REPORT TO COUNCIL: 26 JULY 2023

File No.:5/1/1/1[22/23]

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STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF THE 2022/23 BUDGET FOR THE PERIOD ENDED 30 JUNE 2023

1. PURPOSE

The purpose of the report is for Council 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 June 2023.

2. AUTHORITY

Buffalo City Metropolitan Municipality Council.

3. LEGAL / STATUTORY REQUIREMENTS

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

3.2. Municipal Finance Management Act No 56, 2003 Chapter 7, Section 52

3.3. Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

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

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

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

This report contains preliminary information of transactions processed by end of business on 10 July 2023 as the financial year end closure is still in progress. BCMM will continue processing journals and closing entries to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2023. This will allow the institution to prepare a credible set of Annual Financial Statements for presentation to the Auditor General by 31 August 2023. Thus, the results in this report are as at a point in time (10 July 2023) and will be subject to potential certain adjustments as issues arise to fairly present the financial affairs of the institution as at 30 June 2023. This report has been compiled in compliance with Section 52(d) of the MFMA which requires submission within 30 days of the end of each quarter.

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PART 1: IN-YEAR REPORT

5. RESOLUTIONS

It is recommended that:

(i) Council **CONSIDERS** and **NOTES** the report on the statement of financial performance and the implementation of the 2022/23 budget for the period ended 30 June 2023 including supporting documentation attached as Annexure A to G.

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

(iii) Council **NOTES** the year to date collection rate for the period ended 30 June 2023 of 82,05%.

(iv) Council **NOTES** the implemented and approved virement request from the Directorate of Public Safety & Emergency Services.

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P. FAKU **DATE**

EXECUTIVE MAYOR

BUFFALO CITY METROPOLITAN MUNICIPALITY

MXOLISI YAWA/ AX

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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 JUNE 2023

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 7 850 524 164	Bank Balance	R 128 085 511
Expenditure	(R 9 431 649 621)	Call investments (excl. int.)	R 544 901 810
Operating deficit before Transfers and Subsidies Recognised – Capital	(R 1 581 125 456)	**Cash and cash equivalents**	**R 672 987 321**
Transfers and Subsidies Recognised – Capital	R 537 626 965	*Account Payables*	*(R 1 187 444 253)*
Surplus deficit Capital Transfers	(R 1 043 498 491)	*Unspent conditional grants*	*(R 407 681 139)*
DEBTORS		*Committed to Capital budget-own funds*	*(R 155 473 658)*
Total debtors' book (incl. impairment)	R 5 651 757 423	**Possible cash deficit should there be no revenue collection made**	**(R 1 077 611 729)**
Total debtors – Government	R 97 561 303		
Total debtors – Business	R 1 608 588 204	Total Long-term loans	R 138 853 808
Total debtors – Households	R 3 945 607 916		
Total debt written off incl. Vat (YTD)	R 625 615 273	**SURPLUS / (DEFICIT) PER SERVICE**	
		Water	R 75 682 668
REPAIRS AND MAINTENANCE		Electricity	(R 855 807 079)
2021/2022:	**2022/2023:**	Refuse	R 102 136 997
Exp.= R394.95 m, which is 94% of budget of R419.23 m	Exp.= R425.58 m, which is 90% of budget of R472.43 m	Sewerage	R 217 144 874
CAPITAL EXPENDITURE		**OPERATING PROJECTS EXPENDITURE**	
2021/2022: Exp. as a % of Adjusted Budget of R1.60b: Exp. (excl. vat) = R1.16 Bil % exp. (Excl. vat) :73% Exp. (incl. vat) = R1.22 Bil % exp. (incl. vat): 76%	**2022/2023: Exp. as a % of Adjusted Budget of R1.39b:** Exp. (excl. vat) = R1.08 Bil % exp. (Excl. vat) :77% Exp. (incl. vat) = R1.15 mil % exp. (incl. vat): 83%	**2021/2022: Exp. as a % of Adjusted Budget of R477,81m:** Exp. (excl. vat) = R209.70 mil % exp. (excl. vat): 44% Exp. (incl. vat) = R215.66 mil % exp. (incl. vat): 45%	**2022/2023: Exp. as a % of Adjusted Budget of R423,02m:** Exp. (excl. vat) = R258.21 mil % exp. (excl. vat): 61% Exp. (incl. vat) = R267.50 mil % exp. (incl. vat): 63%
FINANCIAL		**HUMAN RESOURCES**	
Operating Deficit before Capital Transfers	(R 1 581 125 456)	Total staff complement	5 280
Debtors' collection ratio	82,05%.	Staff Appointments	4
YTD Grants and subsidies: recognized – Capital	R 537 626 965	Staff Terminations	20
Creditor's payment days	47 days	Number of funded vacant posts (under recruitment process)	766
Current ratio	1,41 :1	Total overtime paid (YTD)	R 156 601 157
Total Debt to Revenue	1,88%	Allowances and benefits – Councillors (YTD)	R 66 873 631
Capital Charges to Operating Expenditure	0,70%	Salary bill – Officials (YTD)	R 2 558 653 036
Cost coverage ratio	0,46 months	Workforce costs as a % of expenditure	27,84%

6.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is under pressure as the Current Ratio is 1.41:1. The ratio is below the National Treasury norm of 1.5:1. The stagnant revenue base and high rate of increase in operating costs is a threat to the City's cash position. This ratio indicates unless the City improves it's cashflow position through implementation of credit control action, there is a risk that the City will struggle to 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 June 2023 is 82.05% (2021/22: 71.39%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has decreased by 0.05% from last month where 82.10% was achieved for the period ended 31 May 2023. 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 June 2023 per region is as follows: Coastal 86.08%, Midland 68.56% Inland 72.26%.

Figure 3: Collection Ratio Per Region

Total gross debtors' book (including current accounts) as at 30 June 2023 amounts to R5.65 billion (2021/22: R5.11 billion). Households: R3.95 billion, Business: R1.61 billion and Government: R97.56 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

The Metro has spent 83% (R1.15 billion, inclusive of reclaimed vat) of its 2022/23 adjusted capital budget of R1.39 billion as at 30 June 2023. This reflects an improvement when compared to the same period in the previous financial year where 76% (R1.22 billion, inclusive of reclaimed vat) of the adjusted capital budget of R1.60 billion was spent. Expenditure is expected to further improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2023. (Refer to Section 14 for further details).

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

6.5. Operating Projects

The Metro has spent 63% (R267.50 million, inclusive of reclaimed vat) of its 2022/23 adjusted operating projects budget of R423.02 million as at 30 June 2023. This reflects an improvement when compared to the same period in the previous financial year where 45% (R215.56 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R477.81 million was spent. Expenditure is expected to further improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2023. (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 88% (R769.33 million, inclusive of reclaimed vat) of its 2022/23 conditional grants adjusted budget of R873.12 million as at 30 June 2023. This reflects an improvement when compared to the same period in the previous financial year where 78% (R631.82 million, inclusive of reclaimed vat) of conditional grants budget of R808.28 million was spent. Expenditure is

expected to further improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2023. (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 June 2023 is R672.99 million made up of cash at the primary bank account amounting to R128.09 million and call investment deposits of R544.90 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 National Treasury's collection rate of 95%. 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 0.46 month. This ratio indicates the municipality's ability to meet 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 will struggle 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 over the years due to a decline in the collection rate. Although the collection rate has improved during the 2022/2023 financial year, it has not reached or attained the required standard of National Treasury. 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 a panel of transactional advisers that will be responsible for sourcing 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. <u>Outstanding Creditors</u>

The Metro always strives to pay all 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 June 2023) is 47 days. Refer to Section 9 for details.

6.9. Long-Term Debt Profile

The total long-term borrowings of the municipality as at 30 June 2023 amounts to R138.85 million. Refer to Annexure C for the schedule of borrowings.

The ratio of capital charges to operating expenditure as at 30 June 2023 is 0.70%. 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 1.88% as at 30 June 2023, 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 credit rating issued by Global Credit Ratings Agency as at March 2023 reflects that the municipality has capacity to take on additional financing from borrowing to invest in infrastructure projects. However, due to weak economic performance as well as a low 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 855 807 079 for the period ended 30 June 2023. 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 a Revaluation Model as an accounting policy of choice to subsequently measure its infrastructure assets in line with Generally Recognised Accounting Practices (GRAP) which results to annual increase in the City's asset base due to price increases in the construction industry, this therefore attracts an equivalent increase in the depreciation expense for the Metro's infrastructure network.

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 - M12 June

Description	2021/22	Budget Year 2022/23							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	1 733 914	1 958 216	1 958 216	134 605	1 637 704	1 958 216	(320 512)	-16%	1 958 216
Service charges	4 312 993	4 253 303	4 173 303	306 509	3 660 597	4 173 303	(512 707)	-12%	4 173 303
Investment revenue	33 086	30 876	30 820	4 592	44 912	30 820	14 092	46%	30 820
Transfers and subsidies	1 099 255	1 446 763	1 480 169	716	1 211 645	1 480 169	(268 524)	-18%	1 480 169
Other own revenue	1 069 737	1 182 480	1 228 835	56 751	1 295 667	1 228 835	66 831	5%	1 228 835
Total Revenue (excluding capital transfers and contributions)	**8 248 985**	**8 871 639**	**8 871 344**	**503 173**	**7 850 524**	**8 871 344**	**(1 020 820)**	**-12%**	**8 871 344**
Employee costs	2 536 403	2 686 871	2 623 180	211 969	2 558 653	2 623 180	(64 527)	-2%	2 623 180
Remuneration of Councillors	64 683	70 263	70 263	3 726	66 874	70 263	(3 389)	-5%	70 263
Depreciation & asset impairment	1 569 797	614 397	614 223	149 641	1 809 767	614 223	1 195 544	195%	614 223
Finance charges	20 684	49 361	49 358	1 177	16 202	49 358	(33 156)	-67%	49 358
Inventory consumed and bulk purchases	2 293 210	2 475 266	2 391 445	285 644	2 243 876	2 391 445	(147 569)	-6%	2 391 445
Transfers and subsidies	127 299	170 553	191 161	15 218	132 258	191 161	(58 904)	-31%	191 161
Other expenditure	2 589 020	2 803 699	2 771 663	249 685	2 604 019	2 771 663	(167 644)	-6%	2 771 663
Total Expenditure	**9 201 096**	**8 870 409**	**8 711 293**	**917 060**	**9 431 650**	**8 711 293**	**720 356**	**8%**	**8 711 293**
Surplus/(Deficit)	**(952 111)**	**1 229**	**160 051**	**(413 887)**	**(1 581 125)**	**160 051**	**(1 741 176)**	**-1088%**	**160 051**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	687 065	736 015	731 380	69 013	516 400	731 380	(214 979)	-29%	731 380
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	2 495	–	–	–	21 227	–	21 227	#DIV/0!	–
Surplus/(Deficit) after capital transfers & contributions	**(262 551)**	**737 245**	**891 431**	**(344 874)**	**(1 043 498)**	**891 431**	**(1 934 929)**	**-217%**	**891 431**
Share of surplus/ (deficit) of associate	29 869	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(232 682)**	**737 245**	**891 431**	**(344 874)**	**(1 043 498)**	**891 431**	**(1 934 929)**	**-217%**	**891 431**
Capital expenditure & funds sources									
Capital expenditure	**1 408 515**	**2 086 362**	**1 391 406**	**187 380**	**1 077 213**	**1 391 406**	**(314 193)**	**-23%**	**1 391 406**
Capital transfers recognised	624 464	734 875	730 498	92 002	572 085	730 498	(158 413)	-22%	730 498
Borrowing	11 727	732 614	–	(1 556)	–	–	–		–
Internally generated funds	**772 324**	**618 873**	**660 908**	**96 934**	**505 128**	**660 908**	**(155 780)**	**-24%**	**660 908**
Total sources of capital funds	**1 408 515**	**2 086 362**	**1 391 406**	**187 380**	**1 077 213**	**1 391 406**	**(314 193)**	**-23%**	**1 391 406**
Financial position									
Total current assets	10 217 212	3 516 679	3 633 033		10 741 968				3 633 033
Total non current assets	25 670 881	24 120 494	23 425 712		24 938 327				23 425 712
Total current liabilities	8 865 399	1 862 363	1 862 363		9 771 912				1 862 363
Total non current liabilities	1 143 933	2 254 276	1 521 661		1 073 120				1 521 661
Community wealth/Equity	**25 878 762**	**23 534 769**	**23 674 720**		**24 835 263**				**23 674 720**
Cash flows									
Net cash from (used) operating	1 128 842	1 036 020	543 171	813 769	3 317 172	543 171	(2 774 001)	-511%	543 171
Net cash from (used) investing	(1 531 602)	(2 086 362)	(2 086 362)	(187 380)	(1 077 211)	(2 086 362)	(1 009 152)	48%	(2 086 362)
Net cash from (used) financing	(45 191)	677 964	669 782	132 685	(2 537 819)	677 964	3 215 783	474%	677 964
Cash/cash equivalents at the month/year end	**697 457**	**512 296**	**11 091**	**–**	**672 987**	**19 273**	**(653 715)**	**-3392%**	**105 617**
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	437 695	192 586	158 194	142 612	132 328	128 137	802 886	3 657 319	5 651 757
Creditors Age Analysis									
Total Creditors	1 127 644	59 800	–	–	–	–	–	–	1 187 444

7.2 Monthly Budget Statement – Financial Performance (standard classification)

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

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

BUF Buffalo City - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - M12 June

Description	Ref	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										
Governance and administration		**3 130 086**	**3 404 043**	**3 482 632**	**169 922**	**3 211 271**	**3 482 632**	(271 361)	-8%	**3 482 632**
Executive and council		27 407	24 215	24 215	(7 059)	18 031	24 215	(6 184)	-26%	24 215
Finance and administration		3 102 680	3 379 828	3 458 417	176 981	3 193 241	3 458 417	(265 177)	-8%	3 458 417
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**450 333**	**638 480**	**642 854**	**33 266**	**403 606**	**642 854**	(239 248)	-37%	**642 854**
Community and social services		25 320	47 067	46 982	1 445	23 897	46 982	(23 086)	-49%	46 982
Sport and recreation		8 435	24 210	33 502	4 410	24 770	33 502	(8 732)	-26%	33 502
Public safety		179 714	219 117	197 516	13 459	183 170	197 516	(14 346)	-7%	197 516
Housing		236 851	348 050	364 818	13 950	171 733	364 818	(193 085)	-53%	364 818
Health		13	36	36	1	36	36	0	0%	36
Economic and environmental services		**288 637**	**420 899**	**424 350**	**41 590**	**321 603**	**424 350**	(102 747)	-24%	**424 350**
Planning and development		140 658	239 954	235 405	12 019	149 468	235 405	(85 937)	-37%	235 405
Road transport		147 979	180 945	188 945	29 570	172 135	188 945	(16 810)	-9%	188 945
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**4 990 728**	**5 025 896**	**4 941 046**	**319 125**	**4 399 481**	**4 941 046**	(541 565)	-11%	**4 941 046**
Energy sources		2 248 953	2 645 758	2 560 758	172 108	2 221 856	2 560 758	(338 902)	-13%	2 560 758
Water management		1 541 833	1 152 514	1 144 514	64 156	947 394	1 144 514	(197 121)	-17%	1 144 514
Waste water management		650 803	642 008	642 008	44 586	645 891	642 008	3 883	1%	642 008
Waste management		549 140	585 615	593 766	38 274	584 340	593 766	(9 426)	-2%	593 766
Other	4	**78 761**	**118 337**	**111 841**	**8 285**	**52 190**	**111 841**	**(59 651)**	**-53%**	**111 841**
Total Revenue - Functional	2	**8 938 545**	**9 607 654**	**9 602 724**	**572 187**	**8 388 151**	**9 602 724**	**(1 214 573)**	**-13%**	**9 602 724**
Expenditure - Functional										
Governance and administration		**1 671 206**	**1 813 110**	**1 778 296**	**136 884**	**1 796 665**	**1 778 296**	18 368	1%	**1 778 296**
Executive and council		346 987	360 044	352 421	30 498	332 908	352 421	(19 512)	-6%	352 421
Finance and administration		1 313 220	1 438 849	1 412 038	105 603	1 453 479	1 412 038	41 441	3%	1 412 038
Internal audit		10 998	14 216	13 838	784	10 277	13 838	(3 561)	-26%	13 838
Community and public safety		**1 211 276**	**1 306 265**	**1 256 692**	**112 606**	**1 237 341**	**1 256 692**	(19 352)	-2%	**1 256 692**
Community and social services		178 875	169 963	162 673	16 190	173 622	162 673	10 949	7%	162 673
Sport and recreation		435 689	419 859	395 805	41 786	454 840	395 805	59 035	15%	395 805
Public safety		496 627	496 608	469 524	38 581	452 278	469 524	(17 246)	-4%	469 524
Housing		48 631	162 205	176 656	11 834	105 482	176 656	(71 174)	-40%	176 656
Health		51 454	57 631	52 035	4 214	51 119	52 035	(916)	-2%	52 035
Economic and environmental services		**1 151 812**	**849 083**	**830 987**	**111 847**	**1 343 384**	**830 987**	512 397	62%	**830 987**
Planning and development		257 688	343 116	326 865	30 106	337 817	326 865	10 952	3%	326 865
Road transport		894 124	505 966	504 122	81 741	1 005 567	504 122	501 445	99%	504 122
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**4 999 525**	**4 724 022**	**4 670 614**	**545 790**	**4 918 992**	**4 670 614**	248 378	5%	**4 670 614**
Energy sources		2 708 470	3 022 224	2 974 066	317 793	3 007 653	2 974 066	33 587	1%	2 974 066
Water management		1 230 632	812 623	804 565	119 812	902 759	804 565	98 194	12%	804 565
Waste water management		526 763	415 022	412 098	43 268	495 021	412 098	82 923	20%	412 098
Waste management		533 661	474 152	479 885	64 917	513 559	479 885	33 674	7%	479 885
Other		**137 726**	**177 930**	**174 704**	**9 933**	**135 268**	**174 704**	**(39 435)**	**-23%**	**174 704**
Total Expenditure - Functional	3	**9 171 545**	**8 870 409**	**8 711 293**	**917 060**	**9 431 650**	**8 711 293**	**720 356**	**8%**	**8 711 293**
Surplus/ (Deficit) for the year		**(232 999)**	**737 245**	**891 431**	**(344 874)**	**(1 043 498)**	**891 431**	**(1 934 929)**	**-217%**	**891 431**

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

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

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

BUF Buffalo City - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June

Vote Description	Ref	2021/22	Budget Year 2022/23							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue by Vote	1									
Vote 01 - Directorate - Executive Support Services		191	522	712	40	892	712	180	25,3%	712
Vote 02 - Directorate - Municipal Manager		27 415	23 693	23 693	(7 059)	17 261	23 693	(6 432)	-27,1%	23 693
Vote 03 - Directorate - Human Settlement		236 851	348 050	364 818	13 950	171 733	364 818	(193 085)	-52,9%	364 818
Vote 04 - Directorate - Chief Financial Officer		3 035 621	3 340 617	3 420 366	173 854	3 159 024	3 420 366	(261 342)	-7,6%	3 420 366
Vote 05 - Directorate - Corporate Services		12 451	12 489	12 489	1 205	14 571	12 489	2 082	16,7%	12 489
Vote 06 - Directorate - Infrastructure Services		4 589 568	4 621 226	4 536 226	310 420	3 987 277	4 536 226	(548 949)	-12,1%	4 536 226
Vote 07 - Directorate - Spatial Planning And Development		140 429	113 984	121 388	11 388	80 406	121 388	(40 982)	-33,8%	121 388
Vote 08 - Directorate - Health / Public Safety & Emergency Services		179 714	219 117	197 516	13 459	183 170	197 516	(14 346)	-7,3%	197 516
Vote 10 - Directorate - Economic Development & Agencies		133 397	271 029	251 231	10 797	140 774	251 231	(110 456)	-44,0%	251 231
Vote 11 - Directorate - Solid Waste And Environmental Management		549 405	591 151	608 802	41 872	595 144	608 802	(13 658)	-2,2%	608 802
Vote 12 - Directorate - Sport, Recreation & Community Development		33 503	65 776	65 484	2 263	37 912	65 484	(27 572)	-42,1%	65 484
Total Revenue by Vote	2	**8 938 545**	**9 607 654**	**9 602 724**	**572 187**	**8 388 151**	**9 602 724**	**(1 214 573)**	**-12,6%**	**9 602 724**
Expenditure by Vote	1									
Vote 01 - Directorate - Executive Support Services		278 459	291 865	282 531	24 185	285 249	282 531	2 718	1,0%	282 531
Vote 02 - Directorate - Municipal Manager		148 509	154 574	153 479	12 624	140 785	153 479	(12 694)	-8,3%	153 479
Vote 03 - Directorate - Human Settlement		48 283	161 814	176 266	11 834	105 195	176 266	(71 071)	-40,3%	176 266
Vote 04 - Directorate - Chief Financial Officer		752 638	970 076	948 379	61 993	911 996	948 379	(36 383)	-3,8%	948 379
Vote 05 - Directorate - Corporate Services		243 555	227 076	227 678	17 240	243 287	227 678	15 609	6,9%	227 678
Vote 06 - Directorate - Infrastructure Services		5 493 492	4 869 537	4 804 397	575 406	5 541 238	4 804 397	736 842	15,3%	4 804 397
Vote 07 - Directorate - Spatial Planning And Development		356 036	281 535	279 191	31 448	364 183	279 191	84 992	30,4%	279 191
Vote 08 - Directorate - Health / Public Safety & Emergency Services		501 899	501 008	473 471	39 103	457 283	473 471	(16 188)	-3,4%	473 471
Vote 10 - Directorate - Economic Development & Agencies		184 357	322 856	306 686	18 738	223 983	306 686	(82 703)	-27,0%	306 686
Vote 11 - Directorate - Solid Waste And Environmental Management		695 442	656 627	644 938	77 202	663 897	644 938	18 959	2,9%	644 938
Vote 12 - Directorate - Sport, Recreation & Community Development		468 558	433 442	414 277	47 289	494 553	414 277	80 276	19,4%	414 277
Total Expenditure by Vote	2	**9 171 227**	**8 870 409**	**8 711 293**	**917 060**	**9 431 650**	**8 711 293**	**720 356**	**8,3%**	**8 711 293**
Surplus/ (Deficit) for the year	2	**(232 682)**	**737 245**	**891 431**	**(344 874)**	**(1 043 498)**	**891 431**	**(1 934 929)**	**-217,1%**	**891 431**

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 30 June 2023.

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

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

Description	Ref	2021/22	Budget Year 2022/23							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source										
Property rates		1 733 914	1 958 216	1 958 216	134 605	1 637 704	1 958 216	(320 512)	-16%	1 958 216
Service charges - electricity revenue		2 199 541	2 549 552	2 469 552	168 385	2 112 264	2 469 552	(357 288)	-14%	2 469 552
Service charges - water revenue		1 255 133	849 617	849 617	58 703	669 563	849 617	(180 054)	-21%	849 617
Service charges - sanitation revenue		470 773	468 519	468 519	42 501	479 320	468 519	10 801	2%	468 519
Service charges - refuse revenue		387 546	385 616	385 616	36 921	399 449	385 616	13 833	4%	385 616
Rental of facilities and equipment		21 116	21 965	21 965	2 454	24 127	21 965	2 162	10%	21 965
Interest earned - external investments		33 086	30 876	30 820	4 592	44 912	30 820	14 092	46%	30 820
Interest earned - outstanding debtors		176 561	121 249	201 249	32 429	297 966	201 249	96 717	48%	201 249
Dividends received								–		
Fines, penalties and forfeits		12 408	22 435	19 070	837	11 423	19 070	(7 647)	-40%	19 070
Licences and permits		12 128	19 739	16 778	1 423	12 244	16 778	(4 534)	-27%	16 778
Agency services		30 536	44 713	28 243	4 262	27 291	28 243	(952)	-3%	28 243
Transfers and subsidies		1 099 255	1 446 763	1 480 169	716	1 211 645	1 480 169	(268 524)	-18%	1 480 169
Other revenue		800 273	952 379	941 530	14 955	921 943	941 530	(19 587)	-2%	941 530
Gains		16 715	–	–	391	673	–	673	0%	–
Total Revenue (excluding capital transfers and contributions)		**8 248 985**	**8 871 639**	**8 871 344**	**503 173**	**7 850 524**	**8 871 344**	**(1 020 820)**	**-12%**	**8 871 344**

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

Description	Ref	2021/22	Budget Year 2022/23							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Expenditure By Type										
Employee related costs		2 536 403	2 686 871	2 623 180	211 969	2 558 653	2 623 180	(64 527)	-2%	2 623 180
Remuneration of councillors		64 683	70 263	70 263	3 726	66 874	70 263	(3 389)	-5%	70 263
Debt impairment		1 385 422	1 211 246	1 211 246	100 914	1 211 246	1 211 246	–		1 211 246
Depreciation & asset impairment		1 569 797	614 397	614 223	149 641	1 809 767	614 223	1 195 544	195%	614 223
Finance charges		20 684	49 361	49 358	1 177	16 202	49 358	(33 156)	-67%	49 358
Bulk purchases - electricity		1 922 255	2 160 427	2 120 427	228 372	1 938 853	2 120 427	(181 574)	-9%	2 120 427
Inventory consumed		370 955	314 839	271 018	57 272	305 023	271 018	34 006	13%	271 018
Contracted services		595 097	977 494	958 327	72 624	727 498	958 327	(230 829)	-24%	958 327
Transfers and subsidies		127 299	170 553	191 161	15 218	132 258	191 161	(58 904)	-31%	191 161
Other expenditure		607 177	532 823	519 954	56 617	584 313	519 954	64 359	12%	519 954
Losses		1 324	82 136	82 136	19 531	80 962	82 136	(1 174)	-1%	82 136
Total Expenditure		**9 201 096**	**8 870 409**	**8 711 293**	**917 060**	**9 431 650**	**8 711 293**	**720 356**	**8%**	**8 711 293**
Surplus/(Deficit)		**(952 111)**	**1 229**	**160 051**	**(413 887)**	**(1 581 125)**	**160 051**	**(1 741 176)**	**(0)**	**160 051**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		687 065	736 015	731 380	69 013	516 400	731 380	(214 979)	**(0)**	731 380
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		202	–	–	–	21 227	–	21 227	**–**	–
Transfers and subsidies - capital (in-kind - all)		2 294	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**(262 551)**	**737 245**	**891 431**	**(344 874)**	**(1 043 498)**	**891 431**			**891 431**
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		**(262 551)**	**737 245**	**891 431**	**(344 874)**	**(1 043 498)**	**891 431**			**891 431**
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		**(262 551)**	**737 245**	**891 431**	**(344 874)**	**(1 043 498)**	**891 431**			**891 431**
Share of surplus/ (deficit) of associate		29 869	–	–	–	–	–			–
Surplus/ (Deficit) for the year		**(232 682)**	**737 245**	**891 431**	**(344 874)**	**(1 043 498)**	**891 431**			**891 431**

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

Property rates has realised less revenue than projected due to downward adjustment of property values for six high value properties as per the Valuation Appeal Board.

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 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

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

i. Interim readings obtained and processed. The actual reading are yet to be obtained which may be higher than the interim readings.

7.4.1.4 Interest earned - external investments

An increase in the interest rate has contributed to the overperformance of interest on external investments.

7.4.1.5 Interest earned – outstanding debtors

The variance is 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.

7.4.1.6 Fines, penalties and forfeits

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

(i) Cases are struck of the Court Roll.

(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.

7.4.1.7 Licences and Permits

Three private companies other than BCMM also offer roadworthy testing of vehicles. Learners Licenses and Professional Driver's License testing can also be undertaken at the Department of Transport. Loadshedding has also impacted on the services from being effectively delivered to the public as the times impact on how the department operates. The loadshedding times 06:00-09:00 means that the offices open late, and the system needs time to boot up. 09:00 to 12:00 the public are turned away and rescheduled for another day or requested to stay until power has resumed noting that there is time for the system still to boot up, same is said for 12:00-15:00 and from 15:00 to 18:00. The internet connectivity downtime has greatly impacted on services being rendered.

7.4.1.8 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. Revenue is expected to further improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2023.

7.4.1.9 Depreciation & asset impairment

The depreciation amount as disclosed in the Statement of Financial Performance is inclusive of the Revaluation component which then translates into higher depreciation costs. The budget for depreciation resulting from the revalued portion of Property, Plant and Equipment is budgeted in the Statement of Financial Position in line with MFMA circular no.58, however, the monthly transactions are sitting in the Statement of Financial performance and will be transferred to the Statement of Financial Position at year end to correct the overspending and align with the budget.

7.4.1.10 Finance charges

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

7.4.1.11 Inventory consumed

Overperformance on inventory consumed is mainly caused by fuel and material and supplies votes which are demand driven.

7.4.1.12 Contracted services

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

7.4.1.13 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 a moratorium that was placed on internally funded projects.
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 is expected to

improve as outstanding invoices for work done up to and including 30 June 2023 are still being processed.

7.4.1.14 <u>Other expenditure</u>

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) Hired plant - The variance is mainly due to an increase in the hiring of compactor trucks so as to cope with the demand of collecting refuse from the community.

7.4.2 Repairs and maintenance

Table 6 below reflects that as at 30 June 2023 the repairs and maintenance expenditure is 90% of the budget of R472.43 million (2021/22:94%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	2022/2023 Annual Budget R	2022/2023 Annual Expenditure R	2022/2023 - Variance R	2022/2023 % Of Budget %
Directorate of Executive Support Services	2 576 593	2 125 638	450 956	82%
Directorate of The City Manager	267 177	20 809	246 368	8%
Directorate of Corporate Services	8 772 034	7 086 645	1 685 389	81%
Directorate of Spatial Planning & Development	26 029 989	20 313 556	5 716 433	78%
Directorate of Economic Development & Agencies	1 581 993	1 238 558	343 435	78%
Directorate of Finance	15 303 081	5 240 000	10 063 081	34%
Directorate of Public Safety & Emergency Services	8 904 365	4 214 565	4 689 800	47%
Directorate of Human Settlement	526 946	342 540	184 407	65%
Directorate of Infrastructure Services	376 153 393	351 863 743	24 289 650	94%
Electricity	*142 520 275*	*137 320 252*	*5 200 023*	*96%*
Water	*60 566 672*	*48 945 564*	*11 621 108*	*81%*
Sanitation	*41 198 996*	*40 984 569*	*214 427*	*99%*
Other	*131 867 450*	*124 613 358*	*7 254 092*	*94%*
Directorate of Solid Waste & Environmental Management	*16 130 449*	*14 210 787*	*1 919 662*	*88%*
Directorate of Sport, Recreation & Community Developmental Services	16 186 990	18 927 880	*(2 740 890)*	117%
TOTAL	**472 433 010**	**425 584 720**	**46 848 290**	**90%**

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 R845.82 million in the upgrading and renewal programme that complements the repairs and maintenance. Refer to Annexure B: SC13b (Capital expenditure on renewal of existing assets by) and SC13e (Capital expenditure on upgrading of existing assets by asset class).

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

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

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

BUF Buffalo City - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M12 June

Vote Description	Ref	2021/22	Budget Year 2022/23							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Multi-Year expenditure appropriation	2									
Vote 01 - Directorate - Executive Support Services		5 369	500	1 200	477	891	1 200	(309)	-26%	1 200
Vote 02 - Directorate - Municipal Manager		2 946	600	1 650	29	180	1 650	(1 470)	-89%	1 650
Vote 03 - Directorate - Human Settlement		214 662	235 992	235 992	19 905	135 180	235 992	(100 812)	-43%	235 992
Vote 04 - Directorate - Chief Financial Officer		205 433	250 714	83 138	14 812	61 856	83 138	(21 281)	-26%	83 138
Vote 05 - Directorate - Corporate Services		4 494	4 980	14 664	1 370	9 071	14 664	(5 593)	-38%	14 664
Vote 06 - Directorate - Infrastructure Services		653 787	1 274 245	727 891	98 550	662 501	727 891	(65 390)	-9%	727 891
Vote 07 - Directorate - Spatial Planning And Development		115 477	105 341	98 399	23 489	74 331	98 399	(24 067)	-24%	98 399
Vote 08 - Directorate - Health / Public Safety & Emergency Services		8 836	22 900	40 805	1 027	17 182	40 805	(23 624)	-58%	40 805
Vote 10 - Directorate - Economic Development & Agencies		140 761	104 701	80 858	13 564	49 981	80 858	(30 877)	-38%	80 858
Vote 11 - Directorate - Solid Waste And Environmental Management		13 027	38 319	50 919	3 995	17 174	50 919	(33 745)	-66%	50 919
Vote 12 - Directorate - Sport, Recreation & Community Development		43 723	48 070	55 889	10 161	48 866	55 889	(7 023)	-13%	55 889
Total Capital Multi-year expenditure	4,7	**1 408 515**	**2 086 362**	**1 391 406**	**187 380**	**1 077 213**	**1 391 406**	**(314 193)**	**-23%**	**1 391 406**
Total Capital Expenditure		**1 408 515**	**2 086 362**	**1 391 406**	**187 380**	**1 077 213**	**1 391 406**	**(314 193)**	**-23%**	**1 391 406**
Capital Expenditure - Functional Classification										
Governance and administration		**260 451**	**283 794**	**132 001**	**31 075**	**93 561**	**132 001**	(38 440)	-29%	**132 001**
Executive and council		7 969	1 100	2 400	506	1 071	2 400	(1 330)	-55%	2 400
Finance and administration		252 482	282 694	129 150	30 569	92 490	129 150	(36 660)	-28%	129 150
Internal audit		–	–	450	–	–	450	(450)	-100%	450
Community and public safety		**271 363**	**318 812**	**359 635**	**33 901**	**215 466**	**359 635**	(144 169)	-40%	**359 635**
Community and social services		15 882	29 400	27 400	6 065	26 385	27 400	(1 015)	-4%	27 400
Sport and recreation		32 823	27 520	52 308	6 904	37 015	52 308	(15 293)	-29%	52 308
Public safety		6 033	20 900	38 805	1 027	16 391	38 805	(22 414)	-58%	38 805
Housing		214 662	235 992	235 992	19 905	135 180	235 992	(100 812)	-43%	235 992
Health		1 963	5 000	5 129	–	495	5 129	(4 634)	-90%	5 129
Economic and environmental services		**440 972**	**479 709**	**536 398**	**69 009**	**491 119**	**536 398**	(45 279)	-8%	**536 398**
Planning and development		81 611	84 481	75 219	9 408	53 194	75 219	(22 025)	-29%	75 219
Road transport		359 361	395 228	461 180	59 601	437 925	461 180	(23 255)	-5%	461 180
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**295 599**	**900 486**	**283 396**	**40 137**	**227 512**	**283 396**	(55 884)	-20%	**283 396**
Energy sources		120 634	145 513	104 149	16 135	96 507	104 149	(7 642)	-7%	104 149
Water management		104 762	160 980	107 275	16 011	87 726	107 275	(19 549)	-18%	107 275
Waste water management		61 318	567 524	48 000	6 803	40 343	48 000	(7 657)	-16%	48 000
Waste management		8 886	26 469	23 971	1 187	2 936	23 971	(21 036)	-88%	23 971
Other		140 130	103 561	79 977	13 258	49 555	79 977	(30 422)	-38%	79 977
Total Capital Expenditure - Functional Classification	3	**1 408 515**	**2 086 362**	**1 391 406**	**187 380**	**1 077 213**	**1 391 406**	**(314 193)**	**-23%**	**1 391 406**
Funded by:										
National Government		624 464	734 875	730 498	91 706	571 779	730 498	(158 719)	-22%	730 498
Provincial Government		–	–	–	–	–	–	–		–
District Municipality								–		
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher		–	–	–	296	306	–	306	0%	–
Transfers recognised - capital		**624 464**	**734 875**	**730 498**	**92 002**	**572 085**	**730 498**	**(158 413)**	**-22%**	**730 498**
Borrowing	6	11 727	732 614	–	(1 556)	–	–	–		–
Internally generated funds		772 324	618 873	660 908	96 934	505 128	660 908	(155 780)	-24%	660 908
Total Capital Funding		**1 408 515**	**2 086 362**	**1 391 406**	**187 380**	**1 077 213**	**1 391 406**	**(314 193)**	**-23%**	**1 391 406**

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 has excess assets over liabilities resulting into the net worth of R24.84 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 - M12 June

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		117 700	80 172	80 172	128 086	80 172
Call investment deposits		579 757	804 502	840 856	544 902	840 856
Consumer debtors		2 621 767	1 766 723	1 846 723	2 518 172	1 846 723
Other debtors		6 853 778	827 009	827 009	7 482 191	827 009
Current portion of long-term receivables		–	–	–	(1)	–
Inventory		44 210	38 273	38 273	68 619	38 273
Total current assets		**10 217 212**	**3 516 679**	**3 633 033**	**10 741 968**	**3 633 033**
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		24 467 626	22 907 239	22 212 457	23 737 041	22 212 457
Biological						
Intangible		10 847	13 724	13 724	8 878	13 724
Other non-current assets		50 513	50 513	50 514	50 513	50 514
Total non current assets		**25 670 881**	**24 120 494**	**23 425 712**	**24 938 327**	**23 425 712**
TOTAL ASSETS		**35 888 093**	**27 637 173**	**27 058 744**	**35 680 295**	**27 058 744**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		49 141	56 859	56 859	50 158	56 859
Consumer deposits		88 247	77 789	77 789	93 677	77 789
Trade and other payables		8 378 481	1 329 115	1 329 115	9 278 007	1 329 115
Provisions		349 529	398 601	398 601	350 070	398 601
Total current liabilities		**8 865 399**	**1 862 363**	**1 862 363**	**9 771 912**	**1 862 363**
Non current liabilities						
Borrowing		138 854	1 422 411	689 797	88 696	689 797
Provisions		1 005 079	831 865	831 865	984 423	831 865
Total non current liabilities		**1 143 933**	**2 254 276**	**1 521 661**	**1 073 120**	**1 521 661**
TOTAL LIABILITIES		**10 009 331**	**4 116 639**	**3 384 025**	**10 845 032**	**3 384 025**
NET ASSETS	2	**25 878 762**	**23 520 534**	**23 674 720**	**24 835 263**	**23 674 720**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		11 247 269	13 422 127	13 562 077	10 203 771	13 562 077
Reserves		14 631 492	10 112 643	10 112 643	14 631 492	10 112 643
TOTAL COMMUNITY WEALTH/EQUITY	2	**25 878 762**	**23 534 769**	**23 674 720**	**24 835 263**	**23 674 720**

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 R297.86 million, resulting in cash and cash equivalents closing balance of R672.99 million as at 30 June 2023.

Table 9: C7: Monthly Budget Statement – Cash Flow

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M12 June

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	131 809	1 505 935	1 576 364	(70 429)	-4%	1 576 364
Service charges		2 944 978	3 423 909	3 423 909	291 595	2 389 331	3 423 909	(1 034 579)	-30%	3 423 909
Other revenue		1 065 308	866 859	903 386	977 602	4 203 210	903 386	3 299 824	365%	903 386
Transfers and Subsidies - Operational		1 043 268	1 446 763	1 446 763	–	1 184 732	1 446 763	(262 031)	-18%	1 446 763
Transfers and Subsidies - Capital		686 434	736 015	736 015	–	730 475	736 015	(5 540)	-1%	736 015
Interest		209 646	30 876	30 876	4 592	44 912	30 876	14 035	45%	30 876
Dividends		–				–		–		
Payments										
Suppliers and employees		(6 048 181)	(6 824 853)	(7 334 802)	(575 630)	(6 592 584)	(7 334 802)	(742 217)	10%	(7 334 802)
Finance charges		(20 684)	(49 361)	(49 358)	(982)	(16 581)	(49 358)	(32 778)	66%	(49 358)
Transfers and Grants		(127 078)	(170 553)	(189 984)	(15 218)	(132 258)	(189 984)	(57 726)	30%	(189 984)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**1 128 842**	**1 036 020**	**543 171**	**813 769**	**3 317 172**	**543 171**	**(2 774 001)**	**-511%**	**543 171**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		1 380	–	–	–	2	–	2	#DIV/0!	–
Decrease (increase) in non-current receivables								–		
Decrease (increase) in non-current investments								–		
Payments										
Capital assets		(1 532 982)	(2 086 362)	(2 086 362)	(187 380)	(1 077 213)	(2 086 362)	(1 009 149)	48%	(2 086 362)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(1 531 602)**	**(2 086 362)**	**(2 086 362)**	**(187 380)**	**(1 077 211)**	**(2 086 362)**	**(1 009 152)**	**48%**	**(2 086 362)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–		
Borrowing long term/refinancing		–	732 614	732 614	–	–	732 614	(732 614)	-100%	732 614
Increase (decrease) in consumer deposits		–	8 182	–	145 368	(2 488 678)	8 182	(2 496 860)	-30516%	8 182
Payments										
Repayment of borrowing		(45 191)	(62 833)	(62 833)	(12 683)	(49 141)	(62 833)	(13 692)	22%	(62 833)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(45 191)**	**677 964**	**669 782**	**132 685**	**(2 537 819)**	**677 964**	**3 215 783**	**474%**	**677 964**
NET INCREASE/ (DECREASE) IN CASH HELD		**(447 950)**	**(372 378)**	**(873 410)**	**759 075**	**(297 858)**	**(865 228)**			**(865 228)**
Cash/cash equivalents at beginning:		1 145 407	884 674	884 500	970 845	970 845	884 500			970 845
Cash/cash equivalents at month/year end:		697 457	512 296	11 091		672 987	19 273			105 617

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 - M12 June

Description	NT Code	Budget Year 2022/23											
R thousands		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	71 250	43 657	36 387	34 368	32 873	29 592	200 333	1 284 985	1 733 445	1 582 151		13 806
Trade and Other Receivables from Exchange Transactions - Electricity	1300	120 435	25 931	20 764	17 225	14 257	11 518	68 945	206 934	486 009	318 879		39 360
Receivables from Non-exchange Transactions - Property Rates	1400	127 255	53 646	40 802	35 826	29 840	27 302	206 591	680 499	1 201 760	980 057		31 799
Receivables from Exchange Transactions - Waste Water Management	1500	37 091	16 010	12 040	10 458	9 414	9 225	63 811	260 294	418 342	353 202		7 612
Receivables from Exchange Transactions - Waste Management	1600	34 071	16 988	14 335	13 162	12 234	12 771	84 469	388 314	576 344	510 950		6 266
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	29	29	29		
Interest on Arrear Debtor Accounts	1810	33 129	29 548	28 261	26 420	25 736	24 177	131 800	492 287	791 359	700 421		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–		
Other	1900	14 465	6 808	5 604	5 153	7 974	13 553	46 937	343 977	444 470	417 594		2 070
Total By Income Source	**2000**	**437 695**	**192 586**	**158 194**	**142 612**	**132 328**	**128 137**	**802 886**	**3 657 319**	**5 651 757**	**4 863 282**	**–**	**100 914**
2021/22 - totals only		500 285	211 738	179 815	201 664	172 673	137 233	908 536	2 799 942	5 111 885	4 220 047	0	167 794
Debtors Age Analysis By Customer Group													
Organs of State	2200	17 754	5 985	3 571	2 528	2 901	2 002	18 693	44 127	97 561	70 251		
Commercial	2300	210 958	65 573	54 894	46 704	39 546	38 437	251 718	900 757	1 608 588	1 277 162		
Households	2400	208 982	121 027	99 729	93 380	89 881	87 698	532 475	2 712 435	3 945 608	3 515 869		100 914
Other	2500									–	–		
Total By Customer Group	**2600**	**437 695**	**192 586**	**158 194**	**142 612**	**132 328**	**128 137**	**802 886**	**3 657 319**	**5 651 757**	**4 863 282**	**–**	**100 914**

8.1. Additional debtors' information

The total debtor's book, which includes all charges excluding VAT, amounted to R5,651,757,423 as at 30 June 2023 which is a decrease of R164,254,167 over the amount of R5,816,011,590 as at 31 May 2023.

The Metro is implementing full Credit control action and debt collection. Pre-termination notices were sent to all customers due for disconnection/blocking. For those debtors who did not respond to pre-termination notices, electricity was disconnected. From 1 March 2023, in terms of the approved Credit Control Policy, the 80/20 block type was implemented for non-indigent customers who are in arrears. 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 for the 3-year period.

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

Total gross debtors' book (including current accounts) as at 30 June 2023 amounts to R5.65 billion (2021/22: R5.11 billion). Households: R3.95 billion, Business: R1.61 billion and Government: R97.56 million.

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 June 2023. It also provides comparison with the previous month (31 May 2023) which indicates a decrease from R 5.82 billion to R 5.65 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR JUNE 2023	TOTAL FOR MAY 2023
CURRENT	136 591 779	42 614 136	125 517 310	82 219 480	38 073 398	12 678 835	437 694 938	437 549 064
30 DAYS	62 137 806	19 621 705	30 004 384	53 378 314	20 412 967	7 030 981	192 586 156	222 182 305
60 DAYS	48 966 206	15 431 130	24 264 737	45 691 951	17 618 104	6 221 792	158 193 920	180 974 278
90 DAYS	43 440 983	13 669 063	20 481 833	43 109 185	16 237 584	5 673 522	142 612 170	163 284 500
120 DAYS TO 360 DAYS	314 575 181	105 320 118	140 774 326	323 305 947	130 917 517	48 453 342	1 063 346 431	1 161 855 927
YEAR 2	235 214 070	87 761 274	126 351 163	681 548 989	123 453 188	44 535 466	1 298 864 150	1 327 521 824
YEAR 3	194 477 629	85 884 142	89 677 940	420 581 363	111 944 865	41 061 914	943 627 853	924 136 766
YEAR 4	111 338 476	40 788 057	51 954 910	84 961 871	48 949 747	30 119 728	368 112 789	364 070 468
YEAR 5	85 319 197	30 667 192	31 810 481	47 773 142	38 158 549	20 782 550	254 511 110	259 623 346
YEAR 5+	207 433 029	112 169 335	64 344 794	177 464 045	138 926 108	91 870 593	792 207 905	774 813 112
TOTAL	**1 439 494 357**	**553 926 151**	**705 181 878**	**1 960 034 286**	**684 692 027**	**308 428 723**	**5 651 757 423**	**5 816 011 590**

8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type as at 30 June 2023. 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	185 355 780	110 601 003	90 904 584	84 892 806	3 144 460 942	3 616 215 115	64
Indigent	21 597 700	9 803 405	8 336 114	8 080 062	270 006 682	317 823 963	6
Business	210 958 171	65 573 366	54 894 272	46 703 838	1 230 458 557	1 608 588 204	28
Government	17 754 270	5 985 381	3 571 106	2 528 005	67 722 541	97 561 303	2
Municipal Staff*	1 988 721	612 652	478 391	397 587	7 957 473	11 434 824	0
Councillors*	40 296	10 349	9 453	9 872	64 045	134 014	0
Total	**437 694 938**	**192 586 156**	**158 193 920**	**142 612 170**	**4 720 670 239**	**5 651 757 423**	**100**

Note*: A stop order deduction is implemented for all municipal staff and councillors in arrears. When new staff join the employment 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 30/60/90/120 day columns relating to staff and councillors is due to the fact that when the stop orders are receipted the payment is allocated to the oldest ageing category. In terms of the accounting treatment of the amounts received, within the financial system the amounts are allocated against the oldest debt first resulting in the outstanding balance as reflected in the above table.

During the month of June 2023, a total of R2,240,033.90 was receipted against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 1,616 526.39
Arrears Receipts	R 623 507.51
Total Receipts	R 2,240,033.90

8.2.3. Government Accounts

The total owed by Government Departments to Buffalo City Metropolitan Municipality as at 30 June 2023 amounted to R97,561,303 and this is a decrease of R26,701,926 as compared to May 2023. The debt is actively being pursued and suspension of services is implemented for debt that is unpaid.

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 June 2023.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	VALUE AS AT 30 JUNE 2023	VALUE AS AT 30 MAY 2023	DIFFERENCE
National Department of Public Works	13 206 620	14 497 742	27 704 362	32 033 480	(4 329 118)
Provincial Department of Public Works	11 990 140	15 465 371	27 455 511	32 956 778	(5 501 267)
Department of Education	-	11 162 533	11 162 533	19 289 315	(8 126 782)
Department of Health	-	27 850 333	27 850 333	36 436 403	(8 586 070)
Department of Social Development	-	415 350	415 350	597 225	(181 875)
Department of Transport	-	37 168	37 168	67 449	(30 280)
Department of Agriculture	-	42 016	42 016	40 461	1 555
Department of Nature Conservation	-	7 527	7 527	22 908	(15 381)
Department of Human Settlements	-	435 838	435 838	397 621	38 217
Sport, Recreation, Arts and Culture	-	22 256	22 256	44 412	(22 156)
Department of Labour - UIF Services	-	50 057	50 057	52 703	(2 646)
Members of Provincial Legislature	-	1 055 440	1 055 440	1 020 840	34 600
Department of Water Affairs	-	2 387	2 387	2 387	-
Department of Rural Development and Land Reform	-	1 320 525	1 320 525	1 301 246	19 279
TOTAL	**25 196 760**	**72 364 543**	**97 561 303**	**124 263 229**	**(26 701 926)**

9. CREDITORS' ANALYSIS

The creditors' analysis as depicted in table 14 below contains an aged analysis by customer type. The Metro strives to pay 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 June 2023) is 47 days.

Table 14: SC4 Monthly Budget Statement Aged Creditors

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

Description	NT Code	Budget Year 2022/23									Prior year totals for chart (same period)
R thousands		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	276 252								**276 252**	259 073
Bulk Water	0200	24 121								**24 121**	20 582
PAYE deductions	0300	30 741								**30 741**	29 425
VAT (output less input)	0400	–								**–**	–
Pensions / Retirement deductions	0500	34 789								**34 789**	33 727
Loan repayments	0600	13 665								**13 665**	13 665
Trade Creditors	0700	99 440	59 800							**159 240**	32 177
Auditor General	0800	123								**123**	99
Other	0900	648 513								**648 513**	300 777
Total By Customer Type	**1000**	**1 127 644**	**59 800**	**–**	**–**	**–**	**–**	**–**	**–**	**1 187 444**	689 525

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in June 2023.

Table 15: Payments made to the 20 highest paid creditors – June 2023

CREDITOR	90 DAYS	60 DAYS	30 DAYS	CURRENT	TOTAL	PAYMENT
ESKOM				276 252 150	276 252 150	276 252 150
WBHO CONSTRUCTION / MAKALI JV				51 150 818	51 150 818	51 150 818
AMATOLA WATER				24 121 140	24 121 140	24 121 140
VODACOM (PTY) LTD				16 923 141	16 923 141	16 923 141
DESIGNER LIGHTING (PTY) LTD			8 365 768	8 306 106	16 671 873	16 671 873
DOWN TOUCH INVESTMENTS (PTY) LTD			5 135 771	11 505 876	16 641 647	16 641 647
EYA BANTU PROFFESSIONAL SERVICES CC			13 624 395	878 284	14 502 679	14 502 679
EZULUWENI CONSTRUCTION (PTY) LTD			8 415 684	4 138 214	12 553 898	12 553 898
CZAR CONSTRUCTION				9 323 647	9 323 647	9 323 647
COALITION TRADING JV JCR				8 614 980	8 614 980	8 614 980
MVEZO PLANT & CIVILS CC			6 186 858	2 321 285	8 508 143	8 508 143
C & M FASTENERS CC				8 053 797	8 053 797	8 053 797
IMVUSA TRADING 415CC			280 765	7 592 497	7 873 262	7 873 262
INDUSTRIAL CONTROLS			3 316 025	1 937 673	5 253 698	5 253 698
MINTIRO BUSINESS ENTERPRISE CC			4 964 923		4 964 923	4 964 923
PUMP TECHNOLOGIES TRUST			2 845 881	1 914 794	4 760 675	4 760 675
SHWEME GENERAL TRADING CC JV EXCELLENT			453 145	3 743 603	4 196 748	4 196 748
VITSHA PM CONSULTANTS CC				4 084 432	4 084 432	4 084 432
GIBB (PTY) LTD			2 793 000	912 190	3 705 190	3 705 190
PROTEA CHEMICALS (CAPE)			3 417 866		3 417 866	3 417 866
TOTAL	**-**	**-**	**59 800 080**	**441 774 627**	**501 574 707**	**501 574 707**

10. INVESTMENT PORTFOLIO ANALYSIS

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

Table 16: SC5 Monthly Budget Statement – investment portfolio

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

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ³	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Municipality														
Absa - 4094793455		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	281	47	910	719	**137**
Absa - 4094788949		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	3 114	211	–	–	**3 324**
Absa - 4094793968		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	201	14	–	–	**215**
First National Bank - 62938182285		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	20 611	1 405	–	–	**22 016**
Stanlib - 552200137		Call Account	Call Account	Yes	Variable	8,73	-		Call Account	12	1	–	–	**13**
Nedbank - 03/7881532939/000041		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	1 105	75	–	–	**1 179**
Nedbank - 03/7881532939/000108		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	95	6	–	–	**101**
Absa - 4094789157		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	944	64	–	–	**1 008**
Nedbank - 03/7881532939/000110		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	343	23	–	–	**366**
Absa - 4094790083		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	1 349	91	–	–	**1 440**
Stanlib - 552200133		Call Account	Call Account	Yes	Variable	8,73	-		Call Account	289	21	–	–	**310**
Stanlib - 700475605		Call Account	Call Account	Yes	Variable	8,73	-		Call Account	1	0	–	–	**1**
Nedbank - 03/7881532939/000128		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	10 144	2 430	126 677	130 669	**16 566**
First National Bank - 62938013572		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	45 593	2 060	154 106	115 543	**9 091**
Standard - 76586/442745		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	51 084	2 777	120 211	67 000	**650**
Absa - 4094790211		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	41 567	2 201	22 818	15 010	**35 961**
First National Bank - 62938181039		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	3 878	414	6 881	5 058	**2 469**
Stanlib - 552200140		Call Account	Call Account	Yes	Variable	8,73	-		Call Account	199	15	–	–	**214**
Absa - 4094793895		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	523	35	–	–	**558**
First National Bank - 62938179951		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	3	40	2 722	2 682	**2**
Nedbank - 03/7881532939/000133		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	892	63	–	149	**1 105**
Nedbank - 03/7881532939/000134		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	156	11	–	–	**166**
First National Bank - 62938190080		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	26 021	2 236	33 381	22 567	**17 443**
Standard - 76586/524914		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	17	1	–	–	**18**
Nedbank - 03/7881532939/000136		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	3	0	–	–	**4**

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate [a]	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
Nedbank - 03/7881532939/000144		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	4 845	328	–	–	**5 173**
Nedbank - 03/7881532939/000145		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	8 959	619	13 248	6 888	**3 217**
Standard - 76586/553472		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	5 255	355	–	–	**5 611**
Standard - 76586/553471		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	10 499	2 025	–	42 337	**54 861**
Absa - 4101937017		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	83 022	8 642	216 473	179 157	**54 347**
Stanlib - 552200136		Call Account	Call Account	Yes	Variable	8,73	-		Call Account	5 586	414	–	–	**6 000**
Stanlib - 700893064		Call Account	Call Account	Yes	Variable	8,73	-		Call Account		590	–	37 217	**37 807**
First National Bank - 76200329912		15/08/2022	Fixed deposit	Yes	Fixed	5,49	-		15/08/2022	65 699	442	66 141	–	**–**
Nedbank - 03/7881532939/000148		15/08/2022	Fixed deposit	Yes	Fixed	5,35	-		15/08/2022	102 532	673	103 205	–	**–**
Standard - 76586/558782		15/08/2022	Fixed deposit	Yes	Fixed	5,20	-		15/08/2022	53 796	343	54 140	–	**–**
Nedbank - 03/7881532939/000149		18/11/2022	Fixed deposit	Yes	Fixed	6,35	-		18/11/2022	–	1 508	104 713	103 205	**–**
First National Bank- 76201063866		18/11/2022	Fixed deposit	Yes	Fixed	6,27	-		18/11/2022	–	781	54 921	54 140	**–**
Standard- 76586/560948		18/11/2022	Fixed deposit	Yes	Fixed	6,66	-		18/11/2022	–	1 013	67 154	66 141	**–**
First National Bank - 76201798512		01/03/2023	Fixed deposit	Yes	Fixed	7,87	-		01/03/2023	–	980	55 900	54 921	**–**
Nedbank - 03/7881532939/000150		01/03/2023	Fixed deposit	Yes	Fixed	7,80	-		01/03/2023	–	1 902	106 615	104 713	**–**
Standard - 76586/563393		01/03/2023	Fixed deposit	Yes	Fixed	7,05	-		01/03/2023	–	1 102	68 242	67 140	**–**
Nedbank - 03/7881532939/000151		15/06/2023	Fixed deposit	Yes	Fixed	8,23	-		15/06/2023	–	1 995	108 610	106 615	**–**
Standard - 76586/565685		15/06/2023	Fixed deposit	Yes	Fixed	8,00	-		15/06/2023	–	1 241	69 484	68 242	**–**
First National Bank - 76202661130		15/06/2023	Fixed deposit	Yes	Fixed	8,73	-		15/06/2023	–	1 014	56 915	55 900	**–**
Nedbank - 03/7881532939/000152		28/09/2023	Fixed deposit	Yes	Fixed	9,21	-		28/09/2023	–	55	–	108 610	**108 665**
Standard - 76586/567288		28/09/2023	Fixed deposit	Yes	Fixed	9,00	-		28/09/2023	–	28	–	56 915	**56 943**
First National Bank - 76203378297		28/09/2023	Fixed deposit	Yes	Fixed	9,03	-		28/09/2023	–	34	–	69 484	**69 518**
Rand Merchant Bank - X021904910		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	23 994	1 043	25 037	–	**0**
First National Bank - 63040210667		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	–	585	–	25 037	**25 621**
Stanlib - 552200130		Call Account	Call Account	Yes	Variable	8,73	-		Call Account	22	2	–	–	**24**
Stanlib - 552200132		Call Account	Call Account	Yes	Variable	8,73	-		Call Account	13	1	–	–	**14**
Standard - 76586/442736		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	78	5	–	–	**83**
Stanlib - 552200131		Call Account	Call Account	Yes	Variable	8,73	-		Call Account	129	10	–	–	**138**
First National Bank - 62938189471		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	23	2	–	–	**25**
Nedbank - 03/7881532939/000101		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	98	7	–	–	**104**
Absa - 4094793536		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	12	1	–	–	**12**
Absa - 4094789872		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	6	0	–	–	**7**
Standard - 76586/442741		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	44	3	–	–	**47**
Standard - 76586/442744		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	107	7	–	–	**114**
First National Bank - 62938188887		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	42	3	–	–	**44**
Nedbank - 03/7881532939/000129		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	59	4	–	–	**63**
Standard - 76586/442738		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	3 315	224	–	–	**3 539**
Municipality sub-total										**576 557**	**42 223**	**1 638 503**	**1 566 057**	**546 334**
Entities														
Entities sub-total										**–**	**–**	**–**	**–**	**–**
TOTAL INVESTMENTS AND INTEREST	2									**576 557**	**42 223**	**1 638 503**	**1 566 057**	**546 334**

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 - M12 June

Description	Ref	2021/22	Budget Year 2022/23							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		**1 034 896**	**1 299 183**	**1 188 070**	**–**	**1 166 096**	**1 188 070**	**(21 974)**	**-1,8%**	**1 188 070**
Energy Efficiency And Demand Side Management Grant		–	–	–	–	–	–	–		–
Equitable Share		936 811	1 045 448	1 045 448	–	1 045 448	1 045 448	–	0,0%	1 045 448
Expanded Public Works Programme Integrated Grant		7 300	10 728	10 728	–	10 728	10 728	–	0,0%	10 728
Infrastructure Skills Development Grant		10 350	11 600	11 600	–	11 600	11 600	–	0,0%	11 600
Local Government Financial Management Grant		1 000	1 000	977	–	1 000	977	23	2,4%	977
Metro Informal Settlements Partnership Grant		5 172	18 359	18 359	–	18 359	18 359	–	0,0%	18 359
Neighbourhood Development Partnership Grant		20 581	21 000	38 773	–	21 000	38 773	(17 773)	-45,8%	38 773
Programme And Project Preparation Support Grant		8 941	146 263	18 000	–	13 776	18 000	(4 224)	-23,5%	18 000
Public Transport Network Grant		–	–	–	–	–	–	–		–
Urban Settlement Development Grant		44 741	44 785	44 185	–	44 185	44 185	–	0,0%	44 185
Other transfers and grants [insert description]								–		
Provincial Government:		**15 870**	**115 983**	**128 931**	**–**	**15 870**	**15 870**	**–**	**0,0%**	**128 931**
Dsrac		15 870	15 870	15 870	–	15 870	15 870	–	0,0%	15 870
Infrastructure Grant		–	–	–	–	–	–	–		–
Transitional Grant		–	100 113	113 061	–	–	–	–		113 061
Other transfers and grants [insert description]								–		
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	–		**–**
[insert description]								–		
Other grant providers:		**34 032**	**31 598**	**180 643**	**–**	**2 766**	**–**	2 766		**180 643**
Eastern Cape Arts Council		–	–	–	–	–	–	–		–
European Union		15 685	31 598	31 598	–	2 618	–	2 618		31 598
Local Government Water And Related Service Seta		–	–	57	–	–	–	–		57
Parent Municipality		18 347	–	148 798	–	–	–	–		148 798
Unsp. City Of Oldenburg		–	–	–	–	149	–	149		–
Unsp. Glasgow Partnshp		–	–	–	–	–	–	–		–
Unsp. Salaida/Galve		–	–	190	–	–	–	–		190
Total Operating Transfers and Grants	5	**1 084 798**	**1 446 763**	**1 497 644**	**–**	**1 184 732**	**1 203 940**	**(19 208)**	**-1,6%**	**1 497 644**
Capital Transfers and Grants										
National Government:		710 200	736 015	730 475	–	730 475	730 475	–	**0,0%**	730 475
Energy Efficiency and Demand Side Management Grant		9 000	–	–	–	–	–	–		–
Infrastructure Skills Development Grant		150	–	150	–	150	150	–	0,0%	150
Integrated City Development Grant		–	–	–	–	–	–	–		–
Metro Informal Settlements Partnership Grant		233 086	263 763	263 763	–	263 763	263 763	–	0,0%	263 763
Neighbourhood Development Partnership Grant		13 000	19 581	14 581	–	14 581	14 581	–	0,0%	14 581
Urban Settlement Development Grant		454 964	451 381	451 981	–	451 981	451 981	–	0,0%	451 981
Provincial Government:		**–**	**–**	**–**	**–**	**–**	**–**	–		**–**
[insert description]								–		
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	–		**–**
[insert description]								–		
Other grant providers:		**(149)**	**–**	**881**	**–**	**–**	**–**	–		**881**
[insert description]								–		
Parent Municipality		(149)	–	881	–	–	–	–		881
Total Capital Transfers and Grants	5	**710 051**	**736 015**	**731 357**	**–**	**730 475**	**730 475**	**–**		**731 357**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	1 794 849	2 182 779	2 229 000	–	1 915 207	1 934 415	(19 208)	-1,0%	2 229 000

11.1. Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 88% (R769.33 million, inclusive of reclaimed vat) of its 2022/23 conditional grants adjusted budget of R873.12 million as at 30 June 2023. This reflects an improvement when compared to the same period in the previous financial year where 78% (R631.82 million, inclusive of reclaimed vat) of conditional grants budget of R808.28 million was spent. Expenditure is expected to further improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2023.

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	971 991	28 009	97%
Infrastructure Skills Development Grant	11 750 000	11 146 139	603 861	95%
Urban Settlement Development Grant	496 166 000	458 251 495	37 914 505	92%
Neighbourhood Development Partnership Grant	14 581 000	12 893 671	1 687 329	88%
Neighbourhood Development Partnership Grant(PEP)	20 581 000	13 350 780	7 230 220	65%
Neighbourhood Development Partnership Grant(PEP) c/o	18 192 085	10 489 434	7 702 651	58%
Informal Settlement Upgrading Partnership Grant	282 122 000	240 502 988	41 619 012	85%
Expanded Public Works Programme Grant	10 728 000	11 108 055	-380 055	104%
Programme and Project Preparation Support Grant (PPPSG)	18 000 000	10 618 273	7 381 727	59%
TOTAL	**873 120 085**	**769 332 827**	**103 787 258**	**88%**

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)

Expenditure is expected to improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2023.

11.1.2. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

Expenditure is expected to improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2023.

11.1.3. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

BCMM has spent 92% (R458.25 million, inclusive of reclaimed vat) of its 2022/2023 USDG budget of R496.17 Million as at 30 June 2023. Expenditure is expected to improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2023.

11.1.4. NEIGHBORHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

BCMM has spent 88% (R12.89 million, inclusive of reclaimed vat) of its 2022/2023 NDPG budget of R14.58 Million as at 30 June 2023. Expenditure is expected to improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2023.

11.1.5. 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 is still expected to improve as outstanding invoices for work done up to and including 30 June 2023 are still being processed.

11.1.6. INFORMAL SETTLEMENT UPGRADING PARTNERSHIP GRANT (ISUPG)

BCMM has spent 85% (R240.50 million, inclusive of reclaimed vat) of its 2022/2023 ISUPG adjusted budget of R282.12 Million as at 30 June 2023. Expenditure is expected to improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2023.

11.1.7. PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT (PPPSG)

BCMM has spent 59% (R10.62 million, inclusive of reclaimed vat) of its 2022/2023 PPPSG budget of R18 billion as at 30 June 2023. Expenditure is expected to improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2023.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and councilors remuneration. The workforce costs as a percentage of total expenditure amounted to 27,84%. This is within the norm of 25% - 40%.

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

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

Summary of Employee and Councillor remuneration	Ref	2021/22	Budget Year 2022/23							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		36 539	42 747	42 747	1 515	37 735	42 747	(5 012)	-12%	42 747
Pension and UIF Contributions		3 524	4 269	4 269	241	4 043	4 269	(226)	-5%	4 269
Medical Aid Contributions		1 666	2 065	2 065	140	1 635	2 065	(430)	-21%	2 065
Motor Vehicle Allowance								–		
Cellphone Allowance		4 110	4 259	4 259	344	4 084	4 259	(175)	-4%	4 259
Housing Allowances		10 333	2 445	2 445	1 088	14 210	2 445	11 765	481%	2 445
Other benefits and allowances		8 510	14 477	14 477	398	5 167	14 477	(9 310)	-64%	14 477
Sub Total - Councillors		**64 683**	**70 263**	**70 263**	**3 726**	**66 874**	**70 263**	**(3 389)**	**-5%**	**70 263**
% increase	4		**8,6%**	**8,6%**						**8,6%**
Senior Managers of the Municipality	3									
Basic Salaries and Wages		11 402	12 585	12 454	974	11 176	12 454	(1 278)	-10%	12 454
Pension and UIF Contributions		2 202	2 501	2 501	189	2 172	2 501	(330)	-13%	2 501
Medical Aid Contributions		337	421	421	35	361	421	(60)	-14%	421
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		2 424	2 942	2 941	208	2 383	2 941	(558)	-19%	2 941
Cellphone Allowance		298	367	367	19	241	367	(127)	-34%	367
Housing Allowances		2 638	2 834	2 826	218	2 556	2 826	(270)	-10%	2 826
Other benefits and allowances		26	2	141	6	223	141	82	58%	141
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**	**1 649**	**19 112**	**21 653**	**(2 541)**	**-12%**	**21 653**
% increase	4		**-164,2%**	**-164,2%**						**-164,2%**
Other Municipal Staff										
Basic Salaries and Wages		1 512 070	1 682 402	1 598 316	126 097	1 544 986	1 598 316	(53 330)	-3%	1 598 316
Pension and UIF Contributions		306 393	322 957	322 957	26 169	317 125	322 957	(5 832)	-2%	322 957
Medical Aid Contributions		113 122	146 878	146 878	9 744	114 555	146 878	(32 323)	-22%	146 878
Overtime		153 631	147 057	147 190	13 734	156 601	147 190	9 412	6%	147 190
Performance Bonus		122 625	139 106	139 106	14 555	128 594	139 106	(10 512)	-8%	139 106
Motor Vehicle Allowance		37 936	44 073	43 556	3 437	40 571	43 556	(2 985)	-7%	43 556
Cellphone Allowance		4 296	4 534	4 509	352	4 346	4 509	(164)	-4%	4 509
Housing Allowances		8 301	15 434	14 902	745	8 976	14 902	(5 926)	-40%	14 902
Other benefits and allowances		91 050	77 227	83 443	8 038	93 922	83 443	10 479	13%	83 443
Payments in lieu of leave		38 923	–	–	–	49 773	–	49 773	0%	–
Long service awards		81 302	34 927	34 927	3 057	37 623	34 927	2 696	8%	34 927
Post-retirement benefit obligations	2	74 372	18 270	18 270	0	1	18 270	(18 270)	-100%	18 270
Sub Total - Other Municipal Staff		**2 544 022**	**2 632 865**	**2 554 055**	**205 929**	**2 497 072**	**2 554 055**	**(56 983)**	**-2%**	**2 554 055**
% increase	4		**6,0%**	**3,6%**						**3,6%**
TOTAL MANAGERS AND STAFF		**2 536 403**	**2 686 871**	**2 623 180**	**211 969**	**2 558 653**	**2 623 180**	**(64 527)**	**-2%**	**2 623 180**

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 June 2023. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 30 June 2023.

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	3 086 741	3 086 741	8 244 582	(5 157 841)	267%
Directorate of The City Manager	747 194	747 194	794 446	(47 252)	106%
Directorate of Corporate Services	757 878	757 878	785 444	(27 566)	104%
Directorate of Spatial Planning & Development	405 901	405 901	223 777	182 124	55%
Directorate of Economic Development & Agencies	654 849	654 849	745 506	(90 657)	114%
Directorate of Finance	4 273 677	4 273 677	4 802 771	(529 094)	112%
Directorate of Public Safety & Emergency Services	46 633 301	46 633 301	48 585 402	(1 952 101)	104%
Directorate of Human Settlement	985	985	-6 600	7 585	0%
Directorate of Infrastructure Services	49 317 180	49 317 180	58 152 060	(8 834 880)	118%
Electricity	*16 972 045*	16 972 045	*21 295 569*	(4 323 524)	*125%*
Water	*15 832 437*	15 832 437	*19 924 503*	(4 092 066)	*126%*
Sanitation	*15 143 881*	15 143 881	*15 808 515*	(664 634)	*104%*
Other	*1 368 817*	1 368 817	*1 123 473*	245 344	*82%*
Directorate of Solid Waste & Environmental Management	28 223 888	28 223 888	20 023 991	8 199 897	71%
Directorate of Sport, Recreation & Community Development	13 088 006	13 088 006	14 249 777	(1 161 771)	109%
Total	**147 189 600**	**147 189 600**	**156 601 157**	**(9 411 557)**	**106%**

The total overtime payment for the months of April 2023, May 2023 and June 2023 is reflected below. There was an increase in the total payment of overtime between April 2023 and May 2023 of R2 039 719 and a decrease in the total payment of overtime between May 2023 and June 2023 of R1 777 170.

Table 21: Overtime Per Cost Centre: April 2023 – June 2023

		April 2023 Amount	May 2023 Amount	June2023 Amount
	DIRECTORATE -EXECUTIVE SUPPORT SERVICES			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	-	6 061.32	6 482.25
0523	IDP & BUDGET INTEGRATION	7 999.40	11 864.17	82 880.40
0531	POLITICAL OFFICE ADMINISTRATION	6 827.91	-	18 982.94
0532	OFFICE OF THE CHIEF WHIP	170 996.05	160 321.73	152 215.78
0533	OFFICE OF THE DEPUTY EXECUTIVE MAYOR	193 212.59	170 553.22	163 182.24
0534	OFFICE OF THE EXECUTIVE MAYOR	342 597.51	109 431.49	116 858.72
0535	OFFICE OF THE SPEAKER	38 476.89	46 366.76	45 752.77
0536	MPAC	56 027.28	-	-
		816 137.63	**504 598.69**	**586 355.10**
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	115 359.80	81 331.94	45 202.45
1041	GOVERNANCE & INTERNAL AUDITING	-	3 577.35	-
		115 359.80	**84 909.29**	**45 202.45**
	DIRECTORATE OF CORPORATE SERVICES			
1512	ADMINISTRATIVE & CORPORATE SUPPORT	22 997.56	13 625.85	18 236.48
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	52 486.78	21 839.38	28 845.47
1514	INFORMATION / TECHNOLOGY & SUPPORT	18 788.08	10 202.88	32 329.27
		94 272.42	**45 668.11**	**79 411.22**
	DIRECTORATE OF SPATIAL PLANNING & DEVELOPMENT			
2037	TRAFFIC MANAGEMENT & SAFETY	9 463.30	-	20 217.05
		9 463.30	**-**	**20 217.05**

		April 2023 Amount	May 2023 Amount	June2023 Amount
	DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES			
251	FRESH PRDUCE MARKET	14 090.87	15 651.75	16 547.42
		14 090.87	**15 651.75**	**16 547.42**
	DIRECTORATE OF FINANCE			
3011	BUDGET & TREASURY MANAGEMENT	-	36 847.28	22 995.56
3033	PAYROLL & BENEFITS	-	3 988.88	-
3034	VAT / LEASES & PAYMENTS	-	4 731.51	-
3051	REVENUE MANAGEMENT	3 674.37	-	2 311.96
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	4 306.40	5 056.52	3 268.25
3053	COASTAL REVENUE MANAGEMENT	83 127.05	39 421.12	208 282.73
3054	CUSTOMER RELATIONS (CALL CENTRE)	241 096.77	206 964.95	224 342.95
3055	INLAND REVENUE MANAGEMENT	5 582.15	1 444.98	117 801.37
3056	MIDLAND REVENUE MANAGEMENT	24 567.29	28 834.47	59 886.86
3057	RATES AND VALUATIONS	16 894.08	-	46 314.21
3071	SUPPLY CHAIN MANAGEMENT	-	90 395.30	-
		379 248.11	**417 685.01**	**685 203.89**
	DIRECTORATE OF PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	14 532.75	25 036.87	22 842.42
3513	FIRE & RESCUE	633 391.50	1 367 910.38	486 327.01
3532	LAW ENFORCEMENT SERVICES	1 739 225.43	2 360 369.82	1 859 659.58
3533	TRAFFIC SERVICES	443 677.60	466 350.61	386 535.12
		2 830 827.28	**4 219 667.68**	**2 755 364.13**
	DIRECTORATE OF HUMAN SETTLEMENT			
4011	HOUSING DELIVERY & IMPLEMENTATION	(550.00)	(550.00)	(550.00)
		(550.00)	**(550.00)**	**(550.00)**
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	6 919.92	21 118.44	16 103.64
4511	ELECTRICAL & ENERGY SERVICES	4 196.40	2 937.48	3 566.94
4512	CUSTOMER SERVICES & REVENUE PROTECTION	99 599.98	148 690.14	111 967.45
4514	ELECTRICAL DISTRIBUTION	1 628 347.15	1 658 310.05	1 663 650.08
4521	ROADS / PIU & CONSTRUCTION	-	3 318.30	5 161.80
4522	CONSTRUCTION	5 099.87	4 696.72	3 688.84

		April 2023 Amount	May 2023 Amount	June2023 Amount
4524	ROADS	43 286.35	50 909.29	36 248.55
4532	SANITATION	1 520 829.71	1 341 188.74	1 266 336.76
4535	WATER SERVICES	1 579 198.38	1 483 424.80	1 934 339.58
4542	FLEET SERVICES & PLANT	9 624.82	-	-
4543	WORKSHOPS	52 854.85	20 752.22	21 796.60
		4 949 957.43	**4 735 346.18**	**5 062 860.24**
	DIRECTORATE OF SOLID WASTE & ENVIRONMENTAL MANAGEMENT			
5512	LANDFILLS & TRANSFER STATIONS	423 191.53	714 584.53	438 374.17
5513	WASTE REMOVAL & CLEANSING (COASTAL)	39 891.20	119 798.64	87 427.72
5514	WASTE REMOVAL & CLEANSING (MIDLAND)	271 197.20	356 318.07	257 702.30
5517	LANDFILL & TRANSFER STATIONS	88 337.62	98 868.26	88 728.98
5522	ENVIROMENTAL PLANNING (IEMP)	4 091.28	11 750.20	4 650.00
5523	COASTAL BEACHES & NATURE MANAGEMENT	64 161.30	269 415.35	97 017.34
5524	GRASS CUTTING & VEGETATION CONTROL	24 492.77	152 043.62	114 767.99
5533	MUNICIPAL HEALTH SERVICES	11 925.77	10 673.55	22 043.88
		927 288.67	**1 733 452.22**	**1 110 712.38**
	DIRECTORATE OF SPORT, RECREATION & COMMUNITY DEVELOPMENT			
6005	OFFICE OF THE DIRECTOR OF SPORT, RECREATION & COMMUNITY DEVELOPMENT	-	2 517.84	3 916.64
6011	GM OFFICE	34 714.43	35 880.91	37 096.94
6012	LIBRARIES	26 076.71	29 594.84	31 659.90
6013	HALLS	218 078.18	274 197.33	235 334.06
6014	ZOO & AQUARIUM	129 335.80	135 014.58	129 501.44
6022	PARKS (COASTAL)	36 095.30	64 286.55	42 139.47
6023	CEMETERIES (COASTAL)	159 042.85	169 426.75	133 314.87
6024	PARKS (MIDLAND)	4 091.52	4 091.52	3 068.64
6025	CEMETERIES (MIDLAND)	72 204.80	90 002.83	88 789.90
6026	PARKS (INLAND)	4 986.10	-	3 096.66
6027	CEMETERIES (INLAND)	84 381.78	89 714.51	89 725.54
6032	FACILITIES	101 318.38	94 512.16	46 073.83
6033	SWIMMING POOLS	244 076.12	514 199.60	317 267.97
6034	RESORTS MANAGEMENT	60 494.12	90 841.99	51 230.82
		1 174 896.09	**1 594 281.41**	**1 212 216.68**
	TOTAL OVERTIME	**11 310 991.60**	**13 350 710.34**	**11 573 540.56**

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) hoursper 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. <u>Comments on Overtime</u>

a) <u>Directorate of Executive Support Services</u>

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 the 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

One employee works additional hours to conduct patrols 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. Every alternate Saturday, cashiers work additional hours because others are off duty. The department is currently exploring alternatives to reduce the cost of overtime. Some employees are compensated with time off whilst some are compensated using leave days.

e) Directorate Of Finance

The over expenditure on overtime is as a result of staff who were requested to work emergency overtime to assist in the processing of property transfers for the Midland region. 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.

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) Officers required to attend to emergencies and accidents.
b) Security Guards working longer hours due to the fact that there are installations which require security & safeguarding.

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.

iii. Sanitation – The Sanitation Department is an Essential Service department, compelled in terms of legislative framework to always ensure that maintenance teams are available on standby on a 24hr basis each day. Similarly, the department operates 15 wastewater treatment works, which must be manned by staff on a 24hr basis, on a shift basis. Staff shortages at treatment works result in increased overtime.

h) Directorate of Sport, Recreation & Community Development

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

12.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift payment for the months April 2023, May 2023 and June 2023. There was a decrease in the total payment between April 2023 and May 2023 of R159 341 and an increase in the total payment between May 2023 and June 2023 of R264 819.

Table 22: Standby & Shift Allowance per Directorate

	March 2023 Amount	April 2023 Amount	May 2023 Amount
Directorate of Executive Support Services	19 949	17 017	19 449
Directorate of the City Manager	3 347	2 779	1 642
Directorate of Corporate Services	5 274	4 167	4 567
Directorate of Spatial Planning & Development	10 310	549	19 044
Directorate Economic Development & Agencies	2 779	1 970	2 475
Directorate of Finance	45 687	21 941	20 062
Directorate of Public Safety & Emergency Services	852 186	793 381	883 287
Directorate of Infrastructure Services	971 264	829 188	969 836
Directorate of Solid Waste & Environmental Management	366 645	437 684	442 413
Directorate of Sport, Recreation & Community Development	26 930	36 354	47 072
TOTAL	**2 304 371**	**2 145 030**	**2 409 849**

12.4. Cost of Temporary Staff

Table 23 below reflects the total payment of Temporary Staff for the months of April 2023, May 2023 and June 2023. There was an increase in the total payment between April 2023 and May 2023 of R995 402 and a decrease in the total payment between May 2023 and June 2023 of R227 539.

Table 23: Temporary Staff per Directorate

	March 2023 Amount	April 2023 Amount	May 2023 Amount
Directorate of Executive Support Services	775 020	956 503	1 145 365
Directorate of the City Manager	41 038	31 291	31 291
Directorate of Corporate Services	1 187 572	1 150 795	1 208 475
Directorate of Finance	297 692	283 530	547 692
Directorate of Human Settlement	512 607	419 179	757 959
Directorate of Infrastructure Services	718 920	898 113	686 239
Directorate of Solid Waste & Environmental Management	144 276	976 056	110 743
Directorate of Sport, recreation & Community Development	94 077	51 136	51 301
TOTAL	**3 771 201**	**4 766 603**	**4 539 064**

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year-to-date budget of R70.26 million less the year-to-date expenditure of R66.87 million leaves a variance of R3.39 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	47 006 822	41 819 325	5 187 497	11,04
Housing Allowance	2 445 458	2 445 458	14 210 027	-11 764 569	-481,08
Medical Aid Allowance	2 064 937	2 064 937	1 634 503	430 434	20,84
Pension Allowance	4 268 995	4 268 995	4 043 163	225 832	5,29
Travel Allowance	14 476 648	14 476 648	5 166 613	9 310 035	64,31
Total	**70 262 860**	**70 262 860**	**66 873 631**	**3 389 229**	**4,82**

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R96.02 million (69%) of its 2022/2023 adjusted operating budget of R138,51 million. A detailed analysis of the entity's performance for month ended 30 June 2023 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) - M12 June

Description	Ref	2021/22	Current Year 2022/23							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source	1									
Agency services		6 658	3 768	2 735	–	2 009	2 735	(726)	-26,5%	2 735
Transfers and subsidies		46 384	132 487	131 381	2 338	19 892	131 381	(111 489)	-84,9%	131 381
Other revenue		143	14 661	3 812	44	44 340	3 812	40 528	1063,0%	3 812
Gains		98	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		**54 004**	**151 552**	**138 508**	**2 513**	**67 358**	**138 508**	**(71 150)**	**-51,4%**	**138 508**
Expenditure By Type										
Employee related costs		26 106	32 354	47 473	4 392	42 469	(47 473)	89 942	-189,5%	47 473
Depreciation & asset impairment		1 114	984	811	68	820	(811)	1 631	-201,2%	811
Finance charges		0	4	2	–	0	(2)	2	-107,5%	2
Inventory consumed		1 777	1 299	4 466	68	3 573	(4 466)	8 039	-180,0%	4 466
Contracted services		18 467	105 568	73 322	3 232	39 994	(73 322)	113 316	-154,5%	73 322
Transfers and subsidies		221	217	345	81	105	(345)	450	-130,6%	345
Other expenditure		6 279	11 126	12 090	1 522	9 054	(12 090)	21 145	-174,9%	12 090
Losses		22	–	–	–	–	–	–		–
Total Expenditure	3	**53 986**	**151 552**	**138 508**	**9 363**	**96 016**	**(138 508)**	**234 524**	**-169,3%**	**138 508**
Surplus/(Deficit)		**18**	**–**	**–**	**(6 851)**	**(28 658)**	**277 017**	**(305 675)**	**-110,3%**	**–**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		631	1 140	881	–	–	881	**(881)**	**-100,0%**	881
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	21 227	–	**21 227**	**0,0%**	–
Transfers and subsidies - capital (in-kind - all)								**–**		
Surplus/(Deficit) before taxation		650	1 140	881	(6 851)	(7 431)	277 898	**(285 330)**	**-102,7%**	881
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) for the year		**650**	**1 140**	**881**	**(6 851)**	**(7 431)**	**277 898**	**(285 330)**		**881**

14. CAPITAL PROGRAMME PERFORMANCE

The Metro has spent 83% (R1.15 billion, inclusive of reclaimed vat) of its 2022/23 adjusted capital budget of R1.39 billion as at 30 June 2023. This reflects an improvement when compared to the same period in the previous financial year where 76% (R1.22 billion, inclusive of reclaimed vat) of the adjusted capital budget of R1.60 billion was spent. Expenditure is expected to further improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2023.

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	581 383 613	470 668 279	110 715 334	81%
Own Funding C/O	79 524 283	34 765 959	44 758 324	44%
TOTAL OWN FUNDING	**660 907 896**	**505 434 238**	**155 473 658**	**76%**
Urban Settlement Development Grant	451 981 020	408 589 802	43 391 218	90%
Finance Management Grant	23 000	23 795	-795	103%
Informal Settlements Upgrading Partnership Grant	263 763 320	225 970 255	37 793 065	86%
Neighbourhood Development Partnership Grant	14 581 000	12 893 671	1 687 329	88%
Infrastructure Skills Development Grant	150 000	172 500	-22 500	115%
TOTAL GRANTS	**730 498 340**	**647 650 023**	**82 848 317**	**89%**
TOTAL CAPITAL BUDGET	**1 391 406 236**	**1 153 084 261**	**238 321 975**	**83%**

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	69 375 296	51 605 776	17 769 520	74%
Electricity	102 149 000	99 851 016	2 297 983	98%
Human Settlements	235 492 070	150 609 488	84 882 582	64%
Local Economic Development	79 476 995	51 236 926	28 240 069	64%
Other: BCMM Fleet	7 287 217	0	7 287 217	0%
Public Safety	38 400 052	16 679 687	21 720 365	43%
Roads	461 179 569	463 754 277	-2 574 708	101%
Spatial Planning	26 278 155	22 744 739	3 533 416	87%
Support Services	108 656 607	75 178 706	33 477 901	69%
Transport Planning	71 620 632	58 950 384	12 670 248	82%
Waste Management	36 215 404	17 581 836	18 633 568	49%
Wastewater	48 000 000	45 877 100	2 122 900	96%
Water	107 275 240	99 014 326	8 260 914	92%
TOTAL - PER SERVICE	**1 391 406 236**	**1 153 084 261**	**238 321 975**	**83%**

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	890 898	309 402	74%
City Manager's Office	1 650 009	202 303	1 447 706	12%
Corporate Services	14 664 142	9 093 375	5 570 767	62%
Spatial Planning & Development	98 398 787	81 755 701	16 643 086	83%
Economic Development & Agencies	50 351 706	30 235 153	20 116 553	60%
Finance Services	77 213 041	59 822 093	17 390 948	77%
Public Safety & Emergency Services	40 805 314	17 181 699	23 623 615	42%
Human Settlements	235 992 070	150 969 565	85 022 505	64%
Infrastructure Services	727 891 026	709 670 460	18 220 566	97%
Sports, Recreation & Community Development	55 889 291	51 079 239	4 810 052	91%
Solid Waste & Environmental Management	50 919 384	18 494 002	32 425 382	36%
TOTAL DIRECTORATES	**1 354 975 070**	**1 129 394 488**	**225 580 581**	**83%**
Asset Replacements	5 924 539	2 037 418	3 887 121	34%
BCMDA Projects	30 506 628	21 652 355	8 854 273	71%
TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE	**1 391 406 236**	**1 153 084 261**	**238 321 975**	**83%**

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

Table 29: SC12 Monthly Budget Statement – capital expenditure trend

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

Month	2021/22	Budget Year 2022/23							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
Monthly expenditure performance trend									
July	117 376	173 864	173 864	1 766	1 766	173 864	172 098	99,0%	0%
August	117 376	173 864	146 985	53 245	55 011	320 849	265 837	82,9%	3%
September	117 376	173 864	147 106	59 794	114 806	467 955	353 149	75,5%	6%
October	117 376	173 864	147 143	75 434	190 240	615 098	424 858	69,1%	9%
November	117 376	173 864	147 412	78 888	269 128	762 510	493 382	64,7%	13%
December	117 376	173 864	147 412	118 595	387 722	909 922	522 200	57,4%	19%
January	117 376	173 864	147 151	41 465	429 187	1 057 073	627 886	59,4%	21%
February	117 376	173 864	67 388	72 810	501 997	1 124 460	622 464	55,4%	24%
March	117 376	173 864	67 453	156 758	658 754	1 191 913	533 159	44,7%	32%
April	117 376	173 864	66 245	98 108	756 862	1 258 157	501 295	39,8%	36%
May	117 376	173 864	66 239	132 971	889 834	1 324 397	434 563	32,8%	43%
June	117 376	173 864	67 010	187 380	1 077 213	1 391 406	314 193	22,6%	52%
Total Capital expenditure	**1 408 515**	**2 086 362**	**1 391 406**	**1 077 213**					

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 63% (R267.50 million, inclusive of reclaimed vat) of its 2022/23 adjusted operating projects budget of R423.02 million as at 30 June 2023. This reflects an improvement when compared to the same period in the previous financial year where 45% (R215.56 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R477.81 million was spent. Expenditure is expected to further improve as the financial year end closure is still in progress. Journals and closing entries are still being processed to adequately account for all the financial transactions which were incurred for the financial year ended 30 June 2023.

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	53 108 628	39 210 051	13 898 577	74%
City Manager's Office	45 681 768	33 706 289	11 975 479	74%
Corporate Services	20 900 000	11 510 821	9 389 179	55%
Spatial Planning & Development	11 976 000	4 395 251	7 580 749	37%
Economic Development & Agencies	16 509 938	9 201 878	7 308 060	56%
Finance Services	49 154 196	26 688 130	22 466 066	54%
Public Safety & Emergency Services	3 446 967	875 022	2 571 945	25%
Human Settlements	131 717 631	60 098 940	71 618 691	46%
Infrastructure Services	43 527 284	45 368 261	-1 840 977	104%
Sports, Recreation & Community Development	3 435 970	3 122 246	313 725	91%
Solid Waste & Environmental Management	43 563 665	33 322 756	10 240 909	76%
TOTAL PER DIRECTORATE	**423 022 047**	**267 499 645**	**155 522 402**	**63%**

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	**167 149 576**	**100 917 515**	**66 232 061**	**60%**
Salaida c/o	189 775,00	126 052	63 723	66%
Urban Settlement Development Grant	44 184 980	49 661 693	(5 476 7130	112%
Finance Management Grant	977 000	948 197	28 803	97%
Informal Settlements Upgrading Partnership Grant	18 358 680	14 532 734	3 825 946	79%
Infrastructure Skills Development Grant	11 600 000	10 973 639	626 361	95%
Programme And Project Preparation Support Grant (PPPSG)	18 000 000	10 618 273	7 381 727	59%
Expanded Public Works Programme	10 728 000	11 108 055	(380 055)	104%
Human Settlements Development Grant	41 609 610	23 598 318	18 011 292	57%
Human Settlements Development Grant c/o	71 451 341	21 174 956	50 276 385	30%
Neighbourhood Development Partnership Grant	20 581 000	13 350 780	7 230 220	65%
Neighbourhood Development Partnership Grant c/o	18 192 085	10 489 434	7 702 651	58%
TOTAL PER FUNDING SOURCE	**255 872 471**	**166 582 130**	**89 290 341**	**65%**
TOTAL OPERATING PROJECTS	**423 022 047**	**267 499 645**	**155 522 402**	**63%**

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. VIREMENTS ON THE 2022/23 BUDGET

Changing circumstances and prioritisation during a financial year may give rise to a need for virement of funds within the vote as permitted in terms of the Municipal Finance Management Act (MFMA) no 56 of 2003. The City's virement policy permits that sufficient budgetary provision should be available within the "giving" vote or project concerned to give effect to the budgetary virement.

The implemented virement is in accordance with the prescripts of section 15 of the MFMA. Furthermore section 29(2) (c) of the MFMA, permits the Mayor to report such virement in the next municipal council after being implemented.

16.1. Directorate of Public Safety & Emergency Services

The Directorate of Public Safety and Emergency Services has identified the need to transfer budget between the general operating votes within the Directorate in order for the directorate to be able to meet it's obligations.

Table 32 below details the virement that has been effected between the two Directorates.

Table 32: Virement Implemented

Project Name	2022/2023 Adjustment Budget	2022/2023 Transfers	2022/2023 Budget after Adjustment
Transferred from:			
Contracted: Safeguard & Security	3 015 000	(928 600)	2 086 400
Transferred to:			
Outsourced Services: Personnel & Labour	502 500	150 000	652 500
Operational Costs: Licence Agency Fees	1 805 288	570 000	2 375 288
Outsourced Services: Traffic Fines Management	3 957 625	100 000	4 057 625
Outsourced Services: Senior Entertainment	16 162	20 000	36 162
Inventory - Materials & Supplies	525 780	88 600	614 380
Total	**6 807 355**	**928 600**	**7 735 955**

17. COST CONTAINMENT MEASURES

The cost containment policy of BCMM was approved by council on 29 June 2020 with effect from 01 July 2020. In terms of regulation 15(1) of the cost containment regulations, the disclosure of cost containment measures applied by the municipality and municipal entity must be included in the municipal in-year budget reports and annual costs savings disclosed in the annual report.

Table 33 below compares expenditure incurred on cost containment items per quarter and total savings realised for the quarter under review.

Table 33: Cost Containment Quarterly Report

	Cost Containment In-Year Report			
Measures		**Q4 April - June**		**Savings realised when compared to year to date expenditure**
	2022/2023 Budget	**22/23 Year to Date Budget**	**22/23 Expenditure**	
Catering	5 189 487	5 189 487	4 321 359	868 128
Use of Consultants	62 920 626	62 920 626	54 605 955	8 314 671
Travel & Subsistence and Accommodation	8 740 984	8 740 984	11 280 495	(2 539 511)
Entertainment	2 234 508	2 234 508	1 355 871	878 637
Advertising, Publication & Marketing	9 369 119	9 369 119	10 152 315	(783 196)
Sponsorships and Events	16 708 196	16 708 196	17 318 767	(610 571)
Total	**105 162 920**	**105 162 920**	**99 034 763**	**6 128 157**

18. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The SDBIP is a management, implementation and monitoring tool which assists the Executive Mayor, Councillors, Accounting Officer, Senior Managers and the community with the realisation of Municipality's strategic objectives as contained in the Integrated Development Plan (IDP). It also seeks to ensure monitoring and execution of the budget, performance of senior management and the achievement of the service delivery objectives set by Council. SDBIP enhances the principle of democratic and accountable local government as enshrined in section 152 of the Constitution. The SDBIP should therefore contain information that pertains to performance indicators, service delivery targets as well as measurement source. The SDBIP for the 2022/2023 financial year per vote is informed by Council resolutions to improve the quality of life of residents and citizens of BCMM.

This fourth quarter SDBIP report 2022/2023 is **unaudited** and is still going to be subjected to internal audit processes. The BCMM 2022/2023 Service Delivery Targets and Performance Indicators as well as actual performance achieved during fourth quarter are attached as Annexure G.

Below is the summary of the **un-audited** 4th quarter SDBIP performance per directorate.

17.1. SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS - FOURTH QUARTER 2022/2023 PER DIRECTORATE

i. Executive Support Services

The Executive Support Services Directorate has set 6 Key Performance Indicators. The total number of KPI's achieved is 3 and not achieved is 2 and not for reporting is 1. Therefore, the overall Fourth Quarter Performance for Executive Support Services is 60%.

ii. Human Settlements

The Human Settlements Directorate has set 6 Key Performance Indicators on their SDBIP. The total of KPI's achieved is 3 and not achieved is 3. Therefore, the overall Fourth Quarter Performance for Human Settlements is 50%.

iii. **Directorate of Finance**

The Directorate of Finance has set 38 KPI's on their SDBIP. The total number of KPI's achieved is 15 and not achieved is 23. Therefore, the overall Fourth Quarter Performance for Directorate of Finance is 39%.

iv. **Corporate Services**

The Corporate Services Directorate has set 12 KPI's. The total number of KPI's achieved is 10, not achieved is 0 and not for reporting is 2. Therefore, the overall Fourth Quarter Performance for Corporate Services is 100%.

v. **Infrastructure Services**

The Directorate of Infrastructure Services has set 23 KPI's. The total number of KPI's achieved is 17, not achieved is 5, and not for reporting for this quarter is 1. Therefore, the overall Fourth Quarter Performance for Infrastructure Services is 77%.

vi. **Spatial Planning and Development**

The Directorate of Spatial Planning and Development has set 8 KPI's. The total number of KPI's achieved is 4 and not achieved is 4. Therefore, the overall Fourth Quarter Performance for Spatial Planning and Development is standing at 50%.

vii. **Economic Development and Agencies**

The Directorate of Economic Development & Agencies has set 9 KPI's on their SDBIP. The total number of KPI's achieved is 6 and not achieved is 3. Therefore, the overall Fourth Quarter Performance for Economic Development & Agencies is standing at 67%.

viii. **Public Safety and Emergency Services**

The Directorate of Public Safety and Emergency Services has set 5 KPI's. The total number of KPI's achieved is 3 and not achieved in this quarter is 2. Therefore, the overall Fourth Quarter Performance for Health/Public Safety and Emergency Services is standing at 60%.

ix. Solid Waste and Environmental Management

The Directorate of Solid Waste and Environmental Management has set 10 KPI's. The total number of KPI's achieved is 6, not achieved is 4. Therefore, the overall Fourth Quarter Performance for Solid Waste and Environmental is 60%.

X. Sport, Recreation and Community Development

The Directorate of Sport, Recreation and Community Development has set 10 KPI's. The total number of KPI's achieved is 3, not achieved is 2 and not for reporting in this quarter is 5. Therefore, the overall Fourth Quarter Performance for Sport, Recreation and Community Development is 60%.

The overall **un-audited** institutional performance for the fourth quarter is 59**%.** The above information is summarized in the table below.

Table 34: Summary of BCMM Fourth Quarter Performance per Directorate

Directorates	Total no. of KPI(s)	No. of KPI(s) achieved	No. of KPI's not achieved	Not for reporting this quarter	Fourth Quarter % of KPI's achieved
Executive Support Services	6	3	2	1	60%
Human Settlements	6	3	3	0	50%
Directorate of Finance	38	15	23	0	39%
Corporate Services	12	10	0	2	100%
Infrastructure Services	23	17	5	1	77%
Spatial Planning & Development	8	4	4	0	50%
Economic Development and Agencies	9	6	3	0	67%
Public Safety and Emergency Services	5	3	2	0	60%
Solid Waste and Environmental Management	10	6	4	0	60%
Sport, Recreation And Community Development	10	3	2	5	60%
Total	**127**	**70**	**48**	**9**	**59%**

17.2.1. SUMMARY AND ANALYSIS

Infrastructure Services, Executive Support Services, Economic Development and Agencies, Solid Waste and Environmental Management, Sport, Recreation and Community Development, Human Settlements, Spatial Planning and Development, Public Safety and Emergency Services and Corporate Services have recorded performance above the average of 50% during the fourth quarter 2022/2023. Directorate of Finance Services is the only directorate that has performed below 50%. The **un-audited** overall performance of the institution for **2022/2023 Fourth Quarter is 59%**.

19. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

I, Mxolisi Yawa, City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

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

for the period ending **June 2023** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print name: Mxolisi Yawa

City Manager of Buffalo City Metropolitan Municipality

Signature: .....