REPORT TO EXECUTIVE MAYOR: 14 APRIL 2022

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AUTHOR: EXECUTIVE MAYOR (XOLA PAKATI)/AS

STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF THE 2021/22 BUDGET FOR THE PERIOD ENDED 31 MARCH 2022

1. PURPOSE

The purpose of the report is for Executive Mayor to consider and note the statement of financial performance and the implementation of the 2021/22 budget of the Buffalo City Metropolitan Municipality for the period ended 31 March 2022.

2. AUTHORITY

Executive Mayor.

3. LEGAL / STATUTORY REQUIREMENTS

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

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

3.3. Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

In terms of Section 71 of the Municipal Finance Management Act No 56, 2003 Chapter 7, “the Accounting Officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality’s budget”.

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

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

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PART 1: IN-YEAR REPORT

5. RESOLUTIONS

It is recommended that:

(i) The Executive Mayor considers and notes the report on the statement of financial performance and the implementation of the 2021/22 budget for the period ended 31 March 2022 including supporting documentation attached as Annexure A to F.

(ii) The Executive Mayor notes the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.

(iii) The Executive Mayor notes the year to date collection rate for the period ended 31 March 2022 of 68.83%.

_____ _____

A. SIHLAHLA **DATE**

CITY MANAGER

BUFFALO CITY METROPOLITAN MUNICIPALITY

NTSIKELELO SIGCAU/ YM

6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 31 MARCH 2022

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 6 684 208 794	Bank Balance	R 722 175 801
Expenditure	(R 6 481 641 779)	Call investments (excl. int.)	R 525 576 158
Operating surplus before Transfers and Subsidies Recognised – Capital	R 202 567 016	**Cash and cash equivalents**	**R 1 247 751 959**
Transfers and Subsidies Recognised – Capital	R 282 313 002	*Account Payables*	*(R 601 209 535)*
Surplus After Capital Transfers	R 484 880 018	*Unspent conditional grants*	*(R 681 636 206)*
DEBTORS		*Committed to Capital budget-own funds*	*(R 602 947 464)*
Total debtors' book (incl. impairment)	R 5 139 267 179	**Possible cash deficit should there be no revenue collection made**	**(R 638 041 246)**
Total debtors - Government	R 111 598 058		
Total debtors - Business	R 1 518 684 668	Total Long-term loans	R 199 335 518
Total debtors - Households	R 3 508 984 453		
		SURPLUS / (DEFICIT) PER SERVICE	
		Water	R 647 669 123
REPAIRS AND MAINTENANCE		Electricity	(R 434 486 025)
2020/2021: Exp.= R299,71 m, which is 73% of budget of R412.16 m	**2021/2022:** Exp.= R300.8 m, which is 72% of budget of R414.55 m	Refuse	R 143 507 851
		Sewerage	R 135 348 874
CAPITAL EXPENDITURE		**OPERATING PROJECTS EXPENDITURE**	
2020/2021: Exp. as a % of Adjusted Budget of R2.04b: Exp. (excl. vat) = R737.06 mil % exp. (Excl. vat) :36% Exp. (incl. vat) = R790.67 mil % exp. (incl. vat): 39%	**2021/2022: Exp. as a % of Adjusted Budget of R1.83b:** Exp. (excl. vat) = R759.62 mil % exp. (Excl. vat) :42% Exp. (incl. vat) = R789.63 mil % exp. (incl. vat): 43%	**2020/2021: Exp. as a % of Adjusted Budget of R385,16m:** Exp. (excl. vat) = R169.76 mil % exp. (excl. vat): 44% Exp. (incl. vat) = R177.11 mil % exp. (incl. vat): 46%	**2021/2022: Exp. as a % of Adjusted Budget of R445,69m:** Exp. (excl. vat) = R162.45 mil % exp. (excl. vat): 36% Exp. (incl. vat) = R167.25 mil % exp. (incl. vat): 38%
FINANCIAL		**HUMAN RESOURCES**	
Operating surplus before Capital Transfers	R 202 567 016	Total staff complement	5 451
Debtors' collection ratio	68.83%	Staff Appointments	6
YTD Grants and subsidies: recognized – Capital	R 282 313 002	Staff Terminations	24
Creditor's payment days	18 days	Number of funded vacant posts (under recruitment process)	573
Current ratio	2,07:1	Total overtime paid (YTD)	R 114 566 240
Total Debt to Revenue	2,51%	Allowances and benefits – Councillors (YTD)	R 48 470 650
Capital Charges to Operating Expenditure	0,81%	Salary bill – Officials (YTD)	R 1 879 366 493
Cost coverage ratio	1 month	Workforce costs as a % of expenditure	29,74%

6.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered stable as the Current Ratio is 2.07:1 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.

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

Figure 1: Current Ratio

6.3. Collection Rate and Outstanding Debtors

The year-to-date collection rate as at 31 March 2022 is 68.83% (2020/21: 64.27%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has increased by 0.35% from last month where 68.48% was achieved for the period ended 28 February 2022. Refer to section 8 for further details.

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

The graph below shows comparison of the monthly collection ratio per region for the current financial year. The year-to-date collection rate as at 31 March 2022 per region is as follows: Coastal 77.41%, Midland 42.22% Inland 58.02%.

Figure 3: Collection Ratio Per Region

Total gross debtors' book (including current accounts) as at 31 March 2022 amounts to R5.14 billion (2020/21: R4.22 billion). Households: R3.51 billion, Business: R1.52 billion and Government: R111.59 million.

Refer to section 8 of the report for details on debtors' management. The debtors' age analysis report is reflected on Annexure B – SC3.

6.4. Capital Expenditure

BCMM has spent 43% (R789.63 million, inclusive of reclaimed vat) of its 2021/22 adjusted capital budget of R1.83 billion as at 31 March 2022. This reflects an improvement when compared to the same period in the previous financial year where 39% (R790.67 million, inclusive of reclaimed vat) of the adjusted capital budget of R2.04 billion was spent. (Refer to Section 14 for further details).

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

6.5. Operating Projects

The Metro has spent 38% (R167.25 million, inclusive of reclaimed vat) of its 2021/22 adjusted operating projects budget of R445.69 million as at 31 March 2022. This reflects a decline when compared to the same period in the previous financial year where 46% (R177.11 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R385.16 million was spent. The decline in expenditure is mainly caused by the Human Settlement Development Grant funded projects. This is a result of delays by the Eastern Cape Department of Human Settlements in processing funding agreements for some of the projects. (Refer to Section 15 for further details).

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

6.6. Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 44% (R366.67 million, inclusive of reclaimed vat) of its 2021/22 conditional grants adjusted budget of R836.21 billion as at 31 March 2022. This reflects a decline when compared to the same period in the previous financial year where 52% (R540.35 million, inclusive of reclaimed vat) of conditional grants budget of R1.04 billion was spent. However, it is expected that expenditure will improve in the last quarter of the financial year as major projects have since moved from planning to implementation stage. (Refer to Section 11.1 for further details).

6.7. Cash and Cash Equivalents

The cash and cash equivalents of the City as at 31 March 2022 is R1.25 billion made up of cash at the primary bank account amounting to R722.18 million and call investment deposits of R525.58 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 ageing 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 83.5%. Refer to Section 7.4.5 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown.

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

The City has since decreased its capital investment from internally generated funds and is in the process of securing long-term loans to fund crucial capital projects. The City's funding mix will be continuously monitored in line with the cash flow position.

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

Figure 4: 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 5: Cost Coverage

6.8. <u>Outstanding Creditors</u>

The creditors payment period for the reporting period (31 March 2022) is 18 days, this shows that the Metro is paying its creditors within 30 days as stipulated by the MFMA. Small Micro Medium Enterprises (SMME) are paid on a fortnightly basis to assist emerging service providers. Refer to Section 9 for details.

6.9. Long-Term Debt Profile

The total long-term borrowings of the municipality as at 31 March 2022 amounts to R199.34 million. Refer to Annexure C for the schedule of borrowings.

The ratio of capital charges to operating expenditure as at 31 March 2022 is 0.81%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6 and 8%.

The total debt to revenue ratio is 2.51% as at 31 March 2022, 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 National Treasury set ceiling of 45%. Both of the above financial indicators and recent positive credit rating issued by Global Credit Ratings Agency on 31 March 2021 reflect that the municipality has capacity to take on additional financing from borrowing to invest in infrastructure projects. The loan for the East London Sewer Diversion tunnel was approved by council in the prior years. BCMM is also in the process of taking up additional loans in relation to water and sanitation projects, which will improve the funding mix of the City. However, due to weak economic performance as well as a weak collection rate, the process for additional loans is undertaken with caution.

6.10. Performance by Trading Service - Electricity

The electricity service has achieved an operating deficit of R 434 486 025 for the period ended 31 March 2022. The following are the factors that contributed to the deficit.

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

Remedial action to address loss of revenue from electricity services:

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

7. IN-YEAR BUDGET STATEMENT MAIN TABLES

7.1 Monthly Budget Statement Summary

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

Table 2:C1: Monthly Budget Statement Summary

BUF Buffalo City - Table C1 Consolidated Monthly Budget Statement Summary - M09 March									
Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Financial Performance									
Property rates	1 589 415	1 834 764	1 834 764	132 345	1 343 835	1 414 506	(70 671)	-5%	1 834 764
Service charges	3 937 345	3 978 391	3 983 060	388 741	3 278 232	3 034 145	244 087	8%	3 983 060
Investment revenue	41 289	36 490	30 654	1 756	21 702	24 381	(2 680)	-11%	30 654
Transfers and subsidies	1 328 218	1 301 395	1 370 113	246 206	1 064 906	1 225 897	(160 991)	-13%	1 370 113
Other own revenue	987 361	1 083 071	1 084 136	260 544	975 533	926 039	49 493	5%	1 084 136
Total Revenue (excluding capital transfers and contributions)	**7 883 628**	**8 234 112**	**8 302 728**	**1 029 592**	**6 684 209**	**6 624 969**	**59 239**	**1%**	**8 302 728**
Employee costs	2 501 193	2 536 210	2 560 136	199 045	1 879 366	1 912 304	(32 937)	-2%	2 560 136
Remuneration of Councillors	63 813	76 550	67 045	5 436	48 471	49 879	(1 408)	-3%	67 045
Depreciation & asset impairment	1 401 969	649 173	649 319	133 800	1 171 577	488 031	683 546	140%	649 319
Finance charges	25 757	59 936	23 235	1 704	15 926	17 238	(1 312)	-8%	23 235
Inventory consumed and bulk purchases	1 959 822	2 446 376	2 407 473	166 665	1 684 794	1 797 332	(112 538)	-6%	2 407 473
Transfers and subsidies	104 912	161 059	147 983	10 261	104 054	101 612	2 442	2%	147 983
Other expenditure	2 219 522	2 302 442	2 445 170	169 515	1 577 453	1 791 329	(213 876)	-12%	2 445 170
Total Expenditure	**8 276 988**	**8 231 745**	**8 300 361**	**686 426**	**6 481 642**	**6 157 725**	**323 916**	**5%**	**8 300 361**
Surplus/(Deficit)	**(393 360)**	**2 367**	**2 367**	**343 167**	**202 567**	**467 244**	**(264 677)**	**-57%**	**2 367**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	1 070 973	733 699	737 748	29 253	244 150	507 933	(263 784)	-52%	737 748
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	11 214	–	–	2 619	38 163	–	38 163	–	–
Surplus/(Deficit) after capital transfers & contributions	**688 828**	**736 066**	**740 115**	**375 039**	**484 880**	**975 177**	**(490 297)**	**-50%**	**740 115**
Share of surplus/ (deficit) of associate	(26 628)	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**662 200**	**736 066**	**740 115**	**375 039**	**484 880**	**975 177**	**(490 297)**	**-50%**	**740 115**
Capital expenditure & funds sources									
Capital expenditure	**1 591 352**	**1 803 592**	**1 827 550**	**124 926**	**759 619**	**1 421 497**	**(661 879)**	**-47%**	**1 827 550**
Capital transfers recognised	970 986	732 499	736 548	52 610	271 762	550 994	(279 233)	-51%	736 548
Borrowing	3 079	369 714	235 311	200	3 769	223 524	(219 755)	-98%	235 311
Internally generated funds	**617 287**	**701 379**	**855 691**	**72 115**	**484 088**	**646 978**	**(162 891)**	**-25%**	**855 691**
Total sources of capital funds	**1 591 352**	**1 803 592**	**1 827 550**	**124 926**	**759 619**	**1 421 497**	**(661 879)**	**-47%**	**1 827 550**
Financial position									
Total current assets	9 662 966	3 462 562	3 408 696		11 031 894				3 408 696
Total non current assets	22 692 272	22 639 951	22 663 909		22 280 344				22 663 909
Total current liabilities	8 116 984	1 710 942	1 714 398		8 642 366				1 714 398
Total non current liabilities	1 072 361	1 245 728	1 162 389		1 019 128				1 162 389
Community wealth/Equity	**23 165 893**	**23 145 843**	**23 195 819**		**23 650 744**				**23 195 819**
Cash flows									
Net cash from (used) operating	1 455 838	1 422 081	1 521 198	746 181	902 017	1 084 422	(1 771 528)	-163%	1 521 198
Net cash from (used) investing	(1 629 746)	(1 803 592)	(1 827 550)	(124 926)	(759 528)	(1 352 694)	(593 680)	44%	(1 827 550)
Net cash from (used) financing	(54 396)	318 822	189 799	(11 843)	(33 358)	189 015	310 213	164%	189 799
Cash/cash equivalents at the month/year end	**1 145 407**	**1 310 917**	**1 257 052**	**–**	**1 247 752**	**(79 256)**	**(3 200 402)**	**4038%**	**1 257 052**
Debtors & creditors analysis	**0-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Over 1Yr**	**Total**
Debtors Age Analysis									
Total By Income Source	513 588	278 166	199 857	192 592	206 153	193 014	911 373	2 644 522	5 139 267
Creditors Age Analysis									
Total Creditors	601 210	–	–	–	–	–	–	–	601 210

7.2 Monthly Budget Statement – Financial Performance (standard classification)

The table below is an overview of the budgeted financial performance in relation to revenue and expenditure per standard classification.

Table 3: C2: Monthly Budget Statement – Financial Performance (standard classification)

BUF Buffalo City - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - M09 March

Description	Ref	2020/21	Budget Year 2021/22							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue - Functional										
Governance and administration		**3 016 488**	**3 121 485**	**3 130 035**	**474 905**	**2 598 126**	**2 562 760**	35 367	1%	**3 130 035**
Executive and council		31 399	30 377	30 377	4 861	24 263	26 648	(2 385)	-9%	30 377
Finance and administration		2 985 088	3 091 108	3 099 658	470 044	2 573 863	2 536 112	37 752	1%	3 099 658
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**679 485**	**642 764**	**719 742**	**39 633**	**261 211**	**554 101**	(292 890)	-53%	**719 742**
Community and social services		26 858	33 233	33 233	849	22 622	24 925	(2 303)	-9%	33 233
Sport and recreation		1 100	10 782	10 782	411	2 244	8 086	(5 842)	-72%	10 782
Public safety		182 627	206 645	206 645	30 239	138 207	159 416	(21 210)	-13%	206 645
Housing		468 827	392 070	469 048	8 133	98 128	361 647	(263 520)	-73%	469 048
Health		73	35	35	–	12	26	(14)	-56%	35
Economic and environmental services		**553 660**	**392 121**	**379 817**	**17 468**	**203 078**	**292 418**	(89 340)	-31%	**379 817**
Planning and development		287 160	225 123	211 918	9 244	112 370	178 104	(65 734)	-37%	211 918
Road transport		266 257	166 998	167 898	8 224	90 708	114 314	(23 607)	-21%	167 898
Environmental protection		243	–	–	–	0	–	0	#DIV/0!	–
Trading services		**4 664 916**	**4 703 226**	**4 715 036**	**525 801**	**3 857 003**	**3 644 121**	212 882	6%	**4 715 036**
Energy sources		2 039 214	2 467 771	2 467 771	209 871	1 669 383	1 854 623	(185 240)	-10%	2 467 771
Water management		1 457 580	1 077 420	1 077 420	181 634	1 251 303	893 219	358 084	40%	1 077 420
Waste water management		654 124	623 622	623 622	62 705	486 903	490 744	(3 841)	-1%	623 622
Waste management		513 998	534 413	546 223	71 590	449 414	405 534	43 880	11%	546 223
Other	4	**51 266**	**108 213**	**95 846**	**3 657**	**47 103**	**79 504**	**(32 401)**	**-41%**	**95 846**
Total Revenue - Functional	2	**8 965 816**	**8 967 810**	**9 040 476**	**1 061 464**	**6 966 522**	**7 132 903**	**(166 381)**	**-2%**	**9 040 476**
Expenditure - Functional										
Governance and administration		**1 579 913**	**1 667 677**	**1 700 957**	**138 595**	**1 243 835**	**1 236 149**	7 686	1%	**1 700 957**
Executive and council		416 534	422 139	413 906	37 691	302 695	291 159	11 537	4%	413 906
Finance and administration		1 153 811	1 231 507	1 273 989	100 096	933 546	934 957	(1 412)	0%	1 273 989
Internal audit		9 568	14 031	13 062	809	7 594	10 033	(2 439)	-24%	13 062
Community and public safety		**1 077 077**	**1 258 280**	**1 310 237**	**90 500**	**860 196**	**990 305**	(130 109)	-13%	**1 310 237**
Community and social services		166 950	166 543	161 398	14 213	128 886	122 482	6 403	5%	161 398
Sport and recreation		351 805	439 276	408 334	32 945	306 371	319 239	(12 868)	-4%	408 334
Public safety		468 151	461 918	458 823	34 108	324 923	345 379	(20 455)	-6%	458 823
Housing		45 592	147 616	231 216	5 319	64 899	168 064	(103 165)	-61%	231 216
Health		44 579	42 927	50 465	3 915	35 116	35 140	(24)	0%	50 465
Economic and environmental services		**1 199 305**	**851 646**	**815 453**	**103 272**	**880 036**	**616 175**	263 861	43%	**815 453**
Planning and development		364 556	334 190	310 732	25 171	227 656	239 570	(11 914)	-5%	310 732
Road transport		804 804	517 456	504 720	78 101	652 381	376 605	275 775	73%	504 720
Environmental protection		29 945	–	–	–	–	–	–		–
Trading services		**4 340 546**	**4 303 537**	**4 330 235**	**348 636**	**3 388 489**	**3 206 883**	181 606	6%	**4 330 235**
Energy sources		2 259 948	2 809 519	2 836 947	218 861	2 142 230	2 106 536	35 694	2%	2 836 947
Water management		1 207 117	725 390	716 357	61 496	600 065	522 371	77 694	15%	716 357
Waste water management		410 269	352 025	350 287	37 655	336 277	259 229	77 049	30%	350 287
Waste management		463 213	416 603	426 645	30 624	309 917	318 746	(8 829)	-3%	426 645
Other		**106 775**	**150 605**	**143 479**	**5 422**	**109 086**	**108 214**	**871**	**1%**	**143 479**
Total Expenditure - Functional	3	**8 303 616**	**8 231 745**	**8 300 361**	**686 426**	**6 481 642**	**6 157 725**	**323 916**	**5%**	**8 300 361**
Surplus/ (Deficit) for the year		**662 200**	**736 066**	**740 115**	**375 039**	**484 880**	**975 177**	**(490 297)**	**-50%**	**740 115**

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

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

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

BUF Buffalo City - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M09 March

Vote Description	Ref	2020/21	Budget Year 2021/22							
		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		442	–	381	2	12	277	(265)	-95,6%	381
Vote 02 - Directorate - Municipal Manager		31 520	29 673	29 673	4 861	24 271	26 051	(1 781)	-6,8%	29 673
Vote 03 - Directorate - Human Settlement		468 827	392 070	469 048	8 133	98 128	361 647	(263 520)	-72,9%	469 048
Vote 04 - Directorate - Chief Financial Officer		2 915 858	3 046 979	3 051 648	468 848	2 555 129	2 499 228	55 901	2,2%	3 051 648
Vote 05 - Directorate - Corporate Services		11 216	11 205	11 205	515	7 545	10 284	(2 738)	-26,6%	11 205
Vote 06 - Directorate - Infrastructure Services		4 417 176	4 335 812	4 336 712	462 435	3 498 297	3 352 901	145 396	4,3%	4 336 712
Vote 07 - Directorate - Spatial Planning And Development		210 464	110 826	117 914	6 396	37 611	84 453	(46 841)	-55,5%	117 914
Vote 08 - Directorate - Health / Public Safety & Emergency Services		182 700	206 645	206 645	30 239	138 207	159 416	(21 210)	-13,3%	206 645
Vote 09 - Directorate - Municipal Services		542 199	–	–	142	4 052	–	4 052	0,0%	–
Vote 10 - Directorate - Economic Development & Agencies		185 414	256 138	226 979	7 185	133 031	200 075	(67 044)	-33,5%	226 979
Vote 11 - Directorate - Solid Waste, Environmental & Health Management		–	534 448	546 258	71 509	452 423	405 560	46 863	11,6%	546 258
Vote 12 - Directorate - Sport, Recreation & Community Development		–	44 015	44 015	1 199	17 817	33 011	(15 195)	-46,0%	44 015
Total Revenue by Vote	2	**8 965 816**	**8 967 810**	**9 040 476**	**1 061 464**	**6 966 522**	**7 132 903**	**(166 381)**	**-2,3%**	**9 040 476**
Expenditure by Vote	1									
Vote 01 - Directorate - Executive Support Services		281 388	284 844	275 617	26 840	195 087	188 424	6 663	3,5%	275 617
Vote 02 - Directorate - Municipal Manager		136 201	147 650	149 579	10 428	110 092	110 361	(268)	-0,2%	149 579
Vote 03 - Directorate - Human Settlement		45 592	147 616	231 216	5 319	64 899	168 064	(103 165)	-61,4%	231 216
Vote 04 - Directorate - Chief Financial Officer		679 917	831 804	861 405	60 062	553 291	630 895	(77 603)	-12,3%	861 405
Vote 05 - Directorate - Corporate Services		245 516	225 588	241 069	18 535	188 113	175 280	12 833	7,3%	241 069
Vote 06 - Directorate - Infrastructure Services		4 790 750	4 486 420	4 490 206	406 428	3 831 153	3 325 842	505 311	15,2%	4 490 206
Vote 07 - Directorate - Spatial Planning And Development		361 243	283 225	272 191	31 188	251 178	207 585	43 594	21,0%	272 191
Vote 08 - Directorate - Health / Public Safety & Emergency Services		517 919	467 715	465 313	34 543	329 433	349 993	(20 560)	-5,9%	465 313
Vote 09 - Directorate - Municipal Services		1 006 724	55 193	–	(3)	105	0	105	1392653,3%	–
Vote 10 - Directorate - Economic Development & Agencies		238 365	297 331	273 412	11 821	182 614	210 288	(27 674)	-13,2%	273 412
Vote 11 - Directorate - Solid Waste, Environmental & Health Management		–	536 456	611 768	44 098	435 628	453 992	(18 364)	-4,0%	611 768
Vote 12 - Directorate - Sport, Recreation & Community Development		–	467 902	428 586	37 167	340 048	337 002	3 046	0,9%	428 586
Total Expenditure by Vote	2	**8 303 616**	**8 231 745**	**8 300 361**	**686 426**	**6 481 642**	**6 157 725**	**323 916**	**5,3%**	**8 300 361**
Surplus/ (Deficit) for the year	2	**662 200**	**736 066**	**740 115**	**375 039**	**484 880**	**975 177**	**(490 297)**	**-50,3%**	**740 115**

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 31 March 2022.

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) - M09 March

Description	Ref	2020/21	Budget Year 2021/22							
		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		1 589 415	1 834 764	1 834 764	132 345	1 343 835	1 414 506	(70 671)	-5%	1 834 764
Service charges - electricity revenue		1 948 603	2 367 669	2 372 338	192 702	1 609 322	1 766 113	(156 791)	-9%	2 372 338
Service charges - water revenue		1 214 597	795 708	795 708	129 036	1 035 355	653 157	382 199	59%	795 708
Service charges - sanitation revenue		420 119	447 060	447 060	35 356	345 013	338 910	6 104	2%	447 060
Service charges - refuse revenue		354 026	367 954	367 954	31 647	288 542	275 965	12 576	5%	367 954
Rental of facilities and equipment		24 222	20 959	20 959	1 703	16 073	16 194	(121)	-1%	20 959
Interest earned - external investments		41 289	36 490	30 654	1 756	21 702	24 381	(2 680)	-11%	30 654
Interest earned - outstanding debtors		119 421	109 696	115 696	15 300	122 375	78 989	43 386	55%	115 696
Dividends received								–		
Fines, penalties and forfeits		16 659	21 407	21 407	1 374	8 319	13 203	(4 884)	-37%	21 407
Licences and permits		12 411	18 835	18 835	743	8 754	12 552	(3 797)	-30%	18 835
Agency services		31 910	43 070	44 746	9 739	16 173	24 255	(8 082)	-33%	44 746
Transfers and subsidies		1 328 218	1 301 395	1 370 113	246 206	1 064 906	1 225 897	(160 991)	-13%	1 370 113
Other revenue		748 330	869 105	862 493	231 173	803 234	780 847	22 387	3%	862 493
Gains		34 408	–	–	514	605	–	605	0%	–
Total Revenue (excluding capital transfers and contributions)		**7 883 628**	**8 234 112**	**8 302 728**	**1 029 592**	**6 684 209**	**6 624 969**	**59 239**	**1%**	**8 302 728**

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March

Description	Ref	2020/21	Budget Year 2021/22							
		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		2 501 193	2 536 210	2 560 136	199 045	1 879 366	1 912 304	(32 937)	-2%	2 560 136
Remuneration of councillors		63 813	76 550	67 045	5 436	48 471	49 879	(1 408)	-3%	67 045
Debt impairment		926 950	871 973	966 894	72 664	653 980	691 948	(37 968)	-5%	966 894
Depreciation & asset impairment		1 401 969	649 173	649 319	133 800	1 171 577	488 031	683 546	140%	649 319
Finance charges		25 757	59 936	23 235	1 704	15 926	17 238	(1 312)	-8%	23 235
Bulk purchases - electricity		1 631 905	2 010 261	2 010 261	139 643	1 420 632	1 500 807	(80 175)	-5%	2 010 261
Inventory consumed		327 917	436 115	397 212	27 022	264 162	296 525	(32 363)	-11%	397 212
Contracted services		721 453	901 377	934 012	59 884	514 620	696 524	(181 904)	-26%	934 012
Transfers and subsidies		104 912	161 059	147 983	10 261	104 054	101 612	2 442	2%	147 983
Other expenditure		548 907	529 092	544 264	36 966	408 852	402 856	5 996	1%	544 264
Losses		22 212	–	–	–	–	–	–		–
Total Expenditure		**8 276 988**	**8 231 745**	**8 300 361**	**686 426**	**6 481 642**	**6 157 725**	**323 916**	**5%**	**8 300 361**
Surplus/(Deficit)		**(393 360)**	**2 367**	**2 367**	**343 167**	**202 567**	**467 244**	**(264 677)**	**(0)**	**2 367**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 070 973	733 699	737 748	29 253	244 150	507 933	(263 784)	**(0)**	737 748
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		1 178	–	–	2 619	38 163	–	38 163	–	–
Transfers and subsidies - capital (in-kind - all)		10 036	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**688 828**	**736 066**	**740 115**	**375 039**	**484 880**	**975 177**			**740 115**
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		**688 828**	**736 066**	**740 115**	**375 039**	**484 880**	**975 177**			**740 115**
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		**688 828**	**736 066**	**740 115**	**375 039**	**484 880**	**975 177**			**740 115**
Share of surplus/ (deficit) of associate		(26 628)	–	–	–	–	–			–
Surplus/ (Deficit) for the year		**662 200**	**736 066**	**740 115**	**375 039**	**484 880**	**975 177**			**740 115**

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

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

7.4.1.1 Service charges - water revenue

Over performance is caused by the following:

i. The increase in the water billing is as a result of actual readings obtained and processed which resulted in the reversal of interim accounts whereby the actual consumption exceeded the interim consumption.

ii. The increase is also attributed to the implementation of the Punitive Tariffs at level 3, which applies to consumption over 20kl per month per meter.

iii. Water leaks which are not reported or fixed by consumers in time thus resulting in inflated billing values, as these attract punitive tariffs.

7.4.1.2 Interested earned – external investments

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

7.4.1.3 Interest earned – outstanding debtors

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

7.4.1.4 Fines, penalties and forfeits

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

(i) Traffic fines court related matters were placed on hold during level 5-2 whereby courts were only dealing with urgent matters which did not include traffic matters (offenders on the court roll who are to appear in court), warrants that cannot be executed and summonses that cannot be placed on the court roll.

(ii) Covid-19 has adversely affected the payments of fines due to regulations in place in terms of social distancing, etc. however fines are still not being paid although there are other means of payment such as, easy pay and Online Banking.

(iii) After a certain period, the notices for summonses/warrants are struck off the court roll in line with Public Prosecutions guidelines.

(iv) Process servers not fully functional as the limitations of Covid-19 regulations to serve summonses on offenders is problematic.

(v) Fines reductions due to the Covid-19 pandemic which has placed financial strain on the offenders who are unable to afford to pay their fines due to unemployment and retrenchment. Cognizance should be noted due to the complexity of the indicator, it must be noted that the Traffic Services is bound and guided by Directives of Public Prosecutions (DPP) as well as Legislation in terms of traffic offences issued, every effort is made in terms of notifying offenders of outstanding fines.

7.4.1.5 Licences and Permits

(i) The department is not yet fully operational due to the COVID-19 restrictions. This means that less public is allowed to enter the building at a given time. Department is currently using the appointment system where the public are given a date and time to come in and renew/apply for their driver's licences/learners and Professional Driving Permits (PrDP's) to ensure compliance with the COVID-19 regulations.

(ii) The number of learners in a class was reduced in order to ensure that the COVID-19 regulations were complied with.

(iii) The closure of the traffic offices for decontamination meant that many appointments had to be re-scheduled.

7.4.1.6 Agency services

Under collection or decrease in revenue can be attributed to the fact that vehicle licences can be renewed at the Post Office, Pick and Pay and the Provincial Department of Transport directly. Members of the public generally go to the closest convenient point in order to pay which may not always be BCMM. It must further be noted that certain Banks now offer the same services. Due to the Covid-19 restrictions the department is unable to cater to a large public, further, to be noted as well is the disruptions in operations as buildings are being closed on a regular basis for decontamination.

7.4.1.7 Transfers and subsidies

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

7.4.1.8 Depreciation & asset impairment

The variance is due to the fact that the City is using Revaluation Model to value its infrastructure assets which increases the asset base from year to year and result to a huge depreciation charge per year. The other acceptable model is the Cost model and on the cost model the value of the assets remain the same as the purchase price. The change of valuation model from the Revaluation Model to the cost model is still under investigation to identify the pros and cons with all the possible audit risks. This process is a very lengthy process which recquires recalculation of the revalued figures from current back to as far as 2010 financial year.

7.4.1.9 Inventory consumed

Under expenditure on Inventory materials is be attributed to the fact that stock items are drawn when they are required.

7.4.1.10 Contracted services

Under Performance of contracted service is mainly caused by the Human Settlement Development Grant funded projects. This is a result of delays by the Eastern Cape Department of Human Settlements in processing funding agreements for some of the projects.

7.4.2 Repairs and maintenance

Table 6 below reflects that as at 31 March 2022, the repairs and maintenance expenditure is 72% of the budget of R414.55 million (2020/21: 73%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	2021/2022 Annual Budget R	2021/2022 Annual Expenditure R	2021/2022 - Variance R	2021/2022 % of Budget %
Directorate of Executive Support Services	3 191 861	1 396 425	1 795 436	44%
Directorate of The City Manager	263 229	16 636	246 593	6%
Directorate of Corporate Services	8 642 398	3 705 278	4 937 120	43%
Directorate of Development & Spatial Planning	18 874 582	12 733 304	6 141 278	67%
Directorate of Economic Development & Agencies	1 820 056	1 181 722	638 334	65%
Directorate of Finance	6 505 501	1 700 843	4 804 658	26%
Directorate of Health / Public Safety & Emergency Services	7 864 806	2 064 914	5 799 892	26%
Directorate of Human Settlement	519 159	328 081	191 078	63%
Directorate of Infrastructure Services	336 111 713	252 849 311	83 262 402	75%
Electricity	*135 487 955*	*98 215 724*	*37 272 231*	*72%*
Water	*39 967 163*	*29 443 787*	*10 523 376*	*74%*
Sanitation	*35 664 033*	*28 997 088*	*6 666 945*	*81%*
Other	*124 992 562*	*96 192 712*	*28 799 850*	*77%*
Directorate of Solid Waste, Environmental & Health Management	*15 103 892*	*10 231 154*	*4 872 738*	*68%*
Directorate of Sport, Recreation & Community Developmental Services	15 652 207	14 323 628	*1 328 579*	92%
TOTAL	**414 549 404**	**300 531 298**	**114 018 106**	**72%**

The repairs and maintenance budget of the Metro is not within the recommended National Treasury norm of 8% as the percentage of Property Plant and Equipment. The main challenge in achieving the 8% is the use of the revaluation model to value Property Plant and Equipment. The Metro's infrastructure repairs and maintenance programme is complemented by the renewal and upgrading of existing assets capital programme.

In the current financial year, the metro has allocated R1.08 billion in the upgrading and renewal programme that complements the repairs and maintenance. Refer to Annexure B: SC13b (Capital expenditure on renewal of existing assets by) and SC13e (Capital expenditure on upgrading of existing assets by asset class).

7.4.3 Capital Expenditure excluding vat (municipal vote, standard classification and funding)

The table below reflects the Metro's capital programme in relation to capital expenditure by municipal vote, capital expenditure by standard classification and funding sources.

Table 7: C5: Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding)

BUF Buffalo City - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M09 March

Vote Description	Ref	2020/21	Budget Year 2021/22							
		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		480	3 800	6 387	280	3 216	4 640	(1 424)	-31%	6 387
Vote 02 - Directorate - Municipal Manager		89	4 969	3 907	286	578	4 183	(3 605)	-86%	3 907
Vote 03 - Directorate - Human Settlement		433 952	292 385	285 885	27 372	92 092	216 689	(124 597)	-58%	285 885
Vote 04 - Directorate - Chief Financial Officer		112 064	254 515	185 382	12 605	127 325	171 079	(43 754)	-26%	185 382
Vote 05 - Directorate - Corporate Services		10 638	12 082	16 691	30	2 324	12 930	(10 606)	-82%	16 691
Vote 06 - Directorate - Infrastructure Services		663 463	932 660	954 744	63 092	391 698	734 328	(342 630)	-47%	954 744
Vote 07 - Directorate - Spatial Planning And Development		143 363	110 118	130 389	3 899	36 791	95 195	(58 403)	-61%	130 389
Vote 08 - Directorate - Health / Public Safety & Emergency Services		22 932	22 000	30 299	199	4 318	23 308	(18 990)	-81%	30 299
Vote 09 - Directorate - Municipal Services		76 063	–	–	–	–	–	–		–
Vote 10 - Directorate - Economic Development & Agencies		128 308	123 700	142 793	12 559	64 321	105 160	(40 839)	-39%	142 793
Vote 11 - Directorate - Solid Waste, Environmental & Health Management		–	23 862	27 390	2 178	5 366	20 859	(15 492)	-74%	27 390
Vote 12 - Directorate - Sport, Recreation & Community Development		–	23 500	43 683	2 426	31 590	33 127	(1 537)	-5%	43 683
Total Capital Expenditure		**1 591 352**	**1 803 592**	**1 827 550**	**124 926**	**759 619**	**1 421 497**	**(661 879)**	**-47%**	**1 827 550**
Capital Expenditure - Functional Classification										
Governance and administration		**170 418**	**328 367**	**266 805**	**13 969**	**138 441**	**235 938**	(97 498)	-41%	**266 805**
Executive and council		9 500	10 930	21 913	397	5 713	15 053	(9 340)	-62%	21 913
Finance and administration		160 919	317 437	244 891	13 573	132 727	220 885	(88 158)	-40%	244 891
Internal audit								–		
Community and public safety		**488 865**	**343 900**	**367 510**	**30 122**	**130 379**	**278 361**	(147 981)	-53%	**367 510**
Community and social services		20 665	14 800	15 313	2 038	13 308	12 030	1 278	11%	15 313
Sport and recreation		16 687	10 900	34 129	488	20 697	24 876	(4 180)	-17%	34 129
Public safety		17 180	20 700	26 840	199	2 703	20 763	(18 060)	-87%	26 840
Housing		433 952	292 385	285 885	27 372	92 092	216 689	(124 597)	-58%	285 885
Health		380	5 115	5 343	25	1 580	4 002	(2 422)	-61%	5 343
Economic and environmental services		**490 251**	**421 608**	**507 741**	**39 641**	**278 322**	**378 329**	(100 007)	-26%	**507 741**
Planning and development		131 920	83 318	92 151	3 319	32 428	67 739	(35 310)	-52%	92 151
Road transport		358 331	338 290	415 590	36 322	245 894	310 590	(64 696)	-21%	415 590
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**314 748**	**587 217**	**543 902**	**28 823**	**148 678**	**424 609**	(275 932)	-65%	**543 902**
Energy sources		120 908	123 420	122 870	16 321	81 098	92 391	(11 293)	-12%	122 870
Water management		78 202	121 543	111 543	8 849	43 661	87 158	(43 496)	-50%	111 543
Waste water management		71 555	324 406	289 741	1 600	20 932	229 439	(208 507)	-91%	289 741
Waste management		44 082	17 847	19 747	2 053	2 986	15 622	(12 635)	-81%	19 747
Other		127 070	122 500	141 593	12 371	63 799	104 260	(40 462)	-39%	141 593
Total Capital Expenditure - Functional Classification	3	**1 591 352**	**1 803 592**	**1 827 550**	**124 926**	**759 619**	**1 421 497**	**(661 879)**	**-47%**	**1 827 550**
Funded by:										
National Government		970 986	732 499	736 548	52 422	271 565	550 994	(279 430)	-51%	736 548
Provincial Government		–	–	–	–	–	–	–		–
District Municipality								–		
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	188	197	–	197	0%	–
Transfers recognised - capital		**970 986**	**732 499**	**736 548**	**52 610**	**271 762**	**550 994**	**(279 233)**	**-51%**	**736 548**
Borrowing	6	3 079	369 714	235 311	200	3 769	223 524	(219 755)	-98%	235 311
Internally generated funds		617 287	701 379	855 691	72 115	484 088	646 978	(162 891)	-25%	855 691
Total Capital Funding		**1 591 352**	**1 803 592**	**1 827 550**	**124 926**	**759 619**	**1 421 497**	**(661 879)**	**-47%**	**1 827 550**

7.4.4 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R23.65 billion as per statement of financial position. Consumer debtors and other debtors are reflected net of impairments.

Table 8: C6: Monthly Budget Statement – Financial Position

BUF Buffalo City - Table C6 Consolidated Monthly Budget Statement - Financial Position - M09 March

Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		250 776	80 172	80 172	722 176	80 172
Call investment deposits		894 632	1 230 745	1 176 880	525 576	1 176 880
Consumer debtors		2 222 580	1 498 419	1 498 419	3 027 382	1 498 419
Other debtors		6 257 777	612 860	612 860	6 713 138	612 860
Current portion of long-term receivables		176	–	–	176	–
Inventory		37 026	40 366	40 366	43 446	40 366
Total current assets		**9 662 966**	**3 462 562**	**3 408 696**	**11 031 894**	**3 408 696**
Non current assets						
Long-term receivables		(15 820)	–	–	(15 820)	–
Investments						
Investment property		436 049	419 941	419 941	436 049	419 941
Investments in Associate		676 448	755 757	755 757	676 448	755 757
Property, plant and equipment		21 532 669	21 391 504	21 417 765	21 122 314	21 417 765
Biological						
Intangible		12 412	20 266	14 966	10 836	14 966
Other non-current assets		50 513	52 483	55 481	50 517	55 481
Total non current assets		**22 692 272**	**22 639 951**	**22 663 909**	**22 280 344**	**22 663 909**
TOTAL ASSETS		**32 355 238**	**26 102 513**	**26 072 606**	**33 312 238**	**26 072 606**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		45 191	50 892	54 348	47 799	54 348
Consumer deposits		82 216	69 607	69 607	87 349	69 607
Trade and other payables		7 640 673	1 271 039	1 271 039	8 160 307	1 271 039
Provisions		348 905	319 404	319 404	346 911	319 404
Total current liabilities		**8 116 984**	**1 710 942**	**1 714 398**	**8 642 366**	**1 714 398**
Non current liabilities						
Borrowing		188 094	451 974	368 635	151 636	368 635
Provisions		884 267	793 754	793 754	867 492	793 754
Total non current liabilities		**1 072 361**	**1 245 728**	**1 162 389**	**1 019 128**	**1 162 389**
TOTAL LIABILITIES		**9 189 345**	**2 956 670**	**2 876 787**	**9 661 494**	**2 876 787**
NET ASSETS	2	**23 165 893**	**23 145 843**	**23 195 819**	**23 650 744**	**23 195 819**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		11 603 250	13 378 003	13 427 979	12 088 102	13 427 979
Reserves		11 562 643	9 767 840	9 767 840	11 562 643	9 767 840
TOTAL COMMUNITY WEALTH/EQUITY	2	**23 165 893**	**23 145 843**	**23 195 819**	**23 650 744**	**23 195 819**

7.4.5 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R109.13 million, resulting in cash and cash equivalents closing balance of R1.25 billion as at 31 March 2022.

Table 9: C7: Monthly Budget Statement – Cash Flow

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M09 March

Description	Ref	2020/21	Budget Year 2021/22							
		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		1 589 415	1 577 897	1 577 897	120 092	1 047 462	1 183 423	(135 961)	-11%	1 577 897
Service charges		3 937 345	3 421 416	3 426 085	255 941	2 173 366	2 569 564	(396 198)	-15%	3 426 085
Other revenue		(623 308)	967 444	962 509	267 121	853 158	721 882	131 276	18%	962 509
Transfers and Subsidies - Operational		1 206 249	1 301 395	1 370 113	302 136	1 079 626	1 027 585	52 041	5%	1 370 113
Transfers and Subsidies - Capital		1 069 736	733 699	737 748	314 390	715 223	553 311	161 912	29%	737 748
Interest		160 710	130 828	130 993	1 756	21 702	98 244	(76 543)	-78%	130 993
Dividends		–	–	–	–	–	–	–		
Payments										
Suppliers and employees		(5 753 843)	(6 489 604)	(6 512 929)	(497 327)	(4 865 629)	(4 884 697)	(19 068)	0%	(6 512 929)
Finance charges		(25 757)	(59 936)	(23 235)	(7 667)	(18 837)	(17 427)	1 410	-8%	(23 235)
Transfers and Grants		(104 708)	(161 059)	(147 983)	(10 261)	(104 054)	(110 987)	(6 933)	6%	(147 983)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**1 455 838**	**1 422 081**	**1 521 198**	**746 181**	**902 017**	**1 140 898**	**238 881**	**21%**	**1 521 198**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		36 769	–	–	–	91	–	91	0%	–
					–	–	–			
Decrease (increase) in non-current receivables		–			–	–	–	–		
Decrease (increase) in non-current investments					–	–	–	–		
Payments										
Capital assets		(1 666 515)	(1 803 592)	(1 827 550)	(124 926)	(759 619)	(1 370 662)	(611 044)	45%	(1 827 550)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(1 629 746)**	**(1 803 592)**	**(1 827 550)**	**(124 926)**	**(759 528)**	**(1 370 662)**	**(611 135)**	**45%**	**(1 827 550)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans			–		–	–	–	–		
Borrowing long term/refinancing			369 714	235 311	–	–	–	–		235 311
Increase (decrease) in consumer deposits			–		–	491	–	491	0%	–
Payments										
Repayment of borrowing		(54 396)	(50 892)	(45 512)	(11 843)	(33 849)	(34 134)	(285)	1%	(45 512)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(54 396)**	**318 822**	**189 799**	**(11 843)**	**(33 358)**	**(34 134)**	**(776)**	**2%**	**189 799**
NET INCREASE/ (DECREASE) IN CASH HELD		**(228 303)**	**(62 689)**	**(116 554)**	**609 411**	**109 132**	**(263 898)**			**(116 554)**
Cash/cash equivalents at beginning:		1 373 711	1 373 606	1 373 606	–	1 138 620				
Cash/cash equivalents at month/year end:		1 145 407	1 310 917	1 257 052		1 247 752	(263 898)			(116 554)

PART 2: SUPPORTING DOCUMENTATION

8. DEBTOR'S MANAGEMENT

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 - M09 March

Description	NT Code	Budget Year 2021/22											
R thousands		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	163 600	110 761	87 547	90 788	108 673	93 038	434 437	715 992	1 804 837	1 442 928	–	9 890
Trade and Other Receivables from Exchange Transactions - Electricity	1300	123 664	39 524	22 328	17 960	16 458	12 372	73 794	152 877	458 976	273 460	–	28 763
Receivables from Non-exchange Transactions - Property Rates	1400	128 186	62 817	41 971	38 968	34 894	46 689	163 654	571 928	1 089 107	856 133	–	22 351
Receivables from Exchange Transactions - Waste Water Management	1500	32 621	17 125	12 202	10 267	10 769	10 379	52 099	216 499	361 962	300 014	–	5 588
Receivables from Exchange Transactions - Waste Management	1600	29 063	17 945	14 282	13 302	12 783	12 141	74 422	311 302	485 239	423 949	–	4 599
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	30	30	30	–	–
Interest on Arrear Debtor Accounts	1810	16 997	16 669	15 771	16 256	14 549	10 415	65 485	385 982	542 123	492 686	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									–	–		
Other	1900	19 458	13 326	5 755	5 053	8 027	7 980	47 483	289 913	396 995	358 456	–	1 473
Total By Income Source	**2000**	**513 588**	**278 166**	**199 857**	**192 592**	**206 153**	**193 014**	**911 373**	**2 644 522**	**5 139 267**	**4 147 656**	**–**	**72 664**
2020/21 - totals only										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	17 869	17 632	8 298	4 800	5 314	12 835	13 445	31 405	111 598	67 799	–	–
Commercial	2300	216 064	77 302	51 175	47 795	46 212	42 041	228 847	809 249	1 518 685	1 174 144	–	–
Households	2400	279 655	183 232	140 384	139 997	154 627	138 139	669 082	1 803 869	3 508 984	2 905 713	–	72 664
Other	2500									–	–		
Total By Customer Group	**2600**	**513 588**	**278 166**	**199 857**	**192 592**	**206 153**	**193 014**	**911 373**	**2 644 522**	**5 139 267**	**4 147 656**	**–**	**72 664**

8.1. Additional debtors' information

The total debtors book, which includes all charges excluding VAT, amounted to R5,139,267,179 as at 31 March 2022 which is an increase of R128,521,336 over the amount of R5,010,745,159 as at 28 February 2022.

During the month, Credit control action and debt collection action commenced. Pre-termination notices were sent to all customers due for disconnection/blocking. For those debtors who did not respond, electricity supply was either blocked or disconnected. This relates to residential and non-residential customers. Registered Indigent Debtors who are in arrears remain on the partial block type (60/40).

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

Figure 6: Debtors age analysis over the 3-year period

8.2. Debtor's Age Analysis.

8.2.1. Age Analysis by income source.

Table 11 below details debtors age analysis by income source as at 31 March 2022. It also provides comparison with the previous month (28 February 2022) which indicates an increase from R 5.01 billion to R 5.14 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR MARCH 2022	TOTAL FOR FEBRUARY 2022
CURRENT	134 487 961	36 285 269	134 138 869	169 087 593	30 986 186	8 602 209	513 588 087	500 208 697
30 DAYS	68 867 141	19 477 227	48 505 499	116 098 910	19 821 091	5 396 093	278 165 960	246 748 354
60 DAYS	47 588 279	14 931 060	24 378 847	92 659 333	16 068 942	4 230 770	199 857 231	214 381 807
90 DAYS	45 450 087	12 407 155	19 723 708	95 691 181	15 066 020	4 254 155	192 592 306	219 402 328
120 DAYS TO 360 DAYS	282 012 032	87 427 483	139 647 003	661 155 360	109 654 869	30 644 478	1 310 541 224	1 256 010 474
YEAR 2	257 836 003	100 928 667	108 942 087	475 037 580	122 948 929	38 978 936	1 104 672 202	1 071 752 354
YEAR 3	139 382 810	43 145 606	56 219 538	73 267 073	51 586 165	27 876 518	391 477 710	377 604 073
YEAR 4	102 208 569	33 239 375	32 054 071	58 440 807	40 811 291	19 308 556	286 062 668	279 553 801
YEAR 5	57 273 650	27 909 893	27 760 160	56 477 696	33 659 984	23 443 452	226 524 834	223 256 874
YEAR 5+	162 981 096	95 256 670	41 151 095	145 239 543	123 840 987	67 315 565	635 784 956	621 826 398
TOTAL	**1 298 087 628**	**471 008 404**	**632 520 876**	**1 943 155 075**	**564 444 464**	**230 050 733**	**5 139 267 179**	**5 010 745 159**

8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type as at 31 March 2022. 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	226 844 674	133 681 705	97 960 632	94 773 415	2 437 031 899	2 990 292 325	58
Indigent	50 450 929	48 544 175	41 607 764	44 536 447	321 283 913	506 423 228	10
Business	216 064 139	77 301 936	51 174 946	47 795 182	1 126 348 465	1 518 684 668	30
Government	17 868 723	17 632 047	8 298 054	4 800 119	62 999 115	111 598 058	2
Municipal Staff*	2 308 922	974 876	805 546	650 912	7 235 978	11 976 234	0
Councillors*	50 700	31 220	10 290	36 230	164 225	292 665	0
Total	**513 588 087**	**278 165 960**	**199 857 231**	**192 592 306**	**3 955 063 595**	**5 139 267 179**	**100**

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 March 2022 a total of R2,561,984.90 was receipted against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 871,809.32
Arrears Receipts	R 1,690,175.58
Total Receipts	R 2,561,984.90

8.2.3. Government Accounts

The total outstanding amount owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 March 2022 amounted to R111,598,058 and this is an increase of R2,098,143 as compared to February 2022.

It must also be noted that Government Departments do not settle their accounts by the due date and often pay after month-end, resulting in the accounts being unpaid at the time of reporting.

The breakdown of the arrears per department (excluding accounts in credit) indicated in the table hereunder, as at 31 March 2022.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	VALUE AS AT 31 MARCH 2022	VALUE AS AT 28 FEBRUARY 2022	DIFFERENCE
National Department Of Public Works	7 214 624	8 781 079	15 995 703	15 367 273	628 430
Provincial Department Of Public Works	19 078 919	15 937 971	35 016 890	40 351 588	(5 334 698)
Department of Education	-	19 114 119	19 114 119	17 333 929	1 780 190
Department of Health	-	26 842 049	26 842 049	22 374 897	4 467 152
Department of Social Development	-	807 605	807 605	839 607	(32 002)
Department of Transport	-	63 032	63 032	53 587	9 445
Department of Agriculture	-	63 574	63 574	42 934	20 640
Department of Nature Conservation	-	12 446	12 446	12 444	2
Department of Human Settlements	-	11 555 116	11 555 116	11 281 904	273 212
Sport, Recreation, Arts and Culture	-	42 446	42 446	21 223	21 223
Department of Labour - UIF Services	-	32 954	32 954	28 416	4 539
Members of Provincial Legislature	-	920 827	920 827	676 646	244 181
Department of Water Affairs	-	2 557	2 557	2 557	-
Department of Rural Development and Land Reform	-	1 128 739	1 128 739	1 112 910	15 829
TOTAL	**26 293 543**	**85 304 515**	**111 598 058**	**109 499 915**	**2 098 143**

9. CREDITORS' ANALYSIS

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

Table 14: SC4 Monthly Budget Statement Aged Creditors

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M09 March

Description	NT Code	Budget Year 2021/22									Prior year totals for chart (same period)
R thousands		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	163 032	–	–	–	–	–	–	–	**163 032**	137 802
Bulk Water	0200	20 915	–	–	–	–	–	–	–	**20 915**	16 967
PAYE deductions	0300	28 791	–	–	–	–	–	–	–	**28 791**	29 081
VAT (output less input)	0400									**–**	
Pensions / Retirement deductions	0500	33 904	–	–	–	–	–	–	–	**33 904**	34 187
Loan repayments	0600	19 511	–	–	–	–	–	–	–	**19 511**	
Trade Creditors	0700	28 676	–	–	–	–	–	–	–	**28 676**	2 365
Auditor General	0800	5 450	–	–	–	–	–	–	–	**5 450**	4 665
Other	0900	300 931	–	–	–	–	–	–	–	**300 931**	321 228
Total By Customer Type	**1000**	**601 210**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**601 210**	546 295

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in March 2022.

Table 15: Payments made to the 20 highest paid creditors – March 2022

CREDITOR	90 DAYS	60 DAYS	30 DAYS	CURRENT	TOTAL	PAYMENT
ESKOM				163 032 350	163 032 350	163 032 350
AMATOLA WATER				20 915 003	20 915 003	20 915 003
WBHO CONSTRUCTION / MAKALI JV				19 069 973	19 069 973	19 069 973
EASTERN CAPE HUMAN SETTLEMENTS				13 238 568	13 238 568	13 238 568
MAKALI PLANT AND CONSTRUCTION (PTY) LTD				12 279 617	12 279 617	12 279 671
EYA BANTU PROFFESSIONAL SERVICES CC				12 054 128	12 054 128	12 054 128
EZULUWENI CONSTRUCTION (PTY) LTD				11 343 757	11 343 757	11 343 757
C & M FASTENERS CC				10 675 345	10 675 345	10 675 345
DESIGNER LIGHTING (PTY) LTD				8 513 647	8 513 647	8 513 647
MVEZO PLANT & CIVILS CC				6 317 631	6 317 631	6 317 631
AFROCENTRIC INTELLECTUAL PROPERTY (PTY) LTD				5 363 049	5 363 049	5 363 049
PROTEA CHEMICALS (CAPE)				4 512 744	4 512 744	4 512 744
BUSINESS CONNECTION				4 088 707	4 088 707	4 088 707
CZAR CONSTRUCTION				3 960 324	3 960 324	3 960 324
VITSHA PM CONSULTANTS CC				3 877 849	3 877 849	3 877 849
HOUSING DEVELOPMENT AGENCY				3 441 373	3 441 373	3 441 373
IMVUSA TRADING 415CC				3 384 651	3 384 651	3 384 651
LUQAQAMBO CIVILS CONSTRUCTION CC				3 182 049	3 182 049	3 182 049
SAFIKA CONSTRUCTION CC				2 920 357	2 920 357	2 920 357
ASPIDUS 3636 CC				2 884 735	2 884 735	2 884 735
TOTAL	**-**	**-**	**-**	**315 055 857**	**315 055 857**	**315 055 911**

10. INVESTMENT PORTFOLIO ANALYSIS

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

Table 16: SC5 Monthly Budget Statement – investment portfolio

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M09 March

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ³	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Municipality														
Absa - 4094793455		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	319	3	320	–	**2**
Absa - 4094788949		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	3 001	79	–	–	**3 081**
Absa - 4094793968		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	194	5	–	–	**199**
Rand Merchant Bank - X021904913		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	19 866	457	20 323	–	**0**
First National Bank - 62938182285		Call Account	Call Account	Yes	Variable	4,1	0		Call Account	–	67	–	20 323	**20 390**
Stanlib - 552200137		Call Account	Call Account	Yes	Variable	4,68	0		Call Account	11	0	–	–	**12**
Nedbank - 03/7881532939/000041		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	1 124	30	–	–	**1 154**
Nedbank - 03/7881532939/000108		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	92	2	–	–	**94**
Absa - 4094789157		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	969	26	–	–	**995**
Nedbank - 03/7881532939/000110		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	331	9	–	–	**340**
Absa - 4094790083		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	1 300	34	–	–	**1 334**
Stanlib - 552200133		Call Account	Call Account	Yes	Variable	4,68	0		Call Account	781	15	443	–	**353**
Stanlib - 700475605		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	97	37	2 622	2 500	**11**
Nedbank - 03/7881532939/000128		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	135 667	1 733	137 262	–	**137**
Rand Merchant Bank - RRB1722008		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	43 944	1 011	44 955	–	**0**
First National Bank - 62938013572		Call Account	Call Account	Yes	Variable	4,1	0		Call Account	–	149	–	44 955	**45 105**
Standard - 76586/442745		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	97 263	976	98 182	–	**58**
Absa - 4094790211		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	157 956	1 635	159 483	–	**108**
Rand Merchant Bank - KLN2720020		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	4 091	94	4 185	–	**0**
First National Bank - 62938181039		Call Account	Call Account	Yes	Variable	4,1	0		Call Account	–	14	–	4 185	**4 199**
Stanlib - 552200140		Call Account	Call Account	Yes	Variable	4,68	0		Call Account	190	6	–	–	**196**
Absa - 4094793895		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	504	13	–	–	**517**
Rand Merchant Bank - VVW2B13011		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	3	0	3	–	**0**

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M09 March

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ³	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Municipality														
First National Bank - 62938179951		Call Account	Call Account	Yes	Variable	4,1	0		Call Account	–	0	–	3	**3**
Nedbank - 03/7881532939/000133		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	860	23	–	–	**883**
Nedbank - 03/7881532939/000134		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	39 444	325	39 400	–	**368**
Rand Merchant Bank - KLN8UJ0005		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	3 455	80	3 534	–	**(0)**
First National Bank - 62938190080		Call Account	Call Account	Yes	Variable	4,1	0		Call Account	–	12	–	3 534	**3 546**
Standard - 76586/524914		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	4 297	90	4 371	–	**17**
Nedbank - 03/7881532939/000136		Call Account	Call Account	Yes	Variable	3,63	0		Call Account	3	0	–	–	**3**
Rand Merchant Bank - GBS1S70006		04/08/2021	04/08/2021	Yes	Fixed	4,55	0		04/08/2021	98 955	333	99 288	–	**0**
Nedbank - 03/7881532939/000147		19/04/2022	19/04/2022	Yes	Fixed	4,21	0		19/04/2022	–	818	–	100 947	**101 765**
Nedbank - 03/7881532939/000143		23/09/2021	23/09/2021	Yes	Fixed	4,25	0		23/09/2021	63 369	614	63 982	–	**–**
Standard Bank - 76586/551390		23/09/2021	23/09/2021	Yes	Fixed	4,55	0		23/09/2021	51 847	507	52 354	–	**–**
First National Bank - 74933520493		19/04/2022	19/04/2022	Yes	Fixed	4,85	0		19/04/2022	–	508	–	64 674	**65 182**
Standard - 76586/556269		19/04/2022	19/04/2022	Yes	Fixed	4,05	0		19/04/2022	–	443	–	52 945	**53 388**
Nedbank - 03/7881532939/000144		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	–	91	–	4 703	**4 794**
Nedbank - 03/7881532939/000145		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	–	57	–	2 980	**3 037**
Standard - 76586/553472		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	–	98	–	5 102	**5 200**
Standard - 76586/553471		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	–	196	–	10 191	**10 387**
Absa - 4101937017		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	–	1 570	–	94 081	**95 652**
Stanlib - 552200136		Call Account	Call Account	Yes	Variable	4,68	0		Call Account	–	125	–	5 393	**5 518**
Nedbank - 03/7881532939/000146		07/01/2022	07/01/2022	Yes	Fixed	4,2	0		07/01/2022	–	677	64 674	63 997	**–**
Standard - 76586/553966		07/01/2022	07/01/2022	Yes	Fixed	4,48	0		07/01/2022	–	591	52 945	52 354	**–**
Rand Merchant Bank - X021904910		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	19 551	518	–	–	**20 069**
Stanlib - 552200130		Call Account	Call Account	Yes	Variable	4,29	0		Call Account	18 487	326	18 000	–	**813**
Stanlib - 552200132		Call Account	Call Account	Yes	Variable	4,68	0		Call Account	1 450	46	–	–	**1 496**
Standard - 76586/442736		Call Account	Call Account	Yes	Variable	3,8	0		Call Account	3 244	86	–	–	**3 330**
Stanlib - 552200131		Call Account	Call Account	Yes	Variable	4,68	0		Call Account	11 626	372	–	–	**11 998**
Rand Merchant Bank - X021904579		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	5 211	120	5 331	–	**0**
First National Bank - 62938189471		Call Account	Call Account	Yes	Variable	4,1	0		Call Account	–	18	–	5 331	**5 349**
Nedbank - 03/7881532939/000101		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	2 415	64	–	–	**2 479**
Absa - 4094793536		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	20 691	548	–	–	**21 239**
Absa - 4094789872		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	17 429	261	16 000	–	**1 690**
Standard - 76586/442741		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	15 191	402	–	–	**15 593**
Standard - 76586/442744		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	37 618	558	35 000	–	**3 176**
Rand Merchant Bank - RRB0C07002		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	3 227	74	3 301	–	**0**
First National Bank - 62938188887		Call Account	Call Account	Yes	Variable	4,1	0		Call Account	–	11	–	3 301	**3 312**
Nedbank - 03/7881532939/000129		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	5 364	142	–	–	**5 506**
Standard - 76586/442738		Call Account	Call Account	Yes	Variable	4,05	0		Call Account	3 195	85	–	–	**3 280**
Municipality sub-total										**894 632**	**17 185**	**925 959**	**541 499**	**527 357**
Entities														
Entities sub-total										**–**	**–**	**–**	**–**	**–**
TOTAL INVESTMENTS AND INTEREST	2									**894 632**	**17 185**	**925 959**	**541 499**	**527 357**

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

BUF Buffalo City - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M09 March										
Description	Ref	2020/21	Budget Year 2021/22							
		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:		26 557	79 355	1 037 849	281 555	1 029 724	1 037 909	(8 184)	-0,8%	1 037 849
Energy Efficiency And Demand Side Management Grant		6 300	8 941	–	–	–	–	–		–
Equitable Share		–	–	936 811	234 203	936 811	936 811	–	0,0%	936 811
Expanded Public Works Programme Integrated Grant		8 449	7 300	7 300	–	7 300	7 300	–	0,0%	7 300
Infrastructure Skills Development Grant		10 808	10 500	10 350	(150)	10 350	10 350	–	0,0%	10 350
Local Government Financial Management Grant		1 000	1 000	1 000	–	1 000	1 000	–	0,0%	1 000
Metro Informal Settlements Partnership Grant		–	6 873	8 300	–	–	8 300	(8 300)	-100,0%	8 300
Neighbourhood Development Partnership Grant		–	–	20 505	–	20 581	20 505	76	0,4%	20 505
Programme And Project Preparation Support Grant		–	–	8 941	2 761	8 941	8 941	–	0,0%	8 941
Public Transport Network Grant		–	44 741	–	–	–	–	–		–
Urban Settlement Development Grant		–	–	44 641	44 741	44 741	44 701	40	0,1%	44 641
Other transfers and grants [insert description]								–		
Provincial Government:		–	114 952	195 430	(14 472)	15 870	148 711	(132 841)	-89,3%	195 430
Dsrac		–	15 870	15 870	(14 472)	15 870	15 870	–	0,0%	15 870
Infrastructure Grant		–	–	–	–	–	–	–		–
Transitional Grant		–	99 082	179 560	–	–	132 841	(132 841)	-100,0%	179 560
Other transfers and grants [insert description]								–		
District Municipality:		–	–	–	–	–	–	–		–
[insert description]								–		
Other grant providers:		475	1 107 088	15 929	14 472	34 032	15 796	18 236	115,5%	15 929
Eastern Cape Arts Council		–	–	–	–	–	–	–		–
European Union		–	36 568	15 505	14 472	15 685	15 505	179	1,2%	15 505
Local Government Water And Related Service Seta		–	–	42	–	–	24	(24)	-100,0%	42
Parent Municipality		–	–	–	–	18 347	–	18 347		–
Unsp. City Of Oldenburg		475	125 409	–	–	–	–	–		–
Unsp. Glasgow Partnshp		–	945 111	–	–	–	–	–		–
Unsp. Salaida/Galve		–	–	381	–	–	267	(267)	-100,0%	381
Total Operating Transfers and Grants	5	27 032	1 301 395	1 249 207	281 555	1 079 626	1 202 415	(122 789)	-10,2%	1 249 207
Capital Transfers and Grants										
National Government:		905 339	733 699	736 196	314 390	715 372	733 977	(18 606)	-2,5%	736 196
Energy Efficiency and Demand Side Management Grant		–	–	9 000	–	9 000	9 000	–	0,0%	9 000
Infrastructure Skills Development Grant		–	–	150	150	150	150	–	0,0%	150
Integrated City Development Grant		8 218	–	–	–	–	–	–		–
Metro Informal Settlements Partnership Grant		–	259 385	257 958	105 128	238 258	258 814	(20 556)	-7,9%	257 958
Neighbourhood Development Partnership Grant		10 000	9 000	13 536	4 000	13 000	10 815	2 185	20,2%	13 536
Rural Road Asset Management Systems Grant		–	10 350	487	–	–	195	(195)	-100,0%	487
Urban Settlement Development Grant		887 121	454 964	455 064	205 112	454 964	455 004	(40)	0,0%	455 064
Provincial Government:		–	–	–	–	–	–	–		–
[insert description]								–		
District Municipality:		–	–	–	–	–	–	–		–
[insert description]								–		
Other grant providers:		–	–	–	–	(149)	270	(419)	-155,1%	–
[insert description]								–		
Parent Municipality		–	–	–	–	(149)	270	(419)	-155,1%	–
Total Capital Transfers and Grants	5	905 339	733 699	736 196	314 390	715 223	734 247	(19 024)	-2,6%	736 196
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	932 371	2 035 094	1 985 403	595 945	1 794 849	1 936 663	(141 814)	-7,3%	1 985 403

11.1. Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 44% (R366.67 million, inclusive of reclaimed vat) of its 2021/22 conditional grants adjusted budget of R836.21 billion as at 31 March 2022. This reflects a decline when compared to the same period in the previous financial year where 53% (R540.35 million, inclusive of reclaimed vat) of conditional grants budget of R1.04 billion was spent. However, it is expected that expenditure will improve in the last quarter of the financial year as major projects have since moved from planning to implementation stage.

Table 18 below reflects the year-to-date expenditure on 2021/2022 total conditional grants.

Table 18: Spending per Conditional Grant Funding Allocation

Funding/Grant	2021/22 Approved Budget	YTD Expenditure (vat) R	YTD Variance (vat incl.) R	% Expenditure (vat incl.)
Finance Management Grant	1 000 000	601 577	398 423	60%
Energy Efficiency Demand Side Management Grant	9 000 000	8 704 356	295 644	97%
Infrastructure Skills Development Grant	10 500 000	5 488 665	5 011 335	52%
Urban Settlement Development Grant	499 705 000	269 039 773	230 665 227	54%
Neighborhood Development Partnership Grant	33 505 493	6 000 722	27 504 771	18%
Informal Settlement Upgrading Partnership Grant	266 258 000	67 462 532	198 795 468	25%
Expanded Public Works Programme Grant	7 300 000	9 364 055	-2 064 055	128%
Programme and Project Preparation Support Grant (PPPSG)	8 941 000	6 645	8 934 355	0%
TOTAL	**836 209 493**	**366 668 325**	**469 541 168**	**44%**

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

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

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

11.1.1. FINANCE MANAGEMENT GRANT (FMG)

There are currently five (5) interns serving on the internship programme. The interns are being remunerated accordingly. A recruitment process is underway for three (3) additional interns, as the target for the current financial year is to have at least eight (8) interns. The new interns will be enrolled in several training programmes upon appointment which will see an improvement in expenditure. Grant funding is being utilized in line with the set targets and will be fully spent by year end.

11.1.2. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

Low expenditure can be attributed to the fact that the were delays in the in the recruitment process for interns. The process of Recruiting eleven (11) interns is currently underway and there are three (3) training programmes as well which are planned for the month of April which will improve expenditure.

11.1.3. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

Spatial Planning and Development

a) Bridge Designs & Implementation:

Ncera/New Hope stormwater crossings construction is in progress as from 6 October 2021 anticipated to be completed not later than May 2022. Construction of the Ndevana stormwater crossings commenced on 17 January 2022 and is anticipated for completion end June 2022.

b) Qumza Highway:

Tender for Phase 1 - remaining works is at Bid Adjudication Stage. Upgrading of the NU8 intersection stormwater catchment is in progress and will be completed by end of May 2022.

c) Sleeper Site Road:

Phase 2 Tender Closed on the 03 August 2021 and is currently at Bid Adjudication Stage. Phase 3 Designs for connection from Currie to Commercial Road is at advanced stage and will be completed by end of June 2022.

Infrastructure Services

a) Electricity

Contractor for Reeston Phase 3 Electrification has been appointed. Order for materials were placed in mid-January and delivery is expected to take between 6 to 8 weeks. Expenditure is expected to improve once materials have been delivered.

b) Roads

Project scope identification process is complete. The department has prepared and submitted requisions for work to be undertaken. Orders have been issued and construction work has commenced. However, Mdantsane roads upgrade programme for cluster 1 and 2 is still at Bid Evaluation Stage, expenditure is expected to improve once the appointments of Mdantsane roads upgrade projects for cluster 1 and 2 are finalized.

c) Sanitation

The following reasons have impacted on low expenditure:

- Upgrading of Zwelitsha WWTW has low expenditure due to termination of contract between the contractor and the Metro. The Metro is currently reviewing various options to try and complete remaining work.
- Currently procuring contractor to conduct upgrades for Hood Point Marine Outfall Sewer. Expenditure expected to improve soon.
- Mdantsane Sanitation project is still at a procurement stage for a design engineer.
- Most of the other projects with no expenditure are due to funding only made available during budget adjustment, however requisitions for appointment of service providers have been made, orders are generated and expenditure is expected to improve soon.

d) Water

Low expenditure can be attributed to the fact that there first had to be project preparation and readiness aligned to procurement processes. However, most projects are now at implementation stage and expenditure is expected to improve during the last quarter of the financial year.

Economic Development & Agencies

a) Hydroponics Projects

Contractor has been appointed for construction of Hydroponics in Ndevana Village and a site has been established however work has not yet commenced. The fencing of the tunnels is complete and construction of tunnels is underway. The project is progressing well through the use of the annual contractors.

b) Revitalization of Industrial Areas

The project is being implemented by the Eastern Cape Development Corporation (ECDC) on behalf of the Metro as per Memorandum of Understanding (MOU) and implementation is underway.

c) SMME Incubation: Sekunjalo Skills Development Centre

The department has submitted specifications for the procurement of equipment for the culinary incubator project. Once all the Bid stages have progressed and the service provider has been appointed to supply, deliver and install required equipment expenditure will improve. Also underway is the Refurbishments of the Sekunjalo Skills Development Centre which is currently awaiting quotation from the Service Provider that will do the refurbishment.

Human Settlements

Some major Human Settlement contracts are being implemented by the Housing Development Agency (HDA) on behalf of the Metro for speedy implementation. However, there was a circular issued by National Treasury holding all procurement until further notice. The suspension has been lifted from the 1st of April 2022 which will allow the Housing Development Agency to fastrack the implementation of projects.

11.1.4. NEIGHBORHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

The consultant for Billie Road Project is in progress with design work. Expenditure is expected to be incurred as soon as the design work has been completed**.** Contractors are on site for the construction of sidewalks and street lighting at Toyana road.

Furthermore, additional funding of about R20.58 million was made available through a special City Public Employment Programmed (PEP) window of the Neighbourhood Partnership Development Grant and was appropriated into the budget in the February 2022 mid-year budget adjustment process which has contributed to the low expenditure, however expenditure is expected to improve as the new projects are implemented.

11.1.5. INFORMAL SETTLEMENT UPGRADING PARTNERSHIP GRANT (ISUPG)

Spatial Planning and Development

The Land Acquisition process is currently at different levels such as acquisition, transfer/ registration, signing of the Deed of sale and negotiation stage with private owners and State Owned Entities. Expenditure will improve as the negotiation process for the different Land Parcels are finalized and Deeds of sale are signed as these are expected to be concluded in the last quarter of the financial year.

Infrastructure Services

a) Roads

The department is currently busy with assessments and design for roads and storm water of informal settlements. The requisitions will be prepared and submitted once the assessments are completed. Thereafter work will commence and is expected to be completed within the current financial year.

b) Water

Low expenditure can be attributed to the fact that there first had to be project preparation and readiness aligned to procurement processes. However, most projects are now at implementation stage and expenditure is expected to improve during the last quarter.

Economic Development & Agencies

a) Agri-Village

Order for construction of tunnels has been generated through annual contractor and a service provider is on site. Expenditure is expected to improve as the projects is being implemented.

b) Informal Trade Infrastructure (Hawker Stalls)

Drawings for the container mall have been done, service provider has been contracted and the work is about to commence.

Human Settlements

Some of the major Human Settlement projects are being implemented by the Housing Development Agency (HDA) on behalf of the Metro for speedy implementation. However, there was a circular issued by National Treasury holding all procurement until further notice. The suspension has been lifted from the 1st of April 2022 which will allow the Housing Development Agency to fastrack the implementation of projects.

11.1.6. Expanded Public Works Programme Grant

EPWP has an over expenditure of 28%. The EPWP unit is currently looking at various options in order to have the over-expenditure corrected.

11.1.7. PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT (PPPSG)

Most of the projects under the programme are still in the procurement stage. The projects are still waiting for the appointment of service providers. Expenditure will pick up as soon as appointments are made.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and councilors remuneration. The workforce costs as a percentage of total expenditure amounted to 29.74%. This is within the norm of 25% - 40%.

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

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M09 March

Summary of Employee and Councillor remuneration	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		35 923	47 524	40 790	3 057	27 422	30 346	(2 924)	-10%	40 790
Pension and UIF Contributions		4 257	4 769	4 073	312	2 565	3 031	(465)	-15%	4 073
Medical Aid Contributions		2 490	2 311	1 970	114	1 279	1 466	(187)	-13%	1 970
Motor Vehicle Allowance								–		
Cellphone Allowance		4 048	3 129	4 064	341	3 094	3 024	70	2%	4 064
Housing Allowances		2 596	2 712	2 333	1 157	6 944	1 736	5 208	300%	2 333
Other benefits and allowances		14 499	16 104	13 814	455	7 167	10 277	(3 110)	-30%	13 814
Sub Total - Councillors		**63 813**	**76 550**	**67 045**	**5 436**	**48 471**	**49 879**	**(1 408)**	**-3%**	**67 045**
% increase	4		**20,0%**	**5,1%**						**5,1%**
Senior Managers of the Municipality	3									
Basic Salaries and Wages		10 863	13 179	13 125	960	8 656	9 868	(1 211)	-12%	13 125
Pension and UIF Contributions		1 858	2 271	2 286	182	1 604	1 710	(107)	-6%	2 286
Medical Aid Contributions		315	396	419	29	257	306	(49)	-16%	419
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		2 296	2 788	2 758	204	1 837	2 080	(243)	-12%	2 758
Cellphone Allowance		284	353	355	25	228	266	(38)	-14%	355
Housing Allowances		2 703	3 141	3 125	218	2 005	2 351	(346)	-15%	3 125
Other benefits and allowances		72	92	113	7	57	78	(20)	-26%	113
Payments in lieu of leave		–	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2							–		
Sub Total - Senior Managers of Municipality		**18 390**	**22 220**	**22 181**	**1 625**	**14 645**	**16 659**	**(2 014)**	**-12%**	**22 181**
% increase	4		**20,8%**	**20,6%**						**20,6%**
Other Municipal Staff										
Basic Salaries and Wages		1 458 485	1 580 835	1 595 169	126 758	1 197 563	1 191 672	5 891	0%	1 595 169
Pension and UIF Contributions		286 564	281 797	284 726	24 700	231 339	212 564	18 774	9%	284 726
Medical Aid Contributions		110 672	136 039	136 406	9 597	84 576	102 200	(17 624)	-17%	136 406
Overtime		156 216	145 793	139 658	11 788	114 566	106 935	7 631	7%	139 658
Performance Bonus		121 700	120 126	129 550	8 434	90 331	93 931	(3 600)	-4%	129 550
Motor Vehicle Allowance		34 599	36 774	38 433	3 176	28 436	28 247	189	1%	38 433
Cellphone Allowance		4 486	4 387	4 308	360	3 223	3 261	(37)	-1%	4 308
Housing Allowances		7 780	14 148	14 268	692	6 212	10 663	(4 450)	-42%	14 268
Other benefits and allowances		81 641	81 927	82 224	7 115	64 626	61 600	3 026	5%	82 224
Payments in lieu of leave		58 427	2 907	–	120	242	1 017	(775)	-76%	–
Long service awards		31 421	31 333	31 492	2 925	26 187	23 572	2 615	11%	31 492
Post-retirement benefit obligations	2	102 399	47 316	48 533	0	1	35 974	(35 973)	-100%	48 533
Sub Total - Other Municipal Staff		**2 454 392**	**2 483 383**	**2 504 767**	**195 665**	**1 847 303**	**1 871 636**	**(24 333)**	**-1%**	**2 504 767**
% increase	4		**1,2%**	**2,1%**						**2,1%**
TOTAL MANAGERS AND STAFF		**2 501 193**	**2 536 210**	**2 560 136**	**199 045**	**1 879 366**	**1 912 304**	**(30 954)**	**-2%**	**2 560 136**

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 7: Workforce (Employee) Costs

12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 March 2022. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 March 2022.

Table 20: Overtime per Directorate

Directorate Overtime	2021/2022 Annual Budget R	2021/2022 YTD Budget R	2021/2022 YTD Expenditure R	2021/2022 YTD Variance R	2021/2022 % of YTD Budget %
Directorate of Executive Support Services	1 886 907	1 444 786	2 830 642	(1 385 857)	196%
Directorate of The City Manager	728 999	558 187	698 575	(140 387)	125%
Directorate of Corporate Services	970 915	743 420	493 391	250 029	66%
Directorate of Spatial Planning & Development	327 858	251 038	430 057	(179 020)	171%
Directorate of Economic Development & Agencies	650 563	498 130	411 139	86 991	83%
Directorate of Finance	5 457 215	4 178 535	3 347 129	831 406	80%
Directorate of Health / Public Safety & Emergency Services	45 290 789	34 678 702	34 839 181	(160 479)	100%
Directorate Of Human Settlement	0	0	-3 200	3 200	0%
Directorate of Infrastructure Services	45 628 094	34 936 973	40 827 284	(5 890 311)	117%
Electricity	*16 590 243*	12 702 982	*13 784 986*	(1 082 004)	*109%*
Water	*13 307 754*	10 189 614	*13 213 990*	(3 024 376)	*130%*
Sanitation	*14 037 592*	10 748 443	*12 152 106*	(1 403 663)	*113%*
Other	*1 692 505*	1 295 934	*1 676 202*	(380 268)	*129%*
Directorate of Solid Waste, Environmental & Health Management	29 055 147	22 247 234	20 974 219	1 273 015	94%
Directorate of Sport, Recreation & Community Development	9 661 940	7 398 050	9 717 822	(2 319 772)	131%
Total	**139 658 427**	**106 935 054**	**114 566 240**	**(7 631 186)**	**107%**

The total overtime payment for the months of January 2022, February 2022 and March 2022 is reflected below. There was an increase in the total payment of overtime between January 2022 and February 2022 of R477 336 and a decrease in the total payment of overtime between February 2022 and March 2022 of R2 190 512.

Table 21: Overtime Per Cost Centre: January 2022 – March 2022

OVERTIME PER COST CENTRE

		January 2022 Amount	February 2022 Amount	March 2022 Amount
	DIRECTORATE -EXECUTIVE SUPPORT SERVICES			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	-	810.65	3 176.25
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	-	9 599.36	-
0523	IDP & BUDGET INTEGRATION	4 832.32	-	-
0533	OFFICE OF THE DEPUTY EXECUTIVE MAYOR	59 341.55	-	123 263.46
0532	OFFICE OF THE CHIEF WHIP	-	2 120.34	-
0533	OFFICE OF THE DEPUTY EXECUTIVE MAYOR	123 124.65	142 065.68	-
0534	OFFICE OF THE EXECUTIVE MAYOR	62 852.00	88 713.77	89 368.95
0535	OFFICE OF THE SPEAKER	82 023.80	34 520.90	27 505.21
		209 049.67	**277 830.70**	**243 313.87**
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	22 743.53	84 560.95	65 611.81
		22 743.53	**84 560.95**	**65 611.81**
	DIRECTORATE OF CORPORATE SERVICES			
1512	ADMINISTRATIVE & CORPORATE SUPPORT	3 916.19	9 281.02	1 723.95
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	16 394.27	24 285.55	16 803.76
1514	INFORMATION / TECHNOLOGY & SUPPORT	16 084.42	12 068.97	3 066.44
1521	COVID 19 DISASTER MANAGEMENT, HR PERFORMANCE & DEVELOPMENT	6 357.12	-	-
1532	ADMINISTRATIVE SUPPORT	-	1 565.70	2 739.98
1536	ORGANISATIONAL DEVELOPMENT	-500.00	-500.00	-500.00
		42 252.00	**46 701.24**	**23 834.13**

		January 2022 Amount	February 2022 Amount	March 2022 Amount
	DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING			
2505	OFFICE OF THE DIRECTOR ECONOMIC DEVELOPMENT	-	1 928.42	-
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	-	3 584.13	-
2037	TRAFFIC MANAGEMENT & SAFETY	25 433.07	-	8 026.40
2511	FRESH PRODUCE MARKET	4 097.95	6 283.33	6 708.78
2521	TOURISM / ARTS / CULTURE & HERITAGE	-	37 783.22	-
		29 531.02	**49 579.10**	**14 735.18**
	DIRECTORATE OF FINANCE			
3033	PAYROLL & BENEFITS	8 526.68	-	-
3053	COASTAL REVENUE MANAGEMENT	1 410.43	9 867.96	3 228.20
3053	COASTAL REVENUE MANAGEMENT	-	-	1 166.73
3054	CUSTOMER RELATIONS (CALL CENTRE)	158 461.30	176 072.00	240 477.87
3055	INLAND REVENUE MANAGEMENT	74 746.58	2 152.26	33 285.22
3056	MIDLAND REVENUE MANAGEMENT	18 216.16	7 882.00	9 069.64
3071	SUPPLY CHAIN MANAGEMENT	2 233.45	-	2 100.11
		263 594.60	**195 974.22**	**289 327.77**
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	10439.62	23447.50	10259.27
3513	FIRE & RESCUE	817230.7	700144.86	439657.24
3532	LAW ENFORCEMENT SERVICES	1 830 484.81	1 729 547.27	1153773.21
3533	TRAFFIC SERVICES	487 312.97	643 919.41	458 772.52
3533	TRAFFIC SERVICES	3 269.54	-	-
		3 148 737.64	**3 097 059.04**	**2 062 462.24**
	DIRECTORATE OF HUMAN SETTLEMENT			
4011	HOUSING DELIVERY & IMPLEMENTATION	-400.00	-400.00	-400.00
		-400.00	**-400.00**	**-400.00**
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	5 962.78	12 904.59	22 540.40
4511	ELECTRICAL & ENERGY SERVICES	2 765.00	2 962.67	3 018.53
4512	CUSTOMER SERVICES & REVENUE PROTECTION	98 127.62	102 439.58	88 674.39
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	1 600.08	1 500.08	1 800.09
4514	ELECTRICAL DISTRIBUTION	1 633 296.98	1 423 745.71	1 488 013.41

		January 2022 Amount	February 2022 Amount	March 2022 Amount
4521	ROADS / PIU & CONSTRUCTION	-	17 800.17	34 647.42
4522	CONSTRUCTION	4 710.27	5 066.82	4 090.99
4524	ROADS	12 683.24	189 609.22	98 382.18
4532	SANITATION	1 195 577.57	1 353 978.85	997 561.85
4535	WATER SERVICES	1 320 673.58	1 439 824.37	1 411 260.26
4542	FLEET SERVICES & PLANT	11 943.66	22 695.86	18 424.04
4543	WORKSHOPS	60 113.10	87 743.46	64 893.57
		4 347 453.88	**4 660 271.38**	**4 233 307.13**
	DIRECTORATE OF SOLID WASTE, ENVIRONMENTAL & HEALTH MANAGEMENT			
5511	GENERAL MANAGER'S OFFICE	10 261.44	8 571.26	4 202.23
5512	WASTE REMOVAL & CLEANSING (COASTAL)	1 560 381.94	1 498 851.70	1 207 107.02
5517	LANDFILL & TRANSFER STATIONS	96 305.43	101 980.14	63 673.46
5523	COASTAL BEACHES & NATURE MANAGEMENT	389 407.97	591 065.09	136 451.45
5524	GRASS CUTTING & VEGETATION CONTROL	218 435.17	183 469.15	247 878.42
5533	MUNICIPAL HEALTH SERVICES	27 452.87	10 347.45	8 296.45
		2 295 160.91	**2 394 284.79**	**1 667 609.03**
	DIRECTORATE OF SPORT, RECREATION & COMMUNITY DEVELOPMENT			
6005	OFFICE OF THE DIRECTOR OF SPORT ,RECREATION & COMMUNITY DEVELOPMENT	-	4 533.56	-
6011	GM OFFICE	29 708.36	23 987.29	22 194.59
6012	LIBRARIES	21 663.55	28 391.40	18 055.42
6013	HALLS	160 350.50	164 756.11	181 540.84
6014	ZOO & AQUARIUM	154 892.27	155 053.10	119 600.61
6022	PARKS (COASTAL)	69 434.61	62 935.56	47 512.81
6023	CEMETERIES (COASTAL)	142 747.24	156 070.82	182 090.73
6024	PARKS (MIDLAND)	5 508.61	9 336.05	10 116.99
6025	CEMETERIES (MIDLAND)	155 276.33	77 382.45	72 709.20
6026	PARKS (INLAND)	14 233.11	-	78 210.57
6027	CEMETERIES (INLAND)	53 826.99	82 616.88	65 599.89
6032	FACILITIES	48 884.94	74 042.32	135 677.10
6033	SWIMMING POOLS	217 290.65	281 998.55	233 712.60
6034	RESORTS MANAGEMENT	99 064.06	88 458.67	58 089.73
		1 169 394.02	**1 209 562.76**	**1 225 111.08**
	TOTAL OVERTIME	**11 538 088.38**	**12 015 424.18**	**9 824 912.24**

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

a) Employees are not permitted to work more than ten (10) hours overtime per week – this is in line with the Basic Conditions of Employment Act.

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

c) All emergency overtime to be signed and approved by Heads of Directorates to ensure accountability and emphasis on control measures.

d) 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 8: Overtime Expenditure Monthly Trend

12.2.1. Comments on Overtime

a) Directorate of Executive Support Services

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

b) Directorate of The City Manager

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

c) Directorate of Spatial Planning & Development

Emergency overtime was carried out by the Traffic Management & Safety Department because of traffic signals that needed to be fixed throughout the Metro as a result of them not working or needed to be replaced due to them being damaged. Another factor that contributed to the excessive overtime is as a result of shift allowances for bus drivers who previously never received their shift allowances, are now receiving their shift allowance and have been back paid.

d) Directorate of Health / Public Safety & Emergency Services

Structured overtime is compulsory compensation payable as a result of the requirements to work on Sundays and Public Holidays as part of a shift system. These include but not limited to:

a) Security Guards working longer hours due to the fact that there are installations which require security & safeguarding.
b) The inspection of damages caused by strong winds, fires and floods.

e) Directorate of Infrastructure Services

i. Roads – All overtime for clearing of storm water channels / drains and road maintenance were done due to emergencies in various areas such as Coastal, Midland and Inland.
ii. Sanitation – The Sanitation Department is an Essential Service department, compelled in terms of legislative framework to always ensure that maintenance teams are available on standby on a 24hr basis each day.

Similarly, the department operates 15 wastewater treatment works, which must be manned by staff on a 24hr basis, on a shift basis. Staff shortages at treatment works result in increased overtime. Covid-19 compliance also has an added impact.

iii. Water - Overtime expenditure is due to emergency callouts for burst pipes, water leaks, water outages and replacement of shift workers at water treatment works and pump stations.

iv. Mechanical Workshop - Overtime is mainly caused by call outs by departments for either mechanical breakdown, tyre punctures, vehicles getting stuck and accidents.

f) <u>Directorate of Sport, Recreation & Community Development</u>

The Zoo and Aquarium are open 7 days a week and staff are required at the facility to ensure the captive animals are cared for correctly. Halls and Libraries Overtime is linked to hall usage which is also operational for 7 days a week. Cemeteries burials and cremations conducted over weekends due to religious beliefs and cultural customs.

12.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift payment for the months of January 2022, February 2022 and March 2022. There was a decrease in the total payment between January 2022 and February 2022 of R32 863 and a decrease in the total payment between February 2022 and March 2022 of R150 918.

Table 22: Standby & Shift Allowance per Directorate

	January 2022 Amount	February 2022 Amount	March 2022 Amount
Directorate of Executive Support Services	5 755	5 322	4 045
Directorate of the City Manager	-	2 745	2 655
Directorate of Corporate Services	535	6 564	702
Directorate of Spatial Planning & Development	32 470	9 188	14 302
Directorate Economic Development & Agencies	2 456	2 841	-
Directorate of Finance	11 572	12 799	13 710
Directorate of Health/Public Safety & Emergency Services	720 772	734 775	653 467
Directorate of Infrastructure Services	913 022	868 441	812 438
Directorate of Solid Waste, Environmental & Health	400 726	421 015	404 559
Directorate of Sport, Recreation & Community Development	30 151	20 907	27 800
TOTAL	**2 117 459**	**2 084 597**	**1 933 678**

12.4. Cost of Temporary Staff

Table 23 below reflects the total payment of Temporary Staff for the months of January 2022, February 2022 and March 2022 is reflected above. There was a decrease in the total payment between January 2022 and February 2022 of R1 115 672 and an increase in the total payment between February 2022 and March 2022 of R125 272.

Table 23: Temporary Staff per Directorate

	January 2022 Amount	February 2022 Amount	March 2022 Amount
Directorate of Executive Support Services	460 094	497 101	652 905
Directorate of the City Manager	29 779	36 196	46 746
Directorate of Corporate Services	1 860 173	1 789 279	1 829 921
Directorate of Finance	161 774	109 648	285 292
Directorate of Infrastructure Services	1 038 814	828 703	946 088
Directorate - Solid Waste, Environmental & Health Management	1 398 701	540 837	166 084
Directorate of Sport, recreation & Community Development	-	31 920	31 920
TOTAL	**4 949 355**	**3 833 683**	**3 958 955**

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year-to-date budget of R 49.88 million less the year-to-date expenditure of R48.47 million leaves a variance of R 1.41 million.

Table 24: Councillors Costs

Councillors Allowances and Benefits

Councillors Allowances And Benefits	2021/2022 Annual Budget R	2021/2022 YTD Budget R	2021/2022 YTD Expenditure R	2021/2022 Variance R	2021/2022 Variance %
Councillors Allowances	44 853 838	33 369 751	30 515 835	2 853 915	8,55
Housing Allowance	2 333 451	1 736 009	6 944 305	-5 208 295	0,00
Medical Aid Allowance	1 970 360	1 465 882	1 278 664	187 218	12,77
Pension Allowance	4 073 470	3 030 525	2 565 274	465 251	15,35
Travel Allowance	13 813 595	10 276 851	7 166 572	3 110 280	30,26
Total	**67 044 714**	**49 879 018**	**48 470 650**	**1 408 368**	**2,82**

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R73.53 million (57%) of its 2021/2022 adjusted operating budget of R129,93 million. A detailed analysis of the entity's performance for month ended 31 March 2022 is outlined in the attached **Annexure F**.

Table 25: Monthly Budget Statement – summary of municipal entity

Buffalo City Development Agency - Table F2 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March

Description	2019/20	Current Year 2020/21							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source									
Interest earned - external investments	488	467	632	86	533	403	130	32,4%	632
Agency services	6 799	4 000	5 677	210	3 037	2 454	583	23,7%	5 677
Transfers and subsidies	125 436	133 859	121 837	613	2 213	113 251	(111 037)	-98,0%	121 837
Other revenue	189	8 399	1 787	0	42 157	3 652	38 505	1054,5%	1 787
Gains	(3)	–	–	–	26	–	26	0,0%	–
Total Revenue (excluding capital transfers and contributions)	**132 909**	**146 725**	**129 933**	**908**	**47 966**	**119 759**	**(71 793)**	**-59,9%**	**129 933**
Expenditure By Type									
Employee related costs	28 411	30 607	33 188	1 754	17 418	24 009	(6 590)	-27,5%	33 188
Depreciation & asset impairment	1 181	995	1 141	87	677	821	(144)	-17,5%	1 141
Finance charges	0	4	4	–	0	3	(3)	-100,0%	4
Other materials	556	727	1 850	42	366	994	(629)	-63,2%	1 850
Contracted services	95 442	106 138	84 238	3 933	50 066	69 657	(19 591)	-28,1%	84 238
Transfers and subsidies	203	–	200	–	72	85	(13)	-14,8%	200
Other expenditure	5 783	8 255	9 312	582	4 928	6 504	(1 576)	-24,2%	9 312
Losses	13	–	–	–	–	–	–		–
Total Expenditure	**131 590**	**146 725**	**129 933**	**6 398**	**73 528**	**102 074**	**(28 545)**	**-28,0%**	**129 933**
Surplus/(Deficit)	**1 320**	**–**	**–**	**(5 490)**	**(25 562)**	**17 686**	**(43 248)**	**-244,5%**	**–**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	1 238	1 200	1 200	–	–	812	**(812)**	**-100,0%**	1 200
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Transfers and subsidies - capital (in-kind - all)	–	–	–	2 619	37 962	–	**37 962** –	**0,0%**	–
Surplus/(Deficit) before taxation	2 557	1 200	1 200	(2 871)	12 400	18 498	**(6 098)**	**-33,0%**	1 200
Taxation	–	–	–	–	–	–	–		–
Surplus/(Deficit) for the year	**2 557**	**1 200**	**1 200**	**(2 871)**	**12 400**	**18 498**	**(6 098)**		**1 200**

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 43% (R789.63 million, inclusive of reclaimed vat) of its 2021/22 adjusted capital budget of R1.83 billion as at 31 March 2022. This reflects an improvement when compared to the same period in the previous financial year where 39% (R790.67 million, inclusive of reclaimed vat) of the adjusted capital budget of R2.04 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	2021/2022 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Own Funding	675 837 036	379 542 864	296 294 172	56%
Own Funding C/O	179 853 537	104 742 289	75 111 247	58%
Loan	235 311 000	3 768 955	231 542 045	2%
TOTAL OWN FUNDING	**1 091 001 573**	**488 054 109**	**602 947 464**	**45%**
Urban Settlement Development Grant	455 063 850	221 000 950	234 062 900	49%
Bcmet c/o	487 498	0	487 498	0%
Informal Settlements Upgrading Partnership Grant	257 958 000	65 869 082	192 088 918	26%
Energy Efficiency Demand Side Management Grant	9 000 000	8 704 356	295 644	97%
Neighbourhood Development Partnership Grant	13 888 960	6 000 722	7 888 238	43%
Infrastructure Skills Development Grant	150 000	0	150 000	0%
TOTAL GRANTS	**736 548 308**	**301 575 111**	**434 973 197**	**41%**
TOTAL CAPITAL BUDGET	**1 827 549 881**	**789 629 219**	**1 037 920 662**	**43%**

Table 27 below reflects capital expenditure performance per service

Table 27: Actual Expenditure per Service against Budget

Services	2021/2022 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Amenities	45 287 938	32 233 863	13 054 074	71%
Electricity	122 370 178	83 970 306	38 399 872	69%
Human Settlements	285 384 750	96 663 750	188 721 000	34%
Local Economic Development	141 092 724	64 807 979	76 284 745	46%
Other: BCMM Fleet	15 000 000	111 900	14 888 100	1%
Public Safety	39 855 098	5 711 136	34 143 961	14%
Roads	415 589 874	258 504 619	157 085 255	62%
Spatial Planning	46 571 210	5 229 555	41 341 656	11%
Support Services	217 298 842	135 291 727	82 007 115	62%
Transport Planning	83 317 852	33 947 822	49 370 030	41%
Waste Management	14 497 005	2 986 231	11 510 774	21%
Waste Water	285 711 000	22 334 393	263 376 607	8%
Water	115 573 410	47 835 939	67 737 471	41%
TOTAL - PER SERVICE	**1 827 549 881**	**789 629 219**	**1 037 920 662**	**43%**

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

Directorate	2021/2022 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Executive Support Services	6 386 978	3 216 312	3 170 666	50%
City Manager's Office	3 907 177	577 731	3 329 446	15%
Corporate Services	16 690 710	2 324 238	14 366 472	14%
Spatial Planning & Development	130 389 062	39 391 508	90 997 554	30%
Economic Development & Agencies	90 230 167	23 998 079	66 232 088	27%
Finance Services	180 382 109	125 294 353	55 087 756	69%
Health/Public Safety & Emergency Services	30 298 619	4 317 807	25 980 812	14%
Human Settlements	285 884 750	96 894 793	188 989 957	34%
Infrastructure Services	954 744 462	413 123 422	541 621 041	43%
Sports, Recreation & Community Development	43 683 394	31 816 790	11 866 604	73%
Solid Waste & Environmental Management	27 389 895	5 139 193	22 250 702	19%
TOTAL DIRECTORATES	**1 769 987 324**	**746 094 227**	**1 023 893 097**	**42%**
Asset Replacements	5 000 000	2 030 321	2 969 679	41%
BCMDA Projects	52 562 557	41 504 671	11 057 886	79%
TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE	**1 827 549 881**	**789 629 219**	**1 037 920 662**	**43%**

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 - M09 March

Month	2020/21	Budget Year 2021/22							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
Monthly expenditure performance trend									
July	166	150 299	150 258	20 467	20 467	150 258	129 791	86,4%	1%
August	35 886	150 299	166 346	31 182	51 649	316 604	264 954	83,7%	3%
September	68 098	150 299	166 903	54 489	106 139	483 507	377 368	78,0%	6%
October	141 619	150 299	167 366	77 552	183 691	650 872	467 181	71,8%	10%
November	78 952	150 299	167 739	127 084	310 775	818 612	507 836	62,0%	17%
December	201 581	150 299	168 652	187 602	498 377	987 264	488 887	49,5%	28%
January	35 957	150 299	167 981	48 446	546 824	1 155 245	608 421	52,7%	30%
February	64 149	150 299	132 719	87 869	634 693	1 287 964	653 271	50,7%	35%
March	110 651	150 299	133 534	124 926	759 619	1 421 497	661 879	46,6%	42%
April	104 368	150 299	134 367	–		1 555 865	–		
May	162 139	150 299	134 335	–		1 690 200	–		
June	587 786	150 299	137 350	–		1 827 550	–		
Total Capital expenditure	**1 591 352**	**1 803 592**	**1 827 550**	**759 619**					

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

Figure 9: Capital Expenditure Trend

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

The City continues to implement intervention measures to improve the City's spending performance. As a tool to monitor the performance of each bid committee, weekly reports are submitted to

the City Manager on the sitting of bid committees to assist in early identification of challenges and poor performance by the committees. The above assists the City Manager to come up with prompt interventions and remedial actions, the following has been implemented as part of the remedial action:

a) Continuous restructuring of bid committees to ensure effectiveness and efficiency. Additional members have been appointed to address the problem of non-sitting of committees as a result of meetings failing to meet the required quorum.
b) All bid committee members have been taken through formal training in an effort to:
   I. Improve the turnaround in processing of bids at committees.
   II. Improve quality of bid specifications which in turn makes evaluation swifter and reduce the rate of withdrawn tenders due to incorrect specification.
   III. Reduce the rate of litigations that are a result of incorrect evaluation and award due to poor specifications.
c) This seeks to achieve the envisaged target of three months for the procurement process from initiation to the award of an open bid.
d) Reconfiguration of processes at the Supply Chain Management unit are also underway to improve all procurement related activities. SCM is compiling weekly register of all requisitions submitted by Directorates and this process will help to address the challenges of missing requisitions or requisitions not captured timeously causing unnecessary procurement delays.
e) All committee meetings are required to sit at least once a week to ensure that there is no backlog.
f) There is a capital spending committee that has been set by the Executive Mayor which is composed of Mayoral Committee Members and Heads of Directorates; its purpose is to monitor capital expenditure performance.

15. OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 38% (R167.25 million, inclusive of reclaimed vat) of its 2021/22 adjusted operating projects budget of R445.69 million as at 31 March 2022. This reflects a decline when compared to the same period in the previous financial year where 46% (R177.11 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R385.16 million was spent. The decline in expenditure is mainly caused by the Human Settlement Development Grant funded projects. This is a result of delays by the Eastern Cape Department of Human Settlements in processing funding agreements for some of the projects.

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

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

Directorate	2021/2022 Adjusted Budget	YTD Expenditure (incl. vat)	Variance (incl. VAT))	% Expenditure (incl. vat)
Executive Support Services	53 469 017	28 525 455	24 943 563	53%
City Manager's Office	48 434 400	32 337 524	16 096 876	67%
Corporate Services	31 379 461	13 707 619	17 671 843	44%
Spatial Planning & Development	8 750 000	2 606 010	6 143 990	30%
Economic Development & Agencies	14 345 518	1 792 684	12 552 834	12%
Finance Services	47 821 684	8 338 437	39 483 247	17%
Health/Public Safety & Emergency Services	228 790	0	228 790	0%
Human Settlements	183 859 912	30 918 014	152 941 897	17%
Infrastructure Services	45 500 000	45 657 510	-157 510	100%
Sports , Recreation & Community Development	3 100 000	257 969	1 642 031	14%
Solid Waste & Environmental Management	8 798 995	3 112 833	6 886 162	31%
TOTAL PER DIRECTORATE	**445 687 777**	**167 254 055**	**278 433 723**	**38%**

Table 31: Operating Projects Per Funding Source

Funding	2021/2022 Adjusted Budget	YTD Expenditure (incl. vat)	Variance (incl. VAT)	% Expenditure (incl. vat)
Total Own Funding	**172 720 345**	**71 320 155**	**101 400 192**	**41%**
Urban Settlement Development Grant	44 641 150	48 038 822	-3 397 672	108%
Finance Management Grant	1 000 000	601 577	398 423	60%
Informal Settlements Upgrading Partnership Grant	8 300 000	1 593 450	6 706 550	19%
Infrastructure Skills Development Grant	10 350 000	5 488 665	4 861 335	53%
Programme And Project Preparation Support Grant (PPPSG)	8 941 000	6 645	8 934 355	0%
Neighbourhood Development Partnership Grant (NDPG)	12 494 513	0	12 494 513	0%
Expanded Public Works Programme	7 300 000	9 364 055	-2 064 055	128%
Human Settlements Development Grant	99 082 000	12 026 340	87 055 660	12%
Human Settlements Development Grant c/o	80 477 912	18 745 729	61 732 182	23%
Salaida	380 857	68 616	312 241	18%
TOTAL PER FUNDING SOURCE	**272 967 432**	**95 933 900**	**177 033 531**	**35%**
TOTAL OPERATING PROJECTS	**445 687 777**	**167 254 055**	**278 433 723**	**38%**

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

Figure 10: Operating Projects Expenditure Trend

16. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

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

☐ The monthly budget statement (Section 71 Report)

for the period ending **March 2022** 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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SC2 Performance Indicators

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SC8 Councillor and Staff Benefits

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SC13c Expenditure on Repairs and Maintenance by Asset Class

SC13d Depreciation by Asset Class

Annexure C

Schedule of Borrowings

Annexure D

Operating expenditure report

Annexure E

Capital expenditure report

Annexure F

Buffalo City Metropolitan Development Agency Performance Report