

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION
OF THE 2022/23 BUDGET FOR THE PERIOD ENDED 30 SEPTEMBER 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 2022/23 budget of the Buffalo City Metropolitan Municipality for the period ended 30 September 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 52

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 2022/23 budget for the period ended 30 September 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 30 September 2022 of 68,20%

N. NCUNYANA

ACTING CITY MANAGER

BUFFALO CITY METROPOLITAN MUNICIPALITY

ANDILE XOSEKA/ YM

DATE

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6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

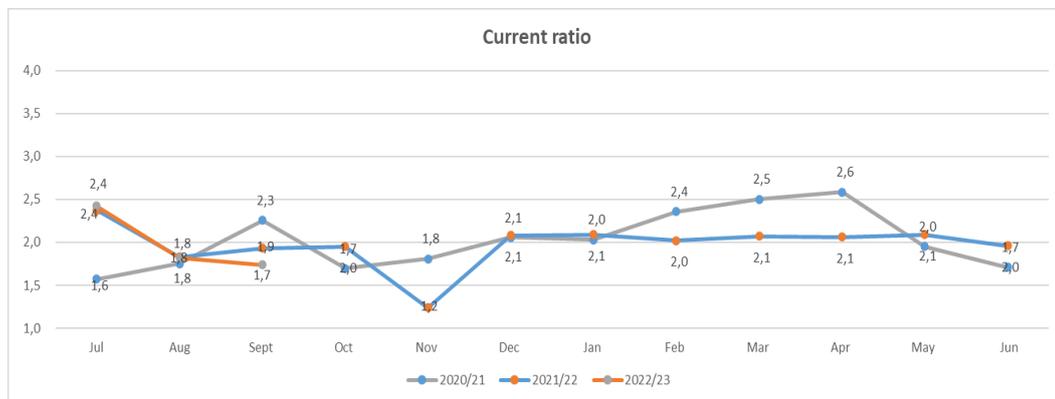
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 2 400 109 217	Bank Balance	R 38 928 540
Expenditure	(R 2 447 427 436)	Call investments (excl. int.)	R 666 156 466
Operating deficit before Transfers and Subsidies Recognised – Capital	(R 47 318 219)	Cash and cash equivalents	R 705 085 006
Transfers and Subsidies Recognised – Capital	R 31 046 807	<i>Account Payables</i>	<i>(R 767 485 365)</i>
Deficit After Capital Transfers	(R16 271 412)	<i>Unspent conditional grants</i>	<i>(R 503 452 879)</i>
DEBTORS		<i>Committed to Capital budget-own funds</i>	<i>(R 1 005 226 907)</i>
Total debtors' book (incl. impairment)	R 5 597 584 532	Possible cash deficit should there be no revenue collection made	(R 1 571 080 145)
Total debtors - Government	R 200 068 405		
Total debtors - Business	R 1 835 795 970	Total Long-term loans	R 176 117 611
Total debtors - Households	R 3 561 720 157	SURPLUS / (DEFICIT) PER SERVICE	
		Water	R 79 366 799
REPAIRS AND MAINTENANCE		Electricity	(R 337 943 248)
2021/2022:	2022/2023:	Refuse	R 65 614 792
Exp.= 66.19 m, which is 16% of budget of R407.95 m	Exp.= R90.80 m, which is 20% of budget of R446.13 m	Sewerage	R 82 233 945
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
<u>2021/2022: Exp. as a % of Adjusted Budget of R2.01b:</u>	<u>2022/2023: Exp. as a % of Adjusted Budget of R1.80b:</u>	<u>2021/2022: Exp. as a % of Adjusted Budget of R411.80m:</u>	<u>2022/2023: Exp. as a % of Adjusted Budget of R422,55m:</u>
Exp. (excl. vat) = R106.14 mil % exp. (Excl. vat) :5%	Exp. (excl. vat) = R114.81 mil % exp. (Excl. vat) :6%	Exp. (excl. vat) = R25.41 mil % exp. (excl. vat): 6%	Exp. (excl. vat) = R26.33 mil % exp. (excl. vat): 6%
Exp. (incl. vat) = R109.62 mil % exp. (incl. vat): 5%	Exp. (incl. vat) = R121.66 mil % exp. (incl. vat): 7%	Exp. (incl. vat) = R25.46 mil % exp. (incl. vat): 6%	Exp. (incl. vat) = R26.81 mil % exp. (incl. vat): 6%
FINANCIAL		HUMAN RESOURCES	
Operating Deficit before Capital Transfers	(R 47 318 219)	Total staff complement	5 415
Debtors' collection ratio	68,20%	Staff Appointments	23
YTD Grants and subsidies: recognized – Capital	R 31 046 807	Staff Terminations	12
Creditor's payment days	29 days	Number of funded vacant posts (under recruitment process)	636
Current ratio	1,74:1	Total overtime paid (YTD)	R 38 014 212
Total Debt to Revenue	2,37%	Allowances and benefits – Councillors (YTD)	R 18 554 943
Capital Charges to Operating Expenditure	0,78%	Salary bill – Officials (YTD)	R 633 842 769
Cost coverage ratio	0,36 month	Workforce costs as a % of expenditure	26,66%

6.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered stable as the Current Ratio is 1.74:1 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

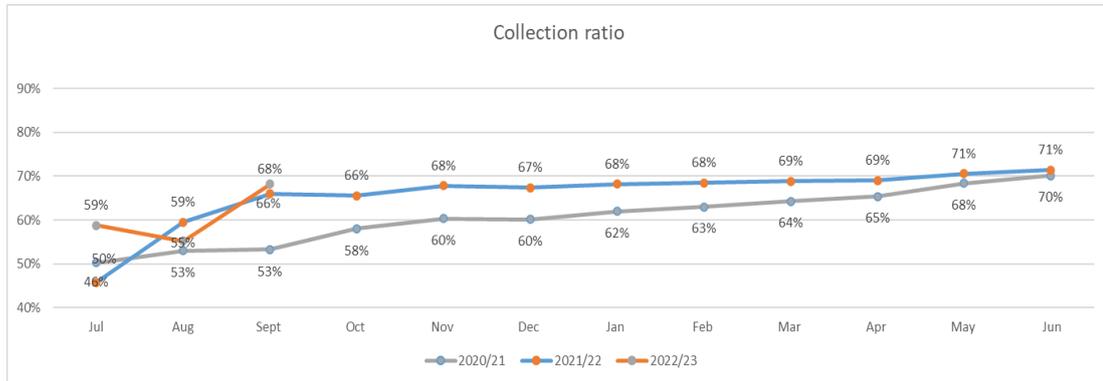


6.3. Collection Rate and Outstanding Debtors

The year-to-date collection rate as at 30 September 2022 is 68.20% (2021/22: 66.01%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has increased by 13.01% from last month where 55.19% was achieved for the period ended 31 August 2022. Refer to section 8 for further details.

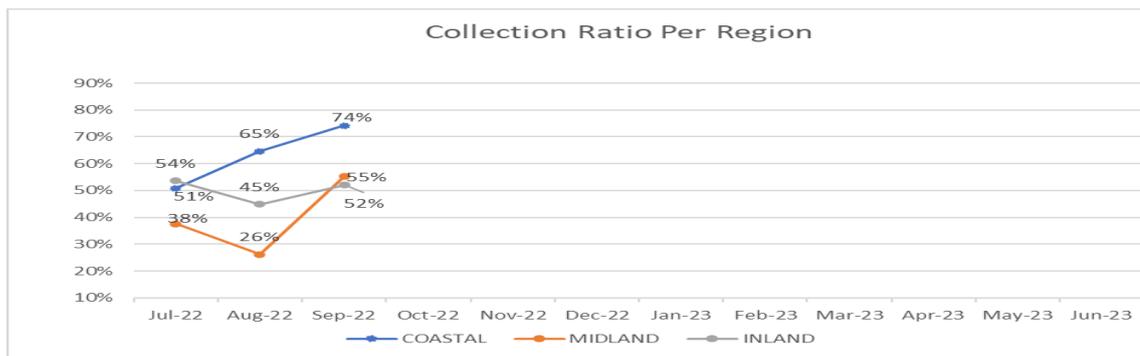
The graph below shows comparison of the monthly collection ratio for the current financial year and the two previous financial years.

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 30 September 2022 per region is as follows: Coastal 74.15%, Midland 55.19% Inland 52.02%.

Figure 3: Collection Ratio Per Region



Total gross debtors' book (including current accounts) as at 30 September 2022 amounts to R5.60 billion (2020/21: R4.37 billion). Households: R3.56 billion, Business: R1.84 billion and Government: R200.07 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 7% (R121.66 million, inclusive of reclaimed vat) of its 2022/23 adjusted capital budget of R1.80 billion as at 30 September 2022. This reflects an improvement when compared to the same period in the previous financial year where 5% (R109.62 million, inclusive of reclaimed vat) of the adjusted capital budget of R2.01 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 6% (R26.81 million, inclusive of reclaimed vat) of its 2022/23 adjusted operating projects budget of R422.55 million as at 30 September 2022. This reflects the same trend when compared to the same period in the previous financial year where 6% (R25.46 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R411.80 million was spent. (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 10% (R84.98 million, inclusive of reclaimed vat) of its 2022/23 conditional grants adjusted budget of R855.70 billion as at 30 September 2022. This reflects an improvement when compared to the same period in the previous financial year where 6% (R48.29 million, inclusive of reclaimed vat) of conditional grants budget of R811.70 million was spent. (Refer to Section 11.1 for further details).

6.7. Cash and Cash Equivalents

The cash and cash equivalents of the city as at 30 September 2022 is R705.09 million made up of cash at the primary bank account amounting to R38.93 million and call investment deposits of R666.16 million. This funding is invested with various financial institutions in compliance with the MFMA.

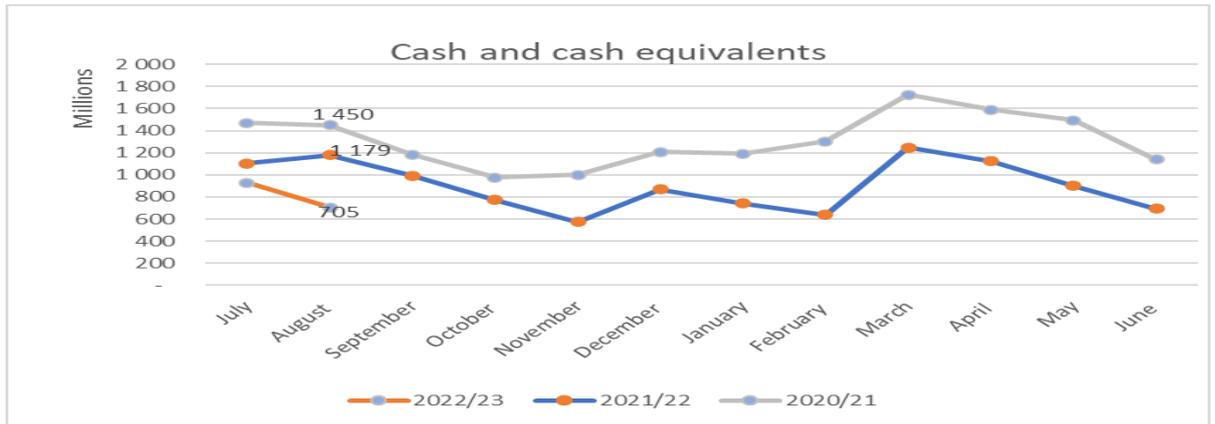
The City's cash reserves have decreased over the past few years due to the City vigorously investing in its asset renewal and upgrading program that is funded by its own funding. This is an indication of the City's commitment in addressing the ageing infrastructure and ensuring that cash reserves are re-invested into infrastructure assets. The decrease in cash reserves is also caused by the non-achievement of the targeted collection rate of 80.5%. 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 0.36 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 is unable to meet its monthly operating commitments as the ratio is below the norm of 1-3 months as per the MFMA circular 71. The City's cash and cash equivalent reserves have decreased during the years due to a decline in the 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 appointing an infrastructure finance panel to source funding for economically viable projects.

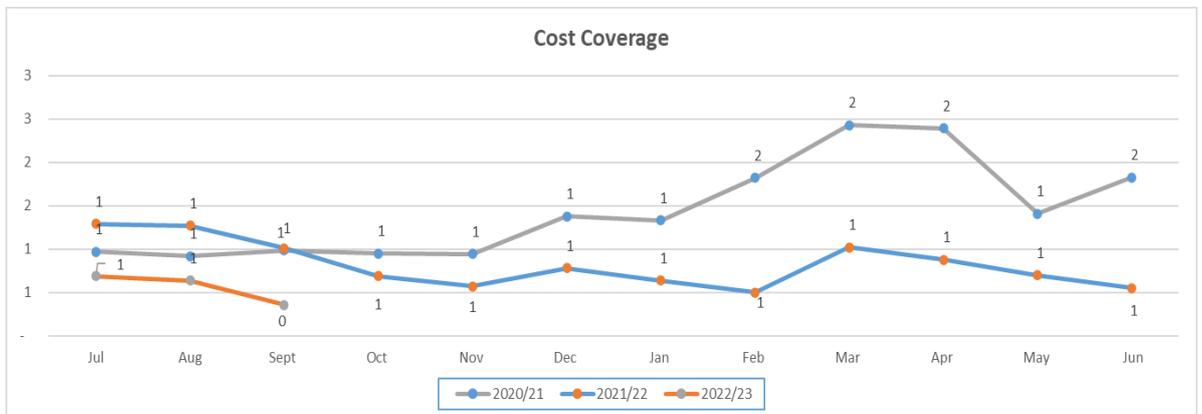
The graph below shows comparison of the monthly cash and cash equivalents over the 3-year period.

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. Outstanding Creditors

The Metro is paying its creditors within 30 days as stipulated by section 65 (e) of the MFMA except when there are disputes on received invoices. The creditors payment period for the reporting period (30 September 2022) is 29 days. Refer to Section 9 for details.

6.9. Long-Term Debt Profile

The total long-term borrowings of the municipality as at 30 September 2022 amounts to R176.12 million. Refer to Annexure C for the schedule of borrowings.

The ratio of capital charges to operating expenditure as at 30 September 2022 is 0.78%. 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 2.37% as at 30 September 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 the recent positive credit rating issued by Global Credit Ratings Agency as at May 2022 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. 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 337 943 248 for the period ended 30 September 2022. The following are the factors that contributed to the deficit.

- i. The Metro has high electricity losses which account for R0.17 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 - M03 September									
Description	2021/22	Budget Year 2022/23							
	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	1 733 914	1 958 216	1 958 216	109 005	593 344	489 554	103 790	21%	1 958 216
Service charges	4 312 993	4 253 303	4 253 303	138 658	1 004 598	1 185 727	(181 129)	-15%	4 253 303
Investment revenue	33 086	30 876	30 876	5 143	7 847	8 945	(1 098)	-12%	30 876
Transfers and subsidies	1 057 381	1 446 763	1 484 738	11 066	422 246	561 176	(138 930)	-25%	1 484 738
Other own revenue	1 110 542	1 182 480	1 182 480	41 354	372 074	260 830	111 244	43%	1 182 480
Total Revenue (excluding capital transfers and contributions)	8 247 916	8 871 639	8 909 613	305 226	2 400 109	2 506 232	(106 123)	-4%	8 909 613
Employee costs	2 533 152	2 686 871	2 605 061	212 364	633 843	632 804	1 038	0%	2 605 061
Remuneration of Councillors	64 683	70 263	70 263	5 588	18 555	17 181	1 373	8%	70 263
Depreciation & asset impairment	1 588 806	614 397	614 397	132 546	406 675	155 362	251 314	162%	614 397
Finance charges	20 684	49 361	49 361	1 459	4 476	12 970	(8 495)	-65%	49 361
Inventory consumed and bulk purchases	2 291 823	2 475 266	2 381 569	165 218	720 632	767 417	(46 785)	-6%	2 381 569
Transfers and subsidies	127 249	170 553	175 462	3 568	32 931	47 813	(14 883)	-31%	175 462
Other expenditure	2 546 230	2 803 699	2 741 618	266 717	630 316	661 561	(31 245)	-5%	2 741 618
Total Expenditure	9 172 628	8 870 409	8 637 730	787 461	2 447 427	2 295 109	152 319	7%	8 637 730
Surplus/(Deficit)	(924 712)	1 229	271 883	(482 235)	(47 318)	211 124	(258 442)	-122%	271 883
Transfers and subsidies - capital (monetary)	686 434	736 015	736 015	14 833	14 833	80 860	(66 028)	-82%	736 015
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions,	70 655	-	-	5 155	16 214	-	16 214	-	-
contributions	(167 622)	737 245	1 007 898	(462 247)	(16 271)	291 984	(308 256)	-106%	1 007 898
Share of surplus/ (deficit) of associate	29 869	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(137 754)	737 245	1 007 898	(462 247)	(16 271)	291 984	(308 256)	-106%	1 007 898
Capital expenditure & funds sources									
Capital expenditure	1 408 357	2 086 362	1 795 566	59 794	114 806	467 955	(353 149)	-75%	1 795 566
Capital transfers recognised	624 464	734 875	734 875	45 926	59 372	183 719	(124 347)	-68%	734 875
Borrowing	11 727	732 614	399 524	-	482	122 592	(122 109)	-100%	399 524
Internally generated funds	772 166	618 873	661 167	13 868	54 951	161 644	(106 693)	-66%	661 167
Total sources of capital funds	1 408 357	2 086 362	1 795 566	59 794	114 806	467 955	(353 149)	-75%	1 795 566
Financial position									
Total current assets	10 296 428	3 516 679	3 745 038		10 629 895				3 745 038
Total non current assets	26 321 473	24 120 494	23 829 698		26 029 603				23 829 698
Total current liabilities	8 879 766	1 862 363	1 862 363		8 971 590				1 862 363
Total non current liabilities	1 159 366	2 254 276	1 921 185		1 125 410				1 921 185
Community wealth/Equity	26 578 770	23 520 534	23 791 187		26 562 498				23 791 187
Cash flows									
Net cash from (used) operating	1 128 842	1 036 755	1 307 409	829 597	1 055 685	301 566	(754 119)	-250%	1 206 263
Net cash from (used) investing	(1 531 602)	(2 085 222)	(1 794 426)	(53 245)	(55 011)	(521 591)	(466 579)	89%	(2 086 362)
Net cash from (used) financing	(447 950)	677 964	344 874	525 589	(762 713)	169 491	932 204	550%	677 964
Cash/cash equivalents at the month/year end	697 457	881 123	1 109 482	-	705 085	834 140	129 055	15%	728 272
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	840 650	217 319	166 811	147 762	140 442	167 912	824 127	3 092 561	5 597 585
Creditors Age Analysis									
Total Creditors	767 485	-	-	-	-	-	-	-	767 485

7.2 Monthly Budget Statement – Financial Performance (standard classification)

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

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

BUF Buffalo City - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - M03 September

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		3 130 086	3 404 043	3 404 233	144 641	1 084 121	921 319	162 803	18%	3 404 233
Executive and council		27 407	24 215	24 215	1 467	1 467	8 872	(7 404)	-83%	24 215
Finance and administration	3 102 680	3 379 828	3 380 018	143 174	1 082 654	912 447	170 207	19%		3 380 018
Internal audit		-	-	-	-	-	-	-		-
<i>Community and public safety</i>		450 333	638 480	676 683	21 949	63 396	129 135	(65 740)	-51%	676 683
Community and social services		25 320	47 067	47 067	6 614	8 190	11 767	(3 577)	-30%	47 067
Sport and recreation		8 435	24 210	24 210	2 094	2 308	6 052	(3 744)	-62%	24 210
Public safety		179 714	219 117	219 117	8 203	47 834	44 927	2 908	6%	219 117
Housing		236 851	348 050	386 253	5 037	5 037	66 381	(61 344)	-92%	386 253
Health	13	36	36	36	1	26	9	17	191%	36
<i>Economic and environmental services</i>		355 097	420 899	420 899	11 026	48 948	81 617	(32 668)	-40%	420 899
Planning and development		207 118	239 954	239 954	10 664	48 586	67 110	(18 525)	-28%	239 954
Road transport		147 979	180 945	180 945	363	363	14 506	(14 143)	-97%	180 945
Environmental protection		-	-	-	-	-	-	-		-
<i>Trading services</i>		4 990 728	5 025 896	5 028 678	143 663	1 226 348	1 425 129	(198 781)	-14%	5 028 678
Energy sources		2 248 953	2 645 758	2 645 758	132 699	587 200	722 615	(135 415)	-19%	2 645 758
Water management		1 541 833	1 152 514	1 152 514	(91 151)	287 995	370 792	(82 797)	-22%	1 152 514
Waste water management		650 803	642 008	642 008	60 239	181 955	184 812	(2 856)	-2%	642 008
Waste management		549 140	585 615	588 397	41 877	169 197	146 910	22 288	15%	588 397
<i>Other</i>	4	78 761	118 337	115 135	3 935	8 343	29 894	(21 551)	-72%	115 135
Total Revenue - Functional	2	9 005 005	9 607 654	9 645 629	325 213	2 431 156	2 587 093	(155 937)	-6%	9 645 629
Expenditure - Functional										
<i>Governance and administration</i>		1 636 390	1 813 110	1 740 741	168 852	459 941	425 808	34 134	8%	1 740 741
Executive and council		346 963	360 044	347 464	22 143	84 225	86 155	(1 931)	-2%	347 464
Finance and administration		1 278 429	1 438 849	1 379 439	145 886	373 248	336 445	36 803	11%	1 379 439
Internal audit		10 998	14 216	13 838	823	2 469	3 207	(738)	-23%	13 838
<i>Community and public safety</i>		1 210 504	1 306 265	1 267 071	109 664	298 986	309 381	(10 395)	-3%	1 267 071
Community and social services		178 875	169 963	153 753	14 126	42 177	39 465	2 712	7%	153 753
Sport and recreation		435 133	419 859	393 944	39 776	112 374	100 254	12 121	12%	393 944
Public safety		496 411	496 608	469 248	40 371	112 267	112 285	(18)	0%	469 248
Housing		48 631	162 205	198 092	10 946	19 905	43 987	(24 082)	-55%	198 092
Health		51 454	57 631	52 035	4 445	12 262	13 390	(1 128)	-8%	52 035
<i>Economic and environmental services</i>		1 206 456	849 083	835 481	114 534	309 642	198 285	111 357	56%	835 481
Planning and development		310 554	343 116	336 359	28 155	89 654	79 813	9 841	12%	336 359
Road transport		895 902	505 966	499 122	86 379	219 988	118 472	101 516	86%	499 122
Environmental protection		-	-	-	-	-	-	-		-
<i>Trading services</i>		4 952 001	4 724 022	4 625 583	388 449	1 339 464	1 315 894	23 570	2%	4 625 583
Energy sources		2 670 483	3 022 224	2 968 507	233 000	912 347	910 534	1 813	0%	2 968 507
Water management		1 224 057	812 623	795 280	76 094	213 147	193 723	19 424	10%	795 280
Waste water management		524 272	415 022	407 098	38 528	106 050	96 626	9 424	10%	407 098
Waste management		533 189	474 152	454 699	40 826	107 920	115 010	(7 090)	-6%	454 699
<i>Other</i>		137 726	177 930	168 854	5 962	39 394	45 742	(6 349)	-14%	168 854
Total Expenditure - Functional	3	9 143 077	8 870 409	8 637 730	787 461	2 447 427	2 295 110	152 318	7%	8 637 730
Surplus/ (Deficit) for the year		(138 071)	737 245	1 007 898	(462 247)	(16 271)	291 983	(308 255)	-106%	1 007 898

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

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

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

BUF Buffalo City - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September										
Vote Description	Ref	2021/22	Budget Year 2022/23							
		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		191	522	712	179	179	165	14	8,7%	712
Vote 02 - Directorate - Municipal Manager		27 415	23 693	23 693	1 288	1 288	8 741	(7 453)	-85,3%	23 693
Vote 03 - Directorate - Human Settlement		236 851	348 050	386 253	5 037	5 037	66 381	(61 344)	-92,4%	386 253
Vote 04 - Directorate - Chief Financial Officer		3 035 621	3 340 617	3 340 617	140 295	1 076 403	900 749	175 654	19,5%	3 340 617
Vote 05 - Directorate - Corporate Services		12 451	12 489	12 489	1 409	2 114	4 883	(2 769)	-56,7%	12 489
Vote 06 - Directorate - Infrastructure Services		4 589 568	4 621 226	4 621 226	102 149	1 057 513	1 292 725	(235 212)	-18,2%	4 621 226
Vote 07 - Directorate - Spatial Planning And Development		140 429	113 984	113 984	3 669	7 260	14 771	(7 511)	-50,8%	113 984
Vote 08 - Directorate - Health / Public Safety & Emergency Services		179 714	219 117	219 117	8 203	47 834	44 927	2 908	6,5%	219 117
Vote 10 - Directorate - Economic Development & Agencies		199 857	271 029	267 828	12 399	53 806	89 013	(35 207)	-39,6%	267 828
Vote 11 - Directorate - Solid Waste, Environmental & Health Management		549 405	591 151	593 934	41 886	169 232	148 294	20 938	14,1%	593 934
Vote 12 - Directorate - Sport, Recreation & Community Development		33 503	65 776	65 776	8 703	10 493	16 444	(5 951)	-36,2%	65 776
Total Revenue by Vote	2	9 005 005	9 607 654	9 645 629	325 213	2 431 156	2 587 093	(155 937)	-6,0%	9 645 629
Expenditure by Vote	1									
Vote 01 - Directorate - Executive Support Services		278 412	291 865	279 059	19 471	64 246	69 428	(5 182)	-7,5%	279 059
Vote 02 - Directorate - Municipal Manager		147 120	154 574	141 909	11 457	44 994	34 196	10 798	31,6%	141 909
Vote 03 - Directorate - Human Settlement		48 283	161 814	197 701	10 943	19 899	43 889	(23 990)	-54,7%	197 701
Vote 04 - Directorate - Chief Financial Officer		696 450	970 076	936 608	98 168	237 313	229 931	7 383	3,2%	936 608
Vote 05 - Directorate - Corporate Services		243 555	227 076	218 089	17 491	54 097	52 244	1 853	3,5%	218 089
Vote 06 - Directorate - Infrastructure Services		5 471 063	4 869 537	4 780 525	450 791	1 489 143	1 346 522	142 621	10,6%	4 780 525
Vote 07 - Directorate - Spatial Planning And Development		353 299	281 535	273 515	29 018	87 719	66 272	21 446	32,4%	273 515
Vote 08 - Directorate - Health / Public Safety & Emergency Services		501 683	501 008	473 295	40 742	113 660	113 242	418	0,4%	473 295
Vote 10 - Directorate - Economic Development & Agencies		239 922	322 856	313 780	15 464	69 874	79 006	(9 132)	-11,6%	313 780
Vote 11 - Directorate - Solid Waste, Environmental & Health Management		694 970	656 627	625 379	53 221	145 724	158 485	(12 761)	-8,1%	625 379
Vote 12 - Directorate - Sport, Recreation & Community Development		468 002	433 442	397 869	40 696	120 759	101 894	18 866	18,5%	397 869
Total Expenditure by Vote	2	9 142 759	8 870 409	8 637 730	787 461	2 447 427	2 295 109	152 319	6,6%	8 637 730
Surplus/ (Deficit) for the year	2	(137 754)	737 245	1 007 898	(462 247)	(16 271)	291 984	(308 256)	-105,6%	1 007 898

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 30 September 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) - M03 September										
Description	Ref	2021/22	Budget Year 2022/23							
		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		1 733 914	1 958 216	1 958 216	109 005	593 344	489 554	103 790	21%	1 958 216
Service charges - electricity revenue		2 199 541	2 549 552	2 549 552	131 773	553 887	690 912	(137 025)	-20%	2 549 552
Service charges - water revenue		1 255 133	849 617	849 617	(93 235)	205 311	274 666	(69 356)	-25%	849 617
Service charges - sanitation revenue		470 773	468 519	468 519	60 244	143 623	123 746	19 877	16%	468 519
Service charges - refuse revenue		387 546	385 616	385 616	39 875	101 779	96 404	5 375	6%	385 616
Rental of facilities and equipment		21 116	21 965	21 965	1 886	5 180	5 641	(461)	-8%	21 965
Interest earned - external investments		33 086	30 876	30 876	5 143	7 847	8 945	(1 098)	-12%	30 876
Interest earned - outstanding debtors		176 561	121 249	121 249	24 806	59 450	25 196	34 254	136%	121 249
Dividends received								-		
Fines, penalties and forfeits		12 408	22 435	22 435	1 257	3 768	5 131	(1 363)	-27%	22 435
Licences and permits		12 128	19 739	19 739	998	2 753	3 956	(1 203)	-30%	19 739
Agency services		29 331	44 713	44 713	(1 981)	1 098	11 295	(10 196)	-90%	44 713
Transfers and subsidies		1 057 381	1 446 763	1 484 738	11 066	422 246	561 176	(138 930)	-25%	1 484 738
Other revenue		842 297	952 379	952 379	14 347	299 702	209 613	90 089	43%	952 379
Gains		16 701	-	-	42	123	-	123	0%	-
Total Revenue (excluding capital transfers and contributions)		8 247 916	8 871 639	8 909 613	305 226	2 400 109	2 506 232	(106 123)	-4%	8 909 613

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

Description	Ref	2021/22	Budget Year 2022/23							
		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		2 533 152	2 686 871	2 605 061	212 364	633 843	632 804	1 038	0%	2 605 061
Remuneration of councillors		64 683	70 263	70 263	5 588	18 555	17 181	1 373	8%	70 263
Debt impairment		1 282 191	1 211 246	1 211 246	100 937	302 812	302 812	(0)	0%	1 211 246
Depreciation & asset impairment		1 588 806	614 397	614 397	132 546	406 675	155 362	251 314	162%	614 397
Finance charges		20 684	49 361	49 361	1 459	4 476	12 970	(8 495)	-65%	49 361
Bulk purchases - electricity		1 922 255	2 160 427	2 120 427	156 743	655 204	703 497	(48 293)	-7%	2 120 427
Inventory consumed		369 568	314 839	261 142	8 475	65 428	63 920	1 508	2%	261 142
Contracted services		661 390	977 494	960 890	72 692	151 949	216 636	(64 688)	-30%	960 890
Transfers and subsidies		127 249	170 553	175 462	3 568	32 931	47 813	(14 883)	-31%	175 462
Other expenditure		601 325	532 823	487 346	71 916	154 384	121 579	32 805	27%	487 346
Losses		1 324	82 136	82 136	21 172	21 172	20 534	638	3%	82 136
Total Expenditure		9 172 628	8 870 409	8 637 730	787 461	2 447 427	2 295 109	152 319	7%	8 637 730
Surplus/(Deficit)		(924 712)	1 229	271 883	(482 235)	(47 318)	211 124	(258 442)	(0)	271 883
(National / Provincial and District)		686 434	736 015	736 015	14 833	14 833	80 860	(66 028)	(0)	736 015
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations,		68 362	-	-	5 155	16 214	-	16 214	-	-
Transfers and subsidies - capital (in-kind - all)		2 294	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(167 622)	737 245	1 007 898	(462 247)	(16 271)	291 984			1 007 898
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(167 622)	737 245	1 007 898	(462 247)	(16 271)	291 984			1 007 898
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(167 622)	737 245	1 007 898	(462 247)	(16 271)	291 984			1 007 898
Share of surplus/ (deficit) of associate		29 869	-	-	-	-	-			-
Surplus/ (Deficit) for the year		(137 754)	737 245	1 007 898	(462 247)	(16 271)	291 984			1 007 898

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

The explanation below pertains to all variances that are more than 10%.

7.4.1.1 Property rates

The variance is due to rates that have been raised for the full year in respect to property owners who pay their accounts annually. The variance is expected to stabilise as the year progresses.

7.4.1.2 Service charges - electricity revenue

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

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

7.4.1.3 Service charges - water revenue

Under performance is caused by the following:

- i. Issues relating to no-go areas have contributed to the decrease in water billing.
- ii. The scrapping of punitive tariff (more than 5x normal tariff) as resolved by Council has contributed to the reduction of water billing. It must be noted though that the reduction of the punitive tariff contributes positively to the influx of queries and now represents the actual billing.

7.4.1.4 Service charges - sanitation revenue

The reason for the increase in the variance can be attributed to the yearly charges raised as requested by property owners who pay their accounts annually.

7.4.1.5 Interest 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.

7.4.1.6 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 debtor's results in an increase in interest charges, despite credit control action being implemented.

7.4.1.7 Fines, penalties and forfeits

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

- (i) Section 56 notices that were issued during the lockdown period were struck off the court roll, this has impacted on the current status.
- (ii) Tracing offenders is a challenge due to people not updating their particulars i.e., residential address when relocating.
- (iii) Buyers of vehicles not registering their vehicles in their name thus details are not updated to new owner's details which makes it difficult to trace traffic offenders.
- (iv) Fines are withdrawn or reduced.

7.4.1.8 Licences and Permits

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

7.4.1.9 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 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.

7.4.1.10 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.

7.4.1.11 Other revenue

Other revenue is made up of numerous miscellaneous items which makes it difficult to predict and some are market and/ or demand driven. The variance is however expected to stabilize as the year progresses.

7.4.1.12 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 requires recalculation of the revalued figures from current back to as far as 2010 financial year.

7.4.1.13 Finance charges

Underperformance is a result of reduction in capital portion on loan repayment, which reduces finance costs and the City has also not take any new loans.

7.4.1.14 Contracted services

Underperformance is a result of operating projects which have performed slower than original anticipated.

7.4.1.15 Transfers and subsidies

The variance on transfers and subsidies can be attributed to the following:

- i. Delays in the implementation of ward initiative programme as a result of community meetings that first have to be held in order to determine programs and projects to be implemented in the various wards.
- ii. Grant allocation is transferred to Buffalo City Metropolitan Development Agency (BCMDA) and Border-Kei Chamber of Business (BKCOB) upon receipt of invoices for work done as per the Memorandum of Understanding (MOU). Expenditure will improve as the implementing partners submit invoices as the project progresses.

7.4.1.16 Other expenditure

Other expenditure is made up of numerous miscellaneous items (e.g., printing & publications, plant hire, professional bodies membership and subscriptions, travel and accommodation, insurance premiums, software licences etc.). The variance can be attributed to the following:

- a) An annual payment of R16.3 million made to South African Local Government Association (SALGA).
- b) An annual insurance premium and broker fee which must be paid upfront for cover to be in place for BCMM to the value of R20.4 million.

7.4.2 Repairs and maintenance

Table 6 below reflects that as at 30 September 2022, the repairs and maintenance expenditure is 20% of the budget of R446.13 million (2021/22:16%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	<u>2022/2023</u> <u>Annual</u> <u>Budget</u> <u>R</u>	<u>2022/2023</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2022/2023</u> <u>-</u> <u>Variance</u> <u>R</u>	<u>2022/2023</u> <u>% Of</u> <u>Budget</u> <u>%</u>
Directorate of Executive Support Services	3 239 739	845 418	2 394 321	26%
Directorate of The City Manager	267 177	-	267 177	0%
Directorate of Corporate Services	8 772 034	947 796	7 824 238	11%
Directorate of Spatial Planning & Development	20 757 700	3 045 880	17 711 820	15%
Directorate of Economic Development & Agencies	1 609 633	114 948	1 494 685	7%
Directorate of Finance	15 303 081	50 955	15 252 126	0%
Directorate of Public Safety & Emergency Services	7 982 777	946 099	7 036 678	12%
Directorate of Human Settlement	526 946	29 276	497 670	6%
Directorate of Infrastructure Services	356 153 393	74 588 087	281 565 306	21%
<i>Electricity</i>	137 520 275	37 650 015	99 870 260	27%
<i>Water</i>	55 566 672	6 072 746	49 493 926	11%
<i>Sanitation</i>	36 198 996	3 923 614	32 275 382	11%
<i>Other</i>	126 867 450	26 941 712	99 925 738	21%
Directorate of Solid Waste, Environmental & Health Management	15 330 449	2 742 828	12 587 621	18%
Directorate of Sport, Recreation & Community Developmental Services	16 186 990	7 485 763	8 701 227	46%
TOTAL	446 129 919	90 797 051	355 332 868	20%

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 R1.23 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 - M03 September)										
Vote Description	Ref	2021/22	Budget Year 2022/23							
		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		5 369	500	1 200	12	32	252	(220)	-87%	1 200
Vote 02 - Directorate - Municipal Manager		2 946	600	600	-	-	150	(150)	-100%	600
Vote 03 - Directorate - Human Settlement		214 662	235 992	235 992	18 719	22 215	58 998	(36 783)	-62%	235 992
Vote 04 - Directorate - Chief Financial Officer		205 433	250 714	76 190	1 557	2 974	30 947	(27 973)	-90%	76 190
Vote 05 - Directorate - Corporate Services		4 494	4 980	16 654	60	241	3 065	(2 823)	-92%	16 654
Vote 06 - Directorate - Infrastructure Services		653 787	1 274 245	1 130 865	32 507	74 969	292 143	(217 174)	-74%	1 130 865
Vote 07 - Directorate - Spatial Planning And Development		115 477	105 341	109 599	4 989	5 084	27 109	(22 025)	-81%	109 599
Vote 08 - Directorate - Health / Public Safety & Emergency Services		8 836	22 900	44 805	33	33	9 596	(9 563)	-100%	44 805
Vote 10 - Directorate - Economic Development & Agencies		140 603	104 701	73 952	1 263	1 733	20 584	(18 852)	-92%	73 952
Vote 11 - Directorate - Solid Waste, Environmental & Health Management		13 027	38 319	50 919	-	-	11 871	(11 871)	-100%	50 919
Vote 12 - Directorate - Sport, Recreation & Community Development		43 723	48 070	54 789	653	7 524	13 239	(5 715)	-43%	54 789
Total Capital Multi-year expenditure	4,7	1 408 357	2 086 362	1 795 566	59 794	114 806	467 955	(353 149)	-75%	1 795 566
Total Capital Expenditure		1 408 357	2 086 362	1 795 566	59 794	114 806	467 955	(353 149)	-75%	1 795 566
Capital Expenditure - Functional Classification										
Governance and administration		260 451	283 794	125 993	1 693	3 311	41 605	(38 295)	-92%	125 993
Executive and council		7 969	1 100	1 800	12	32	402	(370)	-92%	1 800
Finance and administration		252 482	282 694	124 193	1 681	3 279	41 203	(37 924)	-92%	124 193
Internal audit										
Community and public safety		271 363	318 812	350 766	19 405	29 772	85 401	(55 629)	-65%	350 766
Community and social services		15 882	29 400	29 400	568	5 825	7 350	(1 525)	-21%	29 400
Sport and recreation		32 823	27 520	37 439	85	1 699	8 684	(6 984)	-80%	37 439
Public safety		6 033	20 900	42 805	33	33	9 096	(9 063)	-100%	42 805
Housing		214 662	235 992	235 992	18 719	22 215	58 998	(36 783)	-62%	235 992
Health		1 963	5 000	5 129	-	-	1 273	(1 273)	-100%	5 129
Economic and environmental services		440 814	479 709	504 893	28 955	67 870	124 506	(56 636)	-45%	504 893
Planning and development		81 453	84 481	86 677	4 926	5 051	21 520	(16 469)	-77%	86 677
Road transport		359 361	395 228	418 216	24 029	62 819	102 987	(40 168)	-39%	418 216
Environmental protection		-	-	-	-	-	-	-		-
Trading services		295 599	900 486	741 102	8 479	12 150	196 143	(183 993)	-94%	741 102
Energy sources		120 634	145 513	145 513	2 992	4 369	36 378	(32 009)	-88%	145 513
Water management		104 762	160 980	112 325	4 466	6 278	31 399	(25 121)	-80%	112 325
Waste water management		61 318	567 524	447 524	1 021	1 503	120 063	(118 560)	-99%	447 524
Waste management		8 886	26 469	35 740	-	-	8 303	(8 303)	-100%	35 740
Other		140 130	103 561	72 812	1 263	1 703	20 299	(18 597)	-92%	72 812
Total Capital Expenditure - Functional Classification	3	1 408 357	2 086 362	1 795 566	59 794	114 806	467 955	(353 149)	-75%	1 795 566
Funded by:										
National Government		624 464	734 875	734 875	45 926	59 342	183 719	(124 377)	-68%	734 875
Provincial Government		-	-	-	-	-	-	-		-
District Municipality		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	30	-	30	0%	-
Transfers recognised - capital		624 464	734 875	734 875	45 926	59 372	183 719	(124 347)	-68%	734 875
Borrowing	6	11 727	732 614	399 524	-	482	122 592	(122 109)	-100%	399 524
Internally generated funds		772 166	618 873	661 167	13 868	54 951	161 644	(106 693)	-66%	661 167
Total Capital Funding		1 408 357	2 086 362	1 795 566	59 794	114 806	467 955	(353 149)	-75%	1 795 566

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 R26.56 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 - M03						
Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		120 900	80 172	80 172	38 929	80 172
Call investment deposits		576 712	804 502	1 032 861	666 156	1 032 861
Consumer debtors		2 703 888	1 766 723	1 766 723	2 912 724	1 766 723
Other debtors		6 850 558	827 009	827 009	6 965 796	827 009
Current portion of long-term receivables		176	–	–	176	–
Inventory		44 195	38 273	38 273	46 114	38 273
Total current assets		10 296 428	3 516 679	3 745 038	10 629 895	3 745 038
Non current assets						
Long-term receivables		(15 820)	–	–	(15 820)	–
Investments						
Investment property		451 398	440 098	440 098	451 398	440 098
Investments in Associate		706 317	708 919	708 919	706 317	708 919
Property, plant and equipment		25 118 698	22 907 239	22 608 356	24 827 346	22 608 356
Biological						
Intangible		10 367	13 724	13 724	9 850	13 724
Other non-current assets		50 513	50 513	58 600	50 513	58 600
Total non current assets		26 321 473	24 120 494	23 829 698	26 029 603	23 829 698
TOTAL ASSETS		36 617 902	27 637 173	27 574 736	36 659 498	27 574 736
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		49 141	56 859	56 859	50 158	56 859
Consumer deposits		88 247	77 789	77 789	89 729	77 789
Trade and other payables		8 343 732	1 329 115	1 329 115	8 432 517	1 329 115
Provisions		398 646	398 601	398 601	399 187	398 601
Total current liabilities		8 879 766	1 862 363	1 862 363	8 971 590	1 862 363
Non current liabilities						
Borrowing		138 953	1 422 411	1 089 321	125 960	1 089 321
Provisions		1 020 413	831 865	831 865	999 450	831 865
Total non current liabilities		1 159 366	2 254 276	1 921 185	1 125 410	1 921 185
TOTAL LIABILITIES		10 039 132	4 116 639	3 783 549	10 097 000	3 783 549
NET ASSETS	2	26 578 770	23 520 534	23 791 187	26 562 498	23 791 187
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		11 344 271	13 407 891	13 678 544	11 328 000	13 678 544
Reserves		15 234 498	10 112 643	10 112 643	15 234 498	10 112 643
TOTAL COMMUNITY WEALTH/EQUITY	2	26 578 770	23 520 534	23 791 187	26 562 498	23 791 187

7.4.5 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net decrease of R225.32 million, resulting in cash and cash equivalents closing balance of R705.09 million as at 30 September 2022.

Table 9: C7: Monthly Budget Statement – Cash Flow

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M03 September										
Description	Ref	2021/22	Budget Year 2022/23							
		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		1 375 151	1 576 364	1 576 364	82 177	367 093	394 091	(26 998)	-7%	1 576 364
Service charges		2 944 978	3 423 909	3 423 909	407 654	1 007 328	855 977	151 351	18%	3 423 909
Other revenue		1 065 308	851 289	851 289	159 569	863 025	273 805	589 221	215%	851 289
Transfers and Subsidies - Operational		1 043 268	1 314 276	1 352 251	10 000	428 216	361 691	66 525	18%	1 352 251
Transfers and Subsidies - Capital		686 434	734 875	734 875	8 736	282 359	184 004	98 355	53%	734 875
Interest		209 646	30 239	30 239	5 143	7 739	7 719	20	0%	30 239
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(6 048 181)	(6 674 506)	(6 439 045)	(699 694)	(1 913 457)	(1 720 047)	193 410	-11%	(5 753 843)
Finance charges		(20 684)	(49 356)	(49 356)	(7 219)	(7 219)	(12 340)	(5 121)	41%	(25 757)
Transfers and Grants		(127 078)	(170 336)	(173 118)	(3 481)	(32 380)	(43 334)	(10 954)	25%	(104 708)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 128 842	1 036 755	1 307 409	(37 115)	1 002 704	301 566	(701 139)	-232%	2 084 619
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		1 380	-	-	-	-	-	-	0%	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(1 532 982)	(2 085 222)	1 795 566	(59 794)	(114 806)	(521 591)	(406 785)	78%	1 795 566
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 531 602)	(2 085 222)	1 795 566	(59 794)	(114 806)	(521 591)	(406 785)	78%	1 795 566
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	732 614	399 524	-	-	183 154	(183 154)	-100%	399 524
Increase (decrease) in consumer deposits		-	8 182	8 182	5	(1 101 245)	2 046	(1 103 291)	0%	8 182
Payments										
Repayment of borrowing		(45 191)	(62 833)	(62 833)	(11 976)	(11 976)	(15 708)	(3 732)	24%	(62 833)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(45 191)	677 964	344 874	(11 971)	(1 113 221)	169 491	1 282 712	757%	344 874
NET INCREASE/ (DECREASE) IN CASH HELD		(447 950)	(370 503)	3 447 848	(108 881)	(225 322)	(50 534)			4 225 059
Cash/cash equivalents at beginning:		1 145 407	1 251 626	1 251 626	(225 322)	930 407				
Cash/cash equivalents at month/year end:		697 457	881 123	4 699 474		705 085	(50 534)			4 225 059

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 - M03 September

Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days			
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	157 513	42 482	47 759	47 424	53 770	88 911	396 654	947 088	1 781 601	1 533 847	-	13 806	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	174 494	22 870	18 481	14 587	13 714	10 917	54 690	186 230	495 983	280 138	-	39 360	
Receivables from Non-exchange Transactions - Property Rates	1400	317 832	81 387	37 257	33 948	28 720	23 900	149 296	630 769	1 303 110	866 633	-	31 821	
Receivables from Exchange Transactions - Waste Water Management	1500	62 289	19 429	17 829	8 682	7 945	7 344	43 615	238 232	405 365	305 818	-	7 613	
Receivables from Exchange Transactions - Waste Management	1600	51 307	20 810	16 963	12 618	11 069	10 463	61 721	351 016	535 966	446 886	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	30	30	30	-	-	
Interest on Arrear Debtor Accounts	1810	43 048	19 350	18 384	16 819	16 168	15 052	76 506	426 084	631 411	550 628	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	34 167	10 991	10 137	13 685	9 057	11 326	41 645	313 113	444 120	388 825	-	6 266	
Total By Income Source	2000	840 650	217 319	166 811	147 762	140 442	167 912	824 127	3 092 561	5 597 585	4 372 805	-	98 867	
2021/22 - totals only										-	-			
Debtors Age Analysis By Customer Group														
Organs of State	2200	136 268	12 073	3 355	2 117	1 740	2 028	11 673	30 816	200 068	48 372	-	-	
Commercial	2300	378 676	93 620	55 406	47 011	41 276	36 982	206 353	976 472	1 835 796	1 308 094	-	-	
Households	2400	325 706	111 626	108 049	98 634	97 427	128 903	606 101	2 085 274	3 561 720	3 016 339	-	98 867	
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-	
Total By Customer Group	2600	840 650	217 319	166 811	147 762	140 442	167 912	824 127	3 092 561	5 597 585	4 372 805	-	98 867	

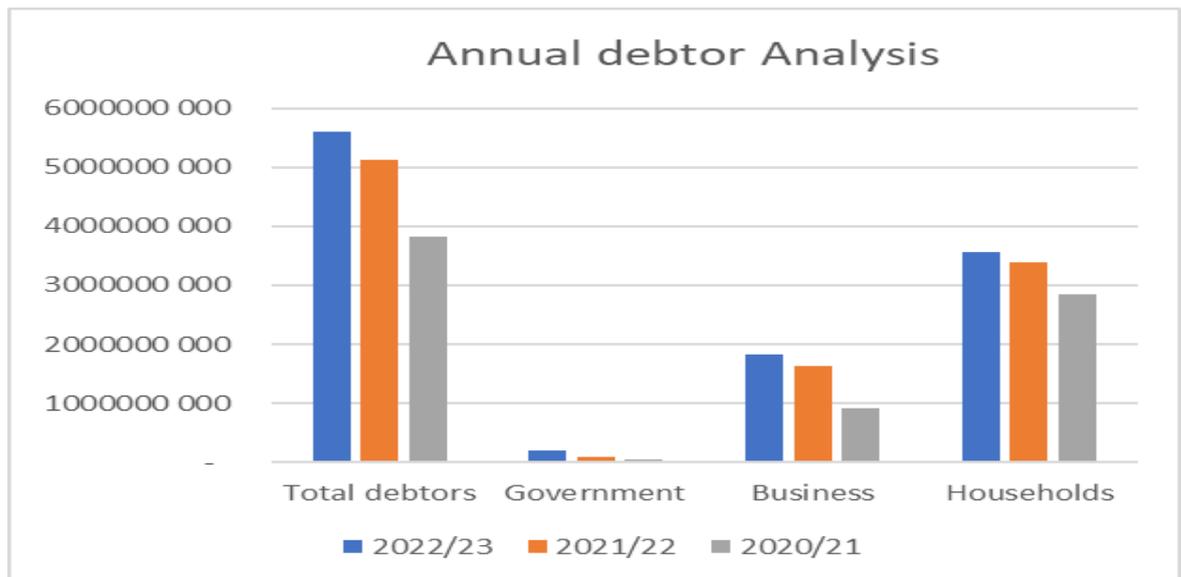
8.1. Additional debtors' information

The total debtors book, which includes all charges excluding VAT, amounted to R5,597,584,532 as at 30 September 2022 which is a decrease of R36,696,399 over the amount of R5,634,280,931 as at 31 August 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 30 September 2022. It also provides comparison with the previous month (31 August 2022) which indicates a decrease from R 5.63 billion to R 5.60 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR SEPTEMBER 2022	TOTAL FOR AUGUST 2022
CURRENT	296 291 171	97 056 514	178 582 897	151 723 340	69 584 443	47 411 935	840 650 301	1 015 353 740
30 DAYS	71 046 665	23 227 300	38 240 798	54 392 042	22 243 979	8 167 970	217 318 754	185 484 591
60 DAYS	62 896 943	13 315 792	20 817 155	39 790 567	22 768 171	7 221 904	166 810 531	158 123 829
90 DAYS	39 548 829	17 036 666	21 161 338	50 513 530	15 859 294	3 642 577	147 762 234	154 765 702
120 DAYS TO 360 DAYS	273 722 538	84 882 448	146 652 488	626 457 659	110 416 536	38 105 158	1 280 236 827	1 279 448 527
YEAR 2	216 903 279	81 759 535	121 705 137	578 594 507	106 764 737	41 513 593	1 147 240 788	1 196 713 512
YEAR 3	122 174 992	76 171 983	70 730 387	122 846 252	93 681 027	38 138 472	523 743 114	475 628 488
YEAR 4	99 299 911	34 683 297	41 139 529	53 863 317	42 917 370	27 397 862	299 301 287	293 182 774
YEAR 5	74 850 868	30 544 437	27 607 683	55 589 260	36 694 238	27 397 751	252 684 237	248 249 685
YEAR 5+	174 709 901	105 852 259	51 318 984	169 047 952	137 040 748	83 866 617	721 836 460	627 330 084
TOTAL	1 431 445 098	564 530 231	717 956 396	1 902 818 425	657 970 543	322 863 840	5 597 584 532	5 634 280 931

8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type as at 30 September 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	315 905 066	108 812 994	104 667 957	95 693 685	2 801 858 636	3 426 938 339	61
Indigent	7 612 596	1 940 430	2 790 954	2 380 690	106 409 308	121 133 978	2
Business	378 676 062	93 620 198	55 405 984	47 011 264	1 261 082 462	1 835 795 970	33
Government	136 268 086	12 072 941	3 355 066	2 116 615	46 255 697	200 068 405	4
Municipal Staff*	2 121 456	850 603	578 779	554 267	9 305 435	13 410 540	0
Councillors*	67 035	21 588	11 791	5 714	131 174	237 300	0
Total	840 650 301	217 318 754	166 810 531	147 762 234	4 225 042 712	5 597 584 532	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 September 2022, a total of R 2,081,121.13 was receipted against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 1,433,551.68
Arrears Receipts	<u>R 647,569.45</u>
Total Receipts	<u>R 2,081,121.13</u>

8.2.3. Government Accounts

The total owed by Government Departments to Buffalo City Metropolitan Municipality as at 30 September 2022 amounted to R200,068,405 and this is a decrease of R83,384,826 when compared to August 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 30 September 2022.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	VALUE AS AT 30 SEPTEMBER 2022	VALUE AS AT 31 AUGUST 2022	DIFFERENCE
National Department Of Public Works	23 692 904	22 945 116	46 638 021	48 160 758	(1 522 737)
Provincial Department Of Public Works	89 144 182	21 692 939	110 837 121	193 814 680	(82 977 560)
Department of Education	-	18 398 996	18 398 996	15 670 641	2 728 355
Department of Health	-	18 751 664	18 751 664	21 068 931	(2 317 266)
Department of Social Development	-	1 868 696	1 868 696	777 774	1 090 921
Department of Transport	-	63 795	63 795	71 788	(7 992)
Department of Agriculture	-	62 755	62 755	79 272	(16 517)
Department of Nature Conservation	-	9 069	9 069	6 883	2 186
Department of Human Settlements	-	388 015	388 015	428 655	(40 641)
Sport, Recreation, Arts and Culture	-	39 543	39 543	16 988	22 555
Department of Labour - UIF Services	-	364 337	364 337	726 621	(362 284)
Members of Provincial Legislature	-	996 416	996 416	995 077	1 340
Department of Water Affairs	-	2 746	2 746	5 306	(2 560)
Department of Rural Development and Land Reform	-	1 647 232	1 647 232	1 629 857	17 375
TOTAL	112 837 086	87 231 319	200 068 405	283 453 231	(83 384 826)

9. CREDITORS' ANALYSIS

The creditors' analysis as depicted in table 14 below contains an aged analysis by customer type. The Metro is paying its creditors within 30 days as stipulated by section 65 (e) of the MFMA except when there are disputes on received invoices. The creditors payment period for the reporting period (30 September 2022) is 29 days.

Table 14: SC4 Monthly Budget Statement Aged Creditors

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

Description R thousands	NT Code	Budget Year 2022/23									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	165 774	-	-	-	-	-	-	-	165 774	169 129
Bulk Water	0200	23 541	-	-	-	-	-	-	-	23 541	21 183
PAYE deductions	0300	32 245	-	-	-	-	-	-	-	32 245	28 372
VAT (output less input)	0400	0	-	-	-	-	-	-	-	0	-
Pensions / Retirement deductions	0500	35 583	-	-	-	-	-	-	-	35 583	33 094
Loan repayments	0600	19 196	-	-	-	-	-	-	-	19 196	19 511
Trade Creditors	0700	153 539	-	-	-	-	-	-	-	153 539	73 981
Auditor General	0800	2 318	-	-	-	-	-	-	-	2 318	1 045
Other	0900	335 290	-	-	-	-	-	-	-	335 290	459 466
Total By Customer Type	1000	767 485	-	-	-	-	-	-	-	767 485	805 779

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

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

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM				165 774 184	165 774 184	165 774 184
WBHO CONSTRUCTION / MAKALI JV				27 840 909	27 840 909	27 840 909
AMATOLA WATER				23 540 802	23 540 802	23 540 802
DESIGNER LIGHTING (PTY) LTD				7 828 315	7 828 315	7 828 315
C & M FASTENERS CC				7 634 138	7 634 138	7 634 138
DAMFIN GENERAL TRADING CC				5 938 138	5 938 138	5 938 138
MAKALI PLANT AND CONSTRUCTION (PTY) LTD				5 146 129	5 146 129	5 146 129
BIDVEST MCCARTHY ISUZU TRUCKS (PTY) LTD				4 972 521	4 972 521	4 972 521
HOUSING DEVELOPMENT AGENCY				4 623 071	4 623 071	4 623 071
RUWACON				3 758 554	3 758 554	3 758 554
EZULUWENI CONSTRUCTION (PTY) LTD				3 550 198	3 550 198	3 550 198
MINTIRHO BUSINESS ENTERPRISE CC				3 487 511	3 487 511	3 487 511
SHWEME GENERAL TRADING CC JV EXCELLENT				3 371 051	3 371 051	3 371 051
CHIPPA TRAINING ACADEMY (PTY) LTD				3 007 188	3 007 188	3 007 188
SIMI INVESTMENT CC				2 841 697	2 841 697	2 841 697
EASTERN CAPE DEPARTMENT OF HUMAN SETTLEMENT				2 792 555	2 792 555	2 792 555
JUNOSAN TRADING CC				2 713 851	2 713 851	2 713 851
PROTEA CHEMICALS (CAPE)				2 614 822	2 614 822	2 614 822
MAKINWA MEDIA SOLUTIONS				2 557 952	2 557 952	2 557 952
IMVUSA TRADING 415 CC				2 513 418	2 513 418	2 513 418
TOTAL	-	-	-	286 507 003	286 507 003	286 507 003

10. INVESTMENT PORTFOLIO ANALYSIS

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

Table 16: SC5 Monthly Budget Statement – investment portfolio

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ^a	Commissio n Paid (Rands)	Commissio n Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial /	Investment Top Up	Closing Balance
		Yrs/Months										Premature Withdrawal (4)		
R thousands														
Municipality														
Absa - 4094793455		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	281	5	-	719	1 005
Absa - 4094788949		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	3 114	41	-	-	3 155
Absa - 4094793968		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	201	3	-	-	204
First National Bank - 62938182285		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	20 611	274	-	-	20 885
Stanlib - 552200137		Call Account	Call Account	Yes	Variable	6,54	0		Call Account	12	0	-	-	12
Nedbank - 03/7881532939/000041		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	1 105	15	-	-	1 119
Nedbank - 03/7881532939/000108		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	95	1	-	-	96
Absa - 4094789157		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	944	12	-	-	957
Nedbank - 03/7881532939/000110		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	343	5	-	-	348
Absa - 4094790083		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	1 349	18	-	-	1 367
Stanlib - 552200133		Call Account	Call Account	Yes	Variable	6,54	0		Call Account	289	4	-	-	293
Stanlib - 700475605		Call Account	Call Account	Yes	Variable	6,54	0		Call Account	1	0	-	-	1
Nedbank - 03/7881532939/000128		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	10 144	138	-	2 669	12 951
First National Bank - 62938013572		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	45 593	605	-	-	46 199
Standard - 76586/442745		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	51 084	672	-	-	51 755
Absa - 4094790211		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	41 567	547	-	-	42 114
First National Bank - 62938181039		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	3 878	61	-	5 058	8 997
Stanlib - 552200140		Call Account	Call Account	Yes	Variable	6,54	0		Call Account	199	3	-	-	202
Absa - 4094793895		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	523	7	-	-	530
First National Bank - 62938179951		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	3	5	-	2 682	2 690
Nedbank - 03/7881532939/000133		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	892	12	-	-	904
Nedbank - 03/7881532939/000134		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	156	2	-	-	158
First National Bank - 62938190080		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	26 021	369	-	12 173	38 563
Standard - 76586/524914		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	17	0	-	-	17
Nedbank - 03/7881532939/000136		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	3	0	-	-	3

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial /	Investment Top Up	Closing Balance
		Yrs/Months										Premature Withdrawal (4)		
R thousands														
Municipality														
Nedbank - 03/7881532939/000144		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	4 845	64	-	-	4 909
Nedbank - 03/7881532939/000145		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	8 959	118	-	-	9 077
Standard - 76586/553472		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	5 255	69	-	-	5 325
Standard - 76586/553471		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	10 499	138	-	-	10 637
Absa - 4101937017		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	83 022	1 267	-	61 510	145 798
Stanlib - 552200136		Call Account	Call Account	Yes	Variable	6,54	0		Call Account	5 586	82	-	-	5 668
First National Bank - 76200329912		15/08/2022	15/08/2022	Yes	Fixed	5,49	0		15/08/2022	65 699	442	66 141	-	-
Nedbank - 03/7881532939/000148		15/08/2022	15/08/2022	Yes	Fixed	5,35	0		15/08/2022	102 532	673	103 205	-	0
Standard - 76586/558782		15/08/2022	15/08/2022	Yes	Fixed	5,2	0		15/08/2022	53 796	343	54 140	-	-
Nedbank - 03/7881532939/000149		18/11/2022	18/11/2022	Yes	Fixed	6,35	0		18/11/2022	-	646	-	103 205	103 851
First National Bank- 76201063866		18/11/2022	18/11/2022	Yes	Fixed	6,27	0		18/11/2022	-	391	-	54 140	54 530
Standard- 76586/560948		18/11/2022	18/11/2022	Yes	Fixed	6,66	0		18/11/2022	-	434	-	66 141	66 576
Rand Merchant Bank - X021904910		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	23 994	315	-	-	24 310
Stanlib - 552200130		Call Account	Call Account	Yes	Variable	6,54	0		Call Account	22	0	-	-	23
Stanlib - 552200132		Call Account	Call Account	Yes	Variable	6,54	0		Call Account	13	0	-	-	13
Standard - 76586/442736		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	78	1	-	-	79
Stanlib - 552200131		Call Account	Call Account	Yes	Variable	6,54	0		Call Account	129	2	-	-	131
First National Bank - 62938189471		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	23	0	-	-	24
Nedbank - 03/7881532939/000101		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	98	1	-	-	99
Absa - 4094793536		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	12	0	-	-	12
Absa - 4094789872		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	6	0	-	-	6
Standard - 76586/442741		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	44	1	-	-	45
Standard - 76586/442744		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	107	1	-	-	108
First National Bank - 62938188887		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	42	1	-	-	42
Nedbank - 03/7881532939/000129		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	59	1	-	-	60
Standard - 76586/442738		Call Account	Call Account	Yes	Variable	6,05	0		Call Account	3 315	44	-	-	3 359
Municipality sub-total										576 557	7 832	223 485	308 296	669 199
Entities														
Entities sub-total										-	-	-	-	-
TOTAL INVESTMENTS AND INTEREST	2									576 557	7 832	223 485	308 296	669 199

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 - M03 September										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		1 034 896	1 299 183	1 166 277	10 000	428 157	448 030	(19 873)	-4,4%	1 166 277
Energy Efficiency And Demand Side Management Grant		-	-	-	-	-	-	-		-
Equitable Share		936 811	1 045 448	1 045 448	-	407 725	407 725	-	0,0%	1 045 448
Expanded Public Works Programme Integrated Grant		7 300	10 728	10 728	-	2 682	2 682	-	0,0%	10 728
Infrastructure Skills Development Grant		10 350	11 600	11 600	-	6 750	6 750	-	0,0%	11 600
Local Government Financial Management Grant		1 000	1 000	1 000	-	1 000	1 000	-	0,0%	1 000
Metro Informal Settlements Partnership Grant		5 172	18 359	18 359	-	-	-	-		18 359
Neighbourhood Development Partnership Grant		20 581	21 000	20 581	10 000	10 000	10 000	-	0,0%	20 581
Programme And Project Preparation Support Grant		8 941	146 263	13 776	-	-	19 873	(19 873)	-100,0%	13 776
Public Transport Network Grant		-	-	-	-	-	-	-		-
Urban Settlement Development Grant		44 741	44 785	44 785	-	-	-	-		44 785
Other transfers and grants [insert description]									0,0%	
Provincial Government:		15 870	115 983	154 187	-	-	-	-		154 187
Dsrac		15 870	15 870	15 870	-	-	-	-		15 870
Infrastructure Grant		-	-	-	-	-	-	-		-
Transitional Grant		-	100 113	138 317	-	-	-	-		138 317
Other transfers and grants [insert description]										
District Municipality:		-	-	-	-	-	-	-		-
[insert description]										
Other grant providers:		34 032	31 598	164 274	-	-	-	-		164 274
Eastern Cape Arts Council		-	-	-	-	-	-	-		-
European Union		15 685	31 598	31 598	-	-	-	-		31 598
Local Government Water And Related Service Seta		-	-	37	-	-	-	-		37
Parent Municipality		18 347	-	132 450	-	-	-	-		132 450
Unsp. City Of Oldenburg		-	-	-	-	-	-	-		-
Unsp. Glasgow Partnshp		-	-	-	-	-	-	-		-
Unsp. Salaida/Galve		-	-	190	-	-	-	-		190
Total Operating Transfers and Grants	5	1 084 798	1 446 763	1 484 738	10 000	428 157	448 030	(19 873)	-4,4%	1 484 738
Capital Transfers and Grants										
National Government:		710 200	734 725	734 875	10 000	285 027	265 027	20 000	7,5%	734 875
Energy Efficiency and Demand Side Management Grant		9 000	-	-	-	-	-	-		-
Infrastructure Skills Development Grant		150	-	150	-	-	-	-		150
Integrated City Development Grant		-	-	-	-	-	-	-		-
Metro Informal Settlements Partnership Grant		233 086	263 763	263 763	-	141 062	121 062	20 000	16,5%	263 763
Neighbourhood Development Partnership Grant		13 000	19 581	19 581	10 000	10 000	10 000	-	0,0%	19 581
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-		-
Urban Settlement Development Grant		454 964	451 381	451 381	-	133 965	133 965	-	0,0%	451 381
Provincial Government:		-	-	-	-	-	-	-		-
[insert description]										
District Municipality:		-	-	-	-	-	-	-		-
[insert description]										
Other grant providers:		(149)	-	1 140	-	-	-	-		1 140
[insert description]										
Parent Municipality		(149)	-	1 140	-	-	-	-		1 140
Total Capital Transfers and Grants	5	710 051	734 725	736 015	10 000	285 027	265 027	20 000	7,5%	736 015
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	1 794 849	2 181 489	2 220 753	20 000	713 184	713 057	127	0,0%	2 220 753

11.1. Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 10% (R84.98 million, inclusive of reclaimed vat) of its 2022/23 conditional grants adjusted budget of R855.70 billion as at 30 September 2022. This reflects an improvement when compared to the same period in the previous financial year where 6% (R48.29 million, inclusive of reclaimed vat) of conditional grants budget of R811.70 million was spent. (Refer to Section 11.1 for further details).

Table 18 below reflects the year-to-date expenditure on 2022/2023 total conditional grants.

Table 18: Spending per Conditional Grant Funding Allocation

Funding/Grant	2022/23 Approved Budget	YTD Expenditure (vat) R	YTD Variance (vat incl.) R	% Expenditure (vat incl.)
Finance Management Grant	1 000 000	178 803	821 197	18%
Infrastructure Skills Development Grant	11 750 000	2 141 759	9 608 241	18%
Urban Settlement Development Grant	496 166 000	47 423 335	448 742 666	10%
Neighbourhood Development Partnership Grant	19 581 000	134 821	19 446 179	1%
Neighbourhood Development Partnership Grant(PEP)	20 581 000	3 166 598	17 414 402	15%
Informal Settlement Upgrading Partnership Grant	282 122 000	29 543 720	252 578 280	10%
Expanded Public Works Programme Grant	10 728 000	2 394 417	8 333 583	22%
Programme and Project Preparation Support Grant (PPPSG)	13 776 000	0	13 776 000	0%
TOTAL	855 704 000	84 983 452	770 720 548	10%

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 7 (seven) interns serving on the internship programme. The interns are being remunerated accordingly. One (1) more intern will be appointed during the course of the financial year. Furthermore, the grant will be utilised for capacity and upskilling of the interns and officials in the Finance directorate as well as Internal Audit. Expenditure is in line with set targets.

11.1.2. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

Low expenditure can be attributed to the fact that there are delays in the recruitment process for additional interns. The process of recruiting nine (9) additional interns is still underway. Expenditure is expected to improve once the recruitment process is completed.

11.1.3. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

Infrastructure Services

a) Roads

The sites have been handed over to contractors for commencement of the projects. Expenditure will improve in the second quarter as construction progresses.

b) Wastewater & Water

The Department is still undertaking procurement process. Purchase requisitions have been submitted for the generation of orders. Expenditure is expected to pick up at the end of the second quarter.

Spatial Planning and Development

a) Sleeper Site Road

Contractor was appointed at end of June 2022 for Phase 2 and has finalised site establishment and site preparations. The contractor has started ordering signage for traffic diversion and excavations for stormwater and will start in October 2022.

b) Qumza Highway Phase 7 - Phase 1 & 2

Contractors have been appointed and are currently finalising insurance and contractual issues. Construction is expected to commence in January 2023.

c) Taxi Rank Infrastructure (Roads & Ablution Facilities)

Site Clearing is complete, and Contractor is busy with Layer works at Ebuhlanti Taxi Rank. Hawker Stalls Sewerage at Market Square Taxi Rank is complete and commissioning will be done on the 13 October 2022.

Human Settlements

Procurement of major contracts that are allocated to the Housing Development Agency for implementation are being finalised. The Housing Development Agency has committed to conclude procurement and signing of contract before end of October 2022, the situation will improve towards the end of this second quarter.

11.1.4. NEIGHBORHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

Procurement for service providers for the implementation of the zones at Toyana None-Motorized Transport (NMT) road project is still in progress. The Billie Road Project is still in design phase and almost complete. Expenditure will improve once procurement of the service providers through a formal contract is completed.

11.1.5. EXPANDED PUBLIC WORKS PROGRAMME GRANT (EPWP)

The Expanded Public Works Programme Grant unit had set out seven (7) projects for implementation for the current financial year, however only four (4) projects have been implemented since the beginning of the financial year which has resulted in the in low expenditure and delayed recruitment also contributed to the low expenditure. Expenditure is expected to improve as three (3) projects are envisioned to be implemented in the second quarter which will create about 500 work opportunities.

11.1.6.NEIGHBORHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG PUBLIC EMPLOYMENT PROGRAMME)

The project is being implemented by Buffalo City Metropolitan Development Agency (BCMDA) and Border-Kei Chamber of Business (BKCOB) on behalf of the Metro as per Memorandum of Understanding (MOU). The City is awaiting invoices to be submitted by the entities for reimbursement in line with the Memorandum of Understanding (MOU). Expenditure will improve as the implementing partners submit invoices as the project progresses.

11.1.7.INFORMAL SETTLEMENT UPGRADING PARTNERSHIP GRANT (ISUPG)

Infrastructure Services

a) Electricity

Supply and Installation of six (6) High mast Lights order has been placed with the supplier and delivery takes between 6 and 8 weeks. Expenditure is expected to improve once installation has taken place.

b) Wastewater & Water

The department is still undertaking procurement process. Purchase requisitions have been submitted for the generation of orders. Expenditure is expected to pick up at the end of the first quarter.

Human Settlements

Procurement of major contracts that are allocated to the Housing Development Agency for implementation are being finalised. The Housing Development Agency has committed to conclude procurement and signing of contract before end of October 2022, the situation will improve towards the end of this second quarter.

11.1.8.PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT (PPPSG)

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

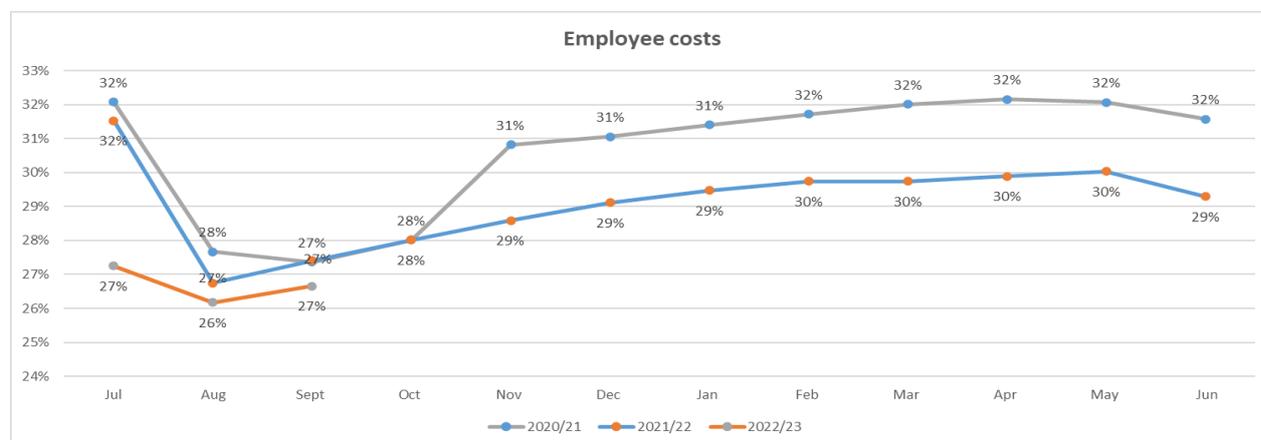
Table 19 below provides summary of employees and councillors remuneration. The workforce costs as a percentage of total expenditure amounted to 26.66%. This is within the norm of 25% - 40%.

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

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September										
Summary of Employee and Councillor remuneration	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		36 539	42 747	42 747	3 148	11 038	10 452	586	6%	42 747
Pension and UIF Contributions		3 524	4 269	4 269	337	1 101	1 044	57	5%	4 269
Medical Aid Contributions		1 666	2 065	2 065	130	389	505	(116)	-23%	2 065
Motor Vehicle Allowance								-		
Cellphone Allowance		4 110	4 259	4 259	341	1 020	1 041	(21)	-2%	4 259
Housing Allowances		10 333	2 445	2 445	1 187	3 674	598	3 076	514%	2 445
Other benefits and allowances		8 510	14 477	14 477	444	1 333	3 541	(2 209)	-62%	14 477
Sub Total - Councillors		64 683	70 263	70 263	5 588	18 555	17 181	1 373	8%	70 263
% increase	4		8,6%	8,6%						8,6%
Senior Managers of the Municipality										
Basic Salaries and Wages		11 419	12 585	12 585	867	2 595	3 008	(412)	-14%	12 585
Pension and UIF Contributions		2 126	2 402	2 402	159	477	576	(100)	-17%	2 402
Medical Aid Contributions		337	421	421	27	80	101	(22)	-22%	421
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		-	-	-	-	-	-	-		-
Motor Vehicle Allowance		2 424	2 942	2 942	178	534	704	(170)	-24%	2 942
Cellphone Allowance		298	367	367	19	58	88	(30)	-34%	367
Housing Allowances		2 638	2 834	2 834	192	575	675	(99)	-15%	2 834
Other benefits and allowances		85	101	101	7	20	24	(4)	-16%	101
Payments in lieu of leave		-	-	-	-	-	-	-		-
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations	2	(53 053)	-	-	-	-	-	-		-
Sub Total - Senior Managers of Municipality		(33 725)	21 653	21 653	1 449	4 340	5 176	(837)	-16%	21 653
% increase	4		-164,2%	-164,2%						-164,2%
Other Municipal Staff										
Basic Salaries and Wages		1 525 529	1 682 402	1 600 592	130 709	394 265	391 015	3 250	1%	1 600 592
Pension and UIF Contributions		297 056	313 598	313 598	25 688	77 373	75 595	1 777	2%	313 598
Medical Aid Contributions		113 122	146 878	146 878	9 468	28 473	35 444	(6 971)	-20%	146 878
Overtime		153 631	147 057	147 057	12 168	38 014	35 363	2 651	7%	147 057
Performance Bonus		122 625	139 106	139 106	15 001	37 180	33 537	3 644	11%	139 106
Motor Vehicle Allowance		37 936	44 073	44 073	3 367	10 180	10 554	(374)	-4%	44 073
Cellphone Allowance		4 296	4 534	4 534	354	1 083	1 083	0	0%	4 534
Housing Allowances		8 301	15 434	15 434	735	2 210	3 714	(1 505)	-41%	15 434
Other benefits and allowances		86 928	86 586	86 586	7 489	22 888	20 667	2 222	11%	86 586
Payments in lieu of leave		38 923	-	-	-	-	-	-		-
Long service awards		81 302	34 927	34 927	3 141	9 618	8 406	1 212	14%	34 927
Post-retirement benefit obligations	2	74 372	18 270	18 270	0	0	4 568	(4 567)	-100%	18 270
Sub Total - Other Municipal Staff		2 544 022	2 632 865	2 551 055	208 121	621 284	619 946	1 338	0%	2 551 055
% increase	4		3,5%	0,3%						0,3%
TOTAL SALARY, ALLOWANCES & BENEFITS		2 597 834	2 757 134	2 675 324	217 952	652 398	649 986	2 412	0%	2 675 324
% increase	4		6,1%	3,0%						3,0%
TOTAL MANAGERS AND STAFF		2 533 152	2 686 871	2 605 061	212 364	633 843	632 804	1 039	0%	2 605 061

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 30 September 2022. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 30 September 2022.

Table 20: Overtime per Directorate

Directorate Overtime	2022/2023 Annual Budget R	2022/2023 YTD Budget R	2022/2023 YTD Expenditure R	2022/2023 YTD Variance R	2022/2023 % of YTD Budget %
Directorate of Executive Support Services	2 871 030	690 403	2 112 266	(1 421 863)	306%
Directorate of The City Manager	747 194	179 679	195 117	(15 438)	109%
Directorate of Corporate Services	757 878	182 249	227 327	(45 079)	125%
Directorate of Spatial Planning & Development	405 901	97 608	53 822	43 786	55%
Directorate of Economic Development & Agencies	654 849	157 473	214 093	(56 620)	136%
Directorate of Finance	4 307 238	1 035 771	1 163 651	(127 880)	112%
Directorate of Public Safety & Emergency Services	46 633 301	11 214 008	11 339 702	(125 693)	101%
Directorate Of Human Settlement	0	0	2 635	(2 635)	0%
Directorate of Infrastructure Services	49 317 180	11 859 406	13 772 971	(1 913 565)	116%
<i>Electricity</i>	16 972 045	4 081 303	4 815 009	(733 705)	118%
<i>Water</i>	15 832 437	3 807 260	5 018 717	(1 211 458)	132%
<i>Sanitation</i>	15 143 881	3 641 681	3 652 683	(11 002)	100%
<i>Other</i>	1 368 817	329 162	286 562	42 600	87%
Directorate of Solid Waste, Environmental & Health Management	28 938 969	6 959 015	5 958 741	1 000 274	86%
Directorate of Sport, Recreation & Community Development	12 423 892	2 987 600	2 973 888	13 712	100%
Total	147 057 432	35 363 211	38 014 212	(2 651 001)	107%

The total overtime payment for the months of July 2022, August 2022 and September 2022 is detailed below. There was an increase in the total payment of overtime between July 2022 and August 2022 of R446 583 and a decrease in the total payment of overtime between August 2022 and September 2022 of R1 010 452.

Table 21: Overtime Per Cost Centre: July 2022 – September 2022

OVERTIME PER COST CENTRE

		July 2022 Amount	August 2022 Amount	September 2022 Amount
	DIRECTORATE -EXECUTIVE SUPPORT SERVICES			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	3 868.43	956.20	1 485.53
0523	IDP & BUDGET INTEGRATION	7 111.24	-	-
0532	OFFICE OF THE CHIEF WHIP	133 763.51	116 595.49	162 614.93
0533	OFFICE OF THE DEPUTY EXECUTIVE MAYOR	307 256.49	154 201.89	137 917.20
0534	OFFICE OF THE EXECUTIVE MAYOR	265 508.19	266 784.90	238 515.07
0535	OFFICE OF THE SPEAKER	36 930.01	50 244.13	45 038.66
0536	MPAC	55 252.38	48 958.16	
		809 690.25	637 740.77	585 571.39
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	26 524.50	41 432.37	77 200.86
1041	GOVERNANCE & INTERNAL AUDITING	-	30 216.26	12 997.63
		26 524.50	71 648.63	90 198.49
	DIRECTORATE OF CORPORATE SERVICES			
1512	ADMINISTRATIVE & CORPORATE SUPPORT	-	30 619.48	10 134.33
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	17 291.48	29 861.62	45 912.90
1514	INFORMATION / TECHNOLOGY & SUPPORT	18 277.70	33 784.12	29 295.25
1521	COVID 19 DISASTER MANAGEMENT, HR PERFORMANCE & DEVELOPMENT	-	-	2 800.30
1531	HUMAN RESOURCES MANAGEMENT	1 200.96	4 972.56	-
1536	ORGANISATIONAL DEVELOPMENT	-505.06	-	-
		36 265.08	99 237.78	88 142.78
	DIRECTORATE OF SPATIAL PLANNING & DEVELOPMENT			
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	1 876.08	-	4 436.29
2037	TRAFFIC MANAGEMENT & SAFETY	8 059.51	5 407.60	6 022.10
		9 935.59	5 407.60	10 458.39
	DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES			
2511	FRESH PRODUCE MARKET	13 651.17	28 773.82	8 138.60
2521	TOURISM / ARTS / CULTURE & HERITAGE	20 266.62	22 281.54	3 787.74
		33 917.79	51 055.36	11 926.34

		July 2022 Amount	August 2022 Amount	September 2022 Amount
	DIRECTORATE OF FINANCE			
3011	BUDGET & TREASURY MANAGEMENT	4 707.36	-	-
3033	PAYROLL & BENEFITS	3 713.36	-	-
3034	VAT / LEASES & PAYMENTS	18 256.13	42 941.00	-
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	36 279.38	6 410.01	31 601.85
3053	COASTAL REVENUE MANAGEMENT	1 817.55	2 568.49	-
3054	CUSTOMER RELATIONS (CALL CENTRE)	218 639.14	256 374.13	183 754.02
3055	INLAND REVENUE MANAGEMENT	34 623.27	34 686.48	20 646.26
3056	MIDLAND REVENUE MANAGEMENT	2 728.32	31 188.17	1 226.52
3061	STRATEGY & OPERATIONS	-	1 197.84	-
3071	SUPPLY CHAIN MANAGEMENT	86 009.48	7 372.43	-
		406 773.99	382 738.55	237 228.65
	DIRECTORATE OF PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	4 314.02	-	9 480.46
3513	FIRE & RESCUE	522 731.22	589 205.76	474 390.31
3532	LAW ENFORCEMENT SERVICES	1 790 784.55	1 508 495.26	1 356 352.94
3533	TRAFFIC SERVICES	315 228.63	530 720.82	337 472.26
		2 633 058.42	2 628 421.84	2 177 695.97
	DIRECTORATE OF HUMAN SETTLEMENT			
4011	HOUSING DELIVERY & IMPLEMENTATION	-550.00	3 735.24	-550.00
		-550.00	3 735.24	-550.00
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	23 873.76	-	3 459.96
4511	ELECTRICAL & ENERGY SERVICES	3 905.75	3 619.40	4 406.22
4512	CUSTOMER SERVICES & REVENUE PROTECTION	98 091.84	114 740.68	111 260.88
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	1 800.09	1 888.38	-
4514	ELECTRICAL DISTRIBUTION	1 306 092.48	1 411 221.37	1 590 231.71
4521	ROADS / PIU & CONSTRUCTION	-	20 109.72	1 106.10
4522	CONSTRUCTION	3 640.41	9 493.50	5 059.55
4524	ROADS	18 747.13	70 149.90	15 876.28
4532	SANITATION	1 043 535.34	1 155 826.11	1 013 724.61
4535	WATER SERVICES	1 516 218.46	1 661 851.29	1 512 847.79
4543	WORKSHOPS	18 311.77	48 298.81	56 237.99
		4 034 217.03	4 497 199.16	4 314 211.09

		July 2022 Amount	August 2022 Amount	September 2022 Amount
DIRECTORATE OF SOLID WASTE, ENVIRONMENTAL & HEALTH MANAGEMENT				
5511	GENERAL MANAGER'S OFFICE		-	-
5512	LANDFILLS & TRANSFER STATIONS	829 743.97	943 402.22	680 041.98
5513	WASTE REMOVAL & CLEANSING (COASTAL)	282 972.23	255 373.96	734 457.70
5514	WASTE REMOVAL & CLEANSING (MIDLAND)	173 957.55	241 422.92	7 238.79
5517	LANDFILL & TRANSFER STATIONS	79 566.66	92 264.59	83 282.63
5523	COASTAL BEACHES & NATURE MANAGEMENT	52 731.46	33 407.74	103 881.19
5524	GRASS CUTTING & VEGETATION CONTROL	170 241.95	63 410.77	20 250.16
5533	MUNICIPAL HEALTH SERVICES	-	1 112.13	-
		1 589 213.82	1 630 394.33	1 629 152.45
DIRECORATE OF SPORT, RECREATION & COMMUNITY DEVELOPMENT				
6011	GM OFFICE	37 052.55	34 874.21	32 881.56
6012	LIBRARIES	11 638.35	21 775.92	20 162.96
6013	HALLS	198 473.76	210 092.85	221 195.89
6014	ZOO & AQUARIUM	131 575.68	161 115.64	148 741.80
6022	PARKS (COASTAL)	69 053.58	48 463.24	36 015.71
6023	CEMETERIES (COASTAL)	140 056.66	197 081.69	180 874.97
6024	PARKS (MIDLAND)	6 826.56	22 451.49	1 274.77
6025	CEMETERIES (MIDLAND)	92 502.52	122 509.31	85 488.25
6026	PARKS (INLAND)	57 256.92	4 629.95	6 054.55
6027	CEMETERIES (INLAND)	83 972.26	94 721.21	91 025.43
6032	FACILITIES	104 968.61	84 555.41	30 634.54
6033	SWIMMING POOLS	60 438.23	8 393.76	2 603.16
6034	RESORTS MANAGEMENT	26 798.15	27 998.90	34 801.76
		1 020 613.83	1 038 663.58	891 755.35
	TOTAL OVERTIME	10 599 660.30	11 046 242.84	10 035 790.90

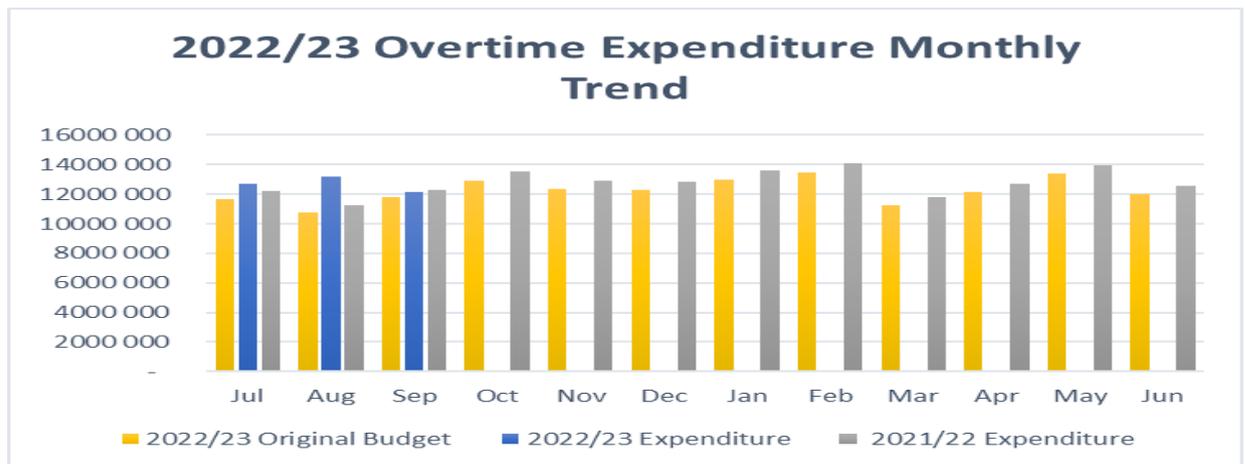
The measures that have been put in place to reduce overtime are the following:

- 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 Corporate Services

The over expenditure on overtime is as a result of nature of operations which necessitates the drivers to deliver council packages outside the normal operating hours. In some cases, staff are required to do special deliveries to political officers and officials so that deadlines can be met.

d) Directorate Of Economic Development & Agencies

Shift Overseers and an operational worker worked additional hours due to a sick shift overseer. One employee conducted patrols outside working hours to monitor safety related matters due to high level of recent crime incidents. Cold room employees worked outside working hours to monitor the temperatures at the cold storage.

e) Directorate Of Finance

The over expenditure on overtime is as a result of staff that worked to process and finalise financial year-end processes. Call Centre also contributes to over expenditure as it is required to be operational 365 days a year, which includes weekends and public holidays. The staff are 5 day workers and as such need to be paid overtime for work done on a weekend and public holidays in order to keep the Call Centre operational, furthermore overtime was worked to clear the backlog pertaining to clearing of debtor's accounts.

f) Directorate of 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.

g) Directorate of Infrastructure Services

- i. Electricity – This is due to emergency raids which are carried out after hours to eradicate illegal connections and emergency standby work carried out over weekends and after hours. Vandalism & Theft contributes a large percentage of overtime worked.
- ii. 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.

12.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift payment for the months of July 2022, August 2022 and September 2022 is reflected below. There was an increase in the total payment between July 2022 and August 2022 of R145 464 and an increase in the total payment between August 2022 and September 2022 of R55 212.

Table 22: Standby & Shift Allowance per Directorate

	July 2022 Amount	August 2022 Amount	September 2022 Amount
Directorate of Executive Support Services	17 403	16 640	18 570
Directorate of the City Manager	885	1 370	5 370
Directorate of Corporate Services	3 809	6 655	11 524
Directorate of Spatial Planning & Development	14 546	11 905	11 362
Directorate Economic Development & Agencies	2 119	1 086	2 627
Directorate of Finance	18 270	18 723	17 099
Directorate of Public Safety & Emergency Services	729 997	809 479	813 029
Directorate of Infrastructure Services	775 176	889 895	936 829
Directorate of Solid Waste, Environmental & Health	414 301	377 638	378 616
Directorate of Sport, Recreation & Community Development	39 007	27 584	21 163
TOTAL	2 015 513	2 160 977	2 216 189

12.4. Cost of Temporary Staff

Table 23 below reflects the total payment of temporary staff for the months of July 2022, August 2022 and September 2022 is reflected below. There was an increase in the total payment between July 2022 and August 2022 of R75 969 and a decrease in the total payment between August 2022 and September 2022 of R310 004.

Table 23: Temporary Staff per Directorate

	July 2022 Amount	August 2022 Amount	September 2022 Amount
Directorate of Executive Support Services	773 838	789 339	794 807
Directorate of the City Manager	41 038	41 038	41 038
Directorate of Corporate Services	2 170 831	1 645 606	1 563 836
Directorate of Spatial Planning & Development	79	-	-
Directorate of Finance	361 994	946 160	338 617
Directorate of Public Safety & Emergency Services	-	20 817	20 817
Directorate of Human Settlement	381 143	606 441	619 891
Directorate of Infrastructure Services	872 015	623 061	594 938
Directorate - Solid Waste, Environmental & Health Management	7 346	11 079	400 268
Directorate of Sport, recreation & Community Development	51 136	51 847	51 172
TOTAL	4 659 420	4 735 389	4 425 385

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year-to-date budget of R17.18 million less the year-to-date expenditure of R18.55 million leaves a variance of R1.37 million.

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

Councillors Allowances And Benefits	2022/2023 Annual Budget R	2022/2023 YTD Budget R	2022/2023 YTD Expenditure R	2022/2023 Variance R	2022/2023 Variance %
Councillors Allowances	47 006 822	11 494 640	12 058 052	-563 412	-4,90
Housing Allowance	2 445 458	597 991	3 673 912	-3 075 921	0,00
Medical Aid Allowance	2 064 937	504 942	389 424	115 518	22,88
Pension Allowance	4 268 995	1 043 903	1 101 051	-57 148	-5,47
Travel Allowance	14 476 648	3 539 994	1 332 504	2 207 490	62,36
Total	70 262 860	17 181 470	18 554 943	-1 373 473	-7,99

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R32.19 million (21%) of its 2022/2023 approved operating budget of R151,55 million. A detailed analysis of the entity's performance for month ended 30 September 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) - M03 September

Description	Ref	2020/21	Current 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										
	1									
Interest earned - external investments		722	637	637	110	288	178	110	61,6%	637
Agency services		5 453	3 768	3 768	412	1 297	952	345	36,3%	3 768
Transfers and subsidies		4 510	132 487	132 487	2 786	5 536	54 253	(48 717)	-89,8%	132 487
Other revenue		42 168	14 661	14 661	0	22 127	3 665	18 462	503,7%	14 661
Gains		83	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		52 936	151 552	151 552	3 309	29 249	59 048	(29 800)	-50,5%	151 552
Expenditure By Type										
Employee related costs		22 855	32 354	32 354	2 794	8 219	7 682	537	7,0%	32 354
Depreciation & asset impairment		926	984	984	67	205	277	(72)	-25,9%	984
Finance charges		0	4	4	-	-	1	(1)	-100,0%	4
Inventory consumed		495	1 299	1 299	1 052	1 525	252	1 273	505,1%	1 299
Contracted services		78 950	105 568	105 568	6 525	20 718	23 972	(3 254)	-13,6%	105 568
Transfers and subsidies		171	217	217	25	25	64	(39)	-61,6%	217
Other expenditure		6 132	11 126	11 126	200	1 500	2 672	(1 172)	-43,9%	11 126
Losses		22	-	-	-	-	-	-	-	-
Total Expenditure	3	109 551	151 552	151 552	10 663	32 191	34 920	(2 729)	-7,8%	151 552
Surplus/(Deficit)		(56 616)	-	-	(7 354)	(2 943)	24 128	(27 071)	-112,2%	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	1 140	1 140	-	-	71	(71)	-100,0%	1 140
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		68 160	-	-	5 155	16 214	-	16 214	0,0%	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		11 545	1 140	1 140	(2 198)	13 272	24 199	(10 927)	-45,2%	1 140
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		11 545	1 140	1 140	(2 198)	13 272	24 199	(10 927)		1 140

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 7% (R121.66 million, inclusive of reclaimed vat) of its 2022/23 adjusted capital budget of R1.80 billion as at 30 September 2022. This reflects an improvement when compared to the same period in the previous financial year where 5% (R109.62 million, inclusive of reclaimed vat) of the adjusted capital budget of R2.01 billion was spent.

Refer to Annexure A – C5 for the breakdown per municipal vote standard classification & funding; Annexure B – SC12 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	2022/2023 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Own Funding	569 467 683	54 913 404	514 554 279	10%
Own Funding C/O	91 698 874	68 007	91 630 867	0%
Loan	399 524 000	482 239	399 041 761	0%
TOTAL OWN FUNDING	1 060 690 557	55 463 650	1 005 226 907	5%
Urban Settlement Development Grant	451 381 020	38 677 462	412 703 558	9%
Informal Settlements Upgrading Partnership Grant	263 763 320	27 380 445	236 382 875	10%
Neighbourhood Development Partnership Grant	19 581 000	134 821	19 446 179	1%
Infrastructure Skills Development Grant	150 000	0	150 000	0%
TOTAL GRANTS	734 875 340	66 192 729	668 682 611	9%
TOTAL CAPITAL BUDGET	1 795 565 897	121 656 379	1 673 909 518	7%

Table 27 below reflects capital expenditure performance per service

Table 27: Actual Expenditure per Service against Budget

Services	2022/2023 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Amenities	74 569 819	8 516 859	66 052 961	11%
Electricity	145 012 787	4 827 697	140 185 090	3%
Human Settlements	235 492 070	23 857 249	211 634 821	10%
Local Economic Development	72 311 659	1 952 754	70 358 904	3%
Other: BCMM Fleet	7 287 217	0	7 287 217	0%
Public Safety	42 400 052	32 967	42 367 085	0%
Roads	418 215 782	64 559 623	353 656 159	15%
Spatial Planning	33 258 155	131 595	33 126 560	0%
Support Services	101 272 595	3 467 499	97 805 096	3%
Transport Planning	75 840 632	5 597 157	70 243 475	7%
Waste Management	30 055 881	0	30 055 881	0%
Wastewater	447 524 000	1 656 288	445 867 712	0%
Water	112 325 249	7 056 692	105 268 558	6%
TOTAL - PER SERVICE	1 795 565 897	121 656 379	1 673 909 518	7%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

Directorate	2022/2023 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Executive Support Services	1 200 300	31 946	1 168 354	3%
City Manager's Office	600 000	0	600 000	0%
Corporate Services	16 654 017	241 377	16 412 640	1%
Spatial Planning & Development	109 598 787	5 728 751	103 870 035	5%
Economic Development & Agencies	72 116 422	1 952 754	70 163 667	3%
Finance Services	70 190 041	2 973 663	67 216 378	4%
Public Safety & Emergency Services	44 805 314	32 967	44 772 347	0%
Human Settlements	235 992 070	23 933 249	212 058 821	10%
Infrastructure Services	1 130 865 035	78 195 299	1 052 669 736	7%
Sports, Recreation & Community Development	54 789 291	8 536 209	46 253 082	16%
Solid Waste, Environmental & Health Management	50 919 384	0	50 919 384	0%
TOTAL DIRECTORATES	1 787 730 660	121 626 216	1 666 104 444	7%
Asset Replacements	6 000 000	0	6 000 000	0%
BCMDA Projects	1 835 237	30 162	1 805 075	2%
TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE	1 795 565 897	121 656 379	1 673 909 518	7%

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

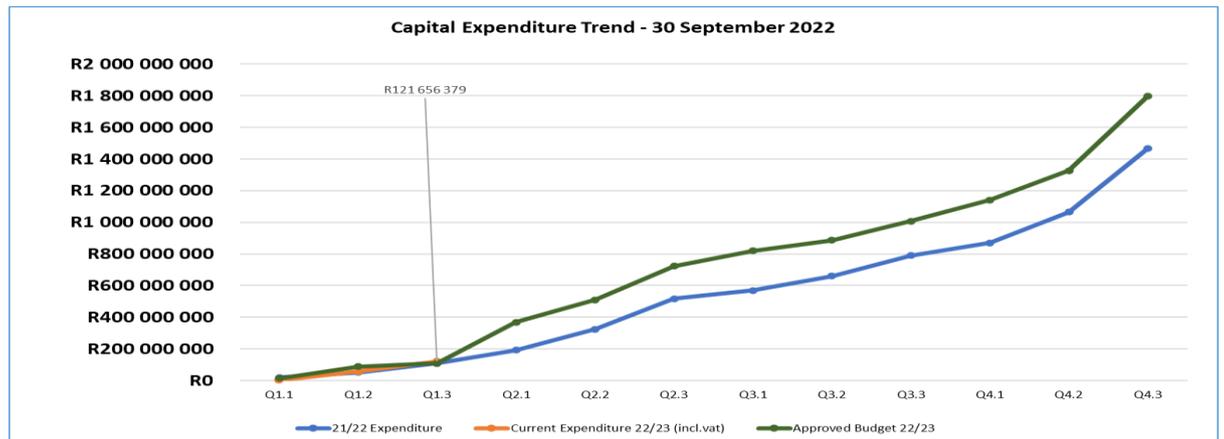
Table 29: SC12 Monthly Budget Statement – capital expenditure trend

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

Month	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	117 363	173 864	173 864	1 766	1 766	173 864	172 098	99,0%	0%
August	117 363	173 864	146 985	53 245	55 011	320 849	265 837	82,9%	3%
September	117 363	173 864	147 106	59 794	114 806	467 955	353 149	75,5%	6%
October	117 363	173 864	147 143	-	-	615 098	-	-	-
November	117 363	173 864	147 412	-	-	762 510	-	-	-
December	117 363	173 864	147 412	-	-	909 922	-	-	-
January	117 363	173 864	147 151	-	-	1 057 073	-	-	-
February	117 363	173 864	147 168	-	-	1 204 240	-	-	-
March	117 363	173 864	147 233	-	-	1 351 473	-	-	-
April	117 363	173 864	147 778	-	-	1 499 251	-	-	-
May	117 363	173 864	147 772	-	-	1 647 023	-	-	-
June	117 363	173 864	148 543	-	-	1 795 566	-	-	-
Total Capital expenditure	1 408 357	2 086 362	1 795 566	114 806					

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 produce 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 because 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 6% (R26.81 million, inclusive of reclaimed vat) of its 2022/23 adjusted operating projects budget of R422.55 million as at 30 September 2022. This reflects the same trend when compared to the same period in the previous financial year where 6% (R25.46 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R411.80 million was spent. (Refer to Section 15 for further details).

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

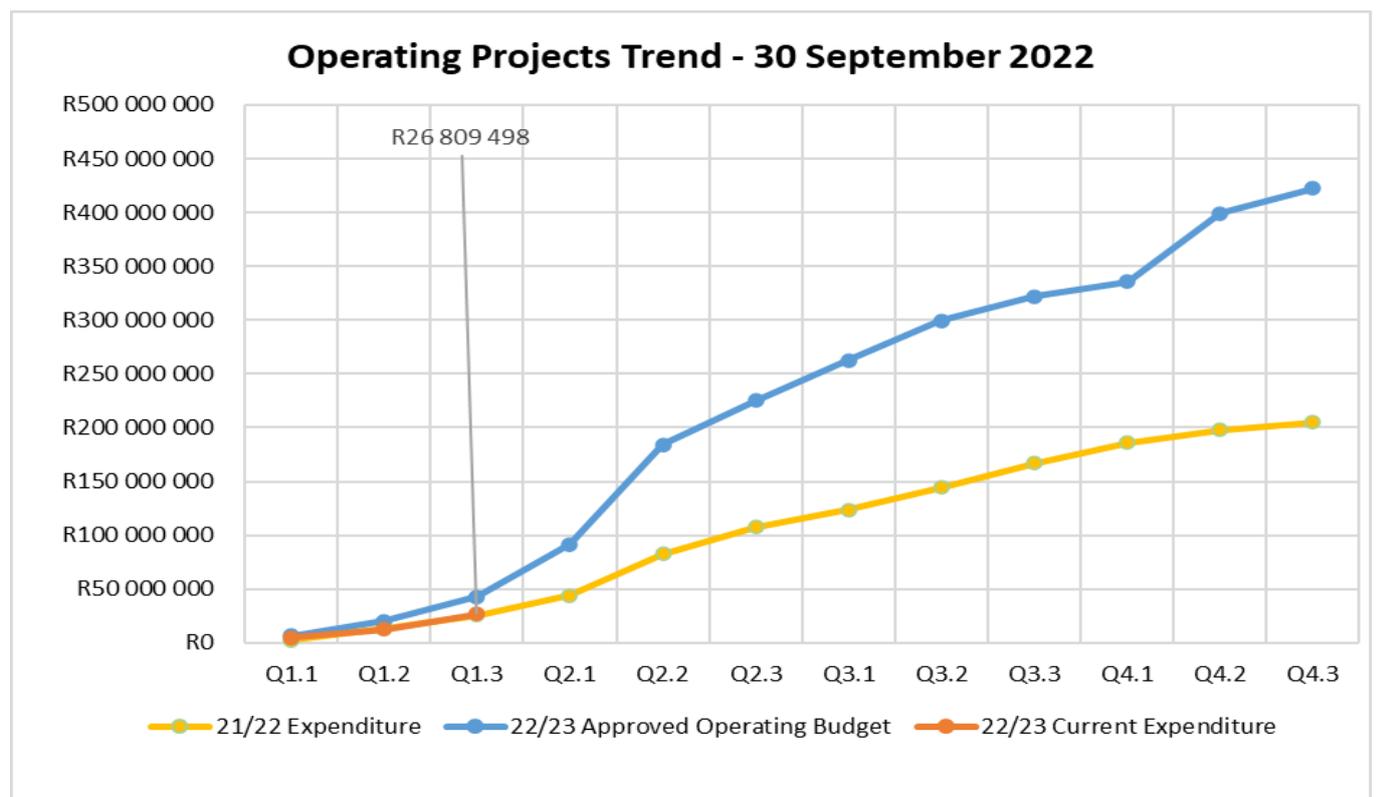
Directorate	2022/2023 Adjusted Budget	YTD Expenditure (incl. vat)	Variance (incl. VAT)	% Expenditure (incl. vat)
Executive Support Services	52 913 980	213 337	52 700 643	0%
City Manager's Office	45 163 200	7 007 887	38 155 313	16%
Corporate Services	12 600 000	2 355 650	10 355 898	19%
Spatial Planning & Development	11 572 000	480 565	11 091 435	4%
Economic Development & Agencies	13 283 808	1 579 694	11 704 114	12%
Finance Services	52 792 800	330 886	52 461 914	1%
Public Safety & Emergency Services	5 771 256	119 988	5 651 268	2%
Human Settlements	153 153 336	8 863 618	144 289 718	6%
Infrastructure Services	42 968 000	2 166 225	40 801 775	5%
Sports, Recreation & Community Development	2 910 177	624 483	2 285 694	21%
Solid Waste, Environmental & Health Management	29 421 714	3 067 164	26 354 550	10%
TOTAL PER DIRECTORATE	422 550 271	26 809 498	395 852 321	6%

Table 31: Operating Projects Per Funding Source

Funding	2022/2023 Adjusted Budget	YTD Expenditure (incl. vat)	Variance (incl. VAT)	% Expenditure (incl. vat)
Total Own Funding	163 215 180	1 075 283	162 139 896	1%
Salaida c/o	189 775	0	189 775	0%
Urban Settlement Development Grant	44 784 980	8 745 872	36 039 108	20%
Finance Management Grant	1 000 000	178 803	821 197	18%
Informal Settlements Upgrading Partnership Grant	18 358 680	2 163 274	16 195 406	12%
Infrastructure Skills Development Grant	11 600 000	2 253 307	9 458 241	19%
Programme And Project Preparation Support Grant (PPPSG)	13 776 000	0	13 776 000	0%
Expanded Public Works Programme	10 728 000	2 394 417	8 333 583	22%
Human Settlements Development Grant	41 609 610	3 343 948	38 265 662	8%
Human Settlements Development Grant C/O	96 707 046	3 487 995	93 219 051	4%
Neighbourhood Development Partnership Grant	20 581 000	3 166 598	17 414 402	15%
TOTAL PER FUNDING SOURCE	259 335 091	25 734 215	233 712 424	10%
TOTAL OPERATING PROJECTS	422 550 271	26 809 498	395 852 321	6%

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, Nceba Ncunyana, Acting City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

The monthly budget statement (Section 71 Report)

for the period ending **September 2022** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print name: Nceba Ncunyana

Acting City Manager of Buffalo City Metropolitan Municipality

Signature: