

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF
THE 2023/24 BUDGET FOR THE PERIOD ENDED 31 MARCH 2024**

1. PURPOSE

The purpose of the report is for Council to **CONSIDER** and **NOTE** the statement of financial performance and the implementation of the 2023/24 budget of the Buffalo City Metropolitan Municipality for the period ended 31 March 2024.

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).

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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 2023/24 budget for the period ended 31 March 2024 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 31 March 2024 of 68%.

P. FAKU

EXECUTIVE MAYOR

BUFFALO CITY METROPOLITAN MUNICIPALITY

MXOLISI YAWA/ AX

DATE

ANNEXURES:

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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 31 MARCH 2024

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

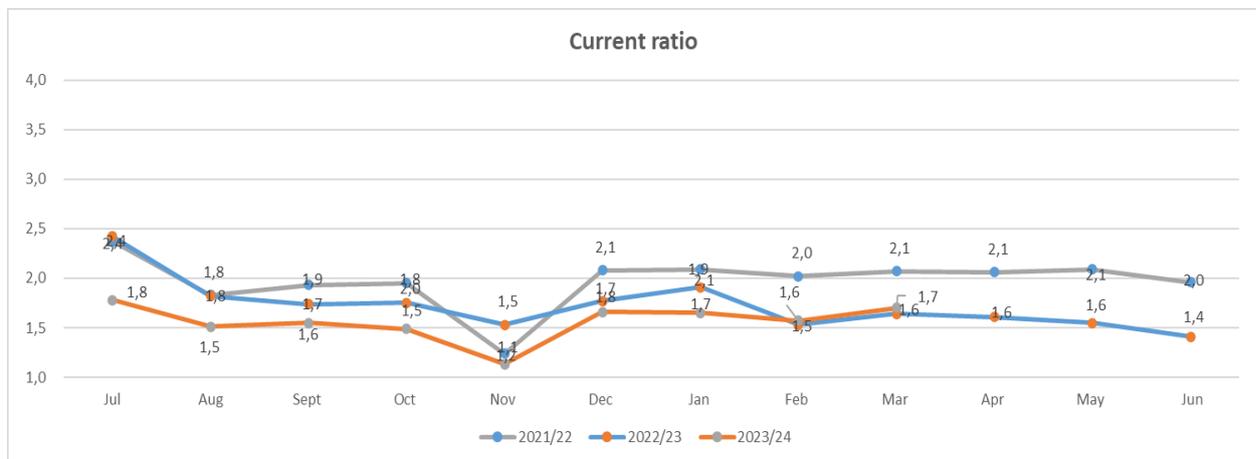
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 7 333 140 421	Bank Balance	R 297 247 261
Expenditure	(R 7 474 519 645)	Call investments (excl. int.)	R 692 616 234
Operating deficit before Transfers and Subsidies Recognised – Capital	(R 141 379 224)	Cash and cash equivalents	R 989 863 495
Transfers and Subsidies Recognised – Capital	R 407 771 497	<i>Account Payables</i>	<i>(R 1 009 746 358)</i>
Intercompany/Parent subsidiary transactions	R 44 071 372	<i>Unspent conditional grants</i>	<i>(R 645 333 177)</i>
Surplus after Capital Transfers	R 310 463 645	<i>Committed to Capital budget-own funds</i>	<i>(R 271 014 512)</i>
DEBTORS			
Total debtors' book (incl. impairment)	R 7 733 108 882	Possible cash deficit should there be no revenue collection made	(R 936 230 552)
Total debtors – Government	R 104 090 336		
Total debtors – Business	R 1 569 969 397	Total Long-term loans	R 108 607 630
Total debtors – Households	R 6 059 049 149		
Total debt written off incl. Vat (YTD)	R 62 470 856	SURPLUS / (DEFICIT) PER SERVICE	
		Water	R 158 189 623
REPAIRS AND MAINTENANCE		Electricity	(R 647 347 952)
2022/2023:	2023/2024:	Refuse	R 178 870 089
Exp.= R319.13 m, which is 68% of budget of R472.46 m	Exp.= R280.85 m, which is 55% of budget of R506.35 m	Sewerage	R 180 944 971
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
<u>2022/2023: Exp. as a % of Adjusted Budget of R1.40b:</u>	<u>2023/2024: Exp. as a % of Adjusted Budget of R1.29b:</u>	<u>2022/2023: Exp. as a % of Adjusted Budget of R427,14m:</u>	<u>2023/2024: Exp. as a % of Adjusted Budget of R355,24m:</u>
Exp. (excl. vat) = R658.75 mil % exp. (Excl. vat) :47%	Exp. (excl. vat) = R640.61 mil % exp. (Excl. vat) :50%	Exp. (excl. vat) = R187.46 mil % exp. (excl. vat): 44%	Exp. (excl. vat) = R196.66 mil % exp. (excl. vat): 55%
Exp. (incl. vat) = R706.96 mil % exp. (incl. vat): 51%	Exp. (incl. vat) = R690.89 mil % exp. (incl. vat): 53%	Exp. (incl. vat) = R193.69 mil % exp. (incl. vat): 45%	Exp. (incl. vat) = R200.19 mil % exp. (incl. vat): 56%
FINANCIAL		HUMAN RESOURCES	
Operating deficit before Capital Transfers	(R 141 379 224)	Total staff complement	5 179
Debtors' collection ratio	68%	Staff Appointments	1
YTD Grants and subsidies: recognized – Capital	R 407 771 497	Staff Terminations	10
Creditor's payment days	38 days	Number of funded vacant posts (under recruitment process)	870
Current ratio	1,70:1	Total overtime paid (YTD)	R 116 850 285
Total Debt to Revenue	1,22%	Allowances and benefits – Councillors (YTD)	R 54 400 905
Capital Charges to Operating Expenditure	0,57%	Salary bill – Officials (YTD)	R 2 004 755 390
Cost coverage ratio	0,57 month	Workforce costs as a % of expenditure	27,55%

6.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered stable as the Current Ratio is 1.70:1. which indicates the ability of municipality's current assets to cover its current liabilities. This is within the norm of 1.5-2:1. However the stagnant revenue base and high rate of increase in operating costs is a threat to the City's cash position. This ratio denotes that the City is able 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

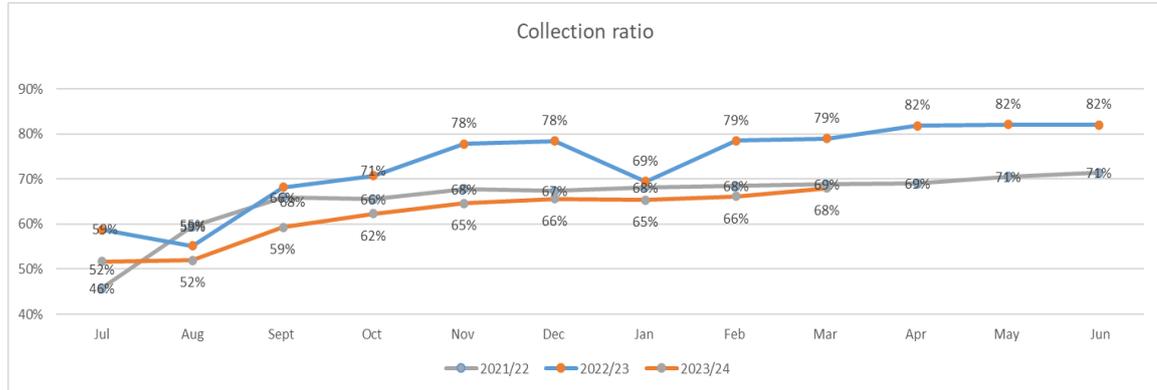


6.3. Collection Rate and Outstanding Debtors

The year-to-date collection rate as at 31 March 2024 is 68% (2022/23: 79,02%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has decreased by 1.18% from last month where 66,20% was achieved for the period ended 29 February 2024. Refer to section 8 for further details.

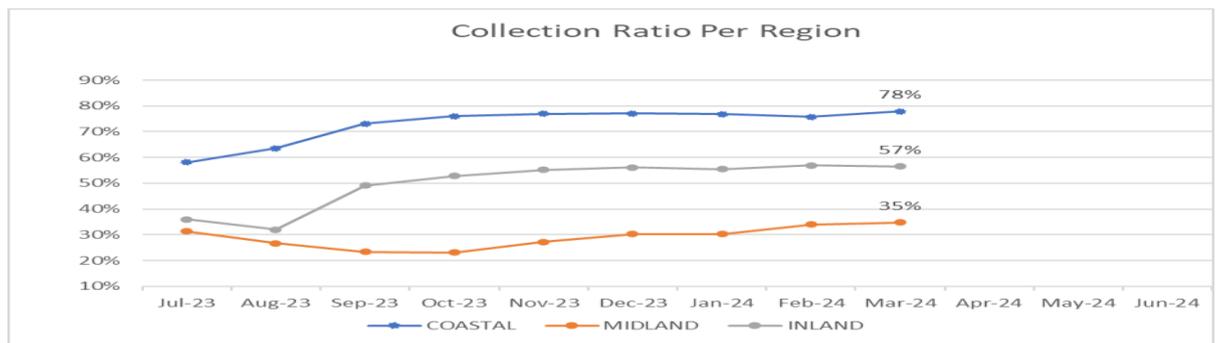
The graph below shows comparison of the monthly collection ratio for the current financial year and the two previous financial years.

Figure 2: Collection Ratio



The graph below shows comparison of the monthly collection ratio per region for the current financial year. The year-to-date collection rate as at 31 March 2024 per region is as follows: Coastal 77.91% Midland 34.78% and Inland 56.54%.

Figure 3: Collection Ratio Per Region



Total gross debtors' book (including current accounts) as at 31 March 2024 amounts to R7.73 billion (2022/23 R5.65 billion). Households: R6.06 billion, Business: R1.57 billion and Government: R104.09 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 53% (R690.89 million, inclusive of reclaimed vat) of its 2023/24 adjusted capital budget of R1.29 billion as at 31 March 2024. This reflects an improvement when compared to the same period in the previous financial year where 51% (R706.96 million, inclusive of reclaimed vat) of the adjusted capital budget of R1.40 billion was spent. (Refer to Section 14 for further details).

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

6.5. Operating Projects

The Metro has spent 56% (R200.19 million, inclusive of reclaimed vat) of its 2023/24 adjusted operating projects budget of R355.24 million as at 31 March 2024. This reflects an improvement when compared to the same period in the previous financial year where 45% (R193.69 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R427.14 million was spent. (Refer to Section 15 for further details).

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

6.6. Expenditure on Conditional Grants (DoRA Allocation)

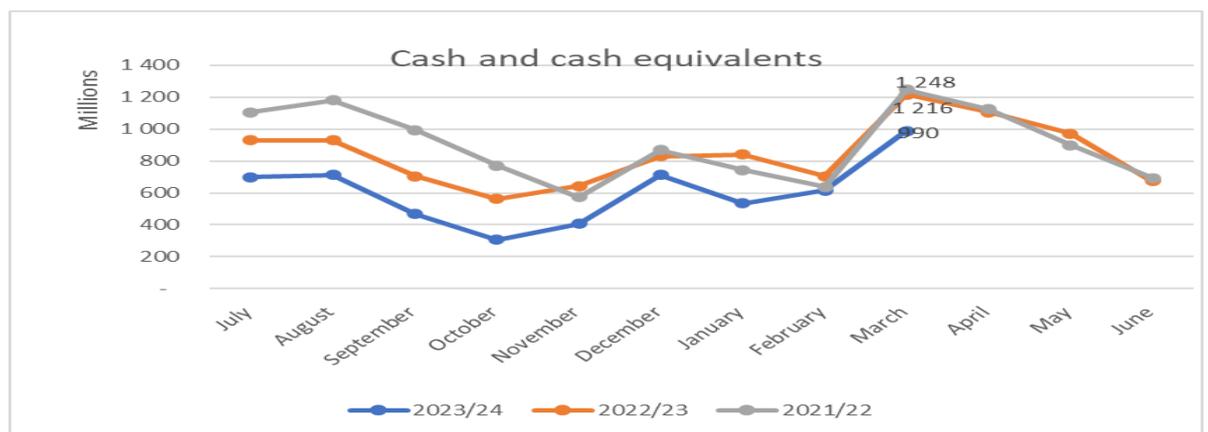
The Metro has spent 60% (R527.39 million, inclusive of reclaimed vat) of its 2023/24 conditional grants adjusted budget of R880.45 million as at 31 March 2024. This reflects an improvement when compared to the same period in the previous financial year where 59% (R513.82 million, inclusive of reclaimed vat) of conditional grants budget of R878.12 million was spent. (Refer to Section 11.1 for further details).

6.7. Cash and Cash Equivalents

The cash and cash equivalents of the City as at 31 March 2024 is R989.86 million made up of cash at the primary bank account amounting to R297.25 million and call investment deposits of R692.62 million. This funding is invested with various financial institutions in compliance with the MFMA.

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

Figure 4: Cash and Cash Equivalents

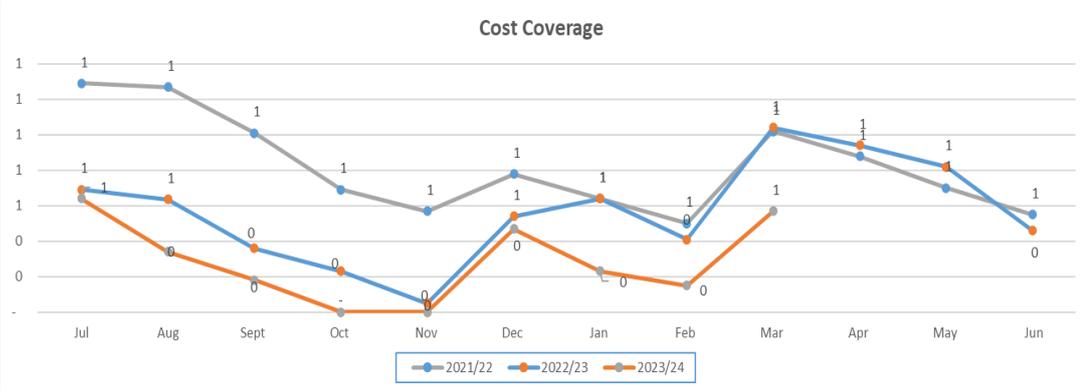


The City's cash reserves have decreased over the past few years due to the City vigorously investing in its asset renewal and upgrading program that is funded by its own funding. This is an indication of the City's commitment in addressing the ageing infrastructure and ensuring that cash reserves are 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 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 cost coverage ratio of the City is 0.57 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 below-the-norm cost coverage will have a short- and long-term negative effect on the City's Credit Ratings.

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

Figure 5: Cost Coverage



6.8. Outstanding Creditors

The Metro 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 (31 March 2024) is 38 days. The Metro is managing its cashflow as a result of the cash coverage ratio. Refer to Section 9 for details.

6.9. Long-Term Debt Profile

The total long-term borrowings of the municipality as at 31 March 2024 amounts to R108.61 million. Refer to Annexure C for the schedule of borrowings.

The ratio of capital charges to operating expenditure as at 31 March 2024 is 0.57%. 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 1.22% as at 31 March 2024, 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 taking into account the credit profile of the Metro.

6.10. Performance by Trading Service - Electricity

The electricity service has achieved an operating deficit of R 647 347 952 for the period ended 31 March 2024. The following are the factors that contributed to the deficit.

- i. The Metro has high electricity losses which account for R0.42 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 monitoring 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).
- v. The Metro is considering imposing an off the grid tariff.

7.2 Monthly Budget Statement – Financial Performance (standard classification)

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

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

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

Description	Ref	2022/23	Budget Year 2023/24							
		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		3 391 704	3 809 862	3 820 326	598 639	3 246 216	3 015 871	230 345	8%	3 820 326
Executive and council		17 681	19 918	16 578	2 237	19 494	13 986	5 508	39%	16 578
Finance and administration		3 374 023	3 789 944	3 803 748	596 401	3 226 722	3 001 885	224 837	7%	3 803 748
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		476 459	704 913	683 779	46 041	353 548	426 464	(72 917)	-17%	683 779
Community and social services		36 199	60 942	60 942	3 311	38 005	40 113	(2 107)	-5%	60 942
Sport and recreation		30 490	27 466	28 390	746	13 767	16 872	(3 104)	-18%	28 390
Public safety		175 322	205 616	190 474	22 182	160 254	162 987	(2 733)	-2%	190 474
Housing		234 412	410 850	403 935	19 799	141 510	206 457	(64 947)	-31%	403 935
Health		36	38	38	2	12	36	(24)	-67%	38
Economic and environmental services		308 502	275 093	299 821	15 705	147 652	164 453	(16 801)	-10%	299 821
Planning and development		103 482	177 392	208 020	10 523	76 946	126 181	(49 234)	-39%	208 020
Road transport		205 021	97 701	91 801	5 182	70 705	38 272	32 433	85%	91 801
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		4 561 481	5 293 190	5 233 031	527 905	3 934 066	3 734 224	199 841	5%	5 233 031
Energy sources		2 270 135	2 707 089	2 547 216	239 080	1 857 951	1 727 242	130 709	8%	2 547 216
Water management		1 041 864	1 240 971	1 151 236	125 698	885 670	931 456	(45 786)	-5%	1 151 236
Waste water management		654 251	723 711	803 915	76 627	618 207	556 281	61 926	11%	803 915
Waste management		595 231	621 419	730 664	86 500	572 238	519 246	52 992	10%	730 664
Other	4	63 379	93 080	109 053	5 286	59 431	66 941	(7 510)	-11%	109 053
Total Revenue - Functional	2	8 801 525	10 176 137	10 146 010	1 193 576	7 740 912	7 407 954	332 958	4%	10 146 010
Expenditure - Functional										
Governance and administration		1 619 984	1 881 909	1 842 279	139 583	1 420 341	1 339 887	80 454	6%	1 842 279
Executive and council		343 206	368 376	334 421	26 381	258 493	248 297	10 196	4%	334 421
Finance and administration		1 266 032	1 498 577	1 492 978	112 005	1 152 741	1 081 100	71 641	7%	1 492 978
Internal audit		10 747	14 957	14 880	1 197	9 107	10 491	(1 383)	-13%	14 880
Community and public safety		1 272 478	1 416 010	1 314 022	111 806	951 625	966 326	(14 701)	-2%	1 314 022
Community and social services		182 051	221 363	199 071	13 410	131 655	151 667	(20 012)	-13%	199 071
Sport and recreation		463 698	444 515	393 726	38 184	340 656	302 779	37 877	13%	393 726
Public safety		512 818	513 143	496 960	38 193	359 352	364 998	(5 645)	-2%	496 960
Housing		62 493	187 830	175 960	17 887	82 682	111 581	(28 899)	-26%	175 960
Health		51 418	49 160	48 305	4 132	37 280	35 301	1 979	6%	48 305
Economic and environmental services		1 353 266	774 512	786 023	124 735	1 032 748	544 363	488 385	90%	786 023
Planning and development		324 339	271 806	294 831	27 353	241 472	200 308	41 165	21%	294 831
Road transport		1 028 927	502 707	491 193	97 381	791 276	344 056	447 220	130%	491 193
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		4 755 593	5 173 555	5 274 679	435 906	3 945 553	3 643 394	302 159	8%	5 274 679
Energy sources		2 632 649	3 432 312	3 453 914	257 532	2 454 238	2 372 127	82 111	3%	3 453 914
Water management		1 092 492	852 332	848 671	76 594	704 841	606 677	98 164	16%	848 671
Waste water management		484 560	393 769	417 861	43 507	381 337	287 176	94 161	33%	417 861
Waste management		545 891	495 141	554 233	58 273	405 137	377 414	27 723	7%	554 233
Other		129 459	159 355	169 290	27 965	124 253	106 830	17 423	16%	169 290
Total Expenditure - Functional	3	9 130 779	9 405 342	9 386 293	839 994	7 474 520	6 600 801	873 719	13%	9 386 293
Surplus/ (Deficit) for the year		(329 254)	770 796	759 717	353 582	266 392	807 153	(540 761)	-67%	759 717

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

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

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

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

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Directorate - Executive Support Services		976	377	411	61	579	323	256	79,2%	411
Vote 02 - Directorate - Municipal Manager		16 861	19 541	16 201	2 177	18 915	13 688	5 227	38,2%	16 201
Vote 03 - Directorate - Human Settlement		234 412	410 850	403 935	19 799	141 510	206 457	(64 947)	-31,5%	403 935
Vote 04 - Directorate - Chief Financial Officer		3 318 304	3 750 743	3 764 743	592 806	3 200 316	2 976 783	223 533	7,5%	3 764 743
Vote 05 - Directorate - Corporate Services		15 857	11 778	11 548	2 081	11 981	9 243	2 739	29,6%	11 548
Vote 06 - Directorate - Infrastructure Services		4 171 271	4 769 472	4 594 168	446 586	3 432 533	3 253 251	179 282	5,5%	4 594 168
Vote 07 - Directorate - Spatial Planning And Development		127 597	135 746	135 746	6 363	65 573	74 230	(8 657)	-11,7%	135 746
Vote 08 - Directorate - Health / Public Safety & Emergency Services		175 322	205 616	190 474	22 182	160 254	162 987	(2 733)	-1,7%	190 474
Vote 10 - Directorate - Economic Development & Agencies		123 224	162 150	208 751	10 960	129 300	134 726	(5 426)	-4,0%	208 751
Vote 11 - Directorate - Solid Waste And Environmental Management		608 930	627 167	736 413	86 502	573 900	521 602	52 298	10,0%	736 413
Vote 12 - Directorate - Sport, Recreation & Community Development		53 025	82 698	83 622	4 058	50 123	54 664	(4 542)	-8,3%	83 622
Total Revenue by Vote	2	8 845 779	10 176 137	10 146 010	1 193 576	7 784 983	7 407 954	377 030	5,1%	10 146 010
Expenditure by Vote	1									
Vote 01 - Directorate - Executive Support Services		298 497	304 739	277 614	22 969	208 700	205 837	2 863	1,4%	277 614
Vote 02 - Directorate - Municipal Manager		140 606	153 112	142 745	10 868	121 075	102 327	18 748	18,3%	142 745
Vote 03 - Directorate - Human Settlement		62 157	187 439	175 569	17 887	82 409	111 288	(28 879)	-25,9%	175 569
Vote 04 - Directorate - Chief Financial Officer		687 709	1 012 840	1 042 706	67 007	751 478	750 166	1 311	0,2%	1 042 706
Vote 05 - Directorate - Corporate Services		249 145	240 909	221 664	18 748	190 599	166 027	24 573	14,8%	221 664
Vote 06 - Directorate - Infrastructure Services		5 368 171	5 291 826	5 312 873	486 352	4 420 306	3 687 066	733 241	19,9%	5 312 873
Vote 07 - Directorate - Spatial Planning And Development		400 339	297 599	286 458	34 699	281 280	207 685	73 595	35,4%	286 458
Vote 08 - Directorate - Health / Public Safety & Emergency Services		517 102	516 559	500 376	38 747	363 447	367 006	(3 559)	-1,0%	500 376
Vote 10 - Directorate - Economic Development & Agencies		198 964	220 691	261 554	31 600	168 516	158 616	9 900	6,2%	261 554
Vote 11 - Directorate - Solid Waste And Environmental Management		697 797	659 806	704 275	70 662	514 082	490 674	23 408	4,8%	704 275
Vote 12 - Directorate - Sport, Recreation & Community Development		510 292	519 821	460 459	40 456	372 627	354 107	18 520	5,2%	460 459
Total Expenditure by Vote	2	9 130 779	9 405 342	9 386 293	839 994	7 474 520	6 600 800	873 719	13,2%	9 386 293
Surplus/ (Deficit) for the year	2	(285 000)	770 796	759 717	353 582	310 464	807 153	(496 689)	-61,5%	759 717

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 31 March 2024.

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

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

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		2 147 071	2 614 161	2 459 296	214 259	1 747 785	1 654 957	92 828	6%	2 459 296
Service charges - Water		738 617	933 423	845 689	66 814	611 131	720 431	(109 299)	-15%	845 689
Service charges - Waste Water Management		482 231	493 351	573 555	43 244	419 995	412 784	7 211	2%	573 555
Service charges - Waste management		398 396	406 053	509 293	40 057	373 859	351 407	22 452	6%	509 293
Sale of Goods and Rendering of Services		109 051	145 958	145 958	9 635	95 991	138 660	(42 669)	-31%	145 958
Agency services		23 879	27 261	27 933	(744)	11 376	19 326	(7 950)	-41%	27 933
Interest										
Interest earned from Receivables		300 755	211 915	211 915	32 764	290 165	158 936	131 229	83%	211 915
Interest from Current and Non Current Assets		47 660	24 054	38 553	3 132	30 078	23 909	6 169	26%	38 553
Dividends										
Rent on Land										
Rental from Fixed Assets		24 501	23 129	23 129	1 907	17 297	18 735	(1 438)	-8%	23 129
Licence and permits										
Operational Revenue		48 442	84 138	84 153	3 935	44 527	79 096	(34 569)	-44%	84 153
Non-Exchange Revenue										
Property rates		1 791 370	2 208 577	2 208 577	186 529	1 633 803	1 612 261	21 542	1%	2 208 577
Surcharges and Taxes										
Fines, penalties and forfeits		6 974	20 080	9 239	1 060	7 708	8 193	(485)	-6%	9 239
Licence and permits		12 216	17 667	13 367	935	9 886	9 014	872	10%	13 367
Transfers and subsidies - Operational		1 192 815	1 463 862	1 493 946	301 449	1 295 217	1 165 600	129 617	11%	1 493 946
Interest										
Fuel Levy		719 203	741 926	741 926	247 308	741 926	741 926			741 926
Operational Revenue										
Gains on disposal of Assets		409			(18)	2 396		2 396	0%	
Other Gains		9 131								
Discontinued Operations										
Total Revenue (excluding capital transfers and contributions)		8 052 721	9 415 557	9 386 530	1 152 267	7 333 140	7 115 235	217 905	3%	9 386 530

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

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		2 475 613	2 884 448	2 692 162	221 246	2 004 755	2 031 339	(26 584)	-1%	2 692 162
Remuneration of councillors		66 749	74 057	74 057	5 753	54 401	54 802	(401)	-1%	74 057
Bulk purchases - electricity		1 936 963	2 512 494	2 512 494	174 380	1 661 537	1 708 496	(46 959)	-3%	2 512 494
Inventory consumed		319 242	286 314	279 053	30 973	210 604	200 629	9 974	5%	279 053
Debt impairment		897 828	1 328 917	1 483 891	110 417	993 751	1 058 677	(64 927)	-6%	1 483 891
Depreciation and amortisation		1 846 054	609 619	609 619	155 897	1 383 284	445 024	938 261	211%	609 619
Interest		16 075	13 567	13 567	959	9 536	10 189	(653)	-6%	13 567
Contracted services		698 631	903 924	923 609	62 913	499 023	537 955	(38 932)	-7%	923 609
Transfers and subsidies		137 495	154 110	143 960	31 542	115 329	88 933	26 396	30%	143 960
Irrecoverable debts written off		–	–	–	459	491	–	491	0%	–
Operational costs		629 635	545 352	561 341	38 897	476 325	398 540	77 785	20%	561 341
Losses on Disposal of Assets		26	–	–	–	–	–	–	–	–
Other Losses		86 326	92 540	92 540	6 557	65 484	66 216	(732)	-1%	92 540
Total Expenditure		9 110 636	9 405 342	9 386 293	839 994	7 474 520	6 600 800	873 719	13%	9 386 293
Surplus/(Deficit)		(1 057 916)	10 215	236	312 273	(141 379)	514 435	(655 814)	(0)	236
Transfers and subsidies - capital (monetary allocations)		744 644	760 580	759 480	41 309	407 771	292 718	115 053	0	759 480
Transfers and subsidies - capital (in-kind)		4 160	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(309 111)	770 796	759 717	353 582	266 392	807 153	(540 761)	(0)	759 717
Income Tax		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		(309 111)	770 796	759 717	353 582	266 392	807 153			759 717
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality		(309 111)	770 796	759 717	353 582	266 392	807 153			759 717
Share of Surplus/Deficit attributable to Associate		20 143	–	–	–	–	–			–
Intercompany/Parent subsidiary transactions		44 254	–	–	–	44 071	–			–
Surplus/ (Deficit) for the year		(264 857)	770 796	759 717	353 582	310 464	807 153			759 717

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 Service charges - water revenue

The variance is due to a decrease in the number of units consumed by our customers especially non-residential customers e.g. schools, hospitals and major industries. Water leaks repaired by the Directorate: Infrastructure (Water Services) have resulted in decrease in water consumption.

7.4.1.2 Sale of Goods and Rendering of Services

Sale of Goods and Rendering of Services is made up of numerous miscellaneous items such as, building plan approval fees, cemetery and burial fees, sale of scrap waste and entrance fees for recreational facilities which makes it difficult to predict and some are market and/ or demand driven. The variance is however expected to stabilize as the year progresses.

7.4.1.3 Agency services

Under collection or decrease in revenue can be attributed to the fact that vehicle licences can be renewed at Pick and Pay, Postnet, Supa Quick and the Provincial Department of Transport directly. Members of the public go to the closest convenient point in order to pay which may not always be BCMM. It must further be noted that certain Banks offer the same services.

7.4.1.4 Interest earned from Receivables

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.

7.4.1.5 Interest from Current and Non-Current Assets

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

7.4.1.6 Operational Revenue

Operational revenue is made up of numerous miscellaneous items such as sundry income, commission: transaction handling fees, insurance refund and administrative handling fees which makes it difficult to predict and some are market and/ or demand driven. The variance is however expected to stabilize as the year progresses.

7.4.1.7 Transfers and subsidies – Operational

The over performance of Transfers and subsidies is result of revenue that had to be realised as most operating projects met their grant conditions earlier than originally anticipated.

7.4.1.8 Gains on disposal of Assets

The variance is as a result of proceeds from the sale of redundant assets which was not budgeted as past trend reflect that we incur net loss on disposal of assets.

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 Transfers and subsidies

The over performance of Transfers and subsidies is result of a tranche payment that was made to Buffalo City Metropolitan Development Agency (BCMDA). The variance is however expected to stabilize as the year progresses.

7.4.1.11 Operational costs

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

- a) An annual payment of R18.59 million made to South African Local Government Association (SALGA).
- b) An annual insurance premium and broker fee which must be paid upfront for cover to be in place for BCMM to the value of R25.20 million.
- c) An annual payment of R29.26 million for software licences for Microsoft used by the metro's computers as well as payment for licences for Wi-Fi, microwave & routers.
- d) 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 31 March 2024 the repairs and maintenance expenditure is 55% of the adjusted budget of R506.35 million (2022/23:68%).

Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	<u>2023/2024</u> <u>Annual</u> <u>Budget</u> R	<u>2023/2024</u> <u>Annual</u> <u>Expenditure</u> R	<u>2023/2024</u> <u>-</u> <u>Variance</u> R	<u>2023/2024</u> <u>% Of</u> <u>Budget</u> %
Directorate of Executive Support Services	2 170 522	1 053 707	1 116 815	49%
Directorate of The City Manager	225 070	20 961	204 109	9%
Directorate of Corporate Services	7 389 559	2 185 536	5 204 023	30%
Directorate of Spatial Planning & Development	25 678 677	10 874 230	14 804 447	42%
Directorate of Economic Development & Agencies	6 247 400	684 016	5 563 384	11%
Directorate of Finance	12 891 314	286 559	12 604 755	2%
Directorate of Public Safety & Emergency Services	9 376 298	3 169 514	6 206 784	34%
Directorate of Human Settlement	443 899	227 470	216 429	51%
Directorate of Infrastructure Services	410 208 486	247 561 695	162 646 791	60%
<i>Electricity</i>	<i>155 373 851</i>	<i>118 475 652</i>	<i>36 898 199</i>	<i>76%</i>
<i>Water</i>	<i>63 776 709</i>	<i>36 503 362</i>	<i>27 273 347</i>	<i>57%</i>
<i>Sanitation</i>	<i>53 382 543</i>	<i>29 661 265</i>	<i>23 721 278</i>	<i>56%</i>
<i>Other</i>	<i>137 675 383</i>	<i>62 921 416</i>	<i>74 753 967</i>	<i>46%</i>
Directorate of Solid Waste & Environmental Management	18 085 155	6 810 399	11 274 756	38%
Directorate of Sport, Recreation & Community Developmental Services	13 635 917	7 972 212	5 663 705	58%
TOTAL	506 352 297	280 846 298	225 505 999	55%

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 R658.70 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 - M09 March)										
Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Directorate - Executive Support Services		934	500	500	-	-	300	(300)	-100%	500
Vote 02 - Directorate - Municipal Manager		221	600	600	-	26	118	(92)	-78%	600
Vote 03 - Directorate - Human Settlement		207 333	278 200	282 400	12 517	131 858	121 030	10 828	9%	282 400
Vote 04 - Directorate - Chief Financial Officer		227 675	71 938	131 228	79	25 328	74 746	(49 418)	-66%	131 228
Vote 05 - Directorate - Corporate Services		10 216	10 640	10 218	41	3 352	5 851	(2 499)	-43%	10 218
Vote 06 - Directorate - Infrastructure Services		724 479	520 461	519 461	18 497	361 073	311 419	49 654	16%	519 461
Vote 07 - Directorate - Spatial Planning And Development		91 858	136 617	114 819	3 532	51 732	35 083	16 649	47%	114 819
Vote 08 - Directorate - Health / Public Safety & Emergency Services		16 833	32 188	42 725	(18)	5 264	27 332	(22 068)	-81%	42 725
Vote 10 - Directorate - Economic Development & Agencies		58 849	65 533	78 330	2 056	17 562	39 682	(22 120)	-56%	78 330
Vote 11 - Directorate - Solid Waste And Environmental Management		37 124	42 000	47 454	656	12 807	23 534	(10 727)	-46%	47 454
Vote 12 - Directorate - Sport, Recreation & Community Development		50 424	60 650	66 161	1 355	31 613	47 827	(16 214)	-34%	66 161
Total Capital Multi-year expenditure	4,7	1 425 946	1 219 326	1 293 895	38 715	640 614	686 921	(46 307)	-7%	1 293 895
Capital Expenditure - Functional Classification										
Governance and administration		265 933	118 178	172 246	120	38 803	92 957	(54 154)	-58%	172 246
Executive and council		1 498	1 100	1 100	-	26	417	(392)	-94%	1 100
Finance and administration		264 435	117 078	171 146	120	38 777	92 539	(53 762)	-58%	171 146
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		295 202	379 038	405 175	14 740	172 288	203 390	(31 103)	-15%	405 175
Community and social services		22 466	45 950	35 950	301	16 009	27 041	(11 032)	-41%	35 950
Sport and recreation		48 091	33 200	40 768	1 736	18 519	26 940	(8 421)	-31%	40 768
Public safety		16 015	20 688	41 225	(18)	5 139	25 180	(20 042)	-80%	41 225
Housing		207 333	278 200	282 400	12 517	131 858	121 030	10 828	9%	282 400
Health		1 297	1 000	4 832	205	763	3 199	(2 436)	-76%	4 832
Economic and environmental services		544 000	287 386	291 267	33 791	210 247	142 513	67 734	48%	291 267
Planning and development		71 833	113 550	95 927	3 508	48 460	29 762	18 698	63%	95 927
Road transport		472 168	173 837	195 341	30 284	161 786	112 751	49 036	43%	195 341
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		262 230	370 624	347 685	(12 017)	201 802	209 009	(7 207)	-3%	347 685
Energy sources		98 904	132 820	116 461	(4 833)	67 066	73 032	(5 966)	-8%	116 461
Water management		104 798	100 205	99 061	(5 384)	54 852	59 577	(4 726)	-8%	99 061
Waste water management		42 015	103 598	98 598	(1 569)	70 630	60 068	10 562	18%	98 598
Waste management		16 513	34 000	33 565	(230)	9 254	16 332	(7 078)	-43%	33 565
Other		58 581	64 100	77 522	2 080	17 474	39 052	(21 578)	-55%	77 522
Total Capital Expenditure - Functional Classification	3	1 425 946	1 219 326	1 293 895	38 715	640 614	686 921	(46 307)	-7%	1 293 895
Funded by:										
National Government		696 267	759 472	758 672	(7 769)	376 406	375 790	616	0%	758 672
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov		-	-	-	-	-	-	-	-	-
Departm Agencies, Households, Non-profit Institutions, Private		-	-	-	-	-	-	-	-	-
Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	(24)	(24)	-	(24)	0%	-
Transfers recognised - capital		696 267	759 472	758 672	(7 793)	376 382	375 790	592	0%	758 672
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		729 679	459 854	535 223	46 508	264 232	311 131	(46 898)	-15%	535 223
Total Capital Funding		1 425 946	1 219 326	1 293 895	38 715	640 614	686 921	(46 307)	-7%	1 293 895

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 in the net worth of R26.45 billion as per statement of financial position. Consumer debtors and other debtors are reflected net of impairments.

Table 8: C6: Monthly Budget Statement – Financial Position

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

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		679 975	692 472	734 829	989 863	734 829
Trade and other receivables from exchange transactions		2 171 920	1 988 297	2 852 144	2 360 388	2 852 144
Receivables from non-exchange transactions		1 115 381	867 830	1 020 101	1 438 389	1 020 101
Current portion of non-current receivables		–	–	–	–	–
Inventory		50 846	44 223	56 499	71 688	56 499
VAT		7 164 225	–	774 741	7 632 234	774 741
Other current assets		11 926	–	17 646	10 709	17 646
Total current assets		11 194 274	3 592 822	5 455 961	12 503 271	5 455 961
Non current assets						
Investments						
Investment property		460 265	467 196	468 465	460 265	468 465
Property, plant and equipment		24 886 002	24 613 967	24 876 298	24 145 045	24 876 298
Biological assets						
Living and non-living resources						
Heritage assets		50 513	50 513	50 513	50 513	50 513
Intangible assets		9 043	11 440	8 924	7 335	8 924
Trade and other receivables from exchange transactions						
Non-current receivables from non-exchange transactions						
Other non-current assets		670 354	731 038	679 354	670 354	679 354
Total non current assets		26 076 176	25 874 155	26 083 554	25 333 512	26 083 554
TOTAL ASSETS		37 270 450	29 466 977	31 539 515	37 836 783	31 539 515
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		50 158	30 246	30 246	50 158	30 246
Consumer deposits		90 336	83 793	93 546	93 976	93 546
Trade and other payables from exchange transactions		1 805 990	1 397 989	1 973 026	1 002 577	1 973 026
Trade and other payables from non-exchange transactions		255 179	282 535	253 792	655 925	253 792
Provision		388 358	409 544	449 220	448 747	449 220
VAT		7 581 118	–	1 568 063	8 255 616	1 568 063
Other current liabilities		–	–	–	–	–
Total current liabilities		10 171 137	2 204 107	4 367 893	10 506 999	4 367 893
Non current liabilities						
Financial liabilities		88 696	108 608	78 361	58 450	78 361
Provision		805 095	952 555	879 741	805 095	879 741
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	–	–	–	–
Total non current liabilities		893 792	1 061 163	958 103	863 545	958 103
TOTAL LIABILITIES		11 064 929	3 265 270	5 325 996	11 370 545	5 325 996
NET ASSETS	2	26 205 521	26 201 708	26 213 519	26 466 238	26 213 519
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		10 624 689	13 123 267	10 090 824	10 943 613	10 090 824
Reserves and funds		15 522 625	13 078 441	16 122 695	15 522 625	16 122 695
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	26 147 314	26 201 708	26 213 519	26 466 238	26 213 519

7.4.5 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R375.34 resulting in cash and cash equivalents closing balance of R989.86 million as at 31 March 2024.

Table 9: C7: Monthly Budget Statement – Cash Flow

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

Description	Ref	2022/23	Budget Year 2023/24			YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual					
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		1 502 577	1 777 905	1 722 690	116 074	1 058 824	1 292 018	(233 194)	-18%	1 777 905
Service charges		3 223 821	3 579 825	3 422 509	254 851	2 216 822	2 566 882	(350 060)	-14%	3 579 825
Other revenue		725 814	1 006 865	964 726	789 082	3 169 624	723 545	2 446 080	338%	1 006 865
Transfers and Subsidies - Operational		1 182 131	1 463 862	1 497 273	292 807	1 250 242	1 122 955	127 287	11%	1 466 924
Transfers and Subsidies - Capital		723 898	760 580	759 480	100 000	776 254	569 610	206 644	36%	760 580
Interest		348 415	24 054	38 553	3 132	40 022	28 915	11 107	38%	24 054
Dividends								-		
Payments										
Suppliers and employees		(6 092 945)	(7 299 129)	(6 873 777)	(603 560)	(5 510 581)	(5 099 428)	411 153	-8%	(7 302 610)
Interest		(16 075)	(13 567)	(13 567)	(5 669)	(12 107)	(10 175)	1 932	-19%	(13 567)
Transfers and Subsidies		(127 370)	(154 110)	(144 057)	(31 639)	(112 071)	(108 043)	4 028	-4%	(153 691)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 470 266	1 146 286	1 373 831	915 077	2 877 028	1 086 277	(1 790 751)	-165%	1 146 286
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		12 665	-	-	(18)	2 399	-	2 399	#DIV/0!	-
Decrease (increase) in non-current receivables								-		
Decrease (increase) in non-current investments								-		
Payments										
Capital assets		(1 447 884)	(1 219 326)	(1 293 895)	(38 715)	(640 614)	(970 421)	(329 807)	34%	(1 295 320)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 435 219)	(1 219 326)	(1 293 895)	(38 733)	(638 215)	(970 421)	(332 206)	34%	(1 295 320)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans				-	-	-	-	-		
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		(3 389)	6 005	5 165	(1 836 230)	(1 833 229)	3 873	(1 837 102)	-47428%	6 005
Payments										
Repayment of borrowing		(49 141)	(49 141)	(30 246)	(13 527)	(30 246)	(15 127)	15 119	-100%	(49 141)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(52 529)	(43 136)	(25 082)	(1 849 757)	(1 863 475)	(11 253)	1 852 221	-16459%	(43 136)
NET INCREASE/ (DECREASE) IN CASH HELD										
		(17 482)	(116 176)	54 854	(973 413)	375 338	104 603			(192 170)
Cash/cash equivalents at beginning:		697 457	808 648	679 975	614 526	614 526	679 975			614 526
Cash/cash equivalents at month/year end:		679 975	692 472	734 829		989 863	784 578			422 356

PART 2: SUPPORTING **DOCUMENTATION**

8. DEBTOR'S MANAGEMENT

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

Table 10: SC3 Monthly Budget Statement Aged Debtors

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M09 March

Description	NT Code	Budget Year 2023/24										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	113 095	71 601	58 542	65 012	75 716	62 594	271 289	1 637 562	2 355 410	2 112 172	–	15 168
Trade and Other Receivables from Exchange Transactions - Electricity	1300	215 374	66 277	31 225	25 203	30 276	21 573	83 575	428 559	902 061	589 186	–	42 480
Receivables from Non-exchange Transactions - Property Rates	1400	190 841	81 462	64 258	60 599	51 643	67 613	210 486	837 344	1 564 246	1 227 685	–	35 889
Receivables from Exchange Transactions - Waste Water Management	1500	54 768	28 950	23 126	20 950	19 699	21 188	90 422	419 165	678 269	571 424	–	8 017
Receivables from Exchange Transactions - Waste Management	1600	52 221	30 771	26 637	25 443	24 717	21 164	122 052	557 079	860 084	750 455	–	6 598
Receivables from Exchange Transactions - Property Rental Debtors	1700	224	167	166	167	167	165	949	10 667	12 672	12 116	–	–
Interest on Arrear Debtor Accounts	1810	36 315	34 201	53 859	15 535	34 408	34 267	175 230	660 118	1 043 933	919 558	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	14 322	7 954	7 146	6 765	6 942	8 424	34 408	230 472	316 433	287 011	7 782	2 264
Total By Income Source	2000	677 159	321 383	264 961	219 674	243 568	236 988	988 410	4 780 966	7 733 109	6 469 606	7 782	110 417
2022/23 - totals only		440 968	223 260	178 411	148 084	148 447	166 652	892 588	3 455 676	5 654 087	4 811 447	310 965	100 937
Debtors Age Analysis By Customer Group													
Organs of State	2200	25 581	17 194	12 742	8 119	8 834	8 913	6 303	16 404	104 090	48 573	–	–
Commercial	2300	327 569	99 262	58 421	44 596	43 263	51 329	195 261	750 267	1 569 969	1 084 717	–	–
Households	2400	324 008	204 927	193 798	166 959	191 470	176 746	786 846	4 014 295	6 059 049	5 336 316	7 782	110 417
Other	2500	–	–	–	–	–	–	–	–	–	–	–	–
Total By Customer Group	2600	677 159	321 383	264 961	219 674	243 568	236 988	988 410	4 780 966	7 733 109	6 469 606	7 782	110 417

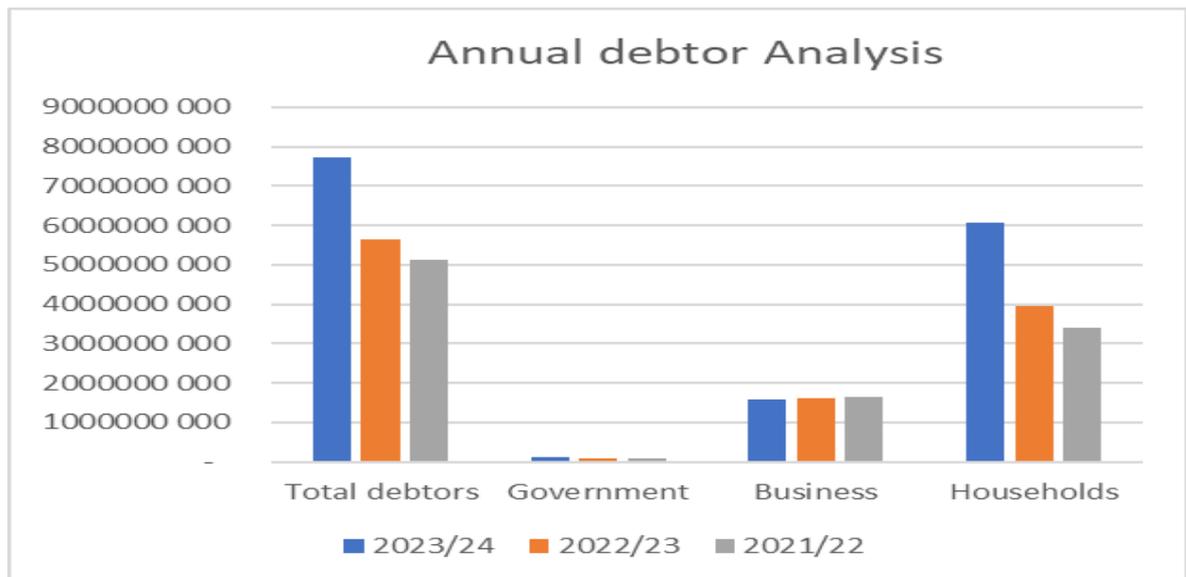
8.1. Additional debtors' information

The total debtor's book, which includes all charges including VAT, amounted to R7,733,108,882 as at 31 March 2024 which is an increase of R189,728,909 over the amount of R7,543,379,973 as at 29 February 2024.

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. 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 31 March 2024 amounts to R7.73 billion (2022/23 R5.65 billion). Households: R6.06 billion, Business: R1.57 billion and Government: R104.09 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 31 March 2024. It also provides comparison with the previous month (29 February 2024) which indicates an increase from R 7.54 billion to R 7.73 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR MARCH 2024	TOTAL FOR FEBRUARY 2024
CURRENT	201 703 246	58 437 475	219 659 967	124 790 496	56 456 521	16 111 181	677 158 886	565 366 851
30 DAYS	91 869 570	32 528 459	71 178 277	81 299 250	34 856 998	9 650 485	321 383 039	357 033 888
60 DAYS	81 440 386	28 448 777	37 371 008	74 959 448	32 869 415	9 871 745	264 960 779	249 112 483
90 DAYS	63 458 359	22 849 418	26 800 678	71 379 324	27 613 825	7 572 033	219 673 638	260 403 643
120 DAYS TO 360 DAYS	422 913 618	168 344 654	173 507 363	531 827 848	213 409 435	68 038 809	1 578 041 728	1 497 194 106
YEAR 1+	1 001 110 807	488 771 272	476 045 952	1 783 659 147	637 999 746	284 303 889	4 671 890 813	4 614 268 972
TOTAL	1 862 495 986	799 380 055	1 004 563 244	2 667 915 514	1 003 205 941	395 548 142	7 733 108 882	7 543 379 943

8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type as at 31 March 2024. 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	276 860 180	180 043 066	169 189 838	139 476 694	4 807 537 764	5 573 107 543	72
Indigent	44 404 599	23 530 431	23 678 593	26 703 550	346 810 249	465 127 421	6
Business	327 569 137	99 262 493	58 420 670	44 596 417	1 040 120 680	1 569 969 397	20
Government	25 581 250	17 193 633	12 742 076	8 118 632	40 454 745	104 090 336	1
Municipal Staff*	2 669 233	1 339 772	920 558	768 439	14 987 692	20 685 693	0
Councillors*	74 487	13 644	9 044	9 906	21 411	128 492	0
Total	677 158 886	321 383 039	264 960 779	219 673 638	6 249 932 540	7 733 108 882	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 received the payment is allocated to the oldest ageing category. In terms of the accounting treatment of the amounts received, within the financial system the amounts are allocated against the oldest debt first resulting in the outstanding balance as reflected in the above table.

During the month of March 2024, a total of R2,566 884.48 was receipted against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 1 754 158.61
Arrear's Receipts	<u>R 812 752.87</u>
Total Receipts	<u>R 2 566 884.48</u>

8.2.3. Government Accounts

The total owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 March 2024 amounted to R104,090,336 and this is an increase of R6,902,863 as compared to February 2024. 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 31 March 2024.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	VALUE AS AT 29 MARCH 2024	VALUE AS AT 31 FEBRUARY 2024	DIFFERENCE
National Department of Public Works	10 198 336	14 003 340	24 201 676	24 927 878	(726 202)
Provincial Department of Public Works	4 563 483	5 122 891	9 686 374	8 482 477	1 203 898
Department of Education	-	13 962 546	13 962 546	12 209 192	1 753 353
Department of Health	-	44 067 059	44 067 059	39 925 393	4 141 666
Department of Social Development	-	627 485	627 485	303 960	323 525
Department of Transport	-	94 233	94 233	87 769	6 464
Department of Agriculture	-	113 663	113 663	110 350	3 313
Department of Nature Conservation	-	23 554	23 554	22 675	879
Department of Human Settlements	-	2 510 231	2 510 231	2 438 136	72 095
Sport, Recreation, Arts and Culture	-	75 352	75 352	45 854	29 498
Department of Labour - UIF Services	-	40 136	40 136	39 450	686
Members of Provincial Legislature	-	749 876	749 876	791 603	(41 727)
Department of Water Affairs	-	3 010	3 010	3 010	-
Department of Rural Development and Land Reform	-	7 935 141	7 935 141	7 799 727	135 414
TOTAL	14 761 819	89 328 517	104 090 336	97 187 473	6 902 863

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 Metro is managing its cashflow as a result of the cash coverage ratio. The creditors payment period for the reporting period (31 March 2024) is 38 days.

Table 14: SC4 Monthly Budget Statement Aged Creditors

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

Description	NT Code	Budget Year 2023/24									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	371 471	-	-	-	-	-	-	-	371 471	159 516
Bulk Water	0200	24 967	-	-	-	-	-	-	-	24 967	22 550
PAYE deductions	0300	33 699	-	-	-	-	-	-	-	33 699	29 948
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	37 202	-	-	-	-	-	-	-	37 202	35 283
Loan repayments	0600	19 196	-	-	-	-	-	-	-	19 196	19 196
Trade Creditors	0700	224 170	82 368	-	-	-	-	-	-	306 538	107 535
Auditor General	0800	444	-	-	-	-	-	-	-	444	598
Other	0900	216 229	-	-	-	-	-	-	-	216 229	353 935
Total By Customer Type	1000	927 378	82 368	-	-	-	-	-	-	1 009 746	728 561

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in March 2024.

Table 15: Payments made to the 20 highest paid creditors – March 2024

<u>CREDITOR</u>	<u>120 DAYS</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM					371 471 252	371 471 252	371 471 252
AMATOLA WATER					24 967 144	24 967 144	24 967 144
VODACOM (PTY) LTD				13 097 548		13 097 548	13 097 548
HOUSING DEVELOPMENT AGENCY				12 000 000		12 000 000	12 000 000
RUWACON (PTY) LTD				11 447 441		11 447 441	11 447 441
DESIGNER LIGHTING (PTY) LTD				8 460 271	1 631 321	10 091 592	10 091 592
DOWN TOUCH INVESTMENTS (PTY) LTD				1 977 746	7 996 776	9 974 522	9 974 522
IMVUSA TRADING 415CC				5 908 379	3 995 347	9 903 726	9 903 726
COALITION TRADING JV JCR					8 217 787	8 217 787	8 217 787
C & M FASTENERS CC				3 626 794	2 685 934	6 312 728	6 312 728
EZULUWENI CONSTRUCTION (PTY) LTD				4 967 875	1 254 938	6 222 812	6 222 812
MAKALI PLANT AND CONSTRUCTION (PTY) LTD				1 660 237	4 377 329	6 037 566	6 037 566
BONTIFOR (PTY) LTD					5 922 526	5 922 526	5 922 526
BUSINESS CONNEXION				5 761 473		5 761 473	5 761 473
EYA BANTU PROFESSIONAL SERVICES				3 944 497	1 434 442	5 378 939	5 378 938
KHULANI WASTE MANAGEMENT				3 859 121		3 859 121	3 859 121
CZAR CONSTRUCTION				1 913 731	1 757 713	3 671 444	3 671 444
MVEZO PLANT & CIVILS CC				3 055 864	298 682	3 354 546	3 354 546
SHWEME GENERAL TRADING				687 484	2 316 891	3 004 375	3 004 375
DAMFIN GENERAL TRADING					2 656 500	2 656 500	2 656 500
TOTAL	-	-	-	82 368 461	440 984 582	523 353 042	523 353 042

10. INVESTMENT PORTFOLIO ANALYSIS

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

Table 16: SC5 Monthly Budget Statement – investment portfolio

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ^a	Commissio n Paid (Rands)	Commissio n Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial /	Investment Top Up	Closing Balance
		Yrs/Months										Premature Withdrawal (4)		
R thousands														
Municipality														
Absa - 4094793455		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	137	9	-	-	146
Absa - 4094788949		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	3 324	207	-	-	3 531
Absa - 4094793968		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	215	13	-	-	228
First National Bank - 62938182285		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	22 016	603	22 000	-	620
Stanlib - 552200137		Call Account	Call Account	Yes	Variable	8,64	-		Call Account	13	1	-	-	14
Nedbank - 03/7881532939/000041		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	1 179	73	-	-	1 253
Nedbank - 03/7881532939/000108		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	101	6	-	-	108
Absa - 4094789157		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	1 008	63	-	-	1 071
Nedbank - 03/7881532939/000110		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	366	23	-	-	389
Absa - 4094790083		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	1 440	90	-	-	1 530
Stanlib - 552200133		Call Account	Call Account	Yes	Variable	8,64	-		Call Account	310	21	-	-	331
Stanlib - 700475605		Call Account	Call Account	Yes	Variable	8,64	-		Call Account	1	0	-	-	1
Nedbank - 03/7881532939/000128		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	16 566	335	16 794	-	108
First National Bank - 62938013572		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	9 091	196	9 216	-	70
Standard - 76586/442745		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	650	40	-	-	690
Absa - 4094790211		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	35 961	728	36 454	-	234
First National Bank - 62938181039		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	2 469	155	-	-	2 624
Stanlib - 552200140		Call Account	Call Account	Yes	Variable	8,64	-		Call Account	214	14	-	-	228
Absa - 4094793895		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	558	35	-	-	593
First National Bank - 62938179951		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	2	0	-	-	2

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

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
		Yrs/Months												
R thousands														
Municipality														
Nedbank - 03/7881532939/000133		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	1 105	69	-	-	1 173
Nedbank - 03/7881532939/000134		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	166	10	-	-	177
First National Bank - 62938190080		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	17 443	355	17 683	-	114
Standard - 76586/524914		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	18	1	-	-	19
Nedbank - 03/7881532939/000136		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	4	0	-	-	4
Nedbank - 03/7881532939/000144		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	5 173	125	4 678	-	619
Nedbank - 03/7881532939/000145		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	3 217	200	-	-	3 418
Standard - 76586/553472		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	5 611	135	5 075	-	672
Standard - 76586/553471		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	54 861	2 024	101 678	46 250	1 458
Absa - 4101937017		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	54 347	1 135	55 116	-	366
Stanlib - 552200136		Call Account	Call Account	Yes	Variable	8,64	-		Call Account	6 000	403	-	-	6 403
Stanlib - 700893064		Call Account	Call Account	Yes	Variable	8,64	-		Call Account	37 807	1 876	50 235	38 000	27 449
Nedbank - 03/7881532939/000152		28/09/2023	Fixed deposit	Yes	Fixed	9,21	-		28/09/2023	108 665	2 439	111 104	-	(0)
Standard - 76586/567288		28/09/2023	Fixed deposit	Yes	Fixed	9,00	-		28/09/2023	56 943	1 249	58 192	-	-
First National Bank - 76203378297		28/09/2023	Fixed deposit	Yes	Fixed	9,03	-		28/09/2023	69 518	1 530	71 048	-	-
Nedbank - 03/7881532939/000153		Call Account	Call Account	Yes	Variable	8,05	-		Call Account		4 597	-	129 240	133 836
First National Bank - 63040210667		Call Account	Call Account	Yes	Variable	8,05	-		Call Account		3 927	-	111 104	115 031
First National Bank - 63040210667		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	25 621	1 607	-	-	27 228
Stanlib - 552200130		Call Account	Call Account	Yes	Variable	8,64	-		Call Account	24	299	-	70 000	70 323
Stanlib - 552200132		Call Account	Call Account	Yes	Variable	8,64	-		Call Account	14	1	-	-	15
Standard - 76586/442736		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	83	5	-	-	88
Stanlib - 552200131		Call Account	Call Account	Yes	Variable	8,64	-		Call Account	138	9	-	-	148
First National Bank - 62938189471		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	25	2	-	-	27
Nedbank - 03/7881532939/000101		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	104	106	-	45 000	45 210
Absa - 4094793536		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	12	1	-	-	13
Absa - 4094789872		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	7	662	-	153 749	154 417
Standard - 76586/442741		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	47	47	-	20 000	20 094
Standard - 76586/442744		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	114	146	-	35 000	35 260
First National Bank - 62938188887		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	44	47	-	20 000	20 092
Nedbank - 03/7881532939/000129		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	63	63	-	15 000	15 126
Standard - 76586/442738		Call Account	Call Account	Yes	Variable	8,05	-		Call Account	3 539	221	-	-	3 760
Municipality sub-total										546 334	25 905	559 272	683 342	696 309
Entities sub-total										-	-	-	-	-
TOTAL INVESTMENTS AND INTEREST	2									546 334	25 905	559 272	683 342	696 309

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

BUF Buffalo City - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M09 March

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		1 167 234	1 268 758	1 259 839	292 764	1 224 561	1 258 737	(34 176)	-2,7%	1 259 839
Energy Efficiency And Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		1 045 448	1 138 058	1 138 058	284 593	1 138 058	1 138 058	-	0,0%	1 138 058
Expanded Public Works Programme Integrated Grant		10 728	6 093	5 753	1 828	6 093	5 753	340	5,9%	5 753
Infrastructure Skills Development Grant		11 578	10 850	10 620	-	10 770	10 793	(23)	-0,2%	10 620
Local Government Financial Management Grant		1 000	1 000	1 000	-	1 000	1 000	-	0,0%	1 000
Metro Informal Settlements Partnership Grant	3	18 166	27 408	23 208	-	-	23 208	(23 208)	-100,0%	23 208
Neighbourhood Development Partnership Grant		22 354	21 000	25 759	-	10 291	25 759	(15 468)	-60,0%	25 759
Programme And Project Preparation Support Grant		13 776	18 908	10 000	6 343	12 908	10 000	2 908	29,1%	10 000
Public Transport Network Grant		-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant		44 185	45 441	45 441	-	45 441	44 166	1 275	2,9%	45 441
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		15 870	128 570	124 981	-	15 870	15 064	806	5,4%	124 981
Dsrac		15 870	15 870	15 870	-	15 870	15 870	-	0,0%	15 870
Infrastructure Grant		-	112 700	105 663	-	-	(3 314)	3 314	-100,0%	105 663
Transitional Grant		-	-	3 447	-	-	2 507	(2 507)	-100,0%	3 447
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		2 766	66 534	112 453	-	-	13 917	(13 917)	-100,0%	112 453
Eastern Cape Arts Council		-	-	-	-	-	-	-	-	-
European Union		2 618	-	-	-	-	-	-	-	-
Local Government Water And Related Service Seta		-	66 534	112 419	-	-	13 893	(13 893)	-100,0%	112 419
Parent Municipality		-	-	-	-	-	-	-	-	-
Unsp. City Of Oldenburg		149	-	-	-	-	-	-	-	-
Unsp. Glasgow Partnshp		-	-	-	-	-	-	-	-	-
Unsp. Salaida/Galve		-	-	34	-	-	24	(24)	-100,0%	34
Total Operating Transfers and Grants	5	1 185 870	1 463 862	1 497 273	292 764	1 240 431	1 287 718	(47 287)	-3,7%	1 497 273
Capital Transfers and Grants										
National Government:		730 691	759 472	758 672	100 000	776 254	759 152	17 102	2,3%	759 480
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant		173	150	150	-	-	150	(150)	-100,0%	150
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		263 956	267 148	271 348	-	188 516	268 828	(80 312)	-29,9%	271 348
Neighbourhood Development Partnership Grant		14 581	19 581	14 581	-	15 145	17 581	(2 436)	-13,9%	14 581
Urban Settlement Development Grant		451 981	472 593	472 593	100 000	572 593	472 593	100 000	21,2%	472 593
Provincial Government:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		149	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Parent Municipality		149	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	730 840	759 472	758 672	100 000	776 254	759 152	17 102	2,3%	759 480
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	1 916 710	2 223 334	2 255 945	392 764	2 016 685	2 046 870	(30 185)	-1,5%	2 256 753

11.1. Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 60% (R527.39 million, inclusive of reclaimed vat) of its 2023/24 conditional grants adjusted budget of R880.45 million as at 31 March 2024. This reflects an improvement when compared to the same period in the previous financial year where 59% (R513.82 million, inclusive of reclaimed vat) of conditional grants budget of R878.12 million was spent.

Table 18 below reflects the year-to-date expenditure on 2023/2024 total conditional grants.

Table 18: Spending per Conditional Grant Funding Allocation

Funding/Grant	2023/24 Adjusted Budget	YTD Expenditure (vat) R	YTD Variance (vat incl.) R	% Expenditure (vat incl.)
Finance Management Grant	1 000 000	855 299	144 701	86%
Infrastructure Skills Development Grant	10 770 000	9 715 925	1 054 075	90%
Urban Settlement Development Grant	518 034 000	344 221 423	173 812 577	66%
Neighborhood Development Partnership Grant	14 581 000	2 905 659	11 675 341	20%
Neighborhood Development Partnership Grant (PEP)	25 759 494	22 370 683	3 388 811	87%
Informal Settlement Upgrading Partnership Grant	294 556 000	136 040 797	158 515 203	46%
Expanded Public Works Programme Grant	5 753 000	6 936 377	(1 183 377)	121%
Programme and Project Preparation Support Grant (PPPSG)	10 000 000	4 350 726	5 649 274	44%
TOTAL	880 453 494	527 396 890	353 056 604	60%

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. NEIGHBORHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

The procurement process for the appointment of service providers for the construction of the remaining zones is in progress. Once the appointment of the service providers for the construction of the zones is concluded, it is expected that expenditure will start to move. The same approach that was used last year will be applied, i.e. that of appointing multiple service providers to tackle the zones simultaneously.

11.1.2. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

Infrastructure Services

a) Water

Low expenditure can be attributed to the fact that there first had to be project preparation and readiness aligned to procurement processes. However, most projects are now at implementation stage and expenditure is currently 49% for USDG funded water projects.

b) Roads

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

Spatial Planning and Development

a) Qumza Highway Phase 7 - Phase 1 & 2

Concrete works were delayed by rain, but the contractor will accelerate the works and expenditure is expected to improve by end of April 2024.

Economic Development & Agencies

a) Upgrading of Market Hall

Extraction fans have been installed, the contractor is busy with electrical works. Invoices for completed work have been submitted for payment. The digging of trenches, installation of water pipes and laying of concrete is complete. The contractor is busy with final touches.

b) Mdantsane Art Centre

The tender to appoint the service provider to implement phase one of the project has been recommended for award by the Bid Adjudication Committee. Currently awaiting appointment letter.

c) Hydroponics and Packhouse Project

Annual tender for the appointment of panel of service providers for the construction and maintenance of hydroponics has been approved and the advertisement closed on the 15th of March 2024. Presently waiting for adjudication of the annual tender.

Human Settlements

Work is still picking up on site as contractors are fell behind construction targets following issues with procurement of local SMMEs. Most local SMMEs who were demanding work on site, have since received their appointment letters, construction progress on site is expected to improve moving forward and expenditure as well.

Sports, Recreation & Community Development

Projects have been identified and purchase requisitions have been submitted for the generation of orders. Expenditure is expected to improve as payments are processed.

Solid Waste & Environmental Management

Service Providers are on site and projects are currently in progress. Expenditure will improve as construction progresses on site.

11.1.3. INFORMAL SETTLEMENT UPGRADING PARTNERSHIP GRANT (ISUPG)

Infrastructure Services

a) Electricity

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

b) Wastewater

The contract for construction of Ablution Facilities is still at Tender Stage; however, there are plans to install services through an existing Contract and for Mdantsane Wastewater Treatment Works Contractor on site and progressing well.

Economic Development & Agencies

d) Informal Trade Infrastructure (Hawker Stalls)

Funds will be used for the construction of the informal hawker stalls at Mzamomhle and Brealyn areas. Sites have already been identified, and the following step is to establish the Project Steering Committee.

e) Agri-Village

Service provider currently on site for the construction of a borehole at Sekunjalo Incubation Centre, also informal tender for the repairs of hydroponic tunnels damaged by natural conditions (wind) closed on the 28th of March 2024 and an evaluation report has been submitted to SCM.

f) Fort Jackson Junction Hub

Funds will be used for the construction of an SMME hub and eatery in the fort Jackson Junction and a plan has been developed, awaiting the finalisation of land donation by the Department of Public Works and Land Reform.

Human Settlements

Procurement of major contracts are allocated to the Housing Development Agency for implementation. The Metro will assess the status of Housing Development Agency contracts and factors affecting performance so as to improve the expenditure during this quarter.

Sports, Recreation & Community Development

Projects have been identified and purchase requisitions have been submitted for the generation of orders. Expenditure is expected to improve as payments are processed.

Spatial Planning and Development

The Land Acquisition process is currently at negotiation stage with private owners and State-Owned Entities. Expenditure will improve as the negotiation process for the different Land Parcels are finalized and Deeds of sale are signed.

11.1.4. PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT (PPPSG)

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

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and councillors remuneration. The workforce costs as a percentage of total expenditure amounted to 27,55%. This is within the norm of 25% - 40%.

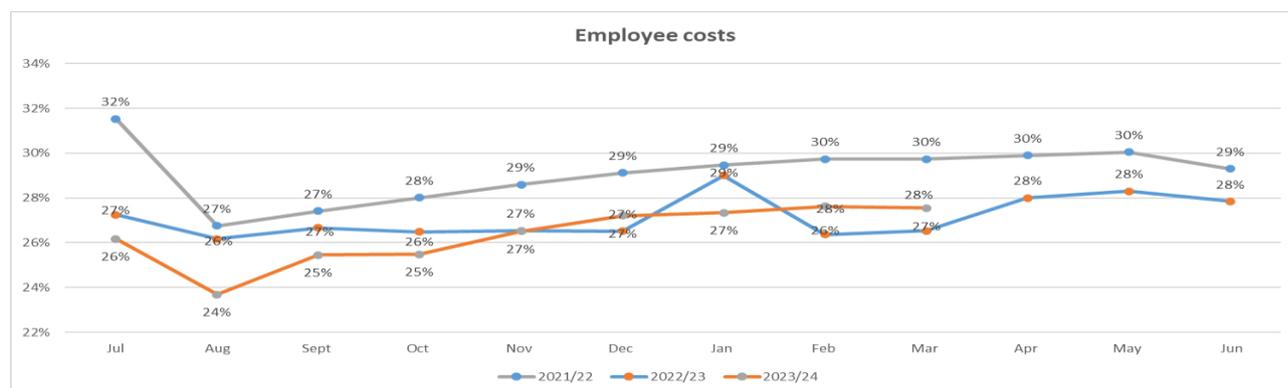
Table 19: SC8 Monthly Budget Statement – Councillor, Board Members and Staff Benefits

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

Summary of Employee and Councillor remuneration	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		37 611	45 056	45 056	3 235	31 290	33 341	(2 052)	-6%	45 056
Pension and UIF Contributions		4 043	4 500	4 500	356	3 295	3 330	(35)	-1%	4 500
Medical Aid Contributions		1 635	2 176	2 176	145	1 275	1 611	(336)	-21%	2 176
Motor Vehicle Allowance										
Cellphone Allowance		4 084	4 489	4 489	361	3 490	3 322	168	5%	4 489
Housing Allowances		14 210	2 578	2 578	1 229	11 287	1 907	9 380	492%	2 578
Other benefits and allowances		5 167	15 258	15 258	427	3 764	11 291	(7 527)	-67%	15 258
Sub Total - Councillors		66 749	74 057	74 057	5 753	54 401	54 802	(401)	-1%	74 057
% increase	4		10,9%	10,9%						10,9%
Senior Managers of the Municipality										
Basic Salaries and Wages		11 512	14 700	14 700	906	8 559	10 731	(2 172)	-20%	14 700
Pension and UIF Contributions		2 229	2 126	2 126	173	1 645	1 552	93	6%	2 126
Medical Aid Contributions		361	361	361	33	306	264	42	16%	361
Overtime										
Performance Bonus			242	242			176	(176)	-100%	242
Motor Vehicle Allowance		2 383	2 634	2 634	217	1 948	1 923	25	1%	2 634
Cellphone Allowance		241	240	240	19	176	175	1	1%	240
Housing Allowances		2 934	2 086	2 086	187	1 814	1 523	291	19%	2 086
Other benefits and allowances		25	4	4	0	19	3	16	638%	4
Payments in lieu of leave										
Long service awards			10	10			7	(7)	-100%	10
Post-retirement benefit obligations	2	(86 291)								
Entertainment										
Scarcity										
Acting and post related allowance		199	299	299	16	41	218			299
In kind benefits										
Sub Total - Senior Managers of Municipality		(66 408)	22 701	22 701	1 552	14 507	16 572	(2 065)	-12%	22 701
% increase	4		-134,2%	-134,2%						-134,2%
Other Municipal Staff										
Basic Salaries and Wages		1 542 863	1 778 740	1 657 960	139 987	1 217 377	1 251 816	(34 439)	-3%	1 657 960
Pension and UIF Contributions		316 335	334 401	309 807	27 843	247 537	234 588	12 950	6%	309 807
Medical Aid Contributions		114 555	165 199	131 825	10 438	90 055	107 701	(17 647)	-16%	131 825
Overtime		156 956	142 650	142 650	7 964	116 850	104 136	12 715	12%	142 650
Performance Bonus		127 188	151 009	140 959	9 130	98 996	106 354	(7 358)	-7%	140 959
Motor Vehicle Allowance		40 571	47 643	47 053	3 630	32 882	34 552	(1 669)	-5%	47 053
Cellphone Allowance		4 346	5 134	5 134	345	3 158	3 748	(590)	-16%	5 134
Housing Allowances		8 680	18 125	11 381	772	7 069	10 626	(3 557)	-33%	11 381
Other benefits and allowances		45 534	45 640	45 568	3 905	34 924	33 290	1 634	5%	45 568
Payments in lieu of leave		49 077			4 481	40 333		40 333	0%	
Long service awards		(20 730)	39 414	39 414	3 518	30 233	28 773	1 460	5%	39 414
Post-retirement benefit obligations	2	64 488	22 000	22 000	0	1	16 060	(16 059)	-100%	22 000
Entertainment										
Scarcity		36 710	56 280	56 280	3 184	28 974	41 085	(12 111)	-29%	56 280
Acting and post related allowance		11 856	13 486	13 486	1 050	9 281	9 845	(563)	-6%	13 486
In kind benefits										
Sub Total - Other Municipal Staff		2 498 429	2 819 722	2 623 516	216 247	1 957 670	1 982 574	(24 904)	-1%	2 623 516
% increase	4		12,9%	5,0%						5,0%
TOTAL MANAGERS AND STAFF		2 475 613	2 884 448	2 692 162	221 246	2 004 755	2 031 339	(26 584)	-1%	2 692 162

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

Figure 7: Workforce (Employee) Costs



12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 March 2024. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 March 2024.

Table 20: Overtime per Directorate

Directorate Overtime	2023/2024 Annual Budget R	2023/2024 YTD Budget R	2023/2024 YTD Expenditure R	2023/2024 YTD Variance R	2023/2024 % of YTD Budget %
Directorate of Executive Support Services	7 752 402	5 849 484	4 766 885	1 082 599	81%
Directorate of The City Manager	1 003 164	756 926	643 885	113 041	85%
Directorate of Corporate Services	719 550	542 928	331 087	211 841	61%
Directorate of Spatial Planning & Development	242 188	182 740	124 311	58 429	68%
Directorate of Economic Development & Agencies	749 699	565 677	575 786	(10 110)	102%
Directorate of Finance	4 444 981	3 353 908	4 178 406	(824 497)	125%
Directorate of Public Safety & Emergency Services	43 630 138	32 920 606	38 846 667	(5 926 060)	118%
Directorate of Human Settlement	0	0	150	(150)	0%
Directorate of Infrastructure Services	46 656 944	35 204 447	46 013 988	(10 809 541)	131%
<i>Electricity</i>	<i>17 401 470</i>	<i>13 130 074</i>	<i>17 121 588</i>	<i>(3 991 514)</i>	<i>130%</i>
<i>Water</i>	<i>15 561 856</i>	<i>11 742 015</i>	<i>14 753 544</i>	<i>(3 011 529)</i>	<i>126%</i>
<i>Sanitation</i>	<i>12 623 009</i>	<i>9 524 543</i>	<i>12 864 143</i>	<i>(3 339 600)</i>	<i>135%</i>
<i>Other</i>	<i>1 070 609</i>	<i>807 815</i>	<i>1 274 713</i>	<i>(466 898)</i>	<i>158%</i>
Directorate of Solid Waste & Environmental Management	20 353 314	15 357 353	10 028 515	5 328 838	65%
Directorate of Sport, Recreation & Community Development	17 097 274	12 900 547	11 340 605	1 559 942	88%
Total	142 649 654	107 634 615	116 850 285	(9 215 670)	109%

The total overtime payment for the months of January 2024, February 2024 and March 2024 is reflected below. There was a decrease in the total payment of overtime between January 2024 and February 2024 of R3 640 193 and a decrease in the total payment of overtime between February 2024 and March 2024 of R3 903 637.

Table 21: Overtime Per Cost Centre: January 2023 – March 2024

		January 2024 Amount	February 2024 Amount	March 2024 Amount
	DIRECTORATE -EXECUTIVE SUPPORT SERVICES			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	9 672.12	-	-
0531	POLITICAL OFFICE ADMINISTRATION	18 680.04	-	-
0532	OFFICE OF THE CHIEF WHIP	203 959.50	100 151.71	-
0533	OFFICE OF THE DEPUTY EXECUTIVE MAYOR	193 201.91	208 022.18	27 035.05
0534	OFFICE OF THE EXECUTIVE MAYOR	173 858.61	205 003.15	16 409.88
0535	OFFICE OF THE SPEAKER	-	-	2 063.88
0542	SPECIAL PROGRAMMES	-	-	-
		599 372.18	513 177.04	45 508.81
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	44 554.67	21 091.96	24 030.94
		44 554.67	21 091.96	24 030.94
	DIRECTORATE OF CORPORATE SERVICES			
1512	ADMINISTRATIVE & CORPORATE SUPPORT	-	5 990.78	-
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	4 341.83	22 153.03	7 051.03
1514	INFORMATION / TECHNOLOGY & SUPPORT	1 990.17	3 451.74	1 474.20
1536	ORGANISATIONAL DEVELOPMENT	4 647.44	-	1 054.50
		10 979.44	31 595.55	9 579.73
	DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES			
2511	FRESH PRODUCE MARKET	15 435.55	18 811.39	9 151.71
2521	TOURISM / ARTS / CULTURE & HERITAGE	-	3 072.16	
		15 435.55	21 883.55	9 151.71

		January 2024 Amount	February 2024 Amount	March 2024 Amount
	DIRECTORATE OF FINANCE			
3051	REVENUE MANAGEMENT	1 559.43	1 559.43	1 069.32
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	4 781.96	4 822.49	4 579.34
3053	COASTAL REVENUE MANAGEMENT	41 879.15	75 094.99	91 069.41
3054	CUSTOMER RELATIONS (CALL CENTRE)	180 706.48	172 729.83	135 447.99
3055	INLAND REVENUE MANAGEMENT	1 755.78	1 596.88	55 622.30
3056	MIDLAND REVENUE MANAGEMENT	5 434.47	13 903.88	26 568.40
		236 117.27	269 707.50	314 356.76
	DIRECTORATE OF PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	12 720.16	9 127.73	-
3513	FIRE & RESCUE	1 602 634.36	470 665.23	18 624.38
3532	LAW ENFORCEMENT SERVICES	2 742 905.23	1 647 694.63	1 360 765.71
3533	TRAFFIC SERVICES	640 997.17	443 096.31	93 106.83
		4 999 256.92	2 570 583.90	1 472 496.92
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	7 814.40	3 646.72	-
4511	ELECTRICAL & ENERGY SERVICES	3 316.96	2 764.13	3 869.78
4512	CUSTOMER SERVICES & REVENUE PROTECTION	122 953.20	84 109.61	52 302.68
4514	ELECTRICAL DISTRIBUTION	1 678 550.33	1 814 842.13	641 545.83
4521	ROADS / PIU & CONSTRUCTION	3 554.98	-	-
4522	CONSTRUCTION	5 613.45	5 200.06	5 504.67
4524	ROADS	41 217.69	43 395.10	18 742.14
4532	SANITATION	1 554 059.90	1 307 951.78	885 645.16
4535	WATER SERVICES	1 665 544.88	1 119 561.67	811 301.30
4543	WORKSHOPS	52 639.27	51 684.17	8 191.37
		5 135 265.06	4 433 155.37	2 427 102.93
	DIRECTORATE OF SOLID WASTE & ENVIRONMENTAL MANAGEMENT			
5512	LANDFILLS & TRANSFER STATIONS	313 753.80	262 746.26	173 126.89
5513	WASTE REMOVAL & CLEANSING (COASTAL)	144 489.29	84 059.15	87 259.34
5514	WASTE REMOVAL & CLEANSING (MIDLAND)	151 605.94	105 213.80	68 093.55
5517	LANDFILL & TRANSFER STATIONS	46 885.79	158 994.54	79 579.70
5522	ENVIROMENTAL PLANNING (IEMP)	9 434.24	5 508.08	-

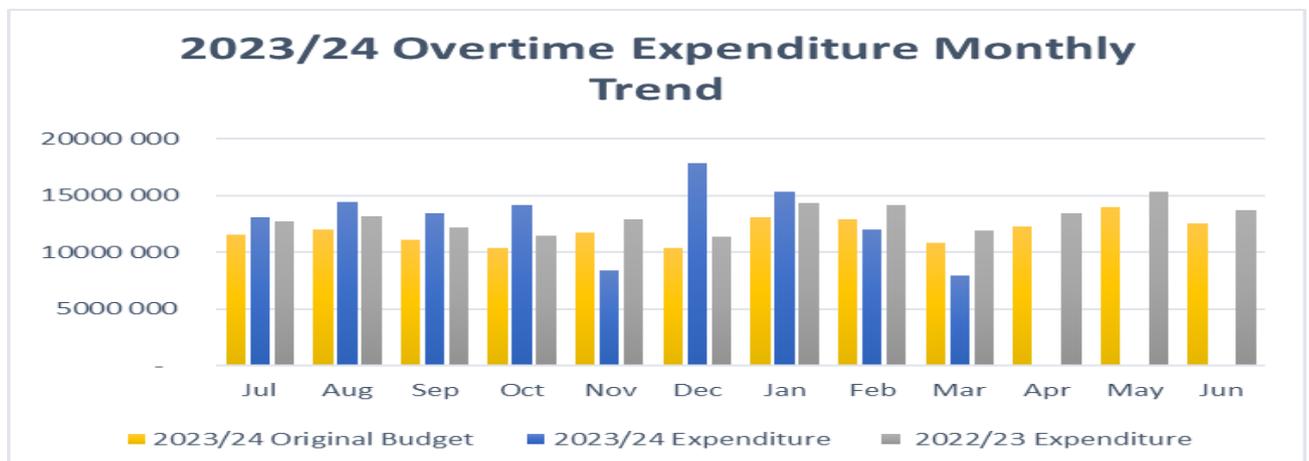
		January 2024 Amount	February 2024 Amount	March 2024 Amount
5523	COASTAL BEACHES & NATURE MANAGEMENT	78 650.57	51 555.46	21 902.56
5524	GRASS CUTTING & VEGETATION CONTROL	18 415.31	3 693.80	10 729.81
5533	MUNICIPAL HEALTH SERVICES			
		763 234.94	671 771.09	440 691.85
	DIRECTORATE OF SPORT, RECREATION & COMMUNITY DEVELOPMENT			
6005	OFFICE OF THE DIRECTOR OF SPORT, RECREATION & COMMUNITY DEVELOPMENT	5 012.28	2 653.56	4 127.76
6011	GM OFFICE	41 558.36	42 255.03	19 988.02
6012	LIBRARIES	39 672.65	26 661.12	28 053.25
6013	HALLS	227 384.68	165 552.66	157 693.44
6014	ZOO & AQUARIUM	160 049.92	124 855.60	103 836.08
6022	PARKS (COASTAL)	11 599.50	9 034.50	7 268.70
6023	CEMETERIES (COASTAL)	157 883.84	175 451.42	112 032.31
6024	PARKS (MIDLAND)	9 823.03	1 029.90	3 092.74
6025	CEMETERIES (MIDLAND)	121 152.22	62 962.69	154 151.44
6027	CEMETERIES (INLAND)	108 612.41	112 307.37	99 812.90
6031	GM OFFICE	4 103.43	1 115.85	1 079.85
6032	FACILITIES	90 253.47	38 979.56	72 638.08
6033	SWIMMING POOLS	427 681.24	324 696.36	219 405.49
6034	RESORTS MANAGEMENT	92 246.19	40 534.99	31 319.69
6035	SPORT DEVELOPMENT	-	-	-
		1 497 033.22	1 128 090.61	1 014 499.75
	TOTAL OVERTIME	13 301 249.25	9 661 056.57	5 757 419.40

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

- a) Employees are not permitted to work more than ten (10) hours overtime per week – this is in line with the Basic Conditions of Employment Act.
- b) All planned overtime is capped at forty (40) hours per month - this is in line with the Basic Conditions of Employment Act.
- c) All emergency overtime to be signed and approved by Heads of Directorates to ensure accountability and emphasis on control measures.
- d) Further to the above, an in-depth study to be undertaken on the overtime work in comparison to the service delivery need, available staff complement and allocated overtime budget.

The graph below shows the overtime expenditure monthly trend for the current financial year compared to prior year.

Figure 8: Overtime Expenditure Monthly Trend



12.2.1. Comments on Overtime

a) Directorate of Economic Development & Agencies

One employee works additional hours to conduct patrols to prevent incidents of theft and vandalism from re-occurring. Cold room employees work additional hours to monitor the temperatures at the cold storage. Every alternate Saturday, cashiers work additional hours to perform bulk teller duties and supervisor duties. 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.

b) Directorate Of Finance

The over expenditure on overtime is as a result of staff who worked overtime to minimize the high volume of old queries and recent queries to get accounts resolved, as the call centre is required to be operational 365 days a year, which includes weekends and public holidays. The staff are 5-day workers and as such need to be paid overtime for work done on a weekend and public holidays in order to keep the Call Centre operational. Furthermore, due to a change in the rates policy with effect from 1 July 2023, the department received a lot of applications for pensioner' rebate which needed to be processed timeously. Overtime was therefore requested to process all the applications received speedily.

c) 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.

d) 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.

- iv. Other - The over expenditure on overtime is as a result of staff attending to ongoing vehicle breakdowns, accidents and punctures after hours. Road's section attending to unblocking and clearing of blocked stormwater drainage systems and pothole patching in various areas.

12.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift payment for the months of January 2024, February 2024 and March 2024. There was an increase in the total payment between January 2023 and February 2024 of R44 280 and an increase in the total payment between February 2024 and March 2024 of R91 153.

Table 22: Standby & Shift Allowance per Directorate

	January 2024 Amount	February 2024 Amount	March 2024 Amount
Directorate of Executive Support Services	21 657	18 901	20 109
Directorate of the City Manager	5 030	4 033	4 641
Directorate of Corporate Services	3 738	4 511	4 114
Directorate of Spatial Planning & Development	592	2 190	998
Directorate Economic Development & Agencies	2 449	3 048	2 875
Directorate of Finance	21 905	23 268	22 873
Directorate of Public Safety & Emergency Services	925 697	809 241	916 450
Directorate of Infrastructure Services	1 036 143	990 642	922 525
Directorate of Solid Waste & Environmental Management	229 744	442 031	502 882
Directorate of Sport, Recreation & Community Development	40 640	34 010	25 560
TOTAL	2 287 595	2 331 874	2 423 027

12.4. Cost of Temporary Staff

Table 23 below reflects the total payment of Temporary Staff for the months of January 2024, February 2024 and March 2024. There was a decrease in the total payment between January 2024 and February 2024 of R844 984 and an increase in the total payment between February 2024 and March 2024 of R331 205.

Table 23: Temporary Staff per Directorate

	January 2024 Amount	February 2024 Amount	March 2024 Amount
Directorate of Executive Support Services	1 501 794	1 103 819	1 161 610
Directorate of the City Manager	89 818	114 505	98 797
Directorate of Corporate Services	1 010 563	968 344	1 084 592
Directorate of Economic Development & Agencies	-	-	23 971
Directorate of Finance	387 068	505 344	752 031
Directorate of Human Settlement	578 574	562 596	562 596
Directorate of Infrastructure Services	466 795	462 854	464 394
Directorate of Solid Waste & Environmental Management	59 780	61 792	61 121
Directorate of Sport, recreation & Community Development	919 385	389 539	290 886
TOTAL	5 013 777	4 168 793	4 499 998

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year-to-date budget of R54.80 million less the year-to-date expenditure of R48.65 million leaves a variance of (R0.23 million).

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

Councillors Allowances And Benefits	2023/2024 Annual Budget R	2023/2024 YTD Budget R	2023/2024 YTD Expenditure R	2023/2024 Variance R	2023/2024 Variance %
Councillors Allowances	49 545 191	36 663 546	34 779 951	1 883 595	5,14
Housing Allowance	2 577 513	1 907 365	11 287 023	-9 379 658	-491,76
Medical Aid Allowance	2 176 442	1 610 572	1 274 695	335 877	20,85
Pension Allowance	4 499 522	3 329 656	3 294 812	34 844	1,05
Travel Allowance	15 258 386	11 291 238	3 764 425	7 526 813	66,66
Total	74 057 054	54 802 377	54 400 905	401 472	0,73

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R50.12 million (52%) of its 2023/2024 adjusted operating budget of R96.33 million. A detailed analysis of the entity's performance for month ended 31 March 2024 is outlined in the attached **Annexure F**.

Table 25: Monthly Budget Statement – summary of municipal entity

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

Description	Ref	2022/23	Current Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue	1									
Exchange Revenue										
Agency services		2 009	400	1 072	-	352	523	(171)	-32,8%	1 072
Interest earned from Current and Non Current Assets		1 117	1 027	1 526	145	1 188	972	216	22,2%	1 526
Operational Revenue		46	-	15	-	-	6	(6)	-100,0%	15
Non-Exchange Revenue										
Transfer and subsidies - Operational		376	66 534	96 276	5 547	19 880	65 977	(46 097)	-69,9%	96 276
Gains on disposal of Assets		-	-	-	(18)	(18)	-	(18)	#DIV/0!	-
Total Revenue (excluding capital transfers and contributions)		3 548	67 961	98 890	5 674	21 401	67 478	(46 077)	-68,3%	98 890
Expenditure By Type										
Employee related costs		43 592	39 579	43 872	3 294	31 180	30 551	628	2,1%	43 872
Remuneration of board members		-	2 446	2 073	153	1 398	1 642	(244)	-14,8%	2 073
Inventory consumed		(22)	-	8	-	8	1 287	(1 279)	-99,4%	2 570
Depreciation and asset impairment	2	829	875	875	83	794	639	155	24,3%	875
Interest		0	2	2	-	0	2	(2)	-99,0%	2
Contracted services		19 437	13 608	37 698	516	9 878	14 630	(4 752)	-32,5%	37 698
Transfers and subsidies		-	213	115	-	115	104	11		115
Operational costs		9 342	10 249	11 684	278	6 746	7 901	(1 155)	-14,6%	11 684
Losses on disposal of Assets		26	-	-	-	-	-	-		-
Other Losses		22	-	-	-	-	-	-		-
Total Expenditure	3	73 228	66 972	96 328	4 324	50 119	56 755	(6 636)	-11,7%	98 890
Surplus/(Deficit)		(69 679)	990	2 562	1 350	(28 718)	10 723	(39 441)	-367,8%	(0)
Transfers and subsidies - capital (monetary allocations)		12 043	1 108	808	-	4 397	307	4 089	1331,5%	808
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-		-
Surplus/(Deficit) before taxation		(57 637)	2 098	3 370	1 350	(24 321)	11 030	(35 351)	-320,5%	808
Income Tax		-	-	-	-	-	-	-		-
Surplus/(Deficit) for the year		(57 637)	2 098	3 370	1 350	(24 321)	11 030	(35 351)		808

14. CAPITAL PROGRAMME PERFORMANCE

The Metro has spent 53% (R690.89 million, inclusive of reclaimed vat) of its 2023/24 adjusted capital budget of R1.29 billion as at 31 March 2024. This reflects an improvement when compared to the same period in the previous financial year where 51% (R706.96 million, inclusive of reclaimed vat) of the adjusted capital budget of R1.40 billion was spent.

Refer to Annexure A – C5 for the breakdown per municipal vote standard classification & funding; Annexure B – SC12 for monthly expenditure trends; SC13a for breakdown of asset classification for new assets and SC13b for breakdown on asset classification on renewal of existing asset.

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

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

Table 26: Capital Expenditure per Funding Source against Budget

Funding	2023/2024 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
TOTAL OWN FUNDING	535 222 862	264 208 350	271 014 512	49%
Urban Settlement Development Grant	472 592 980	303 432 045	169 160 935	64%
Informal Settlements Upgrading Partnership Grant	271 348 320	120 210 460	151 137 860	44%
Neighbourhood Development Partnership Grant	14 581 000	2 905 659	11 675 341	20%
Infrastructure Skills Development Grant	150 000	128 795	21 205	86%
TOTAL GRANTS	758 672 300	426 676 959	331 995 341	56%
TOTAL CAPITAL BUDGET	1 293 895 162	690 885 309	603 009 853	53%

Table 27 below reflects capital expenditure performance per function.

Table 27: Actual Expenditure per Function against Budget

P Function	2023/2024 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
<i>Governance and administration</i>	172 245 899	38 831 902	133 413 996	23%
Executive and council	1 100 000	26 441	1 073 559	2%
Finance and administration	171 145 899	38 805 461	132 340 437	23%
<i>Community and public safety</i>	405 174 696	189 790 813	215 383 883	47%
Community and social services	35 950 000	17 667 724	18 282 276	49%
Sport and recreation	40 768 418	19 728 701	21 039 718	48%
Public safety	41 224 561	5 138 920	36 085 641	12%
Human Settlements	282 400 000	146 492 599	135 907 401	52%
Health	4 831 717	762 870	4 068 847	16%
<i>Economic and environmental services</i>	291 267 460	225 348 055	65 919 405	77%
Planning and development	95 926 928	53 673 167	42 253 761	56%
Road transport	195 340 532	171 674 888	23 665 644	88%
<i>Trading services</i>	347 685 395	217 995 741	129 689 654	63%
Energy sources	116 460 642	68 934 469	47 526 172	59%
Water management	99 061 189	60 221 515	38 839 674	61%
Waste water management	98 598 320	79 212 054	19 386 266	80%
Waste management	33 565 244	9 627 703	23 937 541	29%
<i>Other - LED</i>	77 521 713	18 918 799	58 602 914	24%
TOTAL - PER FUNCTION	1 293 895 162	690 885 309	603 009 853	53%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

Directorate	2023/2024 Adjusted Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Executive Support Services	500 000	0	500 000	0%
City Manager's Office	600 000	26 441	573 559	4%
Corporate Services	10 218 189	3 368 733	6 849 456	33%
Spatial Planning & Development	114 818 785	56 955 747	57 863 038	50%
Economic Development & Agencies	64 123 046	18 918 799	45 204 247	30%
Finance Services	121 227 709	25 033 772	96 193 937	21%
Public Safety & Emergency Services	42 724 561	5 263 657	37 460 903	12%
Human Settlements	282 400 000	146 492 599	135 907 401	52%
Infrastructure Services	519 460 683	386 781 816	132 678 867	74%
Sports, Recreation & Community Development	66 161 224	34 266 868	31 894 355	52%
Solid Waste & Environmental Management	47 454 156	13 395 391	34 058 765	28%
TOTAL DIRECTORATES	1 269 688 352	690 503 823	579 184 530	54%
Asset Replacements	10 000 000	294 026	9 705 974	3%
BCMDA Projects	14 206 810	87 461	14 119 349	1%
TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE	1 293 895 162	690 885 309	603 009 853	53%

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

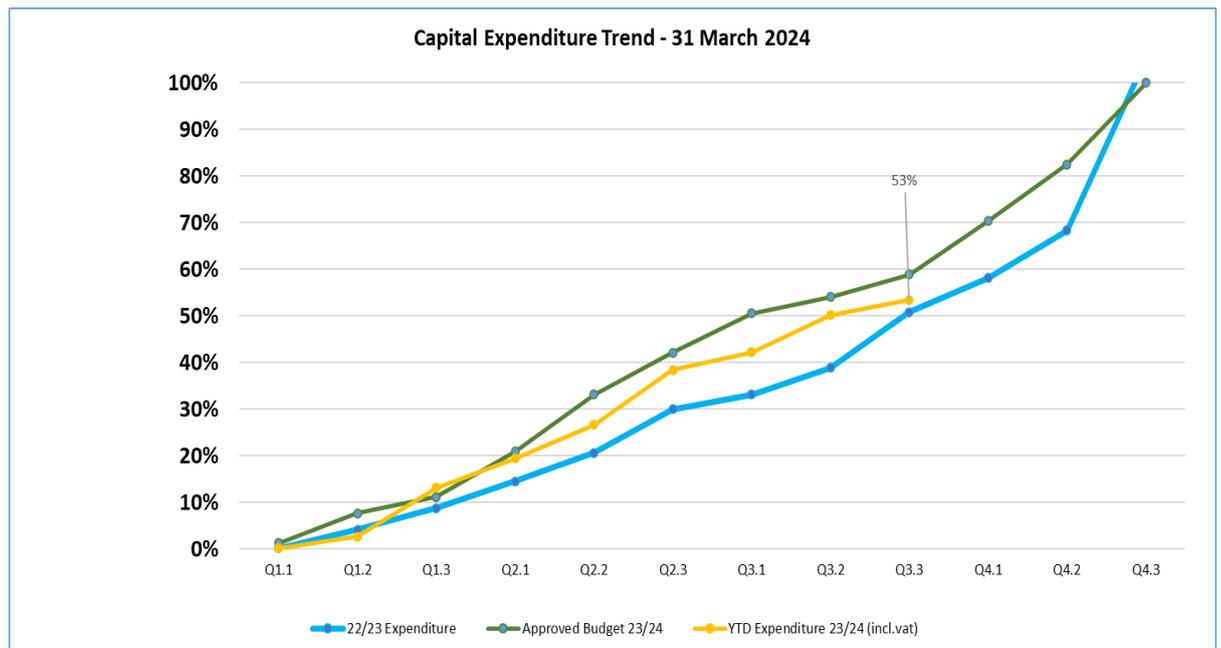
Table 29: SC12 Monthly Budget Statement – capital expenditure trend

BUF Buffalo City - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M09 March

Month	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	1 766	7 396	7 396	1 521	1 521	7 396	5 874	79,4%	0%
August	53 245	38 384	38 384	29 419	29 419	45 779	16 360	35,7%	2%
September	59 794	64 086	64 086	129 199	129 199	109 865	(19 334)	-17,6%	10%
October	75 434	76 005	76 005	75 017	75 017	185 871	110 853	59,6%	6%
November	78 888	108 025	108 025	84 967	84 967	293 895	208 928	71,1%	7%
December	118 595	149 972	149 972	137 455	137 455	443 868	306 413	69,0%	11%
January	41 465	45 357	45 357	46 059	46 059	489 225	443 166	90,6%	4%
February	72 810	79 260	79 260	98 261	98 261	568 485	470 224	82,7%	8%
March	156 758	118 436	118 436	38 715	38 715	686 921	648 206	94,4%	3%
April	98 108	78 173	78 173	-	-	765 094	765 094	100,0%	-
May	132 971	184 489	184 489	-	-	949 582	949 582	100,0%	-
June	536 113	344 313	344 313	-	-	1 293 895	#####	100,0%	-
Total Capital expenditure	1 425 946	1 293 895	1 293 895	640 614					

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 56% (R200.19 million, inclusive of reclaimed vat) of its 2023/24 adjusted operating projects budget of R355.24 million as at 31 March 2024. This reflects an improvement when compared to the same period in the previous financial year where 45% (R193.69 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R427.14 million was spent.

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

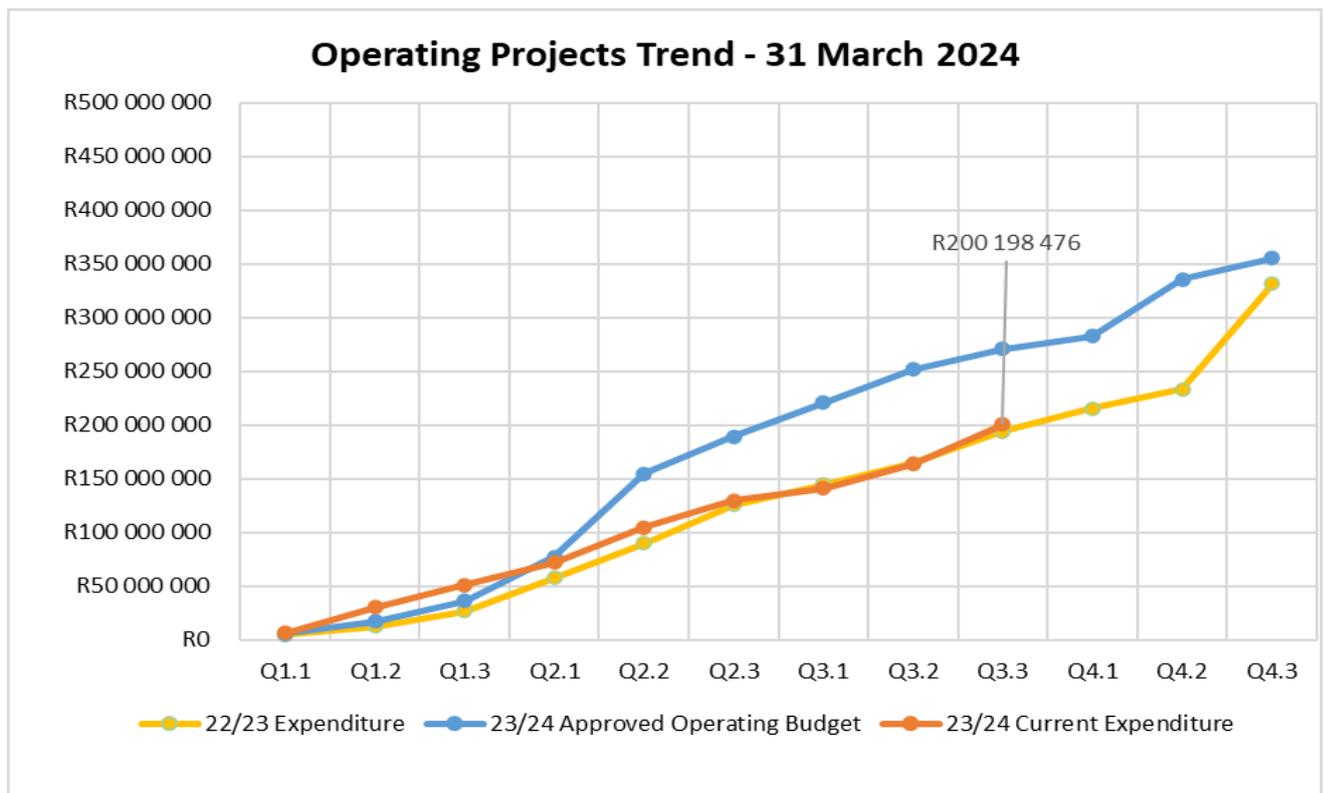
Directorate	<u>2023/2024 Adjusted Budget</u>	<u>YTD Expenditure (incl. vat)</u>	<u>Variance (incl. VAT)</u>	<u>% Expenditure (incl. vat)</u>
Executive Support Services	26 329 413	23 405 870	2 923 543	89%
City Manager's Office	35 675 040	22 477 948	13 197 092	63%
Corporate Services	15 420 000	12 779 913	2 640 087	83%
Spatial Planning & Development	11 754 000	4 933 500	6 820 500	42%
Economic Development & Agencies	26 289 606	12 322 159	13 967 446	47%
Finance Services	27 590 936	17 738 231	9 852 705	64%
Public Safety & Emergency Services	1 320 000	406 505	913 495	31%
Human Settlements	124 920 979	47 035 984	77 884 995	38%
Infrastructure Services	50 993 600	29 853 208	21 140 392	59%
Sports, Recreation & Community Development	1 970 000	1 265 793	704 208	64%
Solid Waste & Environmental Management	32 977 208	27 979 366	4 997 842	85%
TOTAL OPERATING PROJECTS	355 240 782	200 198 476	155 042 306	56%

Table 31: Operating Projects Per Funding Source

Funding	2023/2024 Adjusted Budget	YTD Expenditure (incl. vat)	Variance (incl. VAT)	% Expenditure (incl. vat)
Total Own Funding	127 641 605	65 730 249	61 911 356	51%
SALAIDA C/O	33 684	-	33 684	-
Urban Settlement Development Grant	45 441 020	40 789 379	4 651 641	90%
Finance Management Grant	1 000 000	855 299	144 701	86%
Informal Settlements Upgrading Partnership Grant	23 207 680	15 830 338	7 377 342	68%
Infrastructure Skills Development Grant	10 620 000	9 587 129	1 032 871	90%
Programme And Project Preparation Support Grant (PPPSG)	10 000 000	4 350 726	5 649 274	44%
Expanded Public Works Programme	5 753 000	6 936 377	-1 183 377	121%
Human Settlements Development Grant	80 836 864	31 719 515	49 117 349	39%
Human Settlements Development Grant C/O	24 947 435	2 028 781	22 918 654	8%
Neighbourhood Development Partnership Grant	25 759 494	22 370 683	3 388 811	87%
TOTAL PER FUNDING SOURCE	227 599 177	134 468 227	93 130 950	59%
TOTAL OPERATING PROJECTS	355 240 782	200 198 476	155 042 306	56%

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. 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 32: Cost Containment Quarterly Report

Measures	Cost Containment In-Year Report			
	2023/2024 Budget	Q3 January - March		Savings realised when compared to year to date expenditure
		23/24 Year to Date Budget	23/24 Expenditure	
Catering	4 974 427	3 730 820	2 479 979	1 250 842
Use of Consultants	80 712 744	60 534 558	60 110 895	423 663
Travel & Subsistence and Accommodation	8 017 064	6 012 798	7 307 908	(1 295 110)
Entertainment	1 305 250	978 938	899 049	79 889
Advertising, Publication & Marketing	8 285 464	6 214 098	7 071 161	(857 063)
Sponsorships and Events	9 960 381	7 470 286	8 070 272	(599 986)
<u>Total</u>	113 255 330	84 941 498	85 939 264	(997 766)

17. 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 2023/2024 financial year per vote is informed by Council resolutions to improve the quality of life of residents and citizens of BCMM.

The BCMM 2023/2024 Service Delivery Targets and Performance Indicators as well as actual performance achieved during third quarter attached as Annexure G.

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

17.1. SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS - THIRD QUARTER 2023/2024 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 5, not achieved is 1. Therefore, the overall Third Quarter Performance for Executive Support Services is 83%.

ii. Human Settlements

The Human Settlements Directorate has set 6 Key Performance Indicators on their SDBIP. The total of KPI's achieved is 1 and not achieved is 3 and not for reporting is 2. Therefore, the overall Third Quarter Performance for Human Settlements is 25%.

iii. **Directorate of Finance**

The Directorate of Finance has set 37 KPI's on their SDBIP. The total number of KPI's achieved is 20, not achieved is 10 and not for reporting is 7. Therefore, the overall Third Quarter Performance for Directorate of Finance is 67%.

iv. **Corporate Services**

The Corporate Services Directorate has set 13 KPI's. The total number of KPI's achieved is 6, not achieved is 2 and not for reporting is 5. Therefore, the overall Third Quarter Performance for Corporate Services is 75%.

v. **Infrastructure Services**

The Directorate of Infrastructure Services has set 23 KPI's. The total number of KPI's achieved is 12, not achieved is 2, and not for reporting for this quarter is 9. Therefore, the overall Third Quarter Performance for Infrastructure Services is 86%.

vi. **Spatial Planning and Development**

The Directorate of Spatial Planning and Development has set 6 KPI's. The total number of KPI's achieved is 1, not achieved is 2 and not for reporting for this quarter is 3. Therefore, the overall Third Quarter Performance for Spatial Planning and Development is standing at 33%.

vii. **Economic Development and Agencies**

The Directorate of Economic Development & Agencies has set 10 KPI's on their SDBIP. The total number of KPI's achieved is 7, and not achieved is 0 and not for reporting is 3. Therefore, the overall Third Quarter Performance for Economic Development & Agencies is standing at 100%.

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 1, not achieved in this quarter is 2 and not for reporting for this quarter is 2. Therefore, the overall Third Quarter Performance for Health/Public Safety and Emergency Services is standing at 33%.

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 for reporting is 4 and not achieved is 0 for this quarter. Therefore, the overall Third Quarter Performance for Solid Waste and Environmental Management is 100%.

X. Sport, Recreation and Community Development

The Directorate of Sport, Recreation and Community Development has set 9 KPI's. The total number of KPI's achieved is 4, not achieved is 3 and not for reporting in this quarter is 2. Therefore, the overall Third Quarter Performance for Sport, Recreation and Community Development is 57%.

The overall **un-audited** institutional performance for the third quarter is **72 %**. The above information is summarized in the table below.

Table 33: Summary of BCMM Third 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	Third Quarter % of KPI's achieved
Executive Support Services	6	5	1	0	83%
Human Settlements	6	1	3	2	25%
Directorate of Finance	37	21	10	6	67%
Corporate Services	13	6	2	5	75%
Infrastructure Services	23	12	2	9	86%
Spatial Planning & Development	6	1	2	3	33%
Economic Development and Agencies	10	7	0	3	100%
Public Safety and Emergency Services	5	1	2	2	33%
Solid Waste and Environmental Management	10	6	0	4	100%
Sport, Recreation And Community Development	9	3	3	3	57%
Total	125	63	25	37	72%

17.2.1. SUMMARY AND ANALYSIS

Infrastructure Services, Finance Services, Executive Support Services, Solid Waste and Environmental Management, Sport, Recreation And Community Development and Corporate Services have recorded performance above or the average of 50% during the third quarter 2023/2024. Directorate of Human Settlements, Public Safety and Emergencies and Spatial Planning and Development are the only directorates that have performed below 50%. The **un-audited** overall performance of the institution for **2023/2024 Third Quarter** is **72 %**.

18. 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 **March 2024** 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: