

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF
THE 2015/16 BUDGET FOR THE PERIOD ENDED 30 JUNE 2016**

1. PURPOSE

The purpose of the report is for Council to consider and note the statement of financial performance and the implementation of the 2015/16 budget of the Buffalo City Metropolitan Municipality for the period ended 30 June 2016.

2. AUTHORITY

Council

3. LEGAL / STATUTORY REQUIREMENTS

The Constitution of the Republic of South Africa, 1996

Municipal Finance Management Act No 56, 2003

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 of S168(1) of the Act” (MFMA)*.

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

This report contains preliminary information of transactions processed by end of

business on 06 July 2016 as the financial year end closure is still in progress.

The institution will continue processing journals and closing entries up to the close of business 15 July 2016 to adequately account for all the financial transactions which affect the year end 30 June 2016. This will allow for the institution to produce a set of Annual Financial Statements for presentation to the Auditor General by 31 August 2016. As such, the results in this report are as at a point in time (06 July 2016) and will be subject to potential certain adjustments as issues arise to fairly present the financial affairs of the institution as at 30 June 2016. This report has been compiled in order to comply with Section 52 of the MFMA which requires submission within 30 working days of the end of each quarter.

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PART 1: IN-YEAR REPORT

5. RESOLUTIONS

It is recommended that:

- (i) Council consider and note the report on the preliminary statement of financial performance and the implementation of the 2015/16 budget for the period ended 30 June 2016 including supporting documentation attached as Annexure A to G for all year end financial transactions recorded up to close of business on 06 July 2016.
- (ii) Council note the spending trends 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 for all year end financial transactions recorded up to close of business on 06 July 2016.
- (iii) Council note the year to date collection rate for the period ended 30 June 2016 of 85.10%.
- (iv) Council note the implemented and approved virement requests from the Directorate of Human Settlement and Infrastructure Services during the 2015/2016 financial year.
- (v) Council note and approve the amendments made to the 2016/17 A1 Schedules (Annexure G) for the audited outcomes and Medium Term Revenue and Expenditure Framework (MTREF) in line with the National Treasury Budget Verification Process.

A. MTSI

EXECUTIVE MAYOR

BUFFALO CITY METROPOLITAN MUNICIPALITY

NCEBA NCUNYANA/ VP

DATE

6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 30 JUNE 2016

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 5,486,637,528	Bank Balance	R 375,858,613
Expenditure	R 5,304,801,846	Call investments (excl. int.)	R2,138,149,699
Operating Surplus	R 181,835,682	Cash and cash equivalents	R 2,514,008,312
Transfers Recognised - Capital	R 614,390,117	<i>Account Payables</i>	<i>(R 638,298,694)</i>
Surplus After Capital Transfers	R 796,225,799	<i>Unspent conditional grants</i>	<i>(R 203,201,898)</i>
DEBTORS		<i>Committed to Capital budget-own funds</i>	<i>(R 205,613,977)</i>
Total debtors book	R 1,676,889,233	Therefore Cash and Cash equivalent ring fenced for asset renewal in outer years	R1,466,893,743
Total debtors - Government	R 41,805,550	Total Long term loans	R 502,761,134
Total debtors - Business	R 366,562,135	SURPLUS PER SERVICE	
Total debtors - Households	R 1,038,712,422	Water	R 40,275,827
Total debtors - Other	R 229,809,126	Electricity	R 184,355,399
Total debt written off	R 39,482,813	Refuse	R 52,514,638
REPAIRS AND MAINTENANCE		Sewerage	R 12,995,616
2014/2015: Exp. = R286.75m, which is 87% of adj. budget of R327.78m	2015/2016: Exp.= R314.69m, which is 85% of adj. budget of R371.61m	OPERATING PROJECTS EXPENDITURE	
CAPITAL EXPENDITURE		2014/2015: Exp. as a % of Adj. Budget of R341.92m: Exp.(excl. vat)=R227.46 mil % exp.(excl. vat): 72% Exp.(incl. vat)=R227.83 mil % exp.(incl. vat): 72%	2015/2016: Exp. as a % of Adj. Budget of R501.84m: Exp.(excl. vat)=R331.15 mil % exp.(excl. vat): 66% Exp.(incl. vat) = R335.64 mil % exp.(incl. vat): 67%
2014/2015: Exp. as a % of Adj. Budget of R1.17b: Exp. (excl. vat)=R874.02 mil % exp (Excl. vat) :75% Exp. (incl. vat)=R935.22 mil % exp (incl. vat): 80%	2015/2016: Exp. as a % of Adj. Budget of R1.39b: Exp. (excl. vat) = R1.01 bil % exp (Excl. vat) :73% Exp. (incl. vat) = R1.08 bil % exp (incl. vat): 78%	HUMAN RESOURCES	
FINANCIAL		Total staff complement	4 997
Operating Surplus for the period	R 181,835,682	Staff Appointments	919
Debtors collection ratio	85.10%	Staff Terminations	251
YTD Grants and subsidies	R 905,256,029	Number of funded vacant posts	760
% of Creditors paid within terms	100%	Total overtime paid (YTD)	R 118,729,764
Current ratio	3.30:1	Allowances and benefits - Councillors	R 54,220,182
Total Debt to Revenue	10.84%	Salary bill - Officials	R 1,362,214,706
Capital Charges to Operating Expenditure	1.9%	Workforce costs as a % of expenditure	26.70%
Cost coverage ratio	6.27 months		

6.2 Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 3.30:1 which indicates the ability of Municipality's current assets to cover its current liabilities. Debtors constitute 29% of the current assets, inventory constitutes 1% and cash & cash equivalents comprise 69% of the current assets.

6.3 Collection Rate and Outstanding Debtors

The year to date collection rate for the twelve (12) months ended 30 June 2016 is 85.10% (2014/15: 94%). Total debtors book as at 30 June 2016 amounts to R1.68 billion (2015: R1.27 billion). Households: R1.04 billion, Business: R366.56 million, Government: R41.81 million, Other: R229.81 million. Refer to section 8.1 of the report for details on debtors' management. The debtors' age analysis report is reflected on Annexure B – SC3.

6.4 Capital Expenditure

BCM has spent R1.08 billion inclusive of reclaimed vat (2014/15: R935.22 million) which is 78% (2014/15: 80%) of its 2015/16 mid-year adjusted capital budget of R1.39 billion (2014/15: R1.17 billion) as at 30 June 2016. This depicts a regression in terms of percentage when compared to the same period in the previous financial year. However, the rand value spent is above what was spent last year as R1.08 billion (inclusive of reclaimed vat) has been spent compared to R935.22 million (inclusive of reclaimed vat) that was spent for the same period in 2014/15. (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 67% (R335.64 million, inclusive of reclaimed vat) of its 2015/16 mid-year adjusted budget of R501.84 million as at 30 June 2016. This reflects a regression when compared to the same period in the previous financial year where 76% (R260.35 million) of the mid-year adjusted operating projects budget of R341.92 million was spent. However, the rand value spent is above what was spent last year as R335.64. million (inclusive of reclaimed vat) has been spent compared to R260.35

million (inclusive of reclaimed vat) that was spent for the same period in 2014/15. (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 R740.17 million (inclusive of reclaimed vat) (2014/15: R615.58 million) which is 90% (2014/15: 91%) of its 2015/2016 conditional grants budget of R824.32 million (2014/15: R707.77 million) as at 30 June 2016. (Refer to Section 11 for further details)

6.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent R702.61 million (inclusive of reclaimed vat) (2014/15: R615.58 million) which is 93% (2014/15: 91%) of its 2015/16 USDG budget of R755.5 million (2014/15: R673.29 million) as at 30 June 2016. This reflects a slight improvement when compared to the same period in the previous financial year. (Refer to Section 11 for further details).

6.7 Cash and Cash Equivalents

The cash and cash equivalents of the City as at 30 June 2016 are R2.51 billion made up of cash and bank amounting to R375.86 million and call investment deposits of R2.14 billion. This funding is invested with various financial institutions in compliance with the MFMA. Refer to Section 7.7 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown. The cost coverage ratio of the city is 6.27 months. This indicates a strong financial health as it is above the norm of 1-3 months as per the MFMA circular 71.

6.8 Outstanding Creditors

The Metro is paying its creditors within 30 days as stipulated by the MFMA except when there are disputes on received invoices. Refer to Section 9 for details.

6.9 Long-Term Debt Profile

The total long term borrowings of the municipality as at 30 June 2016 amounts to R502.76 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 30 June 2016 is 1.9%, the acceptable norm in accordance with the MFMA circular 71 is 6-8%.

The total debt to revenue ratio is 10.84% as at 30 June 2016, this indicates that the municipality is highly solvent to meet its debt obligation. The acceptable norm in accordance with the MFMA circular 71 is 45%.

7. IN-YEAR BUDGET STATEMENT MAIN TABLES

7.1 Monthly Budget Statement Summary

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

Table 2:C1: Monthly Budget Statement Summary

BUF Buffalo City - Table C1 Monthly Budget Statement Summary - M12 June

Description	2014/15	Budget Year 2015/16							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	794 519	903 413	953 413	69 546	908 992	953 413	(44 421)	-5%	953 413
Service charges	2 424 753	2 686 741	2 790 741	291 351	2 813 449	2 790 741	22 708	1%	2 790 741
Investment revenue	124 166	133 620	133 620	13 795	151 741	133 620	18 121	14%	133 620
Transfers recognised - operational	948 239	1 249 333	1 078 556	11 582	905 256	1 078 556	(173 300)	-16%	1 078 556
Other own revenue	658 478	746 500	734 500	28 663	707 199	734 500	(27 301)	-4%	734 500
Total Revenue (excluding capital transfers and contributions)	4 950 155	5 719 607	5 690 830	414 936	5 486 638	5 690 830	(204 192)	-4%	5 690 830
Employee costs	1 192 331	1 387 619	1 425 572	105 955	1 362 215	1 425 572	(63 357)	-4%	1 425 572
Remuneration of Councillors	47 682	52 910	54 810	4 329	54 220	54 810	(590)	-1%	54 810
Depreciation & asset impairment	729 880	712 213	740 930	61 744	740 930	740 930	0	0%	740 930
Finance charges	60 671	54 313	55 813	4 651	54 464	55 813	(1 349)	-2%	55 813
Materials and bulk purchases	1 213 642	1 377 012	1 407 012	163 007	1 420 840	1 407 012	13 829	1%	1 407 012
Transfers and grants	235 798	258 568	258 568	22 087	238 599	258 568	(19 970)	-8%	258 568
Other expenditure	1 736 520	1 876 050	1 747 203	174 518	1 433 534	1 747 203	(313 668)	-18%	1 747 203
Total Expenditure	5 216 523	5 718 685	5 689 908	536 290	5 304 802	5 689 908	(385 106)	-7%	5 689 908
Surplus/(Deficit)	(266 368)	922	922	(121 354)	181 836	922	180 914	19618%	922
Transfers recognised - capital	615 492	850 353	850 353	92 734	614 390	850 353	(235 962)	-28%	850 353
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	349 124	851 275	851 275	(28 620)	796 226	851 275	(55 049)	-6%	851 275
Share of surplus/ (deficit) of associate	22 359	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	371 483	851 275	851 275	(28 620)	796 226	851 275	(55 049)	-6%	851 275
Capital expenditure & funds sources									
Capital expenditure	930 050	1 275 354	1 390 877	266 306	1 009 582	1 390 877	(381 295)	-27%	1 390 877
Capital transfers recognised	615 492	850 353	789 612	92 734	614 390	789 612	(175 222)	-22%	789 612
Public contributions & donations	-	-	459	-	-	459	(459)	-100%	459
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	314 558	425 002	600 806	173 572	395 192	600 806	(205 614)	-34%	600 806
Total sources of capital funds	930 050	1 275 354	1 390 877	266 306	1 009 582	1 390 877	(381 295)	-27%	1 390 877
Financial position									
Total current assets	3 090 516	3 250 381	3 247 391		3 650 901				3 247 391
Total non current assets	12 545 184	11 706 711	11 706 712		12 847 390				11 706 712
Total current liabilities	1 004 468	1 026 227	1 026 228		1 107 505				1 026 228
Total non current liabilities	1 011 100	1 099 508	1 099 508		967 741				1 099 508
Community wealth/Equity	13 620 132	12 831 357	12 828 366		14 423 045				12 828 366
Cash flows									
Net cash from (used) operating	1 013 447	1 350 929	1 560 620	132 934	1 369 147	1 560 620	191 473	12%	1 560 620
Net cash from (used) investing	(923 670)	(1 275 354)	(1 412 877)	(96 244)	(1 009 582)	(1 412 877)	(403 295)	29%	(1 412 877)
Net cash from (used) financing	(53 669)	(46 097)	(46 097)	-	(46 097)	(46 097)	0	-0%	(46 097)
Cash/cash equivalents at the month/year end	2 200 541	2 383 434	2 300 443	-	2 514 008	2 300 443	(213 566)	-9%	2 302 186
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	278 029	78 531	48 485	49 354	43 083	43 381	246 634	889 392	1 676 889
Creditors Age Analysis									
Total Creditors	623 932	14 366	-	-	-	-	-	-	638 299

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 Monthly Budget Statement - Financial Performance (standard classification) - M12 June										
Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Revenue - Standard										
<i>Governance and administration</i>		1 886 925	1 974 740	2 014 714	90 696	2 009 988	2 014 714	(4 726)	0%	2 014 714
Executive and council		28 536	37 902	27 996	(1 606)	20 623	27 996	(7 373)	-26%	27 996
Budget and treasury office		1 846 004	1 922 818	1 972 698	88 941	1 928 080	1 972 698	(44 619)	-2%	1 972 698
Corporate services		12 385	14 019	14 019	3 361	61 285	14 019	47 266	337%	14 019
<i>Community and public safety</i>		286 920	651 123	412 038	24 968	323 364	412 038	(88 674)	-22%	412 038
Community and social services		9 404	17 738	17 738	1 065	19 619	17 738	1 882	11%	17 738
Sport and recreation		3 346	5 601	5 601	230	5 074	5 601	(527)	-9%	5 601
Public safety		79 741	90 035	87 535	14 838	142 375	87 535	54 840	63%	87 535
Housing		193 400	535 206	298 621	8 830	155 868	298 621	(142 754)	-48%	298 621
Health		1 029	2 542	2 542	5	428	2 542	(2 115)	-83%	2 542
<i>Economic and environmental services</i>		79 188	97 752	88 383	2 844	18 794	88 383	(69 589)	-79%	88 383
Planning and development		25 472	21 272	21 403	2 789	18 012	21 403	(3 391)	-16%	21 403
Road transport		49 859	76 096	66 596	46	638	66 596	(65 958)	-99%	66 596
Environmental protection		3 857	385	385	9	144	385	(240)	-62%	385
<i>Trading services</i>		2 701 728	2 972 019	3 151 720	296 427	3 123 382	3 151 720	(28 338)	-1%	3 151 720
Electricity		1 534 229	1 726 439	1 830 439	184 137	1 813 861	1 830 439	(16 578)	-1%	1 830 439
Water		461 672	492 088	492 088	60 069	556 221	492 088	64 134	13%	492 088
Waste water management		369 759	392 460	405 661	27 042	389 037	405 661	(16 624)	-4%	405 661
Waste management		336 068	361 032	423 532	25 178	364 263	423 532	(59 269)	-14%	423 532
<i>Other</i>	4	633 245	874 327	874 327	92 734	625 499	874 327	(248 829)	-28%	874 327
Total Revenue - Standard	2	5 588 007	6 569 960	6 541 182	507 670	6 101 028	6 541 182	(440 155)	-7%	6 541 182
Expenditure - Standard										
<i>Governance and administration</i>		1 074 718	1 087 762	1 123 270	92 948	958 585	1 123 270	(164 685)	-15%	1 123 270
Executive and council		154 500	194 037	201 849	15 021	161 170	201 849	(40 678)	-20%	201 849
Budget and treasury office		622 050	466 958	510 649	28 993	367 347	510 649	(143 302)	-28%	510 649
Corporate services		298 168	426 767	410 772	48 934	430 067	410 772	19 295	5%	410 772
<i>Community and public safety</i>		612 695	989 070	786 101	58 536	667 288	786 101	(118 814)	-15%	786 101
Community and social services		88 098	93 320	95 656	6 355	76 906	95 656	(18 751)	-20%	95 656
Sport and recreation		78 789	74 147	74 147	7 967	94 189	74 147	20 042	27%	74 147
Public safety		209 992	219 275	219 275	22 047	267 311	219 275	48 036	22%	219 275
Housing		207 474	571 731	336 649	19 657	199 245	336 649	(137 405)	-41%	336 649
Health		28 342	30 598	60 374	2 510	29 637	60 374	(30 737)	-51%	60 374
<i>Economic and environmental services</i>		775 123	843 333	862 950	101 388	783 349	862 950	(79 601)	-9%	862 950
Planning and development		221 953	213 708	239 760	9 003	213 348	239 760	(26 412)	-11%	239 760
Road transport		453 960	527 886	521 451	83 905	466 051	521 451	(55 400)	-11%	521 451
Environmental protection		99 210	101 739	101 739	8 480	103 950	101 739	2 211	2%	101 739
<i>Trading services</i>		2 740 479	2 781 669	2 900 735	281 824	2 879 728	2 900 735	(21 007)	-1%	2 900 735
Electricity		1 481 918	1 625 904	1 659 904	178 323	1 660 506	1 659 904	602	0%	1 659 904
Water		586 655	503 337	511 337	35 754	540 432	511 337	29 094	6%	511 337
Waste water management		371 722	362 232	425 232	30 144	367 042	425 232	(58 191)	-14%	425 232
Waste management		300 184	290 196	304 262	37 603	311 749	304 262	7 487	2%	304 262
<i>Other</i>		13 509	16 851	16 851	1 594	15 853	16 851	(999)	-6%	16 851
Total Expenditure - Standard	3	5 216 523	5 718 685	5 689 908	536 290	5 304 802	5 689 908	(385 106)	-7%	5 689 908
Surplus/ (Deficit) for the year		371 483	851 275	851 275	(28 620)	796 226	851 275	(55 049)	-6%	851 275

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 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June										
Vote Description	Ref	2014/15	Budget Year 2015/16							
		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 1 - Directorate - Executive Support Services		733	-	131	1	472	131	341	259.3%	131
Vote 2 - Directorate - City Manager		28 536	37 902	47 807	(1 608)	20 622	47 807	(27 186)	-56.9%	47 807
Vote 3 - Directorate - Human Settlements		196 494	535 206	352 011	8 834	155 921	352 011	(196 091)	-55.7%	352 011
Vote 4 - Directorate - Finance		1 846 004	1 922 818	1 972 698	88 941	1 928 080	1 972 698	(44 619)	-2.3%	1 972 698
Vote 5 - Directorate - Corporate Services		7 832	11 851	11 851	326	6 411	11 851	(5 440)	-45.9%	11 851
Vote 6 - Directorate - Infrastructure Services		2 369 496	2 614 132	2 718 132	274 202	2 812 470	2 718 132	94 339	3.5%	2 718 132
Vote 7 - Directorate - Development Planning		44 568	55 515	55 515	2 913	30 749	55 515	(24 766)	-44.6%	55 515
Vote 8 - Directorate - Health / Public Safety & Emergency Services		126 175	157 427	145 427	14 842	142 803	145 427	(2 624)	-1.8%	145 427
Vote 9 - Directorate - Municipal Services		352 676	384 756	387 256	26 483	389 110	387 256	1 854	0.5%	387 256
Vote 10 - Directorate - Miscellaneous		615 492	850 353	850 353	92 734	614 390	850 353	(235 962)	-27.7%	850 353
Total Revenue by Vote	2	5 588 007	6 569 960	6 541 182	507 670	6 101 028	6 541 182	(440 155)	-6.7%	6 541 182
Expenditure by Vote	1									
Vote 1 - Directorate - Executive Support Services		158 483	164 414	198 928	17 294	181 271	198 928	(17 657)	-8.9%	198 928
Vote 2 - Directorate - City Manager		79 494	102 124	111 469	6 557	70 989	111 469	(40 480)	-36.3%	111 469
Vote 3 - Directorate - Human Settlements		218 348	582 205	400 614	20 120	204 205	400 614	(196 409)	-49.0%	400 614
Vote 4 - Directorate - Finance		622 050	466 958	510 649	28 993	367 347	510 649	(143 302)	-28.1%	510 649
Vote 5 - Directorate - Corporate Services		123 906	214 533	185 537	15 850	162 011	185 537	(23 526)	-12.7%	185 537
Vote 6 - Directorate - Infrastructure Services		2 921 502	3 046 354	3 085 019	336 400	3 144 618	3 085 019	59 599	1.9%	3 085 019
Vote 7 - Directorate - Development Planning		255 196	274 508	300 228	25 015	276 360	300 228	(23 868)	-8.0%	300 228
Vote 8 - Directorate - Health / Public Safety & Emergency Services		264 371	283 787	313 488	24 789	299 593	313 488	(13 895)	-4.4%	313 488
Vote 9 - Directorate - Municipal Services		573 172	582 239	582 411	61 273	598 409	582 411	15 999	2.7%	582 411
Vote 10 - Directorate - Miscellaneous		-	1 565	1 565	-	-	1 565	(1 565)	-100.0%	1 565
Total Expenditure by Vote	2	5 216 523	5 718 685	5 689 908	536 290	5 304 802	5 689 908	(385 106)	-6.8%	5 689 908
Surplus/ (Deficit) for the year	2	371 483	851 275	851 275	(28 620)	796 226	851 275	(55 049)	-6.5%	851 275

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 30 June 2016.

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

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

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		794 519	902 842	952 842	69 546	908 992	952 842	(43 850)	-5%	952 842
Property rates - penalties & collection charges		—	571	571	—	—	571	(571)	-100%	571
Service charges - electricity revenue		1 465 814	1 658 671	1 758 671	181 984	1 736 949	1 758 671	(21 723)	-1%	1 758 671
Service charges - water revenue		394 282	411 381	411 381	58 687	471 193	411 381	59 813	15%	411 381
Service charges - sanitation revenue		278 832	314 571	314 571	26 108	303 487	314 571	(11 083)	-4%	314 571
Service charges - refuse revenue		261 807	286 063	286 063	23 706	287 242	286 063	1 180	0%	286 063
Service charges - other		24 018	16 056	20 056	866	14 578	20 056	(5 478)	-27%	20 056
Rental of facilities and equipment		17 430	18 629	18 629	(7 738)	13 058	18 629	(5 571)	-30%	18 629
Interest earned - external investments		124 166	133 620	133 620	13 795	151 741	133 620	18 121	14%	133 620
Interest earned - outstanding debtors		34 999	32 175	32 175	3 130	32 661	32 175	487	2%	32 175
Dividends received		—	—	—	—	—	—	—	—	—
Fines		5 500	10 293	7 793	830	6 471	7 793	(1 322)	-17%	7 793
Licences and permits		14 034	22 472	12 972	1 601	13 470	12 972	498	4%	12 972
Agency services		—	—	—	—	—	—	—	—	—
Transfers recognised - operational		948 239	1 249 333	1 078 556	11 582	905 256	1 078 556	(173 300)	-16%	1 078 556
Other revenue		586 515	662 931	662 931	30 840	641 538	662 931	(21 393)	-3%	662 931
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		4 950 155	5 719 607	5 690 830	414 936	5 486 638	5 690 830	(204 192)	-4%	5 690 830

Description	Ref	2014/15	Budget Year 2015/16							
		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		1 192 331	1 387 619	1 425 572	105 955	1 362 215	1 425 572	(63 357)	-4%	1 425 572
Remuneration of councillors		47 682	52 910	54 810	4 329	54 220	54 810	(590)	-1%	54 810
Debt impairment		365 110	245 009	253 979	21 165	253 979	253 979	(0)	0%	253 979
Depreciation & asset impairment		729 880	712 213	740 930	61 744	740 930	740 930	0	0%	740 930
Finance charges		60 671	54 313	55 813	4 651	54 464	55 813	(1 349)	-2%	55 813
Bulk purchases		1 213 642	1 377 012	1 407 012	163 007	1 420 840	1 407 012	13 829	1%	1 407 012
Other materials		-	-	-	-	-	-	-		-
Contracted services		14 607	21 622	21 622	7 035	15 838	21 622	(5 784)	-27%	21 622
Transfers and grants		235 798	258 568	258 568	22 087	238 599	258 568	(19 970)	-8%	258 568
Other expenditure		1 326 394	1 609 419	1 471 602	146 318	1 163 717	1 471 602	(307 884)	-21%	1 471 602
Loss on disposal of PPE		30 408	-	-	-	-	-	-		-
Total Expenditure		5 216 523	5 718 685	5 689 908	536 290	5 304 802	5 689 908	(385 106)	-7%	5 689 908
Surplus/(Deficit)		(266 368)	922	922	(121 354)	181 836	922	180 914	0	922
Transfers recognised - capital		615 492	850 353	850 353	92 734	614 390	850 353	(235 962)	(0)	850 353
Contributions recognised - capital		-	-	-	-	-	-	-		-
Contributed assets		-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		349 124	851 275	851 275	(28 620)	796 226	851 275			851 275
Taxation		-	-	-	-	-	-	-		-
Surplus/(Deficit) after taxation		349 124	851 275	851 275	(28 620)	796 226	851 275			851 275
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		349 124	851 275	851 275	(28 620)	796 226	851 275			851 275
Share of surplus/ (deficit) of associate		22 359	-	-	-	-	-			-
Surplus/ (Deficit) for the year		371 483	851 275	851 275	(28 620)	796 226	851 275			851 275

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

7.4.1.1 Property Rates – penalties and collection charges

Penalty rates are raised in terms of the Deed of Sale signed by the municipality and the purchaser of municipal land. In terms of the Deed, the purchaser must erect a structure on a property within a period of 2 years which may not be less than the amount specified on the Deed of Sale, otherwise failure to do so would result in the penalty.

The municipality placed a moratorium on sale of municipal land and this was lifted in January 2015. Since the lifting of the moratorium, the two year period allowed for the purchaser to erect a structure on the property has not lapsed, therefore no penalty rates have been raised.

It is expected that penalty rates will apply in 2017, where the purchasers fails to build a structure to the valued specified in a Deed Of Sale, within the 2 year period.

7.4.1.2 Service Charges – water revenue

Additional water had been billed in June 2016 after it was discovered that 3 big consumers had been under billed for a period of time.

7.4.1.3 Service Charges – other

The demand for items mentioned below is not constant throughout the year. Income is earned when there is a demand by the clients. Therefore the trend in which income is earned is not constant. The main contributors are:

- Connection/Reconnection charges
- Availability charges

7.4.1.4 Rental of Facilities & Equipment

Rental of facilities is demand driven and therefore difficult to predict accurately.

7.4.1.5 Interest earned – External Investments

The variance of 14% is due to high interest earned on investments than what was projected. The institution had budgeted to have incurred expenditure from conditional grant funding at a higher rate than is currently the case. This resulted in conditional grant funding being available longer for investment and resulting in additional interest income.

7.4.1.6 Fines

The under-recovery on fines is mostly due to court delays in payments as well as cases being struck off the court roll. Furthermore, there are no service providers to serve summonses and tracing offenders is a challenge due to people not updating their particulars when relocating i.e. residential/ postal addresses. Buyers of vehicles are also not registering their vehicles in their name thus details are not updated to new owners details. The inception of the Traffic Contravention System (TCS) and the use of the Automatic Number Plate Recognition (ANPR) system has assisted in tracing of offenders and will assist in the recovery of outstanding traffic fines.

7.4.1.7 Transfer recognised - Operational

The transfers recognised relate to grants and subsidies received as well as revenue recognised on grant funded operating projects. Revenue from grant funded projects is recognised as the expenditure is incurred and to date R238.17 million has been recognised. Total Grants and Subsidies received amounts to R667.09 million. The low expenditure on grant funded projects has resulted in revenue realised being less than anticipated.

7.4.1.8 Contracted Services

Previously, contractors were appointed to assist towards the cleanliness of the City. The negative variance is due to the Directorate of Municipal Services taking an in-house approach in performing the services that were provided by these contractors.

7.4.1.9 Other expenditure

Other expenditure includes operating projects, operational costs as well as repairs and maintenance. The other expenditure incurred is less than the year to date budget by

21%. This is mainly due to the low expenditure on operating projects. Expenditure on repairs and maintenance is provided in table 6 below. Details on operating projects are provided on section 15 of the report.

7.4.1.10 Repairs and Maintenance

Table 6 below reflects that as at 30 June 2016, the repairs and maintenance expenditure is 85% of the approved budget of R371.61 million (2014/15: 87%). This reflects a regression when compared with the prior year. However, the rand value spent is above what was spent last year as R314.69 million has been spent compared to R286.75 million that was spent for the same period in 2014/15. Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	<u>2015/2016 Annual Budget</u> R	<u>2015/2016 Annual Expenditure</u> R	<u>2015/2016 Variance</u> R	<u>2015/2016 % of Budget</u> %
Directorate Of Executive Support Services	2 901 917	1 562 075	1 339 842	54%
Directorate Of The City Manager	120 609	24 596	96 013	20%
Directorate Of Corporate Services	5 865 813	3 895 214	1 970 599	66%
Directorate Of Development & Spatial Planning	25 432 367	21 063 758	4 368 609	83%
Directorate Of Economic Development & Agencies	1 058 859	732 884	325 975	69%
Directorate Of Finance	2 935 990	1 447 223	1 488 767	49%
Directorate Of Health / Public Safety & Emergency Services	5 556 496	3 314 261	2 242 235	60%
Directorate Of Human Settlement	97 239	95 725	1 514	98%
Directorate Of Infrastructure Services	293 911 912	251 035 608	42 876 304	85%
<i>Electricity</i>	111 049 555	86 933 463	24 116 092	78%
<i>Water</i>	42 375 218	39 141 198	3 234 020	92%
<i>Sanitation</i>	29 620 452	27 588 919	2 031 533	93%
<i>Other</i>	110 866 687	97 372 027	13 494 660	88%
Directorate Of Municipal Services	33 728 503	31 522 022	2 206 481	93%
TOTAL	371 609 705	314 693 365	56 916 340	85%

7.5 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 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M12 June										
Vote Description	Ref	2014/15	Budget Year 2015/16							
		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 1 - Directorate - Executive Support Services		1 321	6 200	4 898	856	2 309	4 898	(2 589)	-53%	4 898
Vote 2 - Directorate - City Manager		5 452	21 500	700	–	212	700	(488)	-70%	700
Vote 3 - Directorate - Human Settlements		144 783	211 424	196 391	11 680	155 870	196 391	(40 521)	-21%	196 391
Vote 4 - Directorate - Finance		3 282	10 000	10 752	1 138	1 977	10 752	(8 775)	-82%	10 752
Vote 5 - Directorate - Corporate Services		4 863	21 600	30 621	14 255	17 891	30 621	(12 730)	-42%	30 621
Vote 6 - Directorate - Infrastructure Services		671 827	820 556	925 500	200 626	685 520	925 500	(239 980)	-26%	925 500
Vote 7 - Directorate - Development Planning		37 437	68 221	86 153	18 521	66 971	86 153	(19 181)	-22%	86 153
Vote 8 - Directorate - Health / Public Safety & Emergency Services		3 751	21 650	15 809	212	5 110	15 809	(10 698)	-68%	15 809
Vote 9 - Directorate - Municipal Services		57 333	94 204	120 054	19 016	73 722	120 054	(46 332)	-39%	120 054
Total Capital Multi-year expenditure	4,7	930 050	1 275 354	1 390 877	266 306	1 009 582	1 390 877	(381 295)	-27%	1 390 877
Capital Expenditure - Standard Classification										
Governance and administration		14 918	59 300	46 512	16 250	22 389	46 512	(24 123)	-52%	46 512
Executive and council		6 773	27 700	5 139	856	2 521	5 139	(2 619)	-51%	5 139
Budget and treasury office		3 282	10 000	10 752	1 138	1 977	10 752	(8 775)	-82%	10 752
Corporate services		4 863	21 600	30 621	14 255	17 891	30 621	(12 730)	-42%	30 621
Community and public safety		165 241	305 568	265 774	30 318	203 140	265 774	(62 634)	-24%	265 774
Community and social services		11 918	40 269	20 050	4 941	18 526	20 050	(1 524)	-8%	20 050
Sport and recreation		4 788	32 225	33 524	13 485	23 634	33 524	(9 891)	-30%	33 524
Public safety		3 751	21 650	15 809	212	5 110	15 809	(10 698)	-68%	15 809
Housing		144 783	211 424	196 391	11 680	155 870	196 391	(40 521)	-21%	196 391
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		369 799	333 221	427 260	80 841	331 141	427 260	(96 120)	-22%	427 260
Planning and development		37 437	68 221	86 612	18 521	66 971	86 612	(19 640)	-23%	86 612
Road transport		322 624	265 000	340 649	62 320	264 169	340 649	(76 479)	-22%	340 649
Environmental protection		9 738	–	–	–	–	–	–	–	–
Trading services		379 734	529 266	603 331	114 023	428 013	603 331	(175 319)	-29%	603 331
Electricity		150 386	158 500	164 500	24 886	139 937	164 500	(24 563)	-15%	164 500
Water		91 521	91 000	110 000	25 780	112 376	110 000	2 376	2%	110 000
Waste water management		106 938	258 056	262 352	62 766	144 137	262 352	(118 214)	-45%	262 352
Waste management		30 889	21 710	66 480	591	31 562	66 480	(34 918)	-53%	66 480
Other		358	48 000	48 000	24 874	24 900	48 000	(23 100)	-48%	48 000
Total Capital Expenditure - Standard Classification	3	930 050	1 275 354	1 390 877	266 306	1 009 582	1 390 877	(381 295)	-27%	1 390 877
Funded by:										
National Government		565 914	742 884	702 762	84 872	558 240	702 762	(144 522)	-21%	702 762
Provincial Government		49 578	107 469	86 850	7 862	56 150	86 850	(30 700)	-35%	86 850
District Municipality		–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–
Transfers recognised - capital		615 492	850 353	789 612	92 734	614 390	789 612	(175 222)	-22%	789 612
Public contributions & donations	5	–	–	459	–	–	459	(459)	-100%	459
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		314 558	425 002	600 806	173 572	395 192	600 806	(205 614)	-34%	600 806
Total Capital Funding		930 050	1 275 354	1 390 877	266 306	1 009 582	1 390 877	(381 295)	-27%	1 390 877

7.6 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R14.42 billion.

Table 8: C6: Monthly Budget Statement – Financial Position

BUF Buffalo City - Table C6 Monthly Budget Statement - Financial Position - M12 June

Description	Ref	2014/15	Budget Year 2015/16			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		62 873	80 000	80 000	375 859	80 000
Call investment deposits		2 135 924	2 303 434	2 300 443	2 138 150	2 300 443
Consumer debtors		484 302	671 945	671 946	527 950	671 946
Other debtors		362 538	98 188	98 188	572 227	98 188
Current portion of long-term receivables		–	14	14	–	14
Inventory		44 878	96 800	96 800	36 715	96 800
Total current assets		3 090 516	3 250 381	3 247 391	3 650 901	3 247 391
Non current assets						
Long-term receivables		–	60	60	–	60
Investments		–	–	–	–	–
Investment property		328 302	411 400	411 400	328 302	411 400
Investments in Associate		81 908	–	–	81 908	–
Property, plant and equipment		12 036 600	11 197 291	11 197 292	12 345 001	11 197 292
Intangible assets		98 374	22 800	22 800	92 178	22 800
Other non-current assets		–	75 160	75 160	–	75 160
Total non current assets		12 545 184	11 706 711	11 706 712	12 847 390	11 706 712
TOTAL ASSETS		15 635 700	14 957 092	14 954 103	16 498 291	14 954 103
LIABILITIES						
Current liabilities						
Borrowing		48 835	46 097	46 097	46 097	46 097
Consumer deposits		48 505	54 050	54 051	53 673	54 051
Trade and other payables		740 894	774 300	774 300	841 501	774 300
Provisions		166 234	151 780	151 780	166 234	151 780
Total current liabilities		1 004 468	1 026 227	1 026 228	1 107 505	1 026 228
Non current liabilities						
Borrowing		497 244	500 418	500 418	453 885	500 418
Provisions		513 856	599 090	599 090	513 856	599 090
Total non current liabilities		1 011 100	1 099 508	1 099 508	967 741	1 099 508
TOTAL LIABILITIES		2 015 568	2 125 735	2 125 736	2 075 246	2 125 736
NET ASSETS	2	13 620 132	12 831 357	12 828 366	14 423 045	12 828 366
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		9 383 469	10 020 574	10 017 583	10 186 382	10 017 583
Reserves		4 236 663	2 810 783	2 810 783	4 236 663	2 810 783
TOTAL COMMUNITY WEALTH/EQUITY	2	13 620 132	12 831 357	12 828 366	14 423 045	12 828 366

7.7 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 R313.47 million resulting in cash and cash equivalents closing balance of R2.51 billion as at 30 June 2016.

Table 9: C7: Monthly Budget Statement – Cash Flow

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

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		794 519	831 140	884 767	70 557	908 992	884 767	24 225	3%	884 767
Service charges		2 424 753	2 471 802	2 644 096	146 823	2 798 871	2 644 096	154 776	6%	2 644 096
Other revenue		84 777	657 180	651 758	34 250	689 115	651 758	37 357	6%	651 758
Government - operating		948 263	1 149 387	1 078 556	14 256	905 256	1 078 556	(173 300)	-16%	1 078 556
Government - capital		615 492	850 353	812 071	36	714 045	812 071	(98 026)	-12%	812 071
Interest		159 221	152 531	165 859	17 118	184 402	165 859	18 543	11%	165 794
Dividends		–	–	0	–	–	0	(0)	-100%	0
Payments										
Suppliers and employees		(3 718 728)	(4 448 581)	(4 304 041)	(124 134)	(4 538 473)	(4 304 041)	234 432	-5%	(4 304 041)
Finance charges		(60 674)	(54 313)	(55 813)	(4 651)	(54 464)	(55 813)	(1 349)	2%	(55 813)
Transfers and Grants		(234 175)	(258 568)	(258 568)	(21 320)	(238 599)	(258 568)	(19 970)	8%	(258 568)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 013 447	1 350 929	1 618 685	132 934	1 369 147	1 618 685	249 538	15%	1 618 620
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		6 364	–	–	–	–	–	–		–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables		16	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		(930 050)	(1 275 354)	(1 390 877)	(96 244)	(1 009 582)	(1 390 877)	(381 295)	27%	(1 390 877)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(923 670)	(1 275 354)	(1 390 877)	(96 244)	(1 009 582)	(1 390 877)	(381 295)	27%	(1 390 877)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		3 667	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		(57 336)	(46 097)	(46 097)	–	(46 097)	(46 097)	0	0%	(46 097)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(53 669)	(46 097)	(46 097)	–	(46 097)	(46 097)	0	0%	(46 097)
NET INCREASE/ (DECREASE) IN CASH HELD		36 108	29 477	181 710	36 690	313 467	181 710			181 645
Cash/cash equivalents at beginning:		2 164 433	2 353 956	2 200 541		2 200 541	2 200 541			2 200 541
Cash/cash equivalents at month/year end:		2 200 541	2 383 434	2 382 251		2 514 008	2 382 251			2 382 186

PART 2: SUPPORTING **DOCUMENTATION**

8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

8.1 Debtors

The debtor analysis table 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

Description	NT Code	Budget Year 2015/16										Total over 90 days	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				
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	68 928	27 893	15 418	19 002	15 500	16 870	79 801	240 920	484 332	372 094			
Trade and Other Receivables from Exchange Transactions - Electricity	1300	84 436	8 803	4 198	3 376	2 329	2 277	8 807	30 886	145 113	47 676			
Receivables from Non-exchange Transactions - Property Rates	1400	66 102	22 588	15 556	14 447	13 345	12 803	85 673	230 551	461 065	356 819			
Receivables from Exchange Transactions - Waste Water Management	1500	24 892	7 571	4 779	4 368	4 052	3 829	25 064	112 729	187 284	150 041			
Receivables from Exchange Transactions - Waste Management	1600	21 569	7 879	5 817	5 489	5 173	4 996	30 591	159 210	240 723	205 459			
Receivables from Exchange Transactions - Property Rental Debtors	1700	114	64	62	62	60	62	431	2 984	3 837	3 597			
Interest on Arrear Debtor Accounts	1810									-	-			
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-			
Other	1900	11 989	3 733	2 655	2 610	2 624	2 544	16 267	112 113	154 535	136 158			
Total By Income Source	2000	278 029	78 531	48 485	49 354	43 083	43 381	246 634	889 392	1 676 889	1 271 844	-	-	
2014/15 - totals only		188 707	51 323	36 295	32 134	37 322	42 005	146 747	566 722	1 101 256	824 930			
Debtors Age Analysis By Customer Group														
Organs of State	2200	29 578	5 323	293	389	138	123	2 629	3 332	41 806	6 612			
Commercial	2300	121 416	18 920	11 899	10 362	9 338	9 096	56 036	129 496	366 562	214 327			
Households	2400	116 891	48 509	31 471	33 593	29 142	30 003	156 694	592 411	1 038 712	841 841			
Other	2500	10 144	5 779	4 822	5 010	4 465	4 159	31 276	164 153	229 809	209 064			
Total By Customer Group	2600	278 029	78 531	48 485	49 354	43 083	43 381	246 634	889 392	1 676 889	1 271 844	-	-	

8.1.1. Additional debtors information

The debtors that are older than 30 days, which includes all charges, amounted to R1,398,860,272 as at 30 June 2016 which is an increase of R18,340,495 over the amount of R1,380,519,777 at 31 May 2016.

Despite credit control action and debt collection action that was implemented, a primary contributing factor to the increase in debtors and reduction in collection rate can be attributed to the non-payment by customers.

8.2. Additional debtor's information.

8.2.1. Age Analysis per Category

Table 11 below details debtors age analysis that are older than 30 days by income source as at 30 June 2016. It also provides comparison with the previous month (31 May 2016) which indicates an increase from R1.38 billion to R1.4 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR JUNE 2016	TOTAL FOR MAY 2016
30 DAYS	22 588 346	7 571 421	8 802 784	27 892 503	7 878 805	3 797 513	78 531 373	76 590 454
60 DAYS	15 556 234	4 778 622	4 198 072	15 417 738	5 816 950	2 717 221	48 484 836	57 982 898
90 DAYS	14 447 185	4 367 657	3 376 131	19 002 283	5 488 873	2 671 518	49 353 646	47 207 447
120 DAYS TO 360 DAYS	111 820 612	32 944 591	13 413 585	112 171 659	40 760 071	21 987 478	333 097 996	332 401 625
YEAR 2	104 254 612	26 242 993	9 278 343	85 750 859	34 590 867	23 069 531	283 187 205	272 398 195
YEAR 3	31 698 177	23 434 048	5 844 115	44 589 302	30 582 520	23 981 894	160 130 056	156 661 876
YEAR 4	23 719 418	16 408 888	4 749 093	27 699 838	21 984 457	17 893 622	112 455 314	110 839 539
YEAR 5	19 761 467	11 385 218	5 201 066	20 112 648	15 446 775	12 187 803	84 094 977	81 150 166
YEAR 5+	51 117 174	35 257 863	5 813 883	62 767 112	56 605 361	37 963 477	249 524 869	245 287 578
TOTAL	394 963 225	162 391 299	60 677 071	415 403 941	219 154 678	146 270 058	1 398 860 272	1 380 519 777

8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type that are older than 30 days as at 30 June 2016. It also reflects the percentage split per category with domestic consumers having the highest share followed by indigent consumers. Please note that the financial system is not able to produce a collection ratio per service, however the collection ratio is reported on globally.

Table 12: Age Analysis per Category Type

CATEGORY TYPE	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	35 336 816	21 448 614	20 943 508	568 026 633	645 755 571	46.16
Indigent	12 831 438	9 867 491	12 480 869	239 422 751	274 602 550	19.63
Business	18 920 166	11 898 927	10 361 506	203 965 183	245 145 783	17.52
Government	5 322 869	293 278	389 011	6 222 633	12 227 790	0.87
Municipal Staff	340 794	154 880	168 389	799 344	1 463 408	0.10
Other	5 779 289	4 821 645	5 010 363	204 053 874	219 665 171	15.70
Total	78 531 373	48 484 836	49 353 646	1 222 490 418	1 398 860 272	100.00

Note*: A stop order deduction is implemented for all municipal staff and councillors in arrears. When new staff join the employ of the municipality in many instances there is services debt, and therefore the arrears will be liquidated over an acceptable period of time, in terms of the Credit Control Policy. The reason why the debt reflects in the 30/60/90 day columns relating to staff and councillors is due to the fact that when the stop orders are receipted the payment is allocated to the oldest ageing category, giving the impression that current is not being paid, which is not the case as an amount is being deducted for current accounts.

8.2.3. Debt Incentive Scheme

The City is currently undertaking a debt incentive scheme to encourage consumers to pay its long outstanding debts. Any debt that was 120 days or older as at November 2014 qualifies for a write off of 50% provided that the remaining 50% plus the debt in the current to 90 days ageing categories is paid.

This debt can be paid once-off, or in monthly instalment arrangements; or as a rand-for-rand option, whereby the consumer has an opportunity to pay 50% of the debt older than 120 days off as and when they can, until the end of June 2016 and for every payment made towards this debt, an amount of equal value is written off.

As at 30 June 2016 a total of three thousand seven hundred and sixty six (3766) consumers have registered for the scheme. The total registered debt value is R76.01 million to date and debt write-offs total to R23.27 million.

8.2.4. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 30 June 2016 amounted to R12.23 million. This indicates an increase of R0.73 million when compared to prior month amount of R11.5 million.

A total payment of R15.45 million was receipted from Government Departments in the month of June 2016. The breakdown of the arrears per department (excluding accounts in credit) is indicated in the table hereunder, as at 30 June 2016.

Table 13 below provides an analysis of government debtors as at 30 June 2016 and comparison with the previous month.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 30 JUNE 2016	ARREARS AS AT 31 MAY 2016	DIFFERENCE
National Department Of Public Works	576 648	3 678 138	4 254 786	585 098	3 669 688
Provincial Department Of Public Works	860 682	611 167	1 471 849	2 672 931	(1 201 082)
Department Of Education		1 528 249	1 528 249	749 184	779 065
Department Of Health		612 476	612 476	3 088 331	(2 475 856)
Department Of Social Development		1 886	1 886	-	1 886
Department Of Transport		3 150	3 150	37 504	(34 354)
Department Of Agriculture		-	-	23 445	(23 445)
Department Of Nature Conservation		15 619	15 619	10 748	4 872
Department of Human Settlements		-	-	6 505	(6 505)
Sport, Recreation, Arts and Culture		3 780	3 780	309	3 470
Department of Labour - UIF Services		7 988	7 988	7 988	-
Members Of Provincial Legislature		8 796	8 796	15 582	(6 785)
Department of Water Affairs		-	-	1	(1)
Department of Rural Development and Land Reform		447 277	447 277	427 218	
Provincial RDP Houses		3 871 934	3 871 934	3 829 549	42 385
TOTAL	1 437 329	10 790 461	12 227 790	11 454 393	773 397

9. CREDITORS' ANALYSIS

The creditors' analysis as depicted in table 14 below contains an aged analysis by customer type. It reflects that creditors are paid within 30 days, except when there are disputes on invoices received.

Table 14: SC4 Monthly Budget Statement Aged Creditors

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

Description	NT Code	Budget Year 2015/16									Prior year
		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	totals for chart (same period)
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	165 431	-	-	-	-	-	-	-	165 431	139 290
Bulk Water	0200	12 218	-	-	-	-	-	-	-	12 218	16 742
PAYE deductions	0300	13 754	-	-	-	-	-	-	-	13 754	12 501
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	17 734	-	-	-	-	-	-	-	17 734	15 554
Loan repayments	0600	26 808	-	-	-	-	-	-	-	26 808	26 937
Trade Creditors	0700	201 932	14 366	-	-	-	-	-	-	216 298	224 021
Auditor General	0800	261	-	-	-	-	-	-	-	261	601
Other	0900	185 795	-	-	-	-	-	-	-	185 795	83 654
Total By Customer Type	1000	623 932	14 366	-	-	-	-	-	-	638 299	519 300

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in June 2016.

Table 15: Payments made to the 20 highest paid creditors – June 2016

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM				165 431 321	165 431 321	165 431 321
TSHUVANE SERVICES				17 581 024	17 581 024	17 581 024
BARLOWORLD EQUIPMENT				16 658 928	16 658 928	16 658 928
MVEZO PLANT & CIVILS CC				15 917 632	15 917 632	15 917 632
AGRISA COMMODITIES (PTY) LTD			14 366 432		14 366 432	14 366 432
AMATOLA WATER				12 217 833	12 217 833	12 217 833
BALINTULO TRADING				11 908 960	11 908 960	11 908 960
T V R CONSTRUCTION				11 826 017	11 826 017	11 826 017
CZAR CONSTRUCTION				11 687 104	11 687 104	11 687 104
EYA BANTU PROFFESIONAL SERVICES CC				11 415 278	11 415 278	11 415 278
INTERWASTE				10 165 735	10 165 735	10 165 735
LUQAQAMBO CIVILS CONSTRUCTION CC				9 931 305	9 931 305	9 931 305
MANTELLA TRADING 522 CC				9 585 455	9 585 455	9 585 455
MAZIYA GENERAL SERVICES				8 743 212	8 743 212	8 743 212
MOTHEO/ MPUMALANGA JOINT VENTURE				7 469 364	7 469 364	7 469 364
RUWACON (PTY) LTD				7 103 717	7 103 717	7 103 717
LIFETIME CONNECTION MANUFACTURING SUPPLY CC				7 022 470	7 022 470	7 022 470
ACTOM MV SWITCHGEAR			6 782 862		6 782 862	6 782 862
MTIMA PLUMBING SERVICE				5 964 547	5 964 547	5 964 547
SHONE'S ELECTRICAL				5 920 631	5 920 631	5 920 631
TOTAL	-	-	21 149 293	346 550 532	367 699 826	367 699 826

10. INVESTMENT PORTFOLIO ANALYSIS

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

Table 16: SC5 Monthly Budget Statement – investment portfolio

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M12 June									
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
Municipality									
Rand Merchant Bank X021901943		Call Account	Call Account	Call Account	253	1.9%	47 340	253	47 593
Absa 91 2884 4539		Call Account	Call Account	Call Account	6	0.0%	1 224	(387)	838
Standard 422 742		Call Account	Call Account	Call Account	4	0.0%	906	(623)	284
Absa 91 4102 2241		Call Account	Call Account	Call Account	50	0.4%	9 567	50	9 617
Absa 91 4163 6965		Call Account	Call Account	Call Account	1	0.0%	217	1	218
Absa 91 5484 1280		Call Account	Call Account	Call Account	4	0.0%	785	4	789
Rand Merchant Bank X021904910		Call Account	Call Account	Call Account	49	0.4%	9 259	(93)	9 166
Standard 76586/442740		Call Account	Call Account	Call Account	12	0.1%	2 246	12	2 258
Absa 92 0562 2137		Call Account	Call Account	Call Account	4	0.0%	808	4	812
Rand Merchant Bank X021904913		Call Account	Call Account	Call Account	80	0.6%	14 891	80	14 970
Rand Merchant Bank X021903300		Call Account	Call Account	Call Account	—		—	—	—
Stanlib 551 557 338		Call Account	Call Account	Call Account	—		—	—	—
Absa 92 4434 8061		Call Account	Call Account	Call Account	—		0	—	0
Nedbank 03/7881532939/000126		Call Account	Call Account	Call Account	—		—	—	—
Standard 76586/442739		Call Account	Call Account	Call Account	22	0.2%	5 681	(5 681)	—
Stanlib 551 660 303		Call Account	Call Account	Call Account	115	0.9%	18 391	(146)	18 245
Nedbank 03/7881532939/000041		Call Account	Call Account	Call Account	36	0.3%	6 803	36	6 839
Nedbank 03/7881532939/000056		Call Account	Call Account	Call Account	6	0.0%	1 073	6	1 079
Nedbank 03/7881532939/000058		Call Account	Call Account	Call Account	32	0.2%	5 954	(32)	5 922
Nedbank 03/7881532939/000103		Call Account	Call Account	Call Account	6	0.0%	1 206	6	1 213
Nedbank 03/7881532939/000064		Call Account	Call Account	Call Account	45	0.3%	8 362	45	8 406

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M12 June									
Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
<u>Municipality</u>									
Absa 92 0559 0710		Call Account	Call Account	Call Account	0	0.0%	42	0	42
Nedbank 03/7881532939/000117		Call Account	Call Account	Call Account	41	0.3%	8 105	(1 504)	6 601
Nedbank 03/7881532939/000108		Call Account	Call Account	Call Account	1	0.0%	171	1	172
Absa 92 2975 5568		Call Account	Call Account	Call Account	0	0.0%	15	0	16
Absa 91 9360 7257		Call Account	Call Account	Call Account	5	0.0%	989	5	994
Nedbank 03/7881532939/000112		Call Account	Call Account	Call Account	–		(0)	–	(0)
Standard 76586/442737		Call Account	Call Account	Call Account	–		0	–	0
Nedbank 03/7881532939/000110		Call Account	Call Account	Call Account	1	0.0%	248	1	249
Nedbank 03/7881532939/000123		Call Account	Call Account	Call Account	–		–	–	–
Rand Merchant Bank RRB1629010		Call Account	Call Account	Call Account	394	3.0%	73 772	394	74 166
Stanlib 551 989 180		Call Account	Call Account	Call Account	234	1.8%	37 187	234	37 421
Absa 92 2590 9850		Call Account	Call Account	Call Account	5	0.0%	974	5	979
Stanlib 551 539 764		Call Account	Call Account	Call Account	11	0.1%	1 781	11	1 792
Rand Merchant Bank RRB0324003		Call Account	Call Account	Call Account	0	0.0%	41	0	41
Stanlib 551 567 496		Call Account	Call Account	Call Account	0	0.0%	1	0	1
Stanlib 551 576 733		Call Account	Call Account	Call Account	1	0.0%	86	1	87
Rand Merchant Bank RRB0B25020		Call Account	Call Account	Call Account	9	0.1%	1 701	9	1 710
Standard 76586/442743		Call Account	Call Account	Call Account	0	0.0%	89	0	89
Rand Merchant Bank RRB1609012		Call Account	Call Account	Call Account	2	0.0%	293	2	294
Stanlib 551 742 405		Call Account	Call Account	Call Account	2	0.0%	382	(49)	333
Rand Merchant Bank KLN2308011		Call Account	Call Account	Call Account	2	0.0%	316	2	318
Nedbank 03/7881532939/000128		Call Account	Call Account	Call Account	37	0.3%	6 893	37	6 929

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M12 June									
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
Municipality									
Rand Merchant Bank RRB1722008		Call Account	Call Account	Call Account	69	0.5%	12 973	69	13 043
Standard 76586/442745		Call Account	Call Account	Call Account	152	1.2%	28 415	152	28 567
Absa 92 6406 3148		Call Account	Call Account	Call Account	497	3.8%	95 164	497	95 661
Rand Merchant Bank KLN2720020		Call Account	Call Account	Call Account	28	0.2%	5 361	(621)	4 740
Stanlib 551 868 235		Call Account	Call Account	Call Account	1	0.0%	135	1	136
Absa 92 0559 0891		Call Account	Call Account	Call Account	3	0.0%	515	3	517
Rand Merchant Bank VVW2B13011		Call Account	Call Account	Call Account	1	0.0%	125	1	125
Standard 76586/494573		Call Account	Call Account	Call Account	30	0.2%	5 697	(31)	5 667
Nedbank 03/7881532939/000133		Call Account	Call Account	Call Account	3	0.0%	504	3	507
Nedbank Refer to Confirmation		Refer to Conf	Refer to Conf	Refer to Conf	–		–	–	–
Stanlib 753 72 270		Call Account	Call Account	Call Account	318	2.4%	50 640	318	50 958
Stanlib 551 353 708		Call Account	Call Account	Call Account	6	0.0%	1 028	6	1 035
Standard 76586/442736		Call Account	Call Account	Call Account	280	2.1%	52 352	280	52 632
Stanlib 753 72 271		Call Account	Call Account	Call Account	362	2.8%	65 125	(15 638)	49 487
Rand Merchant Bank X021904579		Call Account	Call Account	Call Account	136	1.0%	38 475	(27 864)	10 611
Nedbank 03/7881532939/000101		Call Account	Call Account	Call Account	111	0.9%	32 897	(25 889)	7 008
Absa 92 1120 9757		Call Account	Call Account	Call Account	1 399	10.7%	271 300	(31 601)	239 698
Absa 92 2110 3430		Call Account	Call Account	Call Account	895	6.9%	171 504	895	172 399
Standard 76586/442741		Call Account	Call Account	Call Account	168	1.3%	31 494	168	31 662
Standard 76586/442744		Call Account	Call Account	Call Account	150	1.2%	28 162	150	28 312
Rand Merchant Bank RRB0C07002		Call Account	Call Account	Call Account	272	2.1%	50 908	272	51 180
Nedbank 03/7881532939/000129		Call Account	Call Account	Call Account	243	1.9%	45 403	243	45 646
Nedbank 03/7881532939/000125		Call Account	Call Account	Call Account	–		(0)	–	(0)
Stanlib 551 748 914		Call Account	Call Account	Call Account	–		–	–	–
Absa 92 6406 3407		Call Account	Call Account	Call Account	–		–	–	–
Nedbank 03/7881532939/000132		Call Account	Call Account	Call Account	2 826	21.7%	552 205	(101 174)	451 031
Rand Merchant Bank KLN3815041		Call Account	Call Account	Call Account	2 093	16.1%	416 726	(99 907)	316 819
Standard 76586/470801		Call Account	Call Account	Call Account	1 489	11.4%	294 347	(63 511)	230 835
Standard 76586/442738		Call Account	Call Account	Call Account	13	0.1%	2 392	13	2 405
Municipality sub-total					13 014		2 521 647	(370 483)	2 151 164
Entities									
Entities sub-total					–		–	–	–
TOTAL INVESTMENTS AND INTEREST	2				13 014		2 521 647	(370 483)	2 151 164

11.ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

Table 17: SC7 Monthly Budget Statement – transfers and grants expenditure

BUF Buffalo City - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M12 June

Description		Ref	2014/15	Budget Year 2015/16							
			Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
EXPENDITURE											
Operating expenditure of Transfers and Grants											
National Government:			36 709	714 196	776 722	19 426	759 786	776 722	(16 935)	-2.2%	776 722
Local Government Equitable Share				655 141	655 141	—	655 141	655 141	—		655 141
Urban Settlement Development Grant			28 272	33 348	95 994	17 271	94 436	95 994	(1 558)	-1.6%	95 994
Finance Management			1 465	1 300	1 180	593	1 123	1 180	(57)		1 180
EPWP Incentive			1 596	1 149	1 149	2	1 035	1 149	(114)		1 149
Infrastructure Skills Development Grant			5 376	8 400	8 400	(9)	3 957	8 400	(4 443)		8 400
Integrated City Development Grant				5 605	5 605	1 130	1 130	5 605	(4 475)		5 605
Municipal Human Settlement Capacity Grant				9 253	9 253	439	2 965	9 253	(6 288)	-68.0%	9 253
Provincial Government:			178 126	531 687	298 252	14 290	167 285	298 252	(130 967)	-43.9%	298 252
Roads Subsidy - Provincial Roads			—	1 871	1 871	—	—	1 871	(1 871)	-100.0%	1 871
Dept of Economic Dev , Environmental Affairs & Tourism			3 419	—	2 500	—	—	2 500	(2 500)	-100.0%	2 500
Local Government & Traditional Affairs			5 549	2 000	3 770	191	3 130	3 770	(640)	-17.0%	3 770
Health Subsidy - ATIC			—	2 522	2 522	—	—	2 522	(2 522)	-100.0%	2 522
Cooperative Governance and Traditional Affairs			—	—	—	—	—	—	—		—
Library Subsidy			—	3 638	3 638	—	—	3 638	(3 638)	-100.0%	3 638
Reclaim Land Claims Commission(RLCC			63	—	—	—	—	—	—		—
Dept Sport, Recreation, Arts and Culture (DSRAC)			—	—	31	30	30	31	(1)	-2.8%	31
Dept of Land Affairs			19	—	766	727	727	766	(39)	-5.1%	766
Accreditation Capacity Enhancement Grant			—	—	—	—	—	—	—		—
Human Settlement Development Grant			169 076	521 656	283 154	13 342	163 399	283 154	(119 756)	-42.3%	283 154
District Municipality:			—	—	—	—	—	—	—		—
Health Subsidy - Environmental Health			—	—	—	—	—	—	—		—
Other grant providers:			2 264	3 329	3 120	11	2 424	3 120	(696)	-22.3%	3 120
SETA - Skills Development			1 243	2 989	2 989	—	2 309	2 989	(680)	-22.8%	2 989
Donor Funding - Leiden & Galve			41	—	—	—	—	—	—		—
Trust Funds			522	—	—	—	—	—	—		—
Umsobomvu Youth Fund			458	—	131	11	116	131	(16)	-12.0%	131
Donor Funding - European Commission			—	340	—	—	—	—	—		—
Vuna Award			1	—	—	—	—	—	—		—
Total operating expenditure of Transfers and Grants:			217 099	1 249 211	1 078 093	33 727	929 495	1 078 093	(148 598)	-13.8%	1 078 093
Capital expenditure of Transfers and Grants											
National Government:			554 565	742 884	702 762	84 872	558 240	702 762	(144 522)	-20.6%	702 762
Urban Settlement Development Grant			529 103	679 784	659 542	84 833	534 544	659 542	(124 998)	-19.0%	659 542
Infrastructure Skills Development Grant			—	100	100	—	78	100	(22)	-22.3%	100
Energy Efficiency and Demand Management			—	13 000	13 000	—	12 998	13 000	(2)	0.0%	13 000
Public Transport and Systems			—	—	—	—	—	—	—		—
Neighbourhood Development Partnership			4 885	20 000	—	—	—	—	—		—
Integrated National Electrification Programme			20 577	30 000	30 000	—	10 517	30 000	(19 483)	-64.9%	30 000
Finance Management			—	—	120	39	102	120	(18)	-14.6%	120
Provincial Government:			49 395	107 469	86 850	7 862	56 150	86 850	(30 700)	-35.3%	86 850
Human Settlement Development Grant			46 985	94 400	69 800	5 445	52 180	69 800	(17 620)	-25.2%	69 800
Human Settlement Development Grant - MPCC			665	13 069	—	—	—	—	—		—
Dept Sport, Recreation, Arts and Culture (DSRAC)			1 377	—	8 014	2 417	3 971	8 014	(4 043)	-50.5%	8 014
Dept of Local Government and Traditional Affairs			179	—	9 036	—	—	9 036	(9 036)	-100.0%	9 036
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)			189	—	—	—	—	—	—		—
District Municipality:			—	—	—	—	—	—	—		—
Health Subsidy - Environmental Health			—	—	—	—	—	—	—		—
Other grant providers:			256	—	459	—	—	459	(459)	-100.0%	459
BCMET Funding			256	—	—	—	—	—	—		—
Public Funding			—	—	—	—	—	—	—		—
Lieden			—	—	459	—	—	459	(459)	-100.0%	459
Total capital expenditure of Transfers and Grants			604 216	850 353	790 071	92 734	614 390	790 071	(175 681)	-22.2%	790 071
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS			821 314	2 099 564	1 868 165	126 460	1 543 885	1 868 165	(324 279)	-17.4%	1 868 165

11.1 Expenditure On Conditional Grants (DoRA Allocation)

The total expenditure inclusive of reclaimed vat on conditional grants budget as at 30 June 2016 amounts to R740.17 million which is 90% of the mid-year adjusted budget of R824.34 million.

Table 18 below reflects the year to date expenditure on 2015/16 total conditional grants.

Table 18: Spending per Conditional Grant Funding Allocation

<u>Funding/Grant</u>	<u>2015/2016 Mid-year Adjustment Budget</u>	<u>YTD Expenditure</u>	<u>Variance</u>	<u>% Expenditure vs. Budget</u>
Integrated National Electrification Programme Grant	30 000 000	11 989 641	18 010 359	40%
Energy Efficiency & Demand Side Management Grant	13 000 000	14 795 757	-1 795 757	114%
Finance Management Grant	1 300 000	1 309 301	-9 301	101%
Infrastructure Skills Development Grant	8 500 000	4 140 340	4 359 660	49%
Urban Settlement Development Grant	755 535 408	702 608 312	52 927 096	93%
Integrated City Development Grant	5 605 000	1 298 848	4 306 152	23%
Municipal Human Settlement Capacity Grant	9 253 000	2 991 682	6 261 318	32%
Expanded Public Works Programme Grant	1 149 000	1 033 911	115 089	90%
TOTAL	824 342 408	740 167 792	84 174 616	90%

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

11.1.1. INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

The following contracts are at the evaluation stage and expenditure is set to commence at appointment stage.

The grant funding is going to be used to service connections to RDP houses detailed below:

AREA	CONNECTIONS	STATUS
Mdantsane – Mount Ruth	168	Evaluation process to be concluded
Mdantsane Buffer Strip	563	Appointment made in June 2016
Potsdam Unit P(Extension 2)	400	Appointment made in June 2016
Quenera (Mzamomhle PH 1)	311	Evaluation process to be concluded
Reeston Phase 3 (Stage1)	400	Evaluation process to be concluded

The slow progress in the above projects has been due to the Bid Committee system. A request for change of control from formal electrification to informal electrification has been submitted to Department of Energy (DoE) for approval; this will allow the City to utilize the funding for informal electrification which has a contract that is already progressing.

11.1.2. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

The funding is only being used to pay the interns stipends. The number of interns reduced as most of the interns completed the program and this affected the amount of stipends paid.

11.1.3. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

DEVELOPMENT & SPATIAL PLANNING

KwaTshatshu Pedestrian Bridge

Consultants were appointed in July 2014. The detail designs and tender document phase has been completed. An Environmental Authorisation was issued in July 2015. The Water Use Licence Application (WULA) has been approved by the Department of Water & Sanitation and confirmation has been received. The land requirements are currently being dealt with by the Land Administration Division. Valuations have been obtained and the Land Administration Department is in the process of dealing with the land owner. The construction tender was advertised and closed on 09 February 2016. Evaluation of the Functionality is complete and the bid report is at Bid Evaluation Committee (BEC).

Needs Camp / Potsdam Bridge

Consultants were appointed in December 2013. The detail designs and tender document phase has been completed. Environmental Authorisation has been delayed

until written confirmation regarding knowledge of the proposed project has been received from the community leader or households affected by the proposed roadway. The Land Administration Department is currently dealing with the land issues regarding ownership and transfer to Council for the roadway. The Water Use Licence Application (WULA) has been approved and received from the Department of Water & Sanitation. The construction tender was advertised and closed on 26 February 2016. Evaluation of the Functionality is complete and the bid report is at Bid Evaluation Committee (BEC).

Sidewalks

The construction of sidewalks has been completed in Scenery Park, Amalinda Main Road, Sweetwaters, Mdantsane NU8 and Mdantsane Clusters (1-3).

Traffic calming measures

The traffic calming measures (speed humps) have been constructed in the following areas: Duncan Village, Sweetwaters, Mdantsane, Beacon Bay, Cambridge, Haven Hills, Winterstrand, Zwelitsha and Amalinda. More work has now commenced in Zwelitsha.

Guardrails

Guardrails have been installed in Mdantsane, Alphandale, Amalinda and Ginsberg.

Traffic Signals

Traffic signals have been completed on the North East Expressway (NEX), Potters Pass, Caxton, Terminus and Gullsway. The informal tender for the visually impaired pedestrian push buttons has been delivered.

Guidance Signage

Installation of guidance signage from Cambridge to Zwelitsha has been completed.

Taxi/ Bus stops, Scenery Park Taxi Loading Area and Bonza Bay Taxi Loading Area Ablution Facility

Taxi/Bus stops in Reeston, Amalinda and Mdantsane nu1&13 are 100% complete. Designs for the Scenery Park Taxi Loading area are completed. Construction of

Ablution Facility at the Bonza Bay Taxi Loading area is complete. Work on the kerbing of the existing taxi rank is complete. Loading area for Ziphunzana High School is complete.

KWT Taxi and Bus Facilities

KWT Taxi/Bus Facility Bid document closed on 27 May 2016 and is currently being evaluated.

ECONOMIC DEVELOPMENT AND AGENCIES

The Directorate of Economic Development and Agencies has an approved allocation of R10 million from the USDG in the 2015/16 financial year. The Market Upgrade programme has various projects i.e. roads renewal, upgrading and relocation of cashier cubicles. The project for roads renewal is complete. The tender for the Upgrading of Cashier Cubicles has been submitted to the Bid Evaluation Committee (BEC) and is awaiting resolution thereof.

HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES

The project for King Williams Town Traffic Building is a multi-year project. Project is on track in terms of project milestones with the Professional Team. The specifications were approved on 22 January 2016 for the tender for the construction of the building. Tender was advertised on 18 March 2016 and it closed on 22 April 2016. A preliminary report to Bid Evaluation Committee (BEC) was prepared and submitted to Supply Chain Management (SCM) on the 6 June 2016 for evaluation and submission to BEC Committee. Report was approved at BEC on the 27 June 2016 and will be considered by Bid Adjudication Committee (BAC) on the 11 or 12 July 2016 for awarding purposes.

MUNICIPAL SERVICES

Development and Upgrading of Community Halls

Work is in Progress and contractors are on site to carry out refurbishment and upgrade of nine (9) community halls (Carnegie Hall, 5 Mdantsane community halls, Billy Francis, Needs Camp Community Hall and King Williams Town Hall).

The expenditure to date is at 99% and seven (7) of the Projects are 100% complete.

The Professional Service Provider has been appointed to do a cost assessment for the restoration of KWT Town Hall.

Construction of Nompumelelo Hall

The Tender was advertised on the 13th of November 2015 and the Tender closing date was the 15th of December 2015. As at the end of April 2016 the tender had not yet been awarded and it has now expired due to extension letters not being sent out timeously. A deviation has been done to spend R2.8 million towards Nompumelelo Hall in the current financial year. R1.2 million has been diverted towards Refurbishment of KWT Town Hall.

THE AMENITIES DIVISION

The department experienced challenges with the majority of the annual contractors in terms of their capacity to execute the works or to provide quotations that correlated with their tender documents/appointments. Furthermore, there were delays experienced in the extension of the contracts of the annual contractors that were appointed by the Building Maintenance Division. As a result of the above, the implementation of projects had to wait for the extension of contracts to be approved before they could continue. Work on the projects has since resumed upon approval of the extension of contracts of the annual contractors.

11.1.4. INTEGRATED CITY DEVELOPMENT GRANT (ICDG)

Spending is dependent on the Sleepersite Best Concept Use Framework to be adopted by Council. Monthly reports have been submitted to council pertaining the progress to date.

11.1.5. MUNICIPAL HUMAN SETTLEMENT CAPACITY GRANT (MHSCG)

The transfer of funds to BCMM by National Human Settlements was only done at the end of October 2015 and this resulted in delayed planning and implementation of plans. The Metro also learnt that the grant would only be available for 15/16 with no further disbursements in the preceding years. The Directorate had to revise its three year plan to a one year plan to align it with the funding. There were also procurement delays experienced.

The Department of Human Settlement will be sending a request to National Treasury for a roll-over of this grant. There has been insignificant deferrals in the procurement process for the various programs that were targeted on the grant. The process of paying some of the Enterprise Project Management Office (EPMO) staff that are seconded to Housing Section is ongoing. A request for roll-over has been prepared and all procurement processes are anticipated to be concluded by end of August 2016.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and Councilors remuneration.

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

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

Summary of Employee and Councillor remuneration	Ref	2014/15	Budget Year 2015/16							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		29 335	31 903	32 074	2 454	30 991	30 934	57	0%	32 074
Pension and UIF Contributions		3 047	3 328	3 297	280	3 306	3 297	9	0%	3 297
Medical Aid Contributions		1 539	1 856	1 874	155	1 783	1 874	(91)	-5%	1 874
Motor Vehicle Allowance		11 247	12 944	12 653	1 042	11 682	12 653	(971)	-8%	12 653
Cellphone Allowance		—	—	2 150	177	2 147	2 150	(3)	0%	2 150
Housing Allowances		2 515	2 879	2 762	219	2 847	2 762	85	3%	2 762
Other benefits and allowances		—	—	—	2	1 465	1 140	325	28%	—
Sub Total - Councillors		47 682	52 910	54 810	4 329	54 220	54 810	(590)	-1%	54 810
% increase	4		11.0%	14.9%						14.9%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		5 482	15 026	11 501	491	5 998	11 501	(5 504)	-48%	11 501
Pension and UIF Contributions		985	2 734	2 147	95	1 166	2 147	(982)	-46%	2 147
Medical Aid Contributions		122	266	254	12	136	254	(118)	-47%	254
Motor Vehicle Allowance		1 071	2 738	2 481	109	1 370	2 481	(1 111)	-45%	2 481
Cellphone Allowance		—	—	391	16	195	391	(196)	-50%	391
Housing Allowances		6	83	—	—	1	—	1	—	—
Other benefits and allowances		2 038	2 273	1 242	138	1 559	1 169	390	33%	1 242
Payments in lieu of leave		—	—	—	130	237	—	237	—	—
Long service awards		24	36	0	—	(1)	—	(1)	—	0
Sub Total - Senior Managers of Municipality		9 728	23 157	18 017	991	10 659	17 944	(7 285)	-41%	18 017
% increase	4		138.1%	85.2%						85.2%
Other Municipal Staff										
Basic Salaries and Wages		704 205	851 398	850 039	58 407	799 646	850 039	(50 393)	-6%	850 039
Pension and UIF Contributions		134 398	155 271	163 908	11 591	147 844	163 908	(16 064)	-10%	163 908
Medical Aid Contributions		52 791	96 719	79 727	5 396	60 245	79 727	(19 482)	-24%	79 727
Overtime		107 200	60 348	60 348	10 243	117 408	65 473	51 935	79%	60 348
Motor Vehicle Allowance		19 402	26 800	27 860	1 985	21 069	27 860	(6 791)	-24%	27 860
Cellphone Allowance		—	—	3 665	323	3 965	3 665	300	8%	3 665
Housing Allowances		3 502	10 185	12 205	917	11 887	12 205	(318)	-3%	12 205
Other benefits and allowances		115 629	139 402	171 170	13 357	159 504	166 118	(6 614)	-4%	171 170
Payments in lieu of leave		29 230	7 307	15 291	1 210	1 917	15 291	(13 374)	-87%	15 291
Long service awards		16 246	17 033	17 509	1 554	18 030	17 509	521	3%	17 509
Post-retirement benefit obligations		—	—	5 831	(19)	10 039	5 831	4 208	72%	5 831
Sub Total - Other Municipal Staff		1 182 603	1 364 462	1 407 555	104 964	1 351 555	1 407 628	(56 072)	-4%	1 407 555
% increase	4		15.4%	19.0%						19.0%
Total Parent Municipality		1 240 013	1 440 529	1 480 382	110 284	1 416 435	1 480 382	(63 947)	-4%	1 480 382
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
Basic Salaries and Wages		—	96	—	—	—	—	—	—	—
Sub Total - Board Members of Entities	2	—	96	—	—	—	—	—	—	—
% increase	4									
Senior Managers of Entities										
Basic Salaries and Wages		—	1 004	—	—	—	—	—	—	—
Pension and UIF Contributions		—	184	—	—	—	—	—	—	—
Medical Aid Contributions		—	91	—	—	—	—	—	—	—
Motor Vehicle Allowance		—	310	—	—	—	—	—	—	—
Housing Allowances		—	25	—	—	—	—	—	—	—
Other benefits and allowances		—	104	—	—	—	—	—	—	—
Sub Total - Senior Managers of Entities		—	1 718	—	—	—	—	—	—	—
% increase	4									
Other Staff of Entities										
Basic Salaries and Wages		—	180	—	—	—	—	—	—	—
Pension and UIF Contributions		—	34	—	—	—	—	—	—	—
Medical Aid Contributions		—	91	—	—	—	—	—	—	—
Housing Allowances		—	16	—	—	—	—	—	—	—
Other benefits and allowances		—	19	—	—	—	—	—	—	—
Sub Total - Other Staff of Entities		—	341	—	—	—	—	—	—	—
% increase	4									
Total Municipal Entities		—	2 155	—	—	—	—	—	—	—
TOTAL SALARY, ALLOWANCES & BENEFITS		1 240 013	1 442 684	1 480 382	110 284	1 416 435	1 480 382	(63 947)	-4%	1 480 382
% increase	4		16.3%	19.4%						19.4%
TOTAL MANAGERS AND STAFF		1 192 331	1 389 678	1 425 572	105 955	1 362 215	1 425 572	(63 357)	-4%	1 425 572

12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 30 June 2016. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 30 June 2016.

Table 20: Overtime per Directorate

Directorate	Annual Budget R	YTD Budget R	YTD Expenditure R	Variance R	% of YTD Budget %
Directorate Of Executive Support Services	1 577 751	1 577 751	4 346 050	-2 768 299	275%
Directorate Of The City Manager	292 903	292 903	515 153	-222 250	176%
Directorate Of Corporate Services	563 330	563 330	777 298	-213 968	138%
Directorate Of Development & Spatial Planning	588 164	588 164	523 264	64 900	89%
Directorate Of Economic Development & Agencies	442 264	442 264	747 802	-305 538	169%
Directorate Of Finance	1 245 438	1 245 438	1 466 580	-221 142	118%
Directorate Of Health / Public Safety & Emergency Services	25 374 017	25 374 017	31 118 012	-5 743 995	123%
Directorate Of Human Settlement	96 161	96 161	25 997	70 164	27%
Directorate Of Infrastructure Services	16 161 606	16 161 606	32 559 188	-16 397 582	201%
Electricity	7 303 001	7 303 001	9 145 330	-1 842 329	125%
Water	3 162 397	3 162 397	12 935 438	-9 773 041	409%
Sanitation	4 674 357	4 674 357	9 664 938	-4 990 581	207%
Other	1 021 851	1 021 851	813 482	208 369	80%
Directorate Of Municipal Services	19 131 438	19 131 438	46 650 419	-27 518 981	244%
Total	65 473 072	65 473 072	118 729 764	-53 256 692	181%

Analysis of Overtime

The total overtime payment for the months of April 2016, May 2016 and June 2016 is reflected below. There was a decrease in the total payment of overtime between April 2016 and May 2016 of R1 810 670 and an increase in the total payment of overtime between May and June 2016 of R1 934 715.

Table 21: Overtime Per Cost Centre: April 2016 – June 2016

OVERTIME PER COST CENTRE

		April 2016 Amount	May 2016 Amount	June 2016 Amount
	Directorate -Executive Support Services			
105 005	Office of The Director of Executive Support	267 378.35	278 217.79	289 856.78
105 020	Public Participation & Ward Committees	18 577.53	28 818.12	51 267.26
105 025	Strategic Support	-	2 447.97	1 688.25
105 030	Special Programmes	-	5 196.55	13 892.17
110 005	IDP	-	6 803.66	16 352.41
120 010	Public Relations & International Events	88 819.75	75 146.56	105 541.44
130 005	Research Policy & Knowledge Management Unit	-	-	-
		374 775.63	396 630.65	478 598.31
	Directorate - Municipal Manager			
205 005	Office of The Municipal Manager & Support Services	18 123.64	41 393.08	27 897.73
215 005	Internal Audit	3 601.57	6 283.68	1 630.89
225 005	Municipal Public Accounts Committee	2 425.50	-	-
225 010	Municipal Public Accounts Committee	-	1 729.65	-
		24 150.71	49 406.41	29 528.62
	Directorate - Chief Operations Officer			
250 005	Office of the Chief Operations Officer	8 276.60	-	2 189.75
255 005	Housing Department	3 154.40	-	-
255 010	Mdantsane Urban Renewal Unit	-	-	2 436.78
		11 431.00	-	4 626.53
	Directorate - Chief Financial Officer			
315 005	Budget Office	5 521.55	-	1 277.10
320 005	Asset Risk & Financial Services	-	1 350.60	-
320 010	Supply Chain Management	8 652.94	26 013.98	38 736.51
320 015	Expenditure Office	3 183.36	13 343.02	9 468.52
330 005	Rates & Valuations Office		708.41	-
330 010	Consolidated Billing & Miscellaneous Revenue Office	95 555.04	4 823.34	6 900.72
330 015	Debtors Management Office	44 538.36	43 329.65	38 950.09
330 020	Customer Care Office	8 186.73	1 644.93	3 781.57
330 025	Pre-Payment Vending Office	3 852.25	-	3 507.58
		169 490.23	91 213.93	102 622.09

		April 2016 Amount	May 2016 Amount	June 2016 Amount
	Directorate - Corporate Services			
405 005	Office of The Director of Corporate Services	12 910.65	-	-
415 005	Administrative & Council Support	-	16 069.21	26 133.65
415 010	Auxilliary & Telecommunication Services	40 974.70	28 161.31	49 700.60
415 025	Management Information Services	-	14 020.81	42 641.67
420 005	H.R. Administration	-	3 711.40	-
420 010	Occupational Risk Management	10 872.64	8 154.48	2 718.16
420 015	Labour Relations	859.74	3 865.80	4 585.28
		65 617.73	73 983.01	125 779.36
	Directorate - Engineering Services			
505 010	City Engineering Building	1 826.96	1 719.48	1 934.42
515 006	Night Soil Removal - Coastal	94 764.20	47 952.96	91 909.21
515 007	Night Soil Removal - Central	5 212.64	2 103.75	-
515 026	Sewerage Treatment - Coastal	64 248.63	67 088.46	71 988.60
515 027	Sewerage Treatment - Central	41 227.29	69 620.49	35 240.01
515 028	Sewerage Treatment - Inland	142 951.93	112 199.76	107 486.25
515 031	Sewerage Reticulation - Coastal	263 855.60	245 804.20	230 225.83
515 032	Sewerage Reticulation - Central	112 204.96	75 996.87	114 385.82
515 033	Sewerage Reticulation - Inland	195 216.95	84 009.95	115 213.91
520 005	Water Administration	37 938.81	15 949.67	19 492.78
520 011	Maden Dam	22 881.69	17 718.80	15 463.43
520 012	Bridle Drift Dam	3 614.18	-	2 811.03
520 015	Bulk Pumping Stations	23 996.53	20 854.62	22 657.61
520 021	Umzonyana Water Treatment Works	96 467.18	85 426.02	94 342.84
520 023	KWT Water Treatment Works	131 649.64	105 806.92	118 709.02
520 024	Mdantsane Bulk Pumping	44 491.09	20 920.35	59 512.95
520 025	Water Ops & Maint. - Inland	243 669.93	157 848.91	215 444.23
520 026	Water Ops & Maint. - Midland	229 972.75	196 838.05	239 558.45
520 030	Water Ops & Maint. - Coastal	325 642.39	350 590.13	379 829.22
525 005	Construction Distribution	617.66	-	45 692.68
525 010	Roads Administration	-	726.57	855.08
525 025	Roads & Stormwater Drainage	28 910.13	1 280.20	64 035.12
530 005	Mechanical Workshop - Westbank	478.35	690.95	11 202.59
530 015	Mechanical Workshop - Braelyn	42 906.62	19 352.54	20 851.77
535 005	Electricity Administration	1 244.72	1 244.72	1 314.25
535 010	Electricity Distribution Supervisory Staff	653 316.33	429 961.80	806 982.96
535 025	Electricity Planning & Design	666.20	490.88	736.32
535 040	Revenue Protection	84 938.45	62 617.42	86 857.78
		2 894 911.81	2 194 814.47	2 974 734.16

		April 2016 Amount	May 2016 Amount	June 2016 Amount
	Directorate - Development Planning			
620 015	Traffic Signal Maintenance	13 972.74	10 190.37	14 935.77
625 005	Buffalo City Bus Services	13 347.92	14 580.22	9 808.55
635 005	Local Economic Development	-	-	9 523.03
635 010	Market	16 013.23	31 874.09	21 396.88
		43 333.89	56 644.68	55 664.23
	Directorate - Health & Public Safety			
705 010	Support Services	-	468.12	-
710 005	Health Administration	-	-	588.26
710 030	Environmental Health	10 250.01	7 912.21	12 878.32
725 010	Fire & Rescue Services	681 536.12	524 787.69	469 024.72
725 015	Law Enforcement Services	1 872 710.94	1 594 402.52	1 464 084.92
725 020	Traffic Administration	84 629.90	60 237.12	69 460.64
725 025	Traffic Control	259 598.08	285 248.61	263 289.60
725 035	Vehicle Test Station / Examination	13 282.73	10 747.77	5 961.06
725 036	Vehicle Registration	5 261.62	7 776.95	1 987.18
725 040	Drivers License Testing	-	-	473.76
725 045	Traffic Technical Services	22 618.74	7 847.70	29 028.00
725 050	Parking Areas / Meters	60 062.64	42 378.40	50 630.99
725 055	Disaster Management	13 655.33	5 207.66	15 886.84
		3 023 606.11	2 547 014.75	2 383 294.29
	Directorate - Community Services			
750 005	Office of The Director of Community Services	2 493.09	616.85	616.85
750 010	Cleansing Administration Support	616.35	5 912.33	1 826.20
755 010	Environmental Services	299 593.21	267 570.03	811 389.83
755 015	Environmental Conservation	85 911.10	55 616.75	213 134.11
755 020	Environmental Workshop	-	-	1 448.57
755 025	Interments	243 880.58	245 622.35	253 229.80
760 005	Arts & Cultural Services Admin	42 536.38	54 393.31	53 442.36
760 010	Libraries	6 499.42	9 524.40	9 358.33
760 025	Halls	211 701.05	199 329.11	174 831.19
765 005	Amenities Administration Support	30 146.73	15 459.01	23 267.85
765 010	Sportsfields	200 901.34	122 052.46	175 786.04
765 015	Swimming Pools	179 261.32	118 667.66	182 687.84
765 020	Aquarium	59 210.94	49 604.89	50 867.40
765 025	Zoo	66 475.18	64 941.88	66 830.25
765 030	Beaches	92 011.04	323 890.90	227 120.91
765 035	Resorts	63 570.68	81 378.36	67 250.47
770 005	Cleansing Administration Support	24 012.09	21 256.83	39 739.51

		April 2016 Amount	May 2016 Amount	June 2016 Amount
770 010	Refuse Removal	941 378.72	765 671.77	899 224.71
770 015	Waste Disposal Sites	44 126.58	24 942.91	108 587.63
770 020	Street Sweeping	722 601.59	351 155.96	581 861.22
770 025	Public Conveniences	123 474.05	75 067.27	105 261.50
770 030	E.L Regional Waste Disposal Site & Transfer Station	88 702.64	63 367.78	57 855.44
		3 529 104.08	2 916 042.81	4 105 618.01
				-
	TOTAL OVERTIME	10 136 421.19	8 325 750.71	10 260 465.60

12.2.1. Comments On Overtime

a) Directorate of Executive Support Services

The planned and emergency nature of tasks within the Executive Mayor and the Speakers Office contribute to excessive hours of work as bodyguards have to work beyond normal working hours. Overtime incurred is also due to ward committee meetings held after business hours, loudhailing done after business hours and on weekends; attending public participation programmes on weekends.

b) City Managers Office

The over expenditure on overtime is due to unplanned and emergency overtime. Monitoring of overtime is continuously undertaken.

c) Directorate of Corporate Services

The over expenditure on overtime is as a result of council meetings which necessitates the drivers to deliver council agendas along with the nurse that works emergency overtime for traffic department.

d) Directorate of Economic Development & Agencies

The excessive overtime on Economic Development and Agencies is due to the Cold Room Attendants who are required to wait for delivery trucks to deliver stock outside of the normal operating hours for the Fresh Produce Market. Furthermore, another cost driver is that of cashiers having to work extended hours waiting for their cash intakes to be counted in their presence before it is deposited to the bank.

e) Directorate of Finance

The over expenditure is due to the preparation of Requests for Information and Communications of Audit Findings for the Auditor General's 2014/2015 Regulatory Audit. Other factors for the over expenditure include the increase in the Bid Committee meetings held, the interim stock take and annual stores stock take. The over expenditure is also due to the Meter Reading project which was undertaken in order to catch up on operations that suffered in October, November, January and February resulting from the unexpected strike by staff, as well as the breakdown in hardware related to the Meter Reading Handheld Devices. The readings had to be taken manually and captured manually which was a time consuming exercise. Furthermore, the Inbound Call Centre were required to work overtime as they have to do operations for 365 days.

f) Directorate of Infrastructure Services

Electricity – Overtime is incurred while carrying out emergency work in all areas of East London and King Williams Town/Bisho due to standby emergencies, vandalism, theft, revenue protection raids for illegals etc.

Water – Overtime is incurred while carrying out emergency work due to the high number of pipe bursts.

Sanitation – Overtime is incurred while carrying out emergency work (burst rising mains etc.) and attending to alarms received via the telemetry system or faults at pump stations i.e. tripped pumps etc.

g) Directorate of Health / Public Safety & Emergency Services

Overtime incurred is due to work performed by security guards placed within various Directorates of BCMM which is being booked against the Law Enforcement overtime vote. Furthermore, some operational staff duties are performed over the weekend and these include Drunk and Driving campaigns and roadblocks in order to comply with the National Rollout Enforcement Plan (NREP).

The traffic services as an emergency service always have to work overtime due to the nature of services rendered in that it has to respond to all emergencies which

include road accidents, unrest situations, protest marches, disasters as well as unplanned events for example presidential escorts.

h) Directorate of Municipal Services

Overtime is mostly due to halls usage, high volume of burials especially over weekends and the emergency overtime for grass cutting and vegetation control.

The Amenities functions are of such a nature that certain staff must be available seven days a week including public holidays. Services provided include emergency work, swimming pools (inland/ coastal), sports fields (inland/ coastal), resorts, aquarium, beaches, coastal conservation, nature reserves and the zoo.

The Department of Solid Waste Management is trying its level best to manage overtime but challenges amongst others like refuse removal truck shortages and high rate of absenteeism force overtime to be worked to ensure cleanliness of the city.

12.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past twelve (12) months for the months ended 30 June 2016. There was a decrease in the total payment between April 2016 and May 2016 of R155 013 and an increase in the total payment between May 2016 and June 2016 of R151 903.

Table 22: Standby & Shift Allowance per Directorate

	APRIL 2016	MAY 2016	JUNE 2016
Directorate of Executive Support Services	10 228	12 829	13 859
Directorate of the City Manager	-	1 671	1 620
Directorate of Finance	10 472	11 457	12 710
Directorate of Corporate Services	1 563	22 833	43 420
Directorate of Infrastructure Services	552 258	477 465	541 683
Directorate of Development and Spatial Planning	12 201	12 491	14 046
Directorate of Health / Public Safety & Emergency Services	585 429	546 139	541 491
Directorate of Municipal Services	249 677	181 930	249 888
TOTAL	1 421 828	1 266 815	1 418 718

12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the past twelve (12) months ended 30 June 2016 is reflected below. There was an increase in the total payment between April 2016 and May 2016 of R385 208 and an increase in the total payment between May 2016 and June 2016 of R112 641.

Table 23: Temporary Staff per Directorate

	APRIL 2016	MAY 2016	JUNE 2016
Directorate of Executive Support Services	1 163 901	1 264 858	1 328 550
Directorate of the City Manager	244 292	276 728	320 063
Directorate of Human Settlements	263 036	218 751	236 342
Directorate of Finance	422 607	430 633	420 324
Directorate of Corporate Services	881 734	837 144	689 966
Directorate of Infrastructure Services	89 181	114 533	134 845
Directorate of Development and Spatial Planning	47 271	69 611	82 726
Directorate of Health / Public Safety & Emergency Services	32 943	35 081	33 106
Directorate of Municipal Services	1 829 734	2 112 570	2 226 626
TOTAL	4 974 700	5 359 908	5 472 549

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors costs. The year to date budget of R54 810 193 less the year to date expenditure of R54 220 182 leaves a Variance of R590 011.

Table 24: Councillors Costs

	2015/2016 Annual Budget R	2015/2016 YTD Budget R	2015/2016 YTD Expenditure R	2015/2016 Variance R	2015/2016 YTD Expenditure %
Mayoral Allowance	745 445	745 445	701 676	43 769	94.13%
Deputy Mayoral Allowance	602 036	602 036	566 687	35 349	94.13%
Mayoral Committee Allowance	6 225 934	6 225 934	4 942 317	1 283 617	79.38%
Speakers Allowance	602 036	602 036	448 204	153 832	74.45%
Out of Pocket Expenses	1 140 000	1 140 000	560 298	579 702	49.15%
Councillors Allowance	22 758 902	22 758 902	24 183 611	-1 424 709	106.26%
Cllr Cell Phone Allowance	2 149 656	2 149 656	2 146 641	3 015	99.86%
Cllr Housing Subsidy	2 761 632	2 761 632	2 846 951	-85 319	103.09%
Cllr Medical Aid	1 874 352	1 874 352	1 783 219	91 133	95.14%
Cllr Pension Scheme	3 297 210	3 297 210	3 306 271	-9 061	100.27%
Cllr Travel Allowance	12 652 990	12 652 990	12 734 306	-81 316	100.64%
TOTAL	54 810 193	54 810 193	54 220 182	590 011	98.92%

13.MUNICIPAL ENTITY FINANCIAL PERFORMANCE

The parent municipality, Buffalo City Metropolitan Municipality, is still in a process of resuscitating the development agency for the metro. In this regard BCMM has constituted the board members for Buffalo City Metropolitan Development Agency (BCMDA) and the board is currently recruiting staff for the running of the agency. The CEO and a temporary Office Administrator have been appointed and commenced work on 01 November 2015 and 01 December 2015 respectively. The CFO was also recently appointed and commenced work on 18 April 2016.

The posts of Executive Manager: Corporate Services; Company Secretary & Legal Services Manager as well as an Executive Personal Assistant have been filled and the incumbents assumed duty on 01 June 2016, the Executive Manager: Development Facilitation recently commenced work on 01 July 2016. A decision has since been made not to fill the post of Manager: Risk & Internal Audit given the limited resources and the fact that the organization is being established and there may not be a lot of assurance work in the beginning. Two other posts, one for finance and administration and the other one for supply chain and supply chain management and asset

management have been advertised and the applications closed on 23 May 2016. It is anticipated that these two posts will be filled with effect from 01 September 2016.

The draft five year strategic plan for the agency has been developed and was discussed at the board workshop on 17 March 2016. The same was updated and discussed in a board meeting of 25 May 2016. The board approved with minor amendments the strategic plan in a board meeting that was held on 27 June 2016. It is anticipated that in the 2016/17 financial year, the entity will start operating on its own with minimal need for daily support from the parent municipality.

The Buffalo City Metropolitan Development Agency has a budget of R7.58 million within the Executive Support Services Directorate of BCMM and has spent R2.43 million (32.05%) as at 30 June 2016.

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent R1.08 billion inclusive of reclaimed vat (2014/15: R935.22 million) which is 78% (2014/15: 80%) of its 2015/16 mid-year adjusted capital budget of R1.39 billion (2014/15: R1.17 billion) as at 30 June 2016. This reflects a regression when compared to the same period in the previous financial year. However, the rand value spent is above what was spent last year as R1.08 billion (inclusive of reclaimed vat) has been spent compared to R935.22 million (inclusive of reclaimed vat) that was spent for the same period in 2014/15. 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 25 below reflects capital expenditure performance per source of funding.

Table 25: Capital Expenditure per Funding Source against Budget

Funding	<u>2015/2016</u> <u>Mid-year</u> <u>Adjustment</u> <u>Budget</u>	<u>2015/2016</u> <u>YTD Expend.</u> <u>(incl. VAT)</u>	<u>2015/2016</u> <u>Variance</u> <u>(incl. VAT)</u>	<u>2015/2016</u> <u>%</u> <u>Expenditure</u>
Total Own Funding	600 806 117	395 192 140	205 613 977	66%
DoE(Integrated National Electrification Programme)	30 000 000	11 989 641	18 010 359	40%
DSRAC (Department of Sport, Recreation, Arts and Culture c/o)	8 014 208	3 970 770	4 043 438	50%
Department of Local Government and Housing	9 036 112	-	9 036 112	0%
Electricity Demand Side Management Grant	13 000 000	14 795 757	-1 795 757	114%
Finance Management Grant	120 000	111 884	8 116	93%
Infrastructure Skills Development Grant	100 000	88 609	11 391	89%
Gavle	458 860	-	458 860	0%
Urban Settlement Development Grant	659 541 863	604 043 078	55 498 785	92%
Human Settlement Development Grant	69 800 000	52 179 501	17 620 499	75%
Total Grants	790 071 043	687 179 240	102 891 803	87%
TOTAL PER FUNDING	1 390 877 160	1 082 371 380	308 505 780	78%

Table 26 below reflects capital expenditure performance per service.

Table 26: Actual Expenditure per Service against Budget

Services	<u>2015/2016 Mid-</u> <u>year Adjustment</u> <u>Budget</u>	<u>2015/2016</u> <u>YTD Expend.</u> <u>(incl. VAT)</u>	<u>2015/2016</u> <u>Variance (incl.</u> <u>VAT)</u>	<u>2015/2016</u> <u>% Expend</u> <u>(incl. VAT)</u>
Water	118 000 000	121 403 278	-3 403 278	103%
Waste Water	242 801 527	155 829 775	86 971 752	64%
Electricity	164 500 000	145 642 801	18 857 199	89%
Roads and Stormwater	345 648 616	283 400 256	62 248 360	82%
Housing	196 390 625	171 050 996	25 339 629	87%
Spatial Planning	31 111 729	27 174 844	3 936 885	87%
Local Economic Development	24 000 000	12 785 234	11 214 766	53%
Transport Planning	31 500 000	31 425 508	74 492	100%
Waste Management / Refuse	72 479 736	36 480 798	35 998 938	50%
Amenities	53 574 482	44 424 293	9 150 189	83%
Public Safety	15 808 656	5 125 028	10 683 628	32%
Support Services	47 061 789	22 728 071	24 333 718	48%
Other - BCM Fleet	48 000 000	24 900 499	23 099 501	52%
Total Per Service	1 390 877 160	1 082 371 380	308 505 780	78%

Table 27 below reflects capital expenditure performance per directorate.

Table 27: Actual Expenditure per Directorate against Budget

Directorate	<u>2015/2016 Mid-year Adjustment Budget</u>	<u>2015/2016 YTD Expend. (incl. VAT)</u>	<u>2015/2016 Variance (incl. VAT)</u>	<u>2015/2016 % Expend (incl. VAT)</u>
Directorate of Executive Support Services	4 898 157	2 309 092	2 589 065	47%
Directorate of the City Manager	700 000	235 014	464 986	34%
Directorate of Human Settlement	196 390 625	171 050 996	25 339 629	87%
Directorate of Finance	751 902	594 086	157 816	79%
Directorate of Corporate Services	30 620 590	17 901 827	12 718 763	58%
Directorate of Infrastructure Services	919 500 143	731 472 202	188 027 941	80%
Directorate of Development and Spatial Planning	62 152 869	58 600 351	3 552 518	94%
Directorate of Economic Development and Agencies	24 000 000	12 785 234	11 214 766	53%
Directorate of Health, Public Safety and Emergency Services	15 808 656	5 125 028	10 683 628	32%
Directorate of Municipal Services	126 054 218	80 905 092	45 149 126	64%
TOTAL DIRECTORATES	1 380 877 160	1 080 978 921	299 898 239	78%
Asset Replacement	10 000 000	1 392 459	8 607 541	14%
GRAND - TOTAL	1 390 877 160	1 082 371 380	308 505 780	78%

The capital programme performance by month is tabulated in table 28 below (Exclusive of Vat).

Table 28: SC12 Monthly budget Statement – capital expenditure trend

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

Month	2014/15	Budget Year 2015/16							
	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	4 279	2 538	2 748	148	148	2 748	2 600	94.6%	0%
August	36 998	30 122	34 860	42 068	42 216	37 608	(4 608)	-12.3%	3%
September	63 771	24 852	28 339	57 530	99 746	65 947	(33 799)	-51.3%	8%
October	82 385	45 563	48 109	101 591	201 336	114 056	(87 281)	-76.5%	16%
November	52 978	43 333	47 611	85 219	286 556	161 666	(124 889)	-77.3%	22%
December	123 417	50 976	58 312	111 569	398 125	219 978	(178 146)	-81.0%	31%
January	30 397	29 612	34 931	62 851	460 975	254 909	(206 066)	-80.8%	36%
February	47 087	32 833	34 767	49 495	510 470	289 677	(220 794)	-76.2%	40%
March	104 078	51 060	55 941	117 166	627 636	345 618	(282 018)	-81.6%	49%
April	59 993	69 017	77 242	19 396	647 032	422 860	(224 172)	-53.0%	0
May	96 922	65 150	73 367	96 244	743 277	496 227	(247 050)	-49.8%	0
June	227 742	830 300	894 650	266 306	1 009 582	1 390 877	381 295	27.4%	0
Total Capital expenditure	930 050	1 275 354	1 390 877	1 009 582					

Table 29: SC13a Monthly budget Statement – capital expenditure on new assets by asset class

Description	Ref	2014/15	Budget Year 2015/16				c			
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		213 161	158 210	187 162	19 103	146 051	187 162	41 112	22.0%	187 162
Infrastructure - Road transport		116 893	20 000	20 000	498	18 459	20 000	1 541	7.7%	20 000
<i>Roads, Pavements & Bridges</i>		116 893	20 000	20 000	498	18 459	20 000	1 541	7.7%	20 000
<i>Storm water</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		38 944	66 500	66 500	3 603	46 247	66 500	20 253	30.5%	66 500
<i>Generation</i>		-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>		38 944	66 500	66 500	3 603	46 247	66 500	20 253	30.5%	66 500
<i>Street Lighting</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>		-	-	-	-	-	-	-	-	-
<i>Water purification</i>		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>		-	-	-	-	-	-	-	-	-
<i>Sewerage purification</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Other		57 324	71 710	100 662	15 002	81 344	100 662	19 318	19.2%	100 662
<i>Waste Management</i>		30 727	21 710	34 662	584	30 840	34 662	3 822	11.0%	34 662
<i>Transportation</i>		25 256	30 000	42 000	12 596	38 667	42 000	3 333	7.9%	42 000
<i>Gas</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>		1 341	20 000	24 000	1 822	11 837	24 000	12 163	50.7%	24 000
<u>Community</u>		20 706	35 069	18 300	4 312	17 846	18 300	454	2.5%	18 300
Parks & gardens		3 576	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		7 392	27 069	10 300	3 802	9 941	10 300	359	3.5%	10 300
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		9 738	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	8 000	8 000	510	7 905	8 000	95	1.2%	8 000
<u>Heritage assets</u>		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<u>Investment properties</u>		145 316	211 274	195 880	11 669	155 741	195 880	40 139	20.5%	195 880
Housing development		145 316	211 274	195 880	11 669	155 741	195 880	40 139	20.5%	195 880
Other		-	-	-	-	-	-	-	-	-
<u>Other assets</u>		48 568	125 375	128 256	31 394	42 089	128 256	86 167	67.2%	128 256
General vehicles		25 117	48 450	48 450	24 874	24 900	48 450	23 550	48.6%	48 450
Specialised vehicles		-	7 600	5 588	-	3 533	5 588	2 055	36.8%	5 588
Plant & equipment		688								

Table 30: SC13b Monthly budget Statement – capital expenditure on renewal of existing assets by asset class

BUF Buffalo City - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M12										
Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		490 455	686 056	791 000	171 652	595 913	791 000	195 087	24.7%	791 000
Infrastructure - Road transport		212 002	245 000	320 649	61 822	245 710	320 649	74 939	23.4%	320 649
Roads, Pavements & Bridges		212 002	245 000	320 649	61 822	245 710	320 649	74 939	23.4%	320 649
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		79 994	92 000	98 000	21 283	93 690	98 000	4 310	4.4%	98 000
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		79 994	92 000	98 000	21 283	93 690	98 000	4 310	4.4%	98 000
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		90 752	91 000	110 000	25 780	112 376	110 000	(2 376)	-2.2%	110 000
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		90 752	91 000	110 000	25 780	112 376	110 000	(2 376)	-2.2%	110 000
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		107 707	258 056	262 352	62 766	144 137	262 352	118 214	45.1%	262 352
Waste Management		107 707	258 056	262 352	62 766	144 137	262 352	118 214	45.1%	262 352
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Community		4 788	30 700	27 759	11 085	19 727	27 759	8 033	28.9%	27 759
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		4 495	22 700	19 009	7 362	12 462	19 009	6 547	34.4%	19 009
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		293	8 000	8 750	3 722	7 264	8 750	1 486	17.0%	8 750
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		7 056	28 671	42 519	17 092	32 216	42 519	10 303	24.2%	42 519
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		7 056	24 221	41 519	16 677	31 789				

15.OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 67% (R335.64 million) inclusive of reclaimed vat of its 2015/16 mid-year adjusted budget of R501.84 million as at 30 June 2016. This reflects a regression when compared to the same period in the previous financial year where 76% (R260.35 million) of the mid-year adjusted operating projects budget of R341.92 million was spent. However, the rand value spent is above what was spent last year as R335.64 million inclusive of reclaimed vat) has been spent compared to R260.35 million (inclusive of reclaimed vat) that was spent for the same period in 2014/15.

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

Tables 31 and 32 below summarise Annexure D.

Table 31: Operating Projects per Directorate

OPERATING PROJECTS PER DIRECTORATE	<u>2015/2016 Mid Year Adjustment Opex Budget</u>	<u>2015/2016 YTD Expenditure (incl. vat)</u>	<u>2015/2016 Available Budget (incl. vat)</u>	<u>2015/2016 % Expenditure (incl. vat)</u>
Directorate of Executive Support Services	2 521 697	1 211 078	1 310 619	48%
Directorate of The City Manager	31 996 309	25 074 111	6 922 198	78%
Directorate of Human Settlements	305 374 146	177 297 697	128 076 449	58%
Directorate of Finance	43 445 303	21 475 360	21 969 943	49%
Directorate of Corporate Services	9 624 627	4 527 146	5 097 481	47%
Directorate of Infrastructure Services	71 500 000	72 302 225	-802 225	101%
Directorate of Development & Spatial Planning	400 000	397 018	2 982	99%
Directorate of Economic Development & Agencies	18 200 000	17 469 540	730 460	96%
Directorate of Health / Public Safety & Emergency Services	75 000	0	75 000	0%
Directorate of Municipal Services	18 701 236	15 885 820	2 815 416	85%
TOTAL	501 838 318	335 639 995	166 198 323	67%

Table 32: Operating Projects per Funding Source

OPERATING PROJECTS PER FUNDING SOURCE	<u>2015/2016 Mid Year Adjustment Opex Budget</u>	<u>2015/2016 YTD Expenditure (incl. vat)</u>	<u>2015/2016 Variance (incl. vat)</u>	<u>2015/2016 % Expenditure (incl. vat)</u>
Total Own Funding	89 905 161	59 100 775	30 804 386	54%
Department of Environmental Affairs	2 500 000	0	2 500 000	0%
Umsobomvu Youth Fund	131 466	115 703	15 763	88%
Department of Local Government & Traditional Affairs	2 000 000	2 046 408	-46 408	102%
Department of Local Government & Traditional Affairs c/o	1 769 908	1 083 167	686 741	61%
Expanded Public Works Programme Incentives Grant	1 149 000	1 033 911	115 089	90%
Finance Management Grant	1 180 000	1 197 417	-17 417	101%
Human Settlement Development Grant	281 652 815	162 645 399	119 007 416	58%
Human Settlement Development Grant c/o	1 501 683	753 189	748 494	50%
Infrastructure Skills Development Grant	8 400 000	4 051 731	4 348 269	48%
Integrated City Development Grant	5 605 000	1 298 848	4 306 152	23%
Municipal Human Settlement Capacity Grant	9 253 000	2 991 682	6 261 318	32%
Urban Settlement Development Grant	95 993 545	98 565 234	-2 571 689	103%
Department of Sports, Recreation, Arts and Culture	30 533	29 672	861	97%
Department of Land Affairs	766 207	726 859	39 348	95%
Total Grants	411 933 157	276 539 220	135 393 938	67%
TOTAL PER FUNDING	501 838 318	335 639 995	166 198 323	67%

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

16.1. Health / Public Safety & Emergency Services

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

Table 33: Health / Public Safety & Emergency Services – Cost Analysis

Health & Public Safety	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES	-	2 357 036	287 062	-	2 644 098
GM - EMERGENCY SERVICES	(82 153 055)	58 768 133	23 915 951	1 079 676	83 763 759
EMERGENCY SERVICES	-	2 211 280	409 422	10 105	2 630 807
DISASTER MANAGEMENT	-	2 209 889	931 471	14 947	3 156 307
FIRE & RESCUE	(82 153 055)	54 346 964	22 575 058	1 054 623	77 976 645
GM - MUNICIPAL HEALTH SERVICES	(427 893)	25 263 759	4 229 381	144 323	29 637 463
MUNICIPAL HEALTH SERVICES	(427 893)	25 263 759	4 229 381	144 323	29 637 463
GM - PUBLIC SAFETY & PROTECTION SERVICES	(60 222 020)	162 582 621	18 874 479	2 090 262	183 547 363
PUBLIC SAFETY & PROTECTION SERVICES	(43 084)	19 280 591	11 294 369	1 201 463	31 776 422
LAW ENFORCEMENT SERVICES	(36 192)	90 929 316	3 412 699	454 025	94 796 040
TRAFFIC SERVICES	(60 142 744)	52 372 715	4 167 411	434 774	56 974 900
Total	(142 802 967)	248 971 548	47 306 873	3 314 261	299 592 683

16.2. Municipal Services

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

Table 34: Municipal Services – Cost Analysis

Community Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	(9 111)	6 474 171	2 818 692	9 125	9 301 988
GM - COMMUNITY AMENITIES	(15 108 624)	95 388 223	24 342 345	3 975 554	123 706 121
COMMUNITY AMENITIES	-	10 081 705	624 616	55 859	10 762 179
LIBRARIES	(9 935 366)	17 451 380	1 887 808	218 626	19 557 814
HALLS	(1 446 056)	12 907 233	4 109 405	561 167	17 577 806
RECREATION	(3 560 716)	33 615 499	9 037 986	2 105 877	44 759 362
SPORTS FACILITIES	(166 486)	21 332 406	8 682 529	1 034 025	31 048 960
GM - PARKS / CEMETRIES & CONSERVATION	(9 729 131)	123 097 326	24 951 968	5 603 251	153 652 545
PARKS / CEMETRIES & CONSERVATION	-	2 106 949	206 803	-	2 313 752
CEMETRIES & CREMATORIA	(8 237 818)	19 793 848	8 884 081	330 169	29 008 098
CONSERVATION	(1 347 001)	14 541 225	3 199 993	639 220	18 380 438
PARKS: COASTAL	(144 313)	86 655 304	12 661 091	4 633 862	103 950 258
GM - SOLID WASTE MANAGEMENT	(364 262 832)	123 793 503	166 021 043	21 934 092	311 748 639
SOLID WASTE MANAGEMENT	-	9 450 023	14 633 307	5 212 586	29 295 916
CLEANSING & REFUSE REMOVAL: COASTAL	(360 891 343)	104 392 557	110 776 344	16 680 717	231 849 618
LANDFILLS & TRANSFER STATIONS	(3 371 488)	9 950 923	40 611 392	40 790	50 603 105
Total	(389 109 699)	348 753 223	218 134 048	31 522 022	598 409 292

17.VIREMENTS ON THE 2015/16 BUDGET

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

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

17.1 Directorate of Human Settlements

The Directorate of Human Settlements experienced budget constraints on some projects that are performing above expectation. The directorate also experienced challenges within some projects that are currently being implemented and these challenges have caused some projects to move slowly. Due to this the directorate requested that funds from slow moving projects be re-allocated to projects that are performing well in the month ending 30 June 2016. The funding sources for each of the transfers were the same; the transfers were between existing capital projects which were approved by Council.

Table 35 below details the virements that were effected for the Directorate of Human Settlements.

Table 35: Budget Transfers within the Directorate of Human Settlements

Project Name	Funding Source	2014/2015 Mid-Year Adj Budget	2014/2015 Transfers	2014/2015 Final-Year Adj Budget
TRANSFERRED FROM				
Reeston Phase 3 Stage 2	USDG	13 000 000	(10 000 000)	3 000 000
Mdantsane Zone 18 cc Phase 2	USDG	3 500 000	(1 000 000)	2 500 000
Sunny South	USDG	6 800 000	(3 000 000)	3 800 000
Ilitha North 177 units	USDG	1 500 000	(1 400 000)	100 000
Ilitha Eradication of Wooden Houses to Formal Houses	HSDG	10 380 294	(2 000 000)	8 380 294
Cluster 1 (Masibambane, Masibulele, Velwano, Ilinge and Dacawa)	HSDG	75 519 030	(5 000 000)	70 519 030
Cluster 3 (Fynbos Informal 1 & 2, Ndancama)	HSDG	45 861 424	(5 000 000)	40 861 424
Reeston Phase 3 Stage 3 P5	HSDG	62 804 569	(5 000 000)	57 804 569
TOTAL		219 365 317	(32 400 000)	186 965 317
TRANSFERRED TO				
Cluster 1 (Masibambane, Masibulele, Velwano, Ilinge and Dacawa)	USDG	33 750 000	8 000 000	41 750 000
Cluster 3 (Fynbos Informal 1 & 2, Ndancama)	USDG	41 350 000	5 000 000	46 350 000
Block Yard TRA	USDG	1 000 000	1 000 000	2 000 000
Ilitha Eradication of Wooden Houses to formal Houses	USDG	0	1 400 000	1 400 000
Reeston Phase 3 Stage 2	HSDG	13 000 000	17 000 000	30 000 000
TOTAL		89 100 000	32 400 000	121 500 000
GRAND TOTAL		308 465 317	-	308 465 317

17.2 Directorate of Infrastructure Services

The Directorate of Infrastructure Services experienced budget constraints on some projects that are performing above expectation. The directorate also experienced challenges within some projects that are currently being implemented and these challenges have caused some projects to move slowly. Due to this the directorate requested that funds from slow moving projects be re-allocated to projects that are performing well in the month ending 30 June 2016. The funding sources for each of the transfers were the same; the transfers were between existing capital projects which were approved by Council.

Table 36 below details the virements that were effected for the Directorate of Infrastructure Services.

Table 36: Budget Transfers within the Directorate of Infrastructure Services

Project Name	Funding Source	2014/2015 Mid-Year Adj Budget	2014/2015 Transfers	2014/2015 Final-Year Adj Budget
<u>TRANSFERRED FROM</u>				
Bulk Sanitation Provision-Eastern Beach Sewer	Own Funds c/o	29 989 912	(R5 000 000)	R24 989 912
Bulk Sanitation Provision –Replacing Existing Infrastructure	Own Funds	69 500 000	(R3 000 000)	R66 500 000
Waste Water Infrastructure Capacity	USDG	31 400 000	(R5 000 000)	R26 400 000
TOTAL		130 889 912	(13 000 000)	117 889 912
<u>TRANSFERRED TO</u>				
Bulk Water Provision –Replacing of Existing Infrastructure	Own Funds	40 000 000	8 000 000	48 000 000
Gqozo Village Phase 2	USDG	15 000 000	5 000 000	20 000 000
TOTAL		55 000 000	13 000 000	68 000 000
GRAND TOTAL				
		185 889 912	0	185 889 912

18.SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The SDBIP is a management, implementation and monitoring tool which assists the Executive Mayor, Councillors, Accounting Officer, Senior Managers and the community with the realization of Municipality's strategic objectives as contained in the Integrated Development Plan. 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 2015/2016 financial year per vote is informed by Council resolutions to improve the quality of life of residents and citizens of BCMM. In doing so, Council is renewing its pledge to create "a City that grows with you".

The BCMM 2015/16 Service Delivery Targets and Performance Indicators as well as actual performance achieved are attached as Annexure F.

Below is the summary of the 4th quarter SDBIP performance per directorate.

SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS - FOURTH QUARTER 2015/16 PER DIRECTORATE

Executive Support Services

The Executive Support Services Directorate has set 7 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 6, not achieved is 1, and not for reporting is 1. Therefore, the overall 4th Quarter Performance for Executive Support Services is standing at 86%.

Human Settlements

The Human Settlements Directorate has set 5 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 2, not achieved is 3. Therefore, the overall 4th Quarter Performance for Human Settlements is standing at 40%.

Chief Financial Officer

The Chief Financial Officer Directorate has set 9 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 7, not achieved is 2. Therefore, the overall 4th Quarter Performance for CFO is standing at 78%.

Corporate Services

The Corporate Services Directorate has set 7 KPI's on their SDBIP. The total of KPI's achieved is 3 not achieved is 4. Therefore, the overall 4th Quarter Performance for Corporate Services is 43%.

Infrastructure Services

The Infrastructure Services Directorate has set 16 KPI's on their SDBIP. The total of KPI's achieved is 14 and not achieved is 2. Therefore, the overall 4th Quarter Performance for Infrastructure Services is 88%.

Development and Spatial Planning

The Directorate of Development and Spatial Planning has set 7 KPI's on their SDBIP.

The total of KPI's achieved is 5, not achieved is 2. Therefore, the overall 4th Quarter Performance for Development and Spatial Planning is 71 %.

Economic Development and Agencies

The Directorate of Economic Development and Agencies has set 10 KPI's on their SDBIP. The total of KPI's achieved is 6 and not achieved is 3. Not for reporting this quarter is 1. Therefore, the overall 4th Quarter Performance for Economic Development and Agencies is 67 %.

Health/Public Safety and Emergency Services

The Directorate of Health/Public Safety and Emergency Services has set 10 KPI's on their SDBIP. The total of KPI's achieved is 1 and not achieved is 9. Therefore, the overall 4th Quarter Performance for Health/Public Safety and Emergency Services is standing at 10%.

Municipal Services

The Directorate of Municipal Services has set 9 KPI's on their SDBIP. The total of KPI's achieved is 2 and not achieved is 7. Therefore, the overall 4th Quarter Performance for Municipal Services is 22 %.

The overall performance of the organization is 58%. The organizational performance has declined by 4% compared to the previous quarter.

The above information is summarized in table 37 below:

Table 37: Summary of BCMM 4th 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	% of KPI's achieved
Executive Support Services	7	6	1	0	86%
Human Settlements	5	2	3	0	40%
Chief Financial Officer	9	7	2	0	78%
Corporate Services	7	3	4	0	43%
Infrastructure Services	16	14	2	0	88%
Development and Spatial Planning	7	5	2	0	71%
Economic Development and Agencies	10	6	3	1	67%
Health/Public Safety and Emergency Services	10	1	9	0	10%
Municipal Services	9	2	7	0	22%

19.NATIONAL TREASURY BUDGET VERIFICATION PROCESS

After the approval of municipal budgets in May of each year, National Treasury embarks on the verification process during the month of June on the A1 Schedules to have the same alignment with the records of the Local Government Database. There were cosmetic changes made to the following tables on 2016/17 A1 schedule:

- Table A1: Budget Summary
- Table A2: Budgeted Financial Performance (revenue and expenditure by standard classification)
- Table A4: Budgeted Financial Performance (revenue and expenditure)
- Table A6: Budgeted Financial Position
- Table A7: Budget Cash Flows
- Table SA1: Supporting Details to Budgeted Financial Performance
- Table SA1: Supporting Details to Budgeted Financial Position

These amendments are in line with the records submitted to the Local Government Database.

20. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

I, NCEBA NCUNYANA, the Acting City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

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

for the period ending **June 2016** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print name:

Acting City Manager of Buffalo City Metropolitan Municipality, BUF

Signature:

Date:

ANNEXURES:

Annexure A

- C1 Monthly Budget Statement - Summary
- C2 Monthly Budget Statement - Financial Performance (Std Classification)
- C3 Monthly Budget Statement - Financial Performance (By Municipal Vote)
- C4 Monthly Budget Statement - Financial Performance (Revenue and Expenditure)
- C5 Monthly Budget Statement - Capital Expenditure (Municipal Vote, Std Classification and Funding)
- C6 Monthly Budget Statement - Financial Position
- C7 Monthly Budget Statement - Cash Flow

Annexure B

- SC1 Material Variance Explanation
- SC2 Performance Indicators
- SC3 Aged Debtors
- SC4 Aged Creditors
- SC5 Investment Portfolio
- SC6 Transfers and Grants Receipts
- SC7 (1) Transfers and Grants Expenditure
- SC7 (2) Expenditure against approved rollovers
- SC8 Councillor and Staff Benefits
- SC9 Actuals and Revised Targets for Cash Receipts
- SC12 Capital Expenditure trend
- SC13a Capital Expenditure on New Assets by Class
- SC13b Capital Expenditure on Renewal of Existing Assets by Class
- SC13c Expenditure on Repairs and Maintenance by Asset Class
- SC13d Depreciation by Asset Class

Annexure C

Schedule of Borrowings

Annexure D

Operating expenditure report

Annexure E

Capital expenditure report

Annexure F

Service Delivery and Budget Implementation Plans (SDBIP)

Annexure G

2016/17 Medium Term Revenue & Expenditure Framework (MTREF) A1 Schedules