of Executive Support Services

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

b) Directorate of The City Manager

The nature of tasks within City Manager's office contribute to excessive hours of work.

c) Directorate of Corporate Services

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

d) Directorate of Finance

The over expenditure of overtime is as a result of staff that worked to process and finalise financial year-end processes; furthermore, finance officials had to work overtime in order to meet the deadlines for the submission of Requests for Information (RFI's) to the Auditor General (AGSA). Call Centre also contributes to over expenditure as it is required to be operational 365 days a year, which includes weekends and public holidays. The staff are 5 day workers and as such need to be paid overtime for work done on a weekend and public holidays in order to keep the Call Centre operational.

e) Directorate of Health, Public Safety & Emergency Services

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

Overtime is worked by security guards combined with law enforcement, this is an issue which needs to be resolved. Security guards are working longer hours due to the fact that there are many sites which require security guarding and there is insufficient staff to cover all sites.

f) Directorate of Infrastructure Services

- i. Electricity – This is due to emergency raids which are carried out after hours to eradicate illegal connections and emergency standby work carried out over weekends and after hours. Vandalism & Theft contributes a large percentage of overtime worked. Theft of overhead copper cable has been excessive in certain areas.
- ii. Roads – Emergency overtime was done to unblock stormwater drains at Buffalo Road, Ginsberg Bridge, Douglas Street and Henry Street. Repairing sinkhole at Joubert Street KWT. Patching hazardous potholes in Ziphunzana Bypass. Pothole patching in KWT area (Alexander Road, Main Road, Queens Road) most work is only done after hours due to heavy traffic flow.
- iii. Sanitation – Overtime expenditure is due to emergency callouts for sewer blockages and replacement of shift workers at wastewater treatment works and pump stations.
- iv. Water - Overtime expenditure is due to emergency callouts for burst pipes and replacement of shift workers at water treatment works and pump stations.
- v. Mechanical Workshop - Overtime is mainly caused by call outs by departments for either mechanical breakdown, tyre punctures, vehicles getting stuck & accidents.

g) Directorate of Municipal Services

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

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

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

13.3. Standby and Shift Allowance Analysis

Table 22 below reflects The total standby and shift payment for the months of October 2019, November 2019 and December 2019. There was a decrease in the total payment between October 2019 and November 2019 of R44 179 and a decrease in the total payment between November 2019 and December 2019 of R185 228.

Table 22: Standby & Shift Allowance per Directorate

	October 2019 Amount	November 2019 Amount	December 2019 Amount
Directorate of Executive Support Services	5 612	6 066	8 426
Directorate of the City Manager	6 997	3 000	8 486
Directorate of Corporate Services	27 403	34 844	33 550
Directorate of Development & Spatial Planning	17 904	14 270	20 702
Directorate Economic Development & Agencies	2 146	2 365	1 621
Directorate of Finance	9 494	11 519	11 322
Directorate of Health/Public Safety & Emergency Services	660 423	639 402	639 852
Directorate of Human Settlement	-	-	-
Directorate of Infrastructure Services	777 538	804 132	662 164
Directorate of Municipal Services	458160	405 900	350 147
TOTAL	1 965 678	1 921 499	1 736 271

13.4. Cost of Temporary Staff

The total payment of Temporary Staff for the months of October 2019, November 2019 and December 2019 is reflected below. There was an increase in the total payment between October 2019 and November 2019 of R6 939 and an increase in the total payment between November 2019 and December 2019 of R600 053.

Table 23: Temporary Staff per Directorate

	September 2019 Amount	October 2019 Amount	November 2019 Amount
Directorate of Executive Support Services	261 945	212 599	204 243
Directorate of the City Manager	-	-	-
Directorate of Corporate Services	1 591 261	1 556 227	1 765 374
Directorate of Development & Spatial Planning	107 950	60 641	-
Directorate Economic Development & Agencies	-	-	-
Directorate of Finance	79 713	160 772	312 339
Directorate of Health/Public Safety & Emergency Services	-	-	-
Directorate of Human Settlement	-	-	-
Directorate of Infrastructure Services	247 756	389 369	343 125
Directorate of Municipal Services	323 102	239 059	593 638
TOTAL	2 611 728	2 618 667	3 218 720

13.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year to date budget of R 31.43 million less the year to date expenditure of R 30.99 million leaves a variance of R 0.43 million.

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

Councillors Allowances And Benefits	2019/2020 Annual Budget R	2019/2020 YTD Budget R	2019/2020 YTD Expenditure R	2019/2020 Variance R	2019/2020 Variance %
Councillors Allowances	45 749 898	20 996 952	19 426 473	1 570 478	7.48
Housing Allowance	2 426 358	1 113 579	1 159 463.16	-45 884	0.00
Medical Aid Allowance	2 011 192	923 038	1 194 016	-270 977	-29.36
Pension Allowance	4 266 682	1 958 197	2 150 651	-192 454	-9.83
Travel Allowance	14 031 314	6 439 683	7 067 453	-627 771	-9.75
Total	68 485 444	31 431 448	30 998 056	433 393	1.38

14. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R19.57 million (31.83%) of its 2019/2020 approved operating budget of R61.49 million and 0.21 million (0.01%) of its 2019/2020 approved capital budget of 76.72 million.

The low expenditure on capital projects is due to the fact that BCMDA appointed Project Management Consultants for Water World and Court Crescent in May 2019. On their advice and to reduce risk to the Agency, Geotechnical studies had to be done, which were excluded from the design process. Approved drawings and the Contractor Tender documents thus needed amendment.

BCMDA could therefore only advertise the Tenders for Contractors in August 2019 and which closed on 6 September 2019.

Appointment of Contractors for both sites was effected in December 2019. Legal compliances, i.e. permits from Department of Labour is currently in process to be received by end of February, after which site establishment will start.

A detailed analysis of the entity's performance for month ended 31 December 2019 is outlined in the attached **Annexure F**.

Table 25: Monthly Budget Statement – summary of municipal entity

BUF Buffalo City - Supporting Table SC11 Monthly Budget Statement - summary of municipal entities - M06 December

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Municipal Entity										
Interest earned - external investments		439	828	828	36	330	414	(84)	-20%	828
Agency services		215	1 238	1 238	-	217	619	(402)	-65%	1 238
Transfers and subsidies		2 491	9 251	9 251	1 138	3 707	4 625	(918)	-20%	9 251
Other revenue		29 869	50 375	50 375	(4)	19 947	25 188	(5 241)	-21%	50 375
Gains on disposal of PPE		2	-	-	-	-	-	-		-
Total Operating Revenue	1	33 016	61 692	61 692	1 170	24 201	30 846	(6 645)	-22%	61 692
Expenditure By Municipal Entity										
Employee related costs		17 419	24 290	24 290	1 870	11 015	12 145	(1 130)	-9%	24 290
Depreciation & asset impairment		1 219	1 761	1 761	-	-	881	(881)	-100%	1 761
Finance charges		0	4	4	-	-	2	(2)	-100%	4
Other materials		570	302	302	318	557	151	406	269%	302
Contracted services		6 958	26 644	26 644	334	3 949	13 322	(9 373)	-70%	26 644
Transfers and subsidies		100	300	300	-	60	150	(90)	-60%	300
Other expenditure		4 590	8 187	8 187	1 302	3 985	4 094	(109)	-3%	8 187
Loss on disposal of PPE		-	-	-	-	-	-	-		-
Total Operating Expenditure	2	30 855	61 489	61 489	3 824	19 566	30 745	(11 178)	-36%	61 489
Surplus/ (Deficit) for the yr/period		2 161	203	203	(2 654)	4 635	101	(17 823)	-17573%	203
Capital Expenditure By Municipal Entity										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 742	65 282	76 717	-	205	37 839	(37 634)	-99%	76 717
Total Capital Expenditure	3	1 742	65 282	76 717	-	205	37 839	(37 634)	-99%	76 717

15. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 30% (R592.54 million, inclusive of reclaimed vat) of its 2019/20 capital budget of R1.95 billion as at 31 December 2019. This reflects a slight improvement when compared to the same period in the previous financial year where 29% (R584.48 million, inclusive of reclaimed vat) of the budget of R1.99 billion was spent.

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

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

Table 26: Capital Expenditure per Funding Source against Budget

Funding	2019/2020 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Own Funding	832 838 322	241 145 257	591 693 065	29%
Loan	69 581 825	299 290	69 282 535	0%
TOTAL OWN FUNDING	902 420 147	241 444 547	660 975 601	27%
Urban Settlement Development Grant	737 900 040	261 542 751	476 357 289	35%
Public Transport Infrastructure Grant	218 616 000	81 924 380	136 691 620	37%
Integrated City Development Grant	10 383 000	6 079 594	4 303 406	59%
Neighborhood Development Partnership Grant	7 500 000	494 849	7 005 151	7%
Infrastructure Skills Development Grant	150 000	109 988	40 012	73%
Local Government and Traditional Affairs	1 580 488	743 643	836 845	47%
TOTAL GRANTS	976 129 528	350 895 205	625 234 323	36%
TOTAL - FUNDING SOURCES	1 878 549 675	592 339 752	1 286 209 923	32%
BCMDA PROJECTS	65 282 000	204 926	65 077 074	0%
BCMDA C/O	11 435 399	0	11 435 399	0%
TOTAL CAPITAL BUDGET	1 955 267 074	592 544 678	1 362 722 396	30%

Table 27 below reflects capital expenditure performance per service

Table 27: Actual Expenditure per Service against Budget

Services	2019/2020 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Amenities	87 948 697	27 350 050	60 598 647	31%
Electricity	104 621 502	61 764 688	42 856 814	59%
Housing	252 281 590	77 064 139	175 217 451	31%
Local Economic Development	62 721 908	24 511 235	38 210 673	39%
Other: BCMM Fleet	42 000 000	3 730 409	38 269 591	9%
Public Safety	27 310 488	2 078 777	25 231 711	8%
Roads	318 579 770	101 309 192	217 270 577	32%
Spatial Planning	35 252 870	14 637 076	20 615 794	42%
Support Services	219 530 864	49 307 657	170 223 207	22%
Transport Planning	293 057 880	114 140 419	178 917 461	39%
Waste Management	85 088 696	27 302 279	57 786 417	32%
Waste Water	253 180 340	44 912 861	208 267 479	18%
Water	96 975 071	44 230 970	52 744 100	46%
TOTAL - PER SERVICE	1 878 549 675	592 339 752	1 286 209 923	32%
BCMDA Projects	76 717 400	204 926	76 512 473	0%
TOTAL CONSOLIDATED CAPITAL PER SERVICE	1 955 267 075	592 544 678	1 362 722 396	30%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

Directorate	2019/2020 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Executive Support Services	3 500 000	2 289 718	1 210 282	65%
City Manager's Office	6 664 045	4 530 395	2 133 650	68%
Corporate Services	46 023 896	27 109 969	18 913 927	59%
Spatial Planning & Development	328 975 088	128 796 349	200 178 739	39%
Economic Development & Agencies	63 221 908	24 701 565	38 520 343	39%
Finance Services	149 982 264	14 021 011	135 961 253	9%
Health/Public Safety & Emergency Services	28 306 810	2 590 571	25 716 239	9%
Human Settlements	252 781 590	77 097 472	175 684 118	30%
Infrastructure Services	785 856 682	255 596 978	530 259 704	33%
Municipal Services	203 237 393	55 483 757	147 753 637	27%
TOTAL DIRECTORATES	1 868 549 675	592 217 784	1 276 331 891	32%
Asset Replacements	10 000 000	121 968	9 878 032	1%
TOTAL BUDGET PER DIRECTORATE	1 878 549 675	592 339 752	1 286 209 923	32%
BCMDA Projects	76 717 400	204 926	76 512 473	0%
TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE	1 955 267 075	592 544 678	1 362 722 396	30%

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

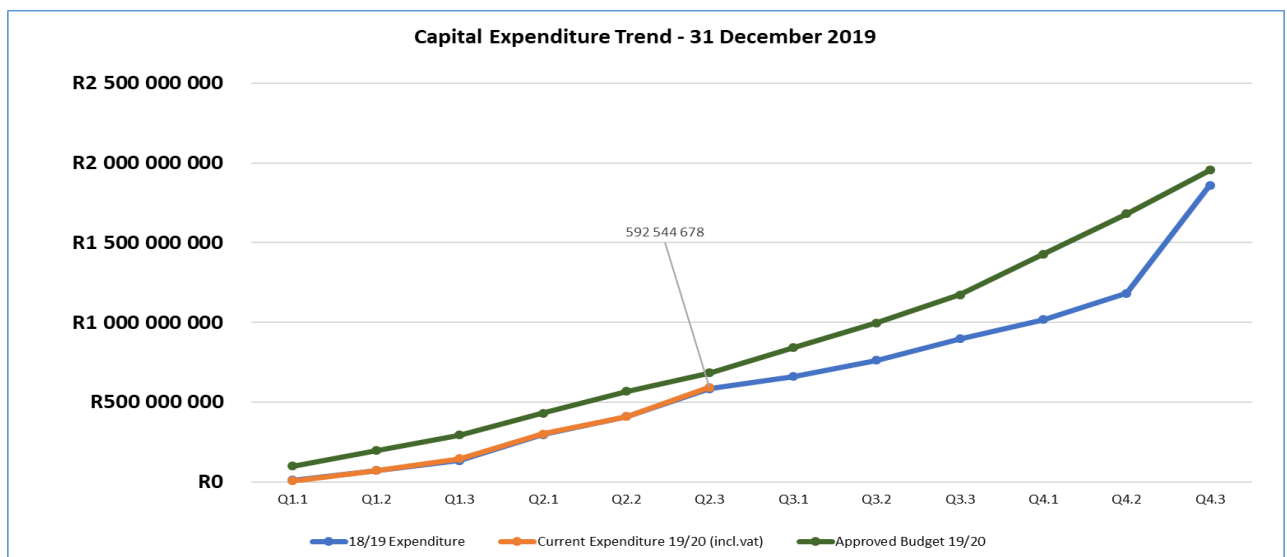
Table 29: SC12 Monthly Budget Statement – capital expenditure trend

BUF Buffalo City - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M06 December

Month	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	79 865	144 784	144 785	2 828	2 828	144 785	141 956	98.0%	0%
August	(14 129)	144 784	164 589	63 892	66 721	309 374	242 653	78.4%	4%
September	57 137	144 784	164 589	68 630	135 351	473 963	338 613	71.4%	8%
October	151 564	144 784	164 589	143 183	278 534	638 553	360 019	56.4%	16%
November	104 066	144 784	164 589	100 843	379 377	803 142	423 765	52.8%	22%
December	158 939	144 784	164 589	171 076	550 453	967 732	417 279	43.1%	32%
January	70 648	144 784	164 589	-	-	1 132 321	-	-	-
February	97 161	144 784	164 589	-	-	1 296 911	-	-	-
March	124 822	144 784	164 589	-	-	1 461 500	-	-	-
April	114 481	144 784	164 589	-	-	1 626 090	-	-	-
May	158 523	144 784	164 589	-	-	1 790 679	-	-	-
June	(846 527)	144 784	164 588	-	-	1 955 267	-	-	-
Total Capital expenditure	256 551	1 737 413	1 955 267	550 453					

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



15.1. Strategies that have been put in place to improve expenditure

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

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

16. OTHER SUPPORTING DOCUMENTS

16.1. Operating Projects Expenditure

The Metro has spent 31% (R142.48 million, inclusive of reclaimed vat) of its 2019/20 operating projects budget of R466.26 million as at 31 December 2019. This reflects an improved performance when compared to the same period in the previous financial year where 22% (R74.44 million, inclusive of reclaimed vat) of the operating projects budget of R333.73 million was spent.

A detailed schedule of the operating projects expenditure is outlined in **Annexure D**. Also refer to section 15.1 above of the report on measures that are implemented to improve expenditure.

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

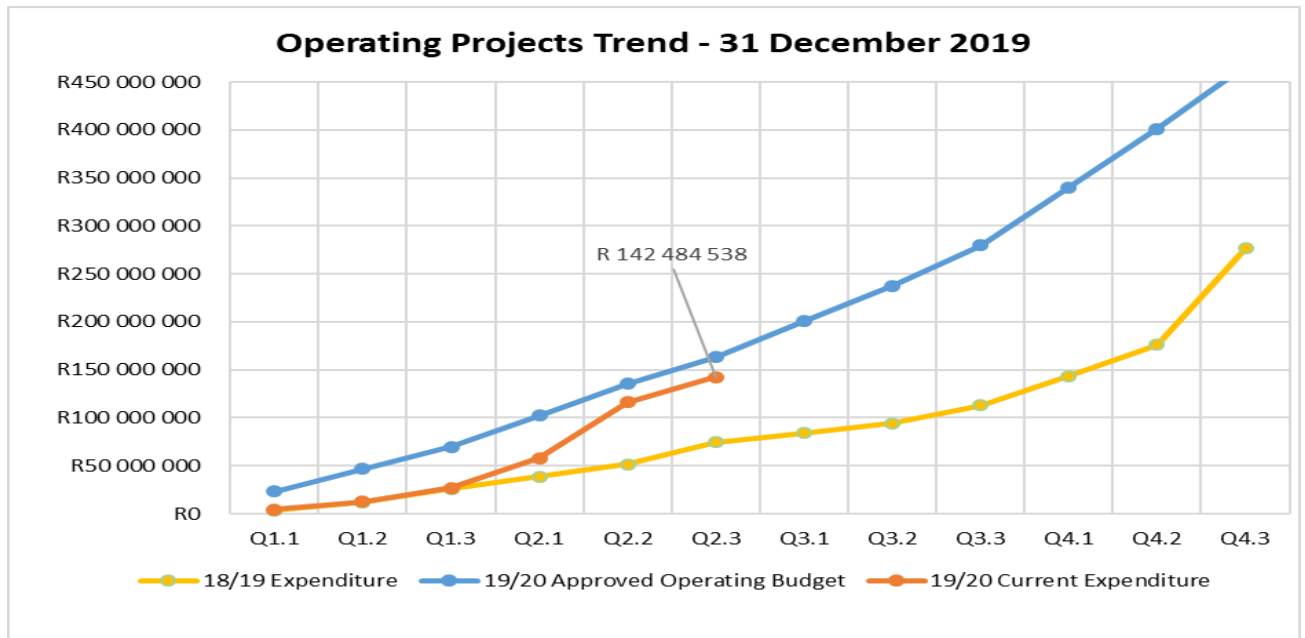
Directorate	2019/2020 Adjusted Budget	YTD Expenditure (incl. vat)	Variance (incl. VAT)	% Expenditure (incl. vat)
Executive Support Services	66 958 240	16 584 758	50 373 482	25%
City Manager's Office	37 478 960	19 443 909	18 035 051	52%
Corporate Services	30 153 578	7 987 514	22 166 064	26%
Spatial Planning & Development	31 050 000	4 356 515	26 693 485	14%
Economic Development & Agencies	20 000 000	8 014 024	11 985 976	40%
Finance Services	20 500 000	2 730 545	17 769 456	13%
Health/Public Safety & Emergency Services	1 000 000	194 343	805 657	19%
Human Settlements	189 115 522	20 901 012	168 214 510	11%
Infrastructure Services	60 000 000	58 493 329	1 506 671	97%
Municipal Services	10 000 000	3 778 589	6 221 411	38%
TOTAL PER DIRECTORATE	466 256 300	142 484 538	323 771 761	31%

Table 31: Operating Projects Per Funding Source

Funding	2019/2020 Adjusted Budget	YTD Expenditure (incl. vat)	Variance (incl. VAT)	% Expenditure (incl. vat)
Total Own Funding	161 226 129	38 918 866	122 307 263	24%
Urban Settlement Development Grant	79 522 960	68 875 920	10 647 040	87%
Salaida (galve) c/o	435 689	7 225	428 464	2%
Public Transport Infrastructure Grant	15 850 000	2 057 544	13 792 456	13%
Finance Management Grant	1 000 000	215 864	784 136	22%
Infrastructure Skills Development Grant	11 150 000	4 048 979	7 101 021	36%
Expanded Public Works Programme	9 956 000	7 820 515	2 135 485	79%
Human Settlements Development Grant	143 121 991	5 207 809	137 914 182	4%
Human Settlements Development Grant c/o	43 993 531	15 331 816	28 661 715	35%
TOTAL PER FUNDING SOURCE	305 030 171	103 565 672	201 464 499	34%
TOTAL OPERATING PROJECTS	466 256 300	142 484 538	323 771 761	31%

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



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

17.1 Health / Public Safety & Emergency Services

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

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

Health & Public Safety	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES	0	2 226 791	589 633	63 489	2 879 912
GM - EMERGENCY SERVICES	(60 675 876)	43 731 364	8 314 432	550 914	52 596 710
EMERGENCY SERVICES	0	1 453 759	46 765	5 070	1 505 594
DISASTER MANAGEMENT	0	1 696 477	867 238	239	2 563 954
FIRE & RESCUE	(60 675 876)	40 581 128	7 400 430	545 605	48 527 162
GM - MUNICIPAL HEALTH SERVICES	(157 525)	18 552 853	1 171 073	89 579	19 813 506
MUNICIPAL HEALTH SERVICES: COASTAL REGION	(157 525)	18 552 853	1 171 073	89 579	19 813 506
GM - PUBLIC SAFETY & PROTECTION SERVICES	(20 594 759)	129 686 555	8 106 105	1 933 948	139 726 609
PUBLIC SAFETY & PROTECTION SERVICES	(101 411)	1 282 952	66 935	29 115	1 379 001
LAW ENFORCEMENT SERVICES	0	74 979 605	2 115 439	455 479	77 550 523
TRAFFIC SERVICES	(20 493 348)	53 423 999	5 923 732	1 449 354	60 797 084
Total	(81 428 160)	194 197 563	18 181 243	2 637 931	215 016 737

17.1 Municipal Services

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

Table 33: Municipal Services – Cost Analysis

Municipal Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	0	5 045 559	830 789	15 595	5 891 942
GM - COMMUNITY AMENITIES	(2 002 806)	38 916 079	48 626 229	4 339 587	91 881 895
COMMUNITY AMENITIES	(236)	7 468 242	41 234 642	558 602	49 261 486
LIBRARIES	(53 436)	15 319 682	3 837 543	632 783	19 790 007
HALLS	(583 806)	11 936 629	2 210 561	2 134 775	16 281 966
RESORTS	(1 365 564)	4 191 526	1 343 483	1 013 427	6 548 436
GM - SPORTS & RECREATION FACILITIES MANAGEMENT	(363 943)	38 752 017	3 693 795	3 055 263	45 501 075
SPORTS & RECREATION FACILITIES MANAGEMENT	0	882 003	44 263		926 266
RECREATION	(312 266)	23 310 550	896 453	864 638	25 071 641
SPORTS FACILITIES	(51 677)	14 559 464	2 753 078	2 190 625	19 503 167
GM - PARKS / CEMETRIES & CONSERVATION	(3 022 087)	95 932 013	17 378 881	6 262 860	119 573 755
PARKS / CEMETRIES & CONSERVATION		1 559 417	144 289	0	1 703 706
CEMETRIES & CREMATORIA	(2 360 161)	20 908 379	6 902 709	1 065 319	28 876 408
CONSERVATION	(602 862)	11 553 076	1 881 193	629 829	14 064 098
PARKS: COASTAL	(59 064)	61 911 141	8 450 689	4 567 712	74 929 543
GM - SOLID WASTE MANAGEMENT	(240 374 779)	115 598 604	74 187 556	7 092 501	196 878 661
SOLID WASTE MANAGEMENT	0	8 822 192	19 039 424	6 474 746	34 336 362
CLEANSING & REFUSE REMOVAL: COASTAL	(238 639 390)	98 844 980	39 882 625	617 756	139 345 360
LANDFILLS & TRANSFER STATIONS	(1 735 389)	7 931 432	15 265 507	0	23 196 939
Total	(245 763 614)	294 244 272	144 717 249	20 765 806	459 727 327

18. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

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

The BCMM 2019/2020 Service Delivery Targets and Performance Indicators as well as actual performance achieved during second quarter and mid-term are attached as Annexure G.

Below is the summary of the 2nd quarter SDBIP performance per directorate.

18.1. SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS - SECOND QUARTER 2019/2020 PER DIRECTORATE

i. Executive Support Services

The Executive Support Services Directorate has set 9 Key Performance Indicators. The total number of KPI's achieved is 4, not achieved is 2 and not for reporting in this quarter is 3. Therefore, the overall 2nd Quarter Performance for Executive Support Services is 67%.

ii. Human Settlements

The Human Settlements Directorate has set 8 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 2, not achieved is 5 and 1 not for reporting for this quarter. Therefore, the

overall 2nd Quarter Performance for Human Settlements is 29%.

iii. Directorate of Finance

The Directorate of Finance has set 14 KPI's on their SDBIP. The total number of KPI's achieved is 8, not achieved is 4 and not for reporting for this quarter is 2. Therefore, the overall 2nd Quarter Performance for Directorate of Finance is 67%.

iv. Corporate Services

The Corporate Services Directorate has set 10 KPI's. The total number of KPI's achieved is 5, not achieved is 5 and not for reporting for this quarter is 0. Therefore, the overall 2nd Quarter Performance for Corporate Services is 50%.

v. Infrastructure Services

The Directorate of Infrastructure Services has set 21 KPI's. The total number of KPI's achieved is 11, not achieved is 4 and not for reporting for this quarter is 6. Therefore, the overall 2nd Quarter Performance for Infrastructure Services is 73%.

vi. Spatial Planning and Development

The Directorate of Spatial Planning and Development has set 16 KPI's. The total number of KPI's achieved is 11, not achieved is 5 and not for reporting for this quarter is 0. Therefore, the overall 2nd Quarter Performance for Spatial Planning and Development is standing at 69%.

vii. Economic Development and Agencies

The Directorate of Economic Development & Agencies has set 8 KPI's on their SDBIP. The total number of KPI's achieved is 4 and not achieved is 4. Therefore, the overall 2nd Quarter Performance for Economic Development & Agencies is standing at 50%.

viii. Health/Public Safety and Emergency Services

The Directorate of Health/Public Safety and Emergency Services has

set 8 KPI's. The total number of KPI's achieved is 6, not achieved in this quarter is 2 and not for reporting for this quarter is 0. Therefore, the overall 2nd Quarter Performance for Health/Public Safety and Emergency Services is standing at 75%.

ix. Municipal Services

The Directorate of Municipal Services has set 16 KPI's. The total number of KPI's achieved is 5, not achieved is 10 and not for reporting in this quarter is 1. Therefore, the overall 2nd Quarter Performance for Municipal Services is 33%.

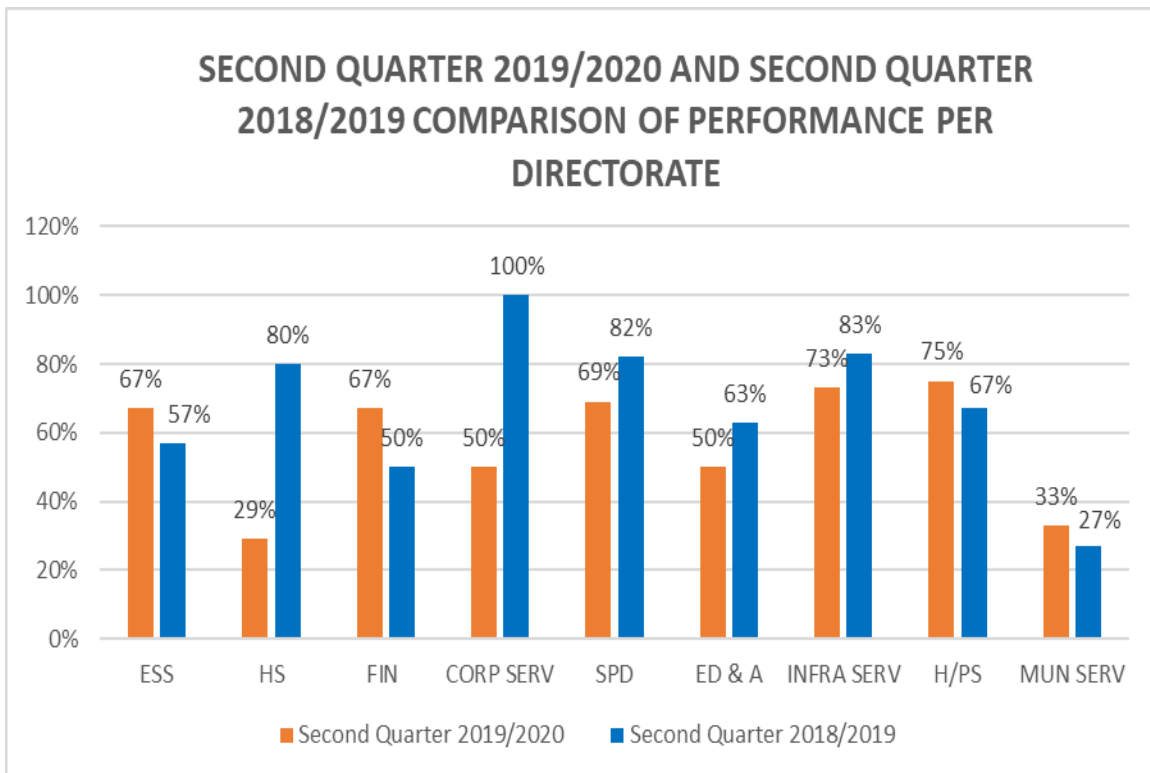
The overall institutional performance for the second quarter is standing at **58%**. The above information is summarized in the table below.

Table 34: Summary of BCMM 2nd Quarter Performance per Directorate

Directorates	Total no. of KPI(s)	No. of KPI(s) achieved	No. of KPI's not achieved	Not for reporting this quarter	2nd Quarter % of KPI's achieved
Executive Support Services	9	4	2	3	67%
Human Settlements	8	2	5	1	29%
Directorate of Finance	14	8	4	2	67%
Corporate Services	10	5	5	0	50%
Infrastructure Services	21	11	4	6	73%
Spatial Planning & Development	16	11	5	0	69%
Economic Development and Agencies	8	4	4	0	50%
Health/Public Safety and Emergency Services	8	6	2	0	75%
Municipal Services	16	5	10	1	33%
Total	110	56	41	13	58%

18.1.1. SUMMARY AND ANALYSIS

Executive Support Services, Infrastructure Services, Finance Services, Spatial Planning and Development and Health, Public Safety and Emergency Services have recorded quite an impressive performance during the second quarter 2019/2020 as they performed above the average of 50%. The Directorate of Corporate Services and Economic Development and Agencies performed at the average of 50% and the only two Directorates that performed below 50% were Municipal Services and Human Settlements. The overall performance of the institution has gone down from 62% of the previous year's second quarter (2018/2019) to 58% in 2019/2020 second quarter and that reflects a decline of 4%.



18.2. SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS - MID-TERM 2019/2020 PER DIRECTORATE

i. Executive Support Services

The Executive Support Services Directorate has set 9 Key Performance Indicators. The total number of KPI's achieved is 6, not achieved is 2 and not for reporting in this quarter is 1. Therefore, the overall mid-term Performance for Executive Support Services is 75%.

ii. Human Settlements

The Human Settlements Directorate has set 8 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 2, not achieved is 5 and 1 not for reporting for this quarter. Therefore, the overall mid-term Performance for Human Settlements is 29%.

iii. Directorate of Finance

The Directorate of Finance has set 14 KPI's on their SDBIP. The total number of KPI's achieved is 8, not achieved is 4 and not for reporting for this quarter is 2. Therefore, the overall mid-term Performance for Directorate of Finance is 67%.

iv. Corporate Services

The Corporate Services Directorate has set 10 KPI's. The total number of KPI's achieved is 5, not achieved is 5 and not for reporting for this quarter is 0. Therefore, the overall mid-term Performance for Corporate Services is 50%.

v. Infrastructure Services

The Directorate of Infrastructure Services has set 21 KPI's. The total number of KPI's achieved is 10, not achieved is 5 and not for reporting for this quarter is 6. Therefore, the overall mid-term Performance for Infrastructure Services is 67%.

vi. Spatial Planning and Development

The Directorate of Spatial Planning and Development has set 16 KPI's. The total number of KPI's achieved is 9, not achieved is 7 and not for reporting for this quarter is 0. Therefore, the overall mid-term Performance for Spatial Planning and Development is standing at 56%.

vii. Economic Development and Agencies

The Directorate of Economic Development & Agencies has set 8 KPI's on their SDBIP. The total number of KPI's achieved is 3 and not achieved is 5. Therefore, the overall mid-term Performance for Economic Development & Agencies is standing at 38%.

viii. Health/Public Safety and Emergency Services

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

ix. Municipal Services

The Directorate of Municipal Services has set 16 KPI's. The total number of KPI's achieved is 6, not achieved is 10 and not for reporting in this quarter is 0. Therefore, the overall mid-term Performance for Municipal Services is 38%.

The overall institutional performance for the mid-term is standing at **56%**. The above information is summarized in the table below.

Table 35: Summary of BCMM Mid-Term Performance per Directorate

Directorates	Total no. of KPI(s)	No. of KPI(s) achieved	No. of KPI's not achieved	Not for reporting during mid-term	Mid-term % of KPI's achieved
Executive Support Services	9	6	2	1	75%
Human Settlements	8	2	5	1	29%
Directorate of Finance	14	8	4	2	67%
Corporate Services	10	5	5	0	50%
Infrastructure Services	21	10	5	6	67%
Spatial Planning & Development	16	9	7	0	56%
Economic Development and Agencies	8	3	5	0	38%
Health/Public Safety and Emergency Services	8	6	1	1	86%
Municipal Services	16	6	10	0	38%
Total	110	55	44	11	56%

18.2.1. SUMMARY AND ANALYSIS

Executive Support Services, Infrastructure Services, Finance Services, Spatial Planning and Development and Health, Public Safety and Emergency Services have recorded quite an impressive performance during the mid-term 2019/2020 as they performed above the average of 50%. The Directorate of Corporate Services performed at the average of 50% and the only three Directorates that performed below 50% were Municipal Services, Economic Development and Agencies and Human Settlements. The overall performance of the institution is sitting at 56% during 2019/2020 mid-term.

19.MID YEAR ADJUSTMENT BUDGET FOR THE 2019/2020 FINANCIAL YEAR

The enclosed performance report will be analysed in terms of its revenue projections and expenditure categories which will culminate in the mid-year adjustment budget to be tabled in a Council meeting in February 2020 in terms of S28 of the MFMA.

20.SUMMARY OF PROGRESS MADE ON RESOLVING PROBLEMS IDENTIFIED IN THE PREVIOUS YEAR'S ANNUAL REPORT

20.1 Audit Findings

The institution has received a qualified audit opinion for the 2018/2019 financial year with specific reference to irregular expenditure and commitments.

Irregular expenditure refers to money that was not spent in the manner prescribed by law and does not equate to money that has been misappropriated. Examples of irregular expenditure include:

- i. Non- compliance with legislation;
- ii. Non-compliance with delegations of authority;
- iii. Miscalculation of preferential points system;
- iv. Procuring without inviting competitive bids.

The irregular expenditure findings, during the 2018/2019 audit, arose not necessarily out of negligence, but rather due to technical errors under the normal operating activities of the institution.

Similarly, findings on commitments arose as a result of technical operational issues and not as a matter of negligence.

There is disagreement, between the Auditor General and the municipality, with respect to the use of annual contracts on asset additions. In the procurement processes of annual contracts, management has fully complied with all the procurement processes outlined in section 12(1)d of

the SCM regulations and BCMM SCM Policy section 12(1)d.

The qualification on the disagreement will therefore remain as long as the disagreement exists and the finding is not resolved.

Despite these challenges, the municipality is confident that appropriate solutions are currently being implemented through the 2019/2020 Audit Improvement Plan. The concerns raised by the Auditor General are being addressed in order to achieve sound financial management, commitment to clean governance and the attainment of a clean audit.

Although no audit opinion was expressed on non financial information, an area which needs to be a focus for the forthcoming financial year is the reporting of performance information. In this regard there will be a focus in analysing the quarterly performance reports to ensure quality information is provided.

20.2 Expenditure Management

The institution continues to be plagued with cyclical expenditure patterns with expenditure being comparatively low for the first 6 months of the year and then increasing in the last 6 months. The institution attempts to continue to implement changes in an attempt to improve expenditure. These changes include:

- a. The Bid Committee were tasked to convene regularly to ensure that there are no backlogs in the tender process.
- b. All bid committees have been restructured to improve its effectiveness & efficiency.
- c. As a tool to monitor the performance of each bid committee, all committees are required to submit weekly reports to the City Manager. This will assist in early identification of challenges that are experienced by each committee so that remedial actions can be implemented quicker.
- d. A Selection Committee has been established to ensure fair distribution of work, promote competition, realise value for money,

ensure rotational system which is cost effective and transparent in the management of annual contracts.

20.3 Revenue Management

The institution continues to experience challenges in the following areas:

- a) Illegal connections
- b) Unread meters due to inaccessibility and non-registered of new meter installations.
- c) Indigent consumers using in excess of 6 kilolitres of water which cannot be recovered
- d) Financial system discrepancies that hinder accurate Billing
- e) Flat rates being charged in unmetered areas

In an ongoing attempt to undertake **corrective measures**, the following has been implemented:

- a) All illegal connections/tampered meters are reported to the Revenue Protection Unit and supply is disconnected until the arrear debt and tamper fees are paid in full. Smart Meters are currently being installed for monitoring and early detection of illegal connections. The areas with known history of illegal connections are being prioritized.
- b) The Water Works Department is currently rolling out a meter replacement program and moving of meters from within the property to outside the boundry of the property, to address the problem of inaccessibility. The Department is working closely with the Department of Water Works and the Department of Housing to identify and register all non-registered meters onto the financial system.
- c) The Department is looking at a model to control and manage water usage by Indigent Debtors in the Metro. The implementation of Smart Water Meters will also assist in this regard, which will commence once the SLA is agreed upon and signed off.
- d) Revenue department has initiated system monitoring mechanisms which will identify gaps and discapancies in the Billing system with assistance of the onsite BCX consultant in particular for electricity

conventional meters.

- e) Council has approved the turnaround plan to mitigate water losses and ageing infrastructure assets as well as the implementation of new meters in unmetered areas over a period of 3 years. This plan is being implemented on an ongoing basis with funding being allocated in the MTREF budget.

20.4 Asset Management

BCMM is still committed towards maintaining, upgrading and where necessary replacing all its aging assets and also creating new assets that are needed for service delivery purposes.

In the current financial year BCMM has put aside a total capital budget of R1.95 billion broken down as follows:

- a) New assets R1.07 billion
- b) Renewal of existing assets R382.61 million
- c) Upgrading of existing assets R504.64 million

This commitment by the Council seeks to ensure that BCMM will continue to provide the much needed services to all its people and attract the more investors to come and invest in the City.

An audit improvement plan was developed and implemented to address all the issues that were identified in the previous year's annual report. The integrated asset management system has been procured and is still in the development stages to ensure that it meets the BCMM's functional requirements. This is a three year project. This will improve the accuracy of asset management and reporting, and will enhance efficiency.

21. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

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

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

for the period ending **December 2019** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print name: Andile Sihlahla

City Manager of Buffalo City Metropolitan Municipality

Signature:

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Buffalo City Metropolitan Development Agency Performance Report

Annexure G

Service Delivery and Budget Implementation Plan