

REPORT TO EXECUTIVE MAYOR: 15 JANUARY 2018

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2017/18 MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT

1. PURPOSE

The purpose of the report is for the Executive Mayor to consider and note the mid-year budget and performance assessment of Buffalo City Metropolitan Municipality for the 2017/18 financial year.

2. AUTHORITY

Executive Mayor

3. LEGAL / STATUTORY REQUIREMENTS

The Constitution of the Republic of South Africa, 1996

Municipal Finance Management Act No 56, 2003 Chapter 7, Section 71 & 72

Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

In terms of Section 72, of the Municipal Finance Management Act No. 56, 2003, Chapter 8, the accounting officer of the municipality must, by 25 January of each year,-

- a) assess the performance of the municipality during the first half of the financial year, taking into account—
 - (i) the monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
 - (iv) the performance of every municipal entity under the sole or shared

control of the municipality, taking into account reports in terms of section 88 from any such entities; and

b) submit a report on such assessment to—

- (i) the mayor of the municipality;
- (ii) the National Treasury; and
- (iii) the relevant provincial treasury.

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).

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PART 1: IN-YEAR REPORT

5. RESOLUTIONS

It is recommended that:

- (i) The Executive Mayor consider and note 2017/18 Mid-Year Budget and Performance Assessment Report of BCMM for the 2017/18 financial year in terms of Section 72 of the MFMA including supporting documentation attached as Annexure A to G.
- (ii) The Executive Mayor note the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.
- (iii) The Executive Mayor note the year to date collection rate for the period ended 31 December 2017 of 83.99%.
- (iv) The Executive Mayor note the implemented and approved virement requests from the Directorate of Municipal Services during the 2017/2018 financial year.

V. PILLAY

ACTING CITY MANAGER

BUFFALO CITY METROPOLITAN MUNICIPALITY

NTSIKELELO/YM

DATE

6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 31 DECEMBER 2017

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 3,213,935,805	Bank Balance	R 169,066,667
Expenditure	(R 3,516,437,894)	Call investments (excl. int.)	R 1,755,707,203
Operating Surplus / (Deficit)	(R 302,502,089)	Cash and cash equivalents	R 1,915,161,906
Transfers Recognised - Capital	R 289,449,520	<i>Account Payables</i>	<i>(R 483,782,637)</i>
Surplus / (Deficit) After Capital Transfers	(R 13,052,569)	<i>Unspent conditional grants</i>	<i>(R 409,600,580)</i>
DEBTORS		<i>Committed to Capital budget-own funds</i>	<i>(R 771,632,509)</i>
Gross debtors book (incl. impairment)	R 2,126,261,985	Therefore, Cash and Cash equivalents ring fenced for assets renewal in outer years	R 250,146,180
Total debtors - Government	R 37,405,373	Total Long term loans	R 422,643,574
Total debtors - Business	R 526,369,510		
Total debtors - Households	R 1,294,969,739		
Total debtors - Other	R 267,517,364	SURPLUS / (DEFICIT) PER SERVICE	
Total debt written off	R 31,940	Water	R 57,212,254
REPAIRS AND MAINTENANCE		Electricity	(R 111,408,371)
2016/2017: Exp. = R157,82m, which is 38% of approved budget of R414.79 m	2017/2018: Exp.= R154,87 m, which is 33% of approved budget of R462.45 m	Refuse	R21,578,826
		Sewerage	R 116,600,952
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
2016/2017: Exp. as a % of Adjusted Budget of R1.69b: Exp. (excl. vat) = R491.48 mil % exp. (Excl. vat) : 29% Exp. (incl. vat) = R529.68 mil % exp. (incl. vat): 31%	2017/2018: Exp. as a % of Adjusted Budget of R1.71b: Exp. (excl. vat) = R426.81 mil % exp. (Excl. vat) :25% Exp. (incl. vat) = R464.77 mil % exp. (incl. vat): 27%	2016/2017: Exp. as a % of Adjusted Budget of R327.39m: Exp. (excl. vat) = R136.29 mil % exp. (excl. vat): 42% Exp. (incl. vat) = R142.35 mil % exp. (incl. vat): 43%	2017/2018: Exp. as a % of Adjusted Budget of R298.17m: Exp. (excl. vat) = R110.30 mil % exp. (excl. vat): 37% Exp. (incl. vat) = R116.23 mil % exp. (incl. vat): 39%
FINANCIAL		HUMAN RESOURCES	
Operating Deficit for the period	R 302,502,089	Total staff complement	5 165
Debtors collection ratio	83.99%	Staff Appointments	112
YTD Grants and subsidies	R 911,785,553	Staff Terminations	86
% of Creditors paid within terms	100%	Number of funded vacant posts	708
Current ratio	2.95:1	Total overtime paid (YTD)	R 64,713,791
Total Debt to Revenue	8.77%	Allowances and benefits - Councillors	R 27,295,191
Capital Charges to Operating Expenditure	1.31%	Salary bill - Officials	R 892,134,247
Cost coverage ratio	4.48 months	Workforce costs as a % of expenditure	26.15%

6.2 Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 2.95:1 which indicates the ability of Municipality's current assets to cover its current liabilities. Net debtors constitute 42% of the current assets, inventory constitutes 1% and cash & cash equivalents comprise 55% of the current assets. The City is liquid and can easily meet its immediate obligations as the current ratio is above the norm of 1.5 - 2:1 as per the MFMA circular 71.

6.3 Collection Rate and Outstanding Debtors

The year to date collection rate for the month ended 31 December 2017 is 83.99% (2016/17: 84.67%). The collection rate has decreased by 0.34% from last month where 84.33% was achieved for the period ended 30 November 2017. This ratio denotes the City's ability to collect the billed revenue from its consumers. The moratorium on blockings from 22 December 2017 to 05 January 2018 had a negative effect on the collection rate. The current collection rate is below the acceptable norm of 95% as informed by the MFMA circular 71. The corrective measures that are implemented to improve the collection are detailed under section 8 of the report under debtors' management.

Total gross debtors book (including current accounts) as at 31 December 2017 amounts to R2.13 billion (2016/17: R1.94 billion). Households: R1.29 billion, Business: R526.37 million, Government: R37.40 million, Other: R267.52 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

BCMM has spent 27% (R464.77 million, inclusive of reclaimed vat) of its 2017/18 adjusted capital budget of R1.71 billion as at 31 December 2017. This depicts regression in percentage and rand value terms when compared to the same period in the previous financial year where 31% (R529.68 million, inclusive of reclaimed vat) of the adjusted capital budget of R1.69 billion was

spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded. (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 39% (R116.23 million, inclusive of reclaimed vat) of its 2017/18 adjusted operating projects budget of R298.17 million as at 31 December 2017. This depicts regression in both percentage and rand value terms when compared to the same period in the previous financial year where 43% (R142.35 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R327.39 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded. (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 45% (R392.93 million, inclusive of reclaimed vat) of its 2017/2018 conditional grants budget of R882.77 million as at 31 December 2017. This reflects a slight regression in percentage terms and a slight improvement in rand value terms when compared to the same period in the previous financial year where 46% (R380.61 million, inclusive of reclaimed of vat) of conditional grants budget of R828.70 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded. (Refer to Section 11 for further details).

6.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent 47% (R357.98 million, inclusive of reclaimed vat) of its 2017/2018 USDG budget of R768.13 million as at 31 December 2017. This reflects a regression in both percentage and rand value terms when compared to the same period in the previous financial year where 51% (R375.80 million, inclusive of reclaimed of vat) of USDG budget of R731.5 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded. (Refer to Section 11 for further details).

6.7 Cash and Cash Equivalents

The cash and cash equivalents of the City as at 31 December 2017 are R1.91 billion made up of cash and bank amounting to R169.06 million and call investment deposits of R1.74 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 4.48 months. This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue during that period. This ratio denotes that the City can meet its monthly operating commitments 4.48 times, which is above the norm of 1-3 months as per the MFMA circular 71. It is however a concern to note that the city's cash and cash equivalent is decreasing due to the unfavourable collection rate that is below the target as depicted in section 6.3 of the report.

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. However, Small Micro Medium Enterprises (SMME) are paid on a fortnightly basis to assist emerging service providers. Refer to Section 9 for details.

6.9 Long-Term Debt Profile

The total long term borrowings of the municipality as at 31 December 2017 amounts to R422.64 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 31 December 2017 is 1.31%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6% and 8%; BCMM is below the norm and has the capacity to take on additional borrowing to invest in infrastructure projects that generate revenue. The City is currently in the process of securing additional loan funding which will result in the actual ratio moving closer to the norm.

The total debt to revenue ratio is 8.77% as at 31 December 2017, this indicates the extent of total borrowings (short and long term debt financing) in relation to total operating revenue of the municipality. The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities. The municipality is therefore highly solvent to meet its debt obligation as it is below the set ceiling of 45% in accordance with the MFMA circular 71.

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 - M06 December									
Description	2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Budget Year 2017/18				
					YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	978 231	1 225 285	1 225 285	82 285	590 353	639 681	(49 328)	-8%	1 225 285
Service charges	2 867 970	3 011 895	3 011 895	249 609	1 509 164	1 486 515	22 649	2%	3 011 895
Investment revenue	148 011	157 002	157 002	8 056	61 744	79 312	(17 569)	-22%	157 002
Transfers and subsidies	1 304 827	1 368 106	1 369 045	430 161	911 786	924 778	(12 993)	-1%	1 369 045
Other own revenue	313 867	426 719	426 719	22 246	140 890	174 046	(33 156)	-19%	426 719
Total Revenue (excluding capital transfers and contributions)	5 612 906	6 189 006	6 189 946	792 357	3 213 936	3 304 333	(90 397)	-3%	6 189 946
Employee costs	1 560 996	1 733 321	1 733 321	150 744	892 134	840 111	52 023	6%	1 733 321
Remuneration of Councillors	55 482	62 398	62 398	4 579	27 295	30 362	(3 066)	-10%	62 398
Depreciation & asset impairment	807 050	778 273	778 273	220 051	873 583	388 644	484 939	125%	778 273
Finance charges	49 359	54 318	54 318	3 805	22 802	28 533	(5 731)	-20%	54 318
Materials and bulk purchases	1 558 514	1 578 167	1 578 167	115 100	858 731	845 819	12 912	2%	1 578 167
Transfers and subsidies	394 807	328 637	328 637	32 597	177 673	121 832	55 841	46%	328 637
Other expenditure	1 618 312	1 652 966	1 653 905	127 518	664 219	868 940	(204 721)	-24%	1 653 905
Total Expenditure	6 044 521	6 188 080	6 189 019	654 393	3 516 438	3 124 241	392 196	13%	6 189 019
Surplus/(Deficit)	(431 615)	926	926	137 964	(302 502)	180 091	(482 594)	-268%	926
Transfers and subsidies - capital (monetary allocations) (National / P	669 780	795 307	804 572	94 433	289 450	458 853	(169 404)	-37%	804 572
Contributions & Contributed assets	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	238 165	796 234	805 499	232 397	(13 053)	638 945	(651 997)	-102%	805 499
Share of surplus/ (deficit) of associate	15 248	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year	253 413	796 234	805 499	232 397	(13 053)	638 945	(651 997)	-102%	805 499
Capital expenditure & funds sources									
Capital expenditure	1 276 301	1 645 204	1 713 563	123 230	426 808	410 113	16 695	4%	1 713 563
Capital transfers recognised	669 780	795 307	804 343	94 433	289 450	192 506	96 943	50%	804 343
Public contributions & donations	—	—	229	—	—	55	(55)	-100%	229
Borrowing	—	69 000	69 000	—	547	16 514	(15 967)	-97%	69 000
Internally generated funds	606 521	780 897	839 991	28 797	136 812	201 038	(64 226)	-32%	839 991
Total sources of capital funds	1 276 301	1 645 204	1 713 563	123 230	426 808	410 113	16 695	4%	1 713 563
Financial position									
Total current assets	3 174 072	3 690 664	3 690 664		3 461 641				3 690 664
Total non current assets	16 490 855	15 248 547	15 316 906		16 042 636				15 316 906
Total current liabilities	1 371 169	1 336 012	1 336 012		1 172 944				1 336 012
Total non current liabilities	915 192	1 146 211	1 146 211		906 355				1 146 211
Community wealth/Equity	17 378 567	16 456 988	16 525 347		17 424 978				16 525 347
Cash flows									
Net cash from (used) operating	645 551	1 809 846	1 819 111	390 614	674 992	909 556	234 563	26%	1 819 111
Net cash from (used) investing	(1 278 640)	(1 582 484)	(1 713 563)	(231 792)	(426 808)	(856 782)	(429 974)	50%	(1 713 563)
Net cash from (used) financing	(50 709)	20 252	20 252	(14 878)	(23 124)	4 376	27 500	628%	20 252
Cash/cash equivalents at the month/year end	1 690 102	2 539 412	2 417 597	—	1 915 162	2 348 948	433 786	18%	1 815 902
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	278 188	100 343	94 124	82 315	67 021	59 864	320 229	1 124 178	2 126 262
Creditors Age Analysis									
Total Creditors	469 071	14 712	—	—	—	—	—	—	483 783

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 (functional classification) - M06 December

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		2 072 852	2 447 732	2 448 051	399 509	1 345 556	1 403 157	(57 600)	-4%	2 448 051
Executive and council		22 632	29 589	29 907	7 322	13 289	16 057	(2 769)	-17%	29 907
Finance and administration		2 039 712	2 418 143	2 418 143	392 186	1 332 268	1 387 099	(54 832)	-4%	2 418 143
Internal audit		10 508	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		476 980	402 630	402 984	24 473	98 460	208 722	(110 262)	-53%	402 984
Community and social services		32 873	31 607	31 961	611	6 046	7 037	(990)	-14%	31 961
Sport and recreation		7 608	5 909	5 909	93	902	4 204	(3 302)	-79%	5 909
Public safety		145 346	88 321	88 321	11 428	50 127	42 893	7 234	17%	88 321
Housing		290 848	276 769	276 769	12 343	41 383	154 587	(113 204)	-73%	276 769
Health		306	24	24	–	2	2	0	6%	24
<i>Economic and environmental services</i>		245 652	432 207	441 243	49 422	165 023	253 447	(88 424)	-35%	441 243
Planning and development		36 291	45 006	45 006	8 954	39 208	20 329	18 879	93%	45 006
Road transport		209 257	386 748	395 784	40 411	124 840	232 759	(107 919)	-46%	395 784
Environmental protection		104	452	452	57	975	359	616	171%	452
<i>Trading services</i>		3 454 626	3 673 575	3 674 071	410 904	1 878 200	1 882 816	(4 616)	0%	3 674 071
Energy sources		1 756 848	1 926 400	1 926 400	165 213	890 407	917 312	(26 905)	-3%	1 926 400
Water management		682 022	655 778	655 778	81 090	388 613	378 566	10 047	3%	655 778
Waste water management		627 373	639 215	639 711	110 505	368 681	341 937	26 744	8%	639 711
Waste management		388 382	452 182	452 182	54 096	230 500	245 001	(14 502)	-6%	452 182
<i>Other</i>	4	47 824	28 170	28 170	2 482	16 146	15 045	1 101	7%	28 170
Total Revenue - Functional	2	6 297 934	6 984 313	6 994 518	886 790	3 503 385	3 763 186	(259 801)	-7%	6 994 518
Expenditure - Functional										
<i>Governance and administration</i>		1 175 763	1 194 255	1 194 345	101 679	595 040	624 758	(29 718)	-5%	1 194 345
Executive and council		293 355	296 070	296 160	25 771	174 573	143 153	31 420	22%	296 160
Finance and administration		658 234	884 293	884 293	75 398	417 387	474 156	(56 769)	-12%	884 293
Internal audit		224 174	13 892	13 892	511	3 079	7 449	(4 369)	-59%	13 892
<i>Community and public safety</i>		713 030	493 005	493 358	61 899	306 722	242 961	63 761	26%	493 358
Community and social services		116 398	124 688	125 042	9 290	48 097	58 601	(10 504)	-18%	125 042
Sport and recreation		70 287	68 342	68 342	31 331	155 955	36 125	119 831	332%	68 342
Public safety		321 547	125 282	125 282	9 473	54 086	56 987	(2 901)	-5%	125 282
Housing		171 503	136 025	136 025	9 111	31 962	73 039	(41 077)	-56%	136 025
Health		33 295	38 668	38 668	2 696	16 621	18 209	(1 588)	-9%	38 668
<i>Economic and environmental services</i>		968 765	1 222 744	1 222 744	201 165	882 258	590 346	291 912	49%	1 222 744
Planning and development		303 791	294 914	294 914	65 728	277 634	149 160	128 474	86%	294 914
Road transport		543 622	805 423	805 423	133 699	594 705	387 613	207 092	53%	805 423
Environmental protection		121 352	122 407	122 407	1 737	9 919	53 573	(43 654)	-81%	122 407
<i>Trading services</i>		3 171 786	3 247 030	3 247 526	280 733	1 691 094	1 654 117	36 978	2%	3 247 526
Energy sources		1 666 737	1 829 086	1 829 086	155 640	1 008 681	951 997	56 684	6%	1 829 086
Water management		700 469	575 132	575 132	49 752	297 105	297 399	(294)	0%	575 132
Waste water management		406 882	483 287	483 783	34 107	170 267	233 608	(63 341)	-27%	483 783
Waste management		397 697	359 525	359 525	41 234	215 042	171 113	43 929	26%	359 525
<i>Other</i>		15 816	31 046	31 046	8 917	41 325	12 061	29 264	243%	31 046
Total Expenditure - Functional	3	6 045 159	6 188 080	6 189 019	654 393	3 516 438	3 124 241	392 196	13%	6 189 019
Surplus/ (Deficit) for the year		252 774	796 234	805 499	232 397	(13 053)	638 945	(651 997)	-102%	805 499

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) - M06									
Vote Description	Ref	2016/17	Budget Year 2017/18						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	Full Year Forecast
R thousands								%	
Revenue by Vote	1								
Vote 01 - Directorate - Executive Support Services		2 300	1 593	1 912	88	175	–	175	0.0%
Vote 02 - Directorate - Municipal Manager		20 332	27 996	27 996	7 259	13 200	15 060	(1 861)	-12.4%
Vote 03 - Directorate - Human Settlement		290 857	276 769	276 769	12 343	41 383	88 027	(46 644)	-53.0%
Vote 04 - Directorate - Chief Financial Officer		2 039 712	2 407 345	2 407 345	390 410	1 321 919	1 451 616	(129 697)	-8.9%
Vote 05 - Directorate - Corporate Services		10 478	10 561	10 561	889	5 174	5 103	71	1.4%
Vote 06 - Directorate - Infrastructure Services		3 278 416	3 407 846	3 408 342	392 174	1 737 527	1 795 976	(58 449)	-3.3%
Vote 07 - Directorate - Spatial Planning And Development		47 760	148 279	157 315	9 818	44 297	54 560	(10 262)	-18.8%
Vote 08 - Directorate - Health / Public Safety & Emergency Services		145 652	175 605	175 605	16 472	85 142	85 063	79	0.1%
Vote 09 - Directorate - Municipal Services		428 967	490 150	490 503	54 856	238 423	252 513	(14 090)	-5.6%
Vote 10 - Directorate - Economic Development & Agencies		33 460	38 170	38 170	2 482	16 146	15 269	877	5.7%
Total Revenue by Vote	2	6 297 934	6 984 313	6 994 518	886 790	3 503 385	3 763 186	(259 801)	-6.9%
Expenditure by Vote	1								
Vote 01 - Directorate - Executive Support Services		203 993	232 296	232 386	15 746	109 014	122 426	(13 412)	-11.0%
Vote 02 - Directorate - Municipal Manager		89 362	154 644	154 644	14 399	88 393	93 011	(4 618)	-5.0%
Vote 03 - Directorate - Human Settlement		171 503	136 025	136 025	9 111	31 962	74 648	(42 686)	-57.2%
Vote 04 - Directorate - Chief Financial Officer		651 010	558 213	558 213	41 500	241 259	267 804	(26 544)	-9.9%
Vote 05 - Directorate - Corporate Services		158 063	171 518	171 518	13 270	72 405	83 000	(10 595)	-12.8%
Vote 06 - Directorate - Infrastructure Services		3 359 054	3 497 257	3 497 752	358 327	1 977 683	1 801 365	176 318	9.8%
Vote 07 - Directorate - Spatial Planning And Development		281 373	274 152	274 152	78 172	336 007	131 728	204 279	155.1%
Vote 08 - Directorate - Health / Public Safety & Emergency Services		354 842	396 961	396 961	31 637	191 212	180 425	10 787	6.0%
Vote 09 - Directorate - Municipal Services		705 733	674 962	675 316	83 315	427 178	322 521	104 658	32.4%
Vote 10 - Directorate - Economic Development & Agencies		70 226	92 052	92 052	8 917	41 325	47 314	(5 989)	-12.7%
Total Expenditure by Vote	2	6 045 159	6 188 080	6 189 019	654 393	3 516 438	3 124 241	392 196	12.6%
Surplus/ (Deficit) for the year	2	252 774	796 234	805 499	232 397	(13 053)	638 945	(651 997)	-102.0%

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 31 December 2017.

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) - M06 December										
Description	Ref	2016/17	Budget Year 2017/18							
		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		978 231	1 225 285	1 225 285	82 285	590 353	639 681	(49 328)	-8%	1 225 285
Service charges - electricity revenue		1 670 646	1 806 439	1 806 439	150 003	867 084	866 071	1 013	0%	1 806 439
Service charges - water revenue		551 615	479 127	479 127	41 438	287 558	255 237	32 320	13%	479 127
Service charges - sanitation revenue		314 102	365 998	365 998	30 346	184 119	184 671	(551)	0%	365 998
Service charges - refuse revenue		306 754	336 766	336 766	27 821	170 403	168 714	1 688	1%	336 766
Service charges - other		24 852	23 566	23 566	—	—	11 821	(11 821)	-100%	23 566
Rental of facilities and equipment		19 062	23 174	23 174	1 054	7 794	11 222	(3 428)	-31%	23 174
Interest earned - external investments		148 011	157 002	157 002	8 056	61 744	79 312	(17 569)	-22%	157 002
Interest earned - outstanding debtors		50 425	36 844	36 844	4 635	25 193	18 011	7 182	40%	36 844
Dividends received		—	—	—	—	—	—	—		—
Fines, penalties and forfeits		16 896	9 157	9 157	1 243	8 285	3 950	4 334	110%	9 157
Licences and permits		14 107	17 556	17 556	2 919	20 938	8 524	12 414	146%	17 556
Agency services		—	49 763	49 763	—	—	24 162	(24 162)	-100%	49 763
Transfers and subsidies		1 304 827	1 368 106	1 369 045	430 161	911 786	924 778	(12 993)	-1%	1 369 045
Other revenue		213 376	290 226	290 226	12 396	69 907	108 177	(38 270)	-35%	290 226
Gains on disposal of PPE		—	—	—	—	8 773	—	8 773	#DIV/0!	—
Total Revenue (excluding capital transfers and contributions)		5 612 906	6 189 006	6 189 946	792 357	3 213 936	3 304 333	(90 397)	-3%	6 189 946

BUF Buffalo City - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	2016/17	Budget Year 2017/18							
		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		1 560 996	1 733 321	1 733 321	150 744	892 134	840 111	52 023	6%	1 733 321
Remuneration of councillors		55 482	62 398	62 398	4 579	27 295	30 362	(3 066)	-10%	62 398
Debt impairment		310 916	317 788	317 788	29 985	158 894	158 894	(0)	0%	317 788
Depreciation & asset impairment		807 050	778 273	778 273	220 051	873 583	388 644	484 939	125%	778 273
Finance charges		49 359	54 318	54 318	3 805	22 802	28 533	(5 731)	-20%	54 318
Bulk purchases		1 558 514	1 578 167	1 578 167	107 160	818 897	845 819	(26 922)	-3%	1 578 167
Other materials		—	—	—	7 940	39 834	—	39 834	#DIV/0!	—
Contracted services		37 481	38 960	38 960	62 132	290 173	13 296	276 876	2082%	38 960
Transfers and subsidies		394 807	328 637	328 637	32 597	177 673	121 832	55 841	46%	328 637
Other expenditure		1 238 818	1 296 218	1 297 157	35 401	215 152	696 749	(481 597)	-69%	1 297 157
Loss on disposal of PPE		31 097	—	—	—	—	—	—		—
Total Expenditure		6 044 521	6 188 080	6 189 019	654 393	3 516 438	3 124 241	392 196	13%	6 189 019
Surplus/(Deficit)		(431 615)	926	926	137 964	(302 502)	180 091	(482 594)	(0)	926
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		669 780	795 307	804 572	94 433	289 450	458 853	(169 404)	(0)	804 572
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		—	—	—	—	—	—	—		—
Transfers and subsidies - capital (in-kind - all)		—	—	—	—	—	—	—		—
Surplus/(Deficit) after capital transfers & contributions		238 165	796 234	805 499	232 397	(13 053)	638 945			805 499
Taxation		638						—		
Surplus/(Deficit) after taxation		237 527	796 234	805 499	232 397	(13 053)	638 945			805 499
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		237 527	796 234	805 499	232 397	(13 053)	638 945			805 499
Share of surplus/ (deficit) of associate		15 248								
Surplus/ (Deficit) for the year		252 774	796 234	805 499	232 397	(13 053)	638 945			805 499

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

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

7.4.1.1 Service Charges – Water revenue

The primary reason for variance relates to amounts that were over billed during the year to date and are in process of being corrected.

7.4.1.2 Service Charges – Other

The variance is caused by the differences in classification of income source, the budget for Availability Charges and Connection/ Reconnection Fees is under Service Charges – Other, however, the actuals are reported under various service charges (water, sanitation and electricity). The budget will be adjusted during the mid-year adjustment budget.

7.4.1.3 Rental of facilities equipment

The revenue items for rental of facilities and equipment contributing to the material variance are the following:

- Rentals - Signage: service providers for outdoor advertising were appointed in June 2017 and contracts were effected as from 01 August 2017 with contractors given 60 days from the commencement of the contracts to deliver. This means revenue was only received from September 2017.
- Market Related-Property Plant & Equipment-Contingent-Other Assets: Rental of facilities is demand driven and therefore difficult to predict accurately. The situation is monitored on a monthly basis.

7.4.1.4 Interest earned – external investments

The Investments total balance has significantly decreased since the beginning of the 17/18 financial year. This is due to the high volume of cash withdrawals that have been done to cover operational costs. The decrease in cash reserves that is mainly caused by the low collection rate is having a negative impact on interest earned on external investments.

7.4.1.5 Interest earned – outstanding debtors

Despite credit control and debt collection actions that are implemented, the primary contributing factor to the increase in interest earned from outstanding debtors is attributed to the non-payment by customers as a result of poor economic outlook and high unemployment rates.

7.4.1.6 Fines, penalties and forfeits

The increase in revenue in terms of Traffic Fines can be attributed to the appointment of Total Client Services (service provider appointed by BCMM to assist with collection of fines). The services provided by Total Client Services which have contributed to the increase in revenue are the following:

- Automatic Number Plate Recognition System whereby offenders/ vehicles are stopped if spotted with outstanding fines.
- The sms system alerting offenders of their obligation to pay for outstanding fines.
- An increase in operational activities such as road blocks and speed enforcements.

7.4.1.7 Licence and Permits

The variance is caused by the differences in classification of income source, the budget for Motor Vehicle Licenses and Permits is under Agency Services, however, the actuals are reported under Licenses and Permits. Engagements are underway with National Treasury on the correct mSCOA classification.

7.4.1.8 Agency services

The variance is caused by the differences in classification of income source, the actuals for Agency Services are reported under Licenses and Permits. Engagements are underway with National Treasury on the correct mSCOA classification.

7.4.1.9 Other revenue

Other revenue is made up of numerous miscellaneous items (e.g. town planning fees, fire levy charges, market income, road & transport registration fees, cemetery & burial fees, etc.). The actual income realised is below the projected income for the period under review due to varying seasonal trends.

7.4.1.10 Gains on disposal of PPE

The variance is due to the sale of redundant scrap which has not been budgeted for, the budget will be allocated during the mid-year adjustment budget.

7.4.1.11 Remuneration of councillors

The Councillors increases have not yet been implemented for 2017/18. A report on the proposed increase will be tabled at a Council meeting scheduled for January 2018 and will be implemented after approval is obtained from the MEC.

7.4.1.12 Depreciation & asset impairment

At the end of 2016/17 financial year, the municipality performed an asset revaluation exercise whereby all infrastructure assets were revalued. The exercise is performed once in every 3 years. In addition to the revaluation performed, BCMM capitalised some of the biggest projects (Gonubie Main Road, Mdantsane Cluster 1,2,& 3, Bulk Water Provision and many others). The capitalisation we had in 2016/17 was by far the largest in value, in the previous 3 financial years.

7.4.1.13 Finance Charges

The variance of 49 percent is a result of the two DBSA loans that are paid bi-annually at the end of September and March of every year which is different from the rest of the other loans that are paid end of December and June of every year.

7.4.1.14 Other materials

The variance is mainly due to the differences in classification of expenditure categories, the budget for Inventory Items was classified as Other Expenditure, however, the actuals are reported under Other Materials, the budget will be adjusted during the mid-year adjustment budget.

7.4.1.15 Contracted services

The variance is mainly due to the differences in classification of expenditure categories, the budget for Repairs and Maintenance and Operating Projects was classified as Other Expenditure, however, the actuals are reported under Contracted Services, the budget will be adjusted during the mid-year adjustment budget.

7.4.1.16 Transfers and grants

The variance is as a result of a budget not being allocated for free water provision to rural indigent customers (this was previously not accounted for as there were no bulk meters installed), however this will be corrected in the mid-year adjustment budget.

7.4.1.17 Other expenditure

The variance is mainly due to the differences in classification of expenditure categories, the budget for Repairs and Maintenance and Operating Projects was classified as Other Expenditure, however, the actuals are reported under Contracted Services, the budget will be adjusted during the mid-year adjustment budget.

7.4.1.18 Repairs and Maintenance

Table 6 below reflects that as at 31 December 2017, the repairs and maintenance expenditure is 33% of the approved budget of R462.45 million (2016/17: 38%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	<u>2017/2018</u> <u>Annual</u> <u>Budget</u> <u>R</u>	<u>2017/2018</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2017/2018</u> <u>-</u> <u>Variance</u> <u>R</u>	<u>2017/2018</u> <u>% of</u> <u>Budget</u> <u>%</u>
Directorate Of Executive Support Services	3 559 202	444 328	3 114 874	12%
Directorate Of The City Manager	6 681 831	2 101 283	4 580 548	31%
Directorate Of Corporate Services	2 640 513	434 763	2 205 750	16%
Directorate Of Development & Spatial Planning	31 192 800	10 763 249	20 429 551	35%
Directorate Of Economic Development & Agencies	1 298 690	416 488	882 202	32%
Directorate Of Finance	3 600 994	662 475	2 938 519	18%
Directorate Of Health / Public Safety & Emergency Services	6 815 045	1 497 561	5 317 484	22%
Directorate Of Human Settlement	119 263	102 104	17 159	86%
Directorate Of Infrastructure Services	365 173 717	118 999 357	246 174 360	33%
<i>Electricity</i>	139 115 819	53 620 009	85 495 810	39%
<i>Water</i>	51 973 204	32 845 763	19 127 441	63%
<i>Sanitation</i>	40 529 624	14 160 415	26 369 209	35%
<i>Other</i>	133 555 070	18 373 171	115 181 899	14%
Directorate Of Municipal Services	41 368 008	19 446 739	21 921 269	47%
TOTAL	462 450 063	154 868 347	307 581 716	33%

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, functional classification and funding) - M06 December										
Vote Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1								%	
Multi-Year expenditure appropriation	2									
Vote 01 - Directorate - Executive Support Services		2 454	3 000	6 729	—	895	1 266	(371)	-29%	6 729
Vote 02 - Directorate - Municipal Manager		54 388	22 500	39 109	238	4 948	6 535	(1 587)	-24%	39 109
Vote 03 - Directorate - Human Settlement		176 555	186 355	186 775	5 072	31 119	20 527	10 592	52%	186 775
Vote 04 - Directorate - Chief Financial Officer		16 415	97 820	97 820	—	2 552	3 652	(1 099)	-30%	97 820
Vote 05 - Directorate - Corporate Services		926	6 000	8 337	95	292	2 476	(2 184)	-88%	8 337
Vote 06 - Directorate - Infrastructure Services		860 001	856 154	861 913	96 363	295 468	270 349	25 119	9%	861 913
Vote 07 - Directorate - Spatial Planning And Development		73 678	234 721	243 757	9 382	54 541	42 712	11 829	28%	243 757
Vote 08 - Directorate - Health / Public Safety & Emergency Services		10 753	30 205	41 245	1 316	6 443	11 897	(5 454)	-46%	41 245
Vote 09 - Directorate - Municipal Services		48 423	165 349	168 280	9 751	17 963	29 690	(11 727)	-39%	168 280
Vote 10 - Directorate - Economic Development & Agencies		32 708	43 100	59 598	1 013	12 585	21 008	(8 423)	-40%	59 598
Total Capital Multi-year expenditure	4,7	1 276 301	1 645 204	1 713 563	123 230	426 808	410 113	16 695	4%	1 713 563
Total Capital Expenditure		1 276 301	1 645 204	1 713 563	123 230	426 808	410 113	16 695	4%	1 713 563
Capital Expenditure - Functional Classification										
Governance and administration		139 320	129 320	151 996	1 002	18 130	36 378	(18 247)	-50%	151 996
Executive and council		56 842	25 500	45 839	238	5 844	10 971	(5 127)	-47%	45 839
Finance and administration		82 478	97 820	97 820	765	12 287	23 412	(11 125)	-48%	97 820
Internal audit		—	6 000	8 337	—	—	1 995	(1 995)	-100%	8 337
Community and public safety		232 830	316 087	330 479	14 659	48 343	79 095	(30 752)	-39%	330 479
Community and social services		21 498	42 250	43 288	3 733	5 050	10 360	(5 310)	-51%	43 288
Sport and recreation		24 023	57 277	59 170	5 854	12 171	14 161	(1 990)	-14%	59 170
Public safety		10 753	30 205	41 245	—	—	9 871	(9 871)	-100%	41 245
Housing		176 555	186 355	186 775	5 072	31 119	44 702	(13 582)	-30%	186 775
Health		—	—	—	—	2	—	2	#DIV/0!	—
Economic and environmental services		410 843	548 777	574 311	45 951	153 372	137 452	15 920	12%	574 311
Planning and development		106 386	277 821	303 355	8 963	53 647	72 603	(18 956)	-26%	303 355
Road transport		304 457	270 956	270 956	36 789	99 412	64 849	34 564	53%	270 956
Environmental protection		—	—	—	199	312	—	312	#DIV/0!	—
Trading services		493 309	628 020	628 020	60 604	194 378	150 306	44 071	29%	628 020
Energy sources		121 231	148 000	148 000	8 413	33 192	35 421	(2 229)	-6%	148 000
Water management		173 706	130 000	130 000	16 306	64 416	31 113	33 303	107%	130 000
Waste water management		195 471	284 198	284 198	35 851	96 271	68 018	28 253	42%	284 198
Waste management		2 901	65 822	65 822	34	498	15 753	(15 256)	-97%	65 822
Other		—	23 000	28 758	1 013	12 585	6 883	5 702	83%	28 758
Total Capital Expenditure - Functional Classification	3	1 276 301	1 645 204	1 713 563	123 230	426 808	410 113	16 695	4%	1 713 563
Funded by:										
National Government		669 780	795 307	795 307	94 433	289 450	190 343	99 106	52%	795 307
Provincial Government		—	—	9 036	—	—	2 163	(2 163)	-100%	9 036
District Municipality		—	—	—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	—	—	—	—	—
Transfers recognised - capital		669 780	795 307	804 343	94 433	289 450	192 506	96 943	50%	804 343
Public contributions & donations	5	—	—	229	—	—	55	(55)	-100%	229
Borrowing	6	—	69 000	69 000	—	547	16 514	(15 967)	-97%	69 000
Internally generated funds		606 521	780 897	839 991	28 797	136 812	201 038	(64 226)	-32%	839 991
Total Capital Funding		1 276 301	1 645 204	1 713 563	123 230	426 808	410 113	16 695	4%	1 713 563

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 R17.42 billion. Consumer debtors and other debtors are reflected net of impairments as per the statement of financial position.

Table 8: C6: Monthly Budget Statement – Financial Position

BUF Buffalo City - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2016/17	Budget Year 2017/18			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash		24 591	80 000	80 000	169 067	80 000
Call investment deposits		1 665 511	2 459 412	2 459 412	1 746 095	2 459 412
Consumer debtors		558 848	915 237	915 237	662 297	915 237
Other debtors		886 552	118 870	118 870	841 238	118 870
Current portion of long-term receivables		–	17	17	–	17
Inventory		38 570	117 128	117 128	42 944	117 128
Total current assets		3 174 072	3 690 664	3 690 664	3 461 641	3 690 664
Non current assets						
Long-term receivables		–	73	73	–	73
Investments		–	–	–	–	–
Investment property		408 315	442 030	442 030	408 315	442 030
Investments in Associate		127 539	99 109	99 109	127 539	99 109
Property, plant and equipment		15 875 782	14 556 391	14 624 751	15 425 991	14 624 751
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		7 073	60 000	60 000	8 709	60 000
Other non-current assets		72 145	90 944	90 944	72 082	90 944
Total non current assets		16 490 855	15 248 547	15 316 906	16 042 636	15 316 906
TOTAL ASSETS		19 664 927	18 939 211	19 007 570	19 504 276	19 007 570
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		47 642	48 748	48 748	33 355	48 748
Consumer deposits		57 321	65 401	65 401	59 482	65 401
Trade and other payables		1 079 482	1 038 209	1 038 209	893 383	1 038 209
Provisions		186 724	183 654	183 654	186 724	183 654
Total current liabilities		1 371 169	1 336 012	1 336 012	1 172 944	1 336 012
Non current liabilities						
Borrowing		398 126	421 212	421 212	389 289	421 212
Provisions		517 066	724 999	724 999	517 066	724 999
Total non current liabilities		915 192	1 146 211	1 146 211	906 355	1 146 211
TOTAL LIABILITIES		2 286 361	2 482 223	2 482 223	2 079 299	2 482 223
NET ASSETS	2	17 378 567	16 456 988	16 525 347	17 424 977	16 525 347
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		10 405 662	13 055 940	13 124 300	10 452 073	13 124 300
Reserves		6 972 905	3 401 047	3 401 047	6 972 905	3 401 047
TOTAL COMMUNITY WEALTH/EQUITY	2	17 378 567	16 456 988	16 525 347	17 424 978	16 525 347

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 R225.06 million resulting in cash and cash equivalents closing balance of R1.91 billion as at 31 December 2017.

Table 9: C7: Monthly Budget Statement – Cash Flow

BUF Buffalo City - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2016/17	Budget Year 2017/18							
		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		978 231	1 133 389	1 133 389	67 370	495 837	566 694	(70 857)	-13%	1 133 389
Service charges		2 867 970	2 786 003	2 786 003	200 081	1 235 232	1 393 001	(157 770)	-11%	2 786 003
Other revenue		199 489	360 634	360 634	19 938	125 895	180 317	(54 422)	-30%	360 634
Government - operating		894 796	1 368 106	1 369 045	398 341	938 511	684 522	253 989	37%	1 369 045
Government - capital		669 780	795 307	804 572	–	500 866	402 286	98 580	25%	804 572
Interest		198 437	193 846	193 846	12 691	86 937	96 923	(9 986)	-10%	193 846
Dividends		–	0	0	0	0	0	(0)	-55%	0
Payments										
Suppliers and employees		(4 718 985)	(4 709 064)	(4 710 003)	(271 430)	(2 510 238)	(2 355 002)	155 236	-7%	(4 710 003)
Finance charges		(49 359)	(54 318)	(54 318)	(3 805)	(22 802)	(27 159)	(4 357)	16%	(54 318)
Transfers and Grants		(394 807)	(64 056)	(64 056)	(32 572)	(175 246)	(32 028)	143 217	-447%	(64 056)
NET CASH FROM/(USED) OPERATING ACTIVITIES		645 551	1 809 846	1 819 111	390 614	674 992	909 556	234 563	26%	1 819 111
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		(542)	–	–				–		–
Decrease (Increase) in non-current debtors		–	–	–				–		–
Decrease (increase) other non-current receivables		–	–	–				–		–
Decrease (increase) in non-current investments		–	–	–				–		–
Payments										
Capital assets		(1 278 098)	(1 582 484)	(1 713 563)	(231 792)	(426 808)	(856 782)	(429 974)	50%	(1 713 563)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 278 640)	(1 582 484)	(1 713 563)	(231 792)	(426 808)	(856 782)	(429 974)	50%	(1 713 563)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	69 000	69 000	–	–	28 750	(28 750)	-100%	69 000
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		(50 709)	(48 748)	(48 748)	(14 878)	(23 124)	(24 374)	(1 250)	5%	(48 748)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(50 709)	20 252	20 252	(14 878)	(23 124)	4 376	27 500	628%	20 252
NET INCREASE/ (DECREASE) IN CASH HELD		(683 798)	247 614	125 800	143 944	225 060	57 150			125 800
Cash/cash equivalents at beginning:		2 373 900	2 291 798	2 291 798		1 690 102	2 291 798			1 690 102
Cash/cash equivalents at month/year end:		1 690 102	2 539 412	2 417 597		1 915 162	2 348 948			1 815 902

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

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description		NT Code	Budget Year 2017/18										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.to 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	50 853	31 912	36 584	34 709	27 355	22 550	124 406	280 266	608 634	489 285				
Trade and Other Receivables from Exchange Transactions - Electricity	1300	96 774	15 692	6 752	6 195	4 835	3 306	18 263	33 553	185 370	66 152				
Receivables from Non-ex change Transactions - Property Rates	1400	78 207	28 709	29 047	17 501	18 319	17 485	95 165	380 929	665 361	529 398				
Receivables from Exchange Transactions - Waste Water Management	1500	25 656	9 479	9 347	5 562	5 603	5 563	26 742	126 327	214 280	169 797				
Receivables from Exchange Transactions - Waste Management	1600	19 093	9 801	8 207	6 861	7 457	7 149	34 511	183 278	276 357	239 256				
Receivables from Exchange Transactions - Property Rental Debtors	1700	96	92	95	119	117	107	468	3 955	5 048	4 766				
Interest on Arrear Debtor Accounts	1810									-	-				
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-				
Other	1900	7 509	4 657	4 092	11 368	3 336	3 705	20 674	115 871	171 212	154 953				
Total By Income Source	2000	278 188	100 343	94 124	82 315	67 021	59 864	320 229	1 124 178	2 126 262	1 653 607	-	-		
2016/17 - totals only		252 327	102 702	58 137	61 878	52 543	53 914	288 165	976 054	1 845 720	1 432 554				
Debtors Age Analysis By Customer Group															
Organs of State	2200	14 054	5 212	5 523	1 847	269	1 046	1 837	7 617	37 405	12 616				
Commercial	2300	137 231	25 427	17 706	13 860	15 237	11 694	76 614	228 600	526 370	346 006				
Households	2400	116 657	63 907	64 018	60 289	46 032	41 771	206 293	696 003	1 294 970	1 050 388				
Other	2500	10 246	5 796	6 878	6 318	5 483	5 353	35 484	191 958	267 517	244 597				
Total By Customer Group	2600	278 188	100 343	94 124	82 315	67 021	59 864	320 229	1 124 178	2 126 262	1 653 607	-	-		

8.1.1. Additional debtors' information

The gross debtors that are older than 30 days, which includes all charges excluding VAT, amounted to R1.85 billion as at 31 December 2017 which is an increase of R47.64 million over the amount of R1.8 billion as at 31 November 2017.

Despite credit control and debt collection actions that are implemented, the primary contributing factor to the increase in debtors and reduction in collection rate can be attributed to the non-payment by customers as a result of the poor economic outlook and high unemployment rates.

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 31 December 2017. It also provides comparison with the previous month (30 November 2017) which indicates a slight increase from R1.8 billion to R1.85 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR DECEMBER 2017	TOTAL FOR NOVEMBER 2017
30 DAYS	28 709 280	9 479 444	15 692 179	31 912 434	9 801 056	4 748 899	100 343 293	117 587 928
60 DAYS	29 047 002	9 347 334	6 752 125	36 583 995	8 206 669	4 187 095	94 124 219	89 293 878
90 DAYS	17 500 549	5 561 906	6 194 810	34 708 847	6 860 829	11 487 580	82 314 520	71 246 259
120 DAYS TO 360 DAYS	130 968 433	37 908 300	26 404 115	174 310 325	49 116 546	28 406 176	447 113 895	424 607 723
YEAR 2	133 641 665	35 340 023	14 725 861	100 652 657	49 067 438	24 950 578	358 378 220	351 146 463
YEAR 3	105 498 652	21 033 290	6 388 814	51 986 597	28 039 869	17 132 379	230 079 602	225 610 880
YEAR 4	56 211 330	17 764 950	4 016 613	38 148 798	24 735 027	19 534 983	160 411 701	153 078 818
YEAR 5	20 258 925	12 921 274	2 057 885	24 599 693	19 097 661	15 694 501	94 629 940	92 211 015
YEAR 5+	65 318 064	39 267 722	6 363 761	64 878 059	62 338 320	42 512 955	280 678 881	275 647 689
TOTAL	587 153 900	188 624 244	88 596 162	557 781 405	257 263 413	168 655 146	1 848 074 271	1 800 430 653

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 31 December 2017. It also reflects the percentage split per category with domestic consumers having the highest share followed by businesses. 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	52 870 556	49 181 720	41 770 225	738 104 328	881 926 829	47.72
Indigent	10 786 363	14 709 301	18 461 554	251 182 257	295 139 475	15.97
Business	25 427 356	17 705 807	13 860 394	332 145 159	389 138 715	21.06
Government	5 212 481	5 522 668	1 847 130	10 769 321	23 351 599	1.26
Municipal Staff	250 040	126 740	56 824	812 693	1 246 297	0.07
Other	5 796 497	6 877 984	6 318 394	238 278 482	257 271 356	13.92
Total	100 343 293	94 124 219	82 314 520	1 571 292 239	1 848 074 271	100.00

Note*: A stop order deduction is implemented for all municipal employees and councillors that are in arrears with their municipal accounts. When a new employee joins 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.

8.2.3. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 December 2017 amounted to R23.35 million. This indicates a decrease of R314 831 when compared to the previous month, in the amount of R23.66 million. The breakdown of the arrears per department (excluding accounts in credit) indicated in the table hereunder, as at 31 December 2017.

Table 13 below provides an analysis of government debtors that are older than 30 days as at 31 December 2017 and comparison with the previous month.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 DECEMBER 2017	ARREARS AS AT 30 NOVEMBER 2017	DIFFERENCE
National Department Of Public Works	960 530	2 827 932	3 788 462	3 723 774	64 688
Provincial Department Of Public Works	1 639 034	372 233	2 011 266	3 046 926	(1 035 660)
Department Of Education	0	2 919 860	2 919 860	2 502 977	416 883
Department Of Health	0	7 506 148	7 506 148	7 315 534	190 614
Department Of Social Development	0	243 229	243 229	0	243 229
Department Of Transport	0	0	0	53 454	(53 454)
Department Of Agriculture	0	8 435	8 435	0	8 435
Department Of Nature Conservation	0	5 861	5 861	0	5 861
Department of Human Settlements	0	62 002	62 002	57 565	4 437
Sport, Recreation, Arts and Culture	0	797	797	8 209	(7 412)
Department of Labour - UIF Services	0	26 577	26 577	2 717	23 860
Members Of Provincial Legislature	0	246 587	246 587	259 289	(12 702)
Department of Water Affairs	0	0	0	0	0
Department of Cooperate Governance & Traditional Affairs	0	0	0	0	0
Department of Rural Development and Land Reform	0	68 700	68 700	277 445	(208 745)
Provincial RDP Houses	0	6 461 256	6 461 256	6 416 523	44 733
South African Social Security Agency	0	2 417	2 417	2 016	401
TOTAL	2 599 564	20 752 035	23 351 598	23 666 429	(314 831)

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 - M06 December

Description	NT Code	Budget Year 2017/18								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	99 455								99 455	102 385
Bulk Water	0200	17 891								17 891	16 824
PAYE deductions	0300	22 402								22 402	16 341
VAT (output less input)	0400	-								-	-
Pensions / Retirement deductions	0500	24 541								24 541	19 543
Loan repayments	0600	26 510								26 510	26 756
Trade Creditors	0700	250 182	14 712							264 894	202 724
Auditor General	0800	4 844								4 844	1 720
Other	0900	23 246								23 246	20 597
Total By Customer Type	1000	469 071	14 712	-	-	-	-	-	-	483 783	406 889

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in December 2017.

Table 15: Payments made to the 20 highest paid creditors – December 2017

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>
ESKOM				99 454 971.00	99 454 971.00
AMATOLA WATER				17 891 385.00	17 891 385.00
HAW & INGLIS (PTY) LTD			9 669 293.35	9 915 252.91	19 584 546.26
XMOOR TRANSPORT (PTY) LTD			4 699 953.82	12 122 666.26	16 822 620.08
AMANZ ABANTU SERVICES (PTY) LTD				12 824 387.11	12 824 387.11
MANTELLA TRADING 522 CC			23 767.91	12 524 603.03	12 548 370.94
DOWN TOUCH INVESTMENTS (PTY) LTD				11 792 982.97	11 792 982.97
MAZIYA GENERAL SERVICES			48 996.36	11 333 847.51	11 382 843.87
S A M E WATER (PTY) LTD				10 413 386.51	10 413 386.51
MVEZO PLANT & CIVILS CC			269 939.99	7 443 185.19	7 713 125.18
CZAR CONSTRUCTION				5 571 714.22	5 571 714.22
GIBB (PTY) LTD			1 610 660.07	3 742 126.38	5 352 786.45
EYA BANTU PROFFESIONAL SERVICES CC				5 144 743.50	5 144 743.50
GINTI CC				3 844 881.42	3 844 881.42
RANDCIVILS				3 163 436.98	3 163 436.98
MAKINWA MEDIA SOLUTIONS				3 004 467.87	3 004 467.87
T V R CONSTRUCTION			78 122.51	2 841 118.47	2 919 240.98
MTIMA PLUMBING SERVICE			258 275.41	2 647 955.49	2 906 230.90
GOBA PTY LTD			397 656.57	2 193 340.79	2 590 997.36
TSHUVANE SERVICES			121 133.36	1 870 908.71	1 992 042.07
TOTAL	-	-	17 177 799.35	239 741 361.32	256 919 160.67

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 - M06 December

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									
Land Affairs - West Bank		Call Account	Call Account	Call Account	290	3.02%	52 191	290	52 482
Finance Management Grant		Call Account	Call Account	Call Account	7	0.07%	1 253	7	1 260
MD Urban Renewal (MT Ruth Node)		Call Account	Call Account	Call Account	52	0.54%	9 336	52	9 387
Workmans Compensation(COID)		Call Account	Call Account	Call Account	52	0.55%	9 426	52	9 478
Reeston Development		Call Account	Call Account	Call Account	1	0.01%	151	1	151
Human Settlement Development Grant (HSDG)		Call Account	Call Account	Call Account	91	0.95%	16 417	91	16 508
Intergrated Electrification Programme (INEP)		Call Account	Call Account	Call Account	199	2.07%	30 874	199	31 073
Trust Funds		Call Account	Call Account	Call Account	6	0.07%	1 150	6	1 156
Vuna Awards		Call Account	Call Account	Call Account	6	0.06%	1 075	6	1 081
Aids & Training Information Centre (ATIC)		Call Account	Call Account	Call Account	0	0.00%	2	0	2
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	0	0.00%	46	0	46
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	1	0.01%	167	5	172
City of Leiden		Call Account	Call Account	Call Account	1	0.01%	189	1	190
Needscamp Planning		Call Account	Call Account	Call Account	5	0.05%	954	5	959
Umsobomvu Youth Fund (UYF)		Call Account	Call Account	Call Account	2	0.02%	273	2	275

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	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
R thousands									
<u>Municipality</u>									
Land Affairs - East Bank		Call Account	Call Account	Call Account	452	4.71%	81 333	452	81 785
Land Affairs West Bank		Call Account	Call Account	Call Account	269	2.79%	41 736	269	42 005
European Commission		Call Account	Call Account	Call Account	6	0.06%	1 074	6	1 080
Salaïda		Call Account	Call Account	Call Account	12	0.12%	1 839	12	1 851
Electricity Demand Management Grant		Call Account	Call Account	Call Account	0	0.00%	2	0	2
ADM Funding		Call Account	Call Account	Call Account	9	0.10%	1 701	9	1 711
Urban Settlement Development Grant		Call Account	Call Account	Call Account	287	2.99%	25 858	32 287	58 146
Urban Settlement Development Grant		Call Account	Call Account	Call Account	313	3.25%	5 423	63 313	68 736
Urban Settlement Development Grant		Call Account	Call Account	Call Account	372	3.88%	8 894	72 372	81 266
Urban Settlement Development Grant		Call Account	Call Account	Call Account	482	5.01%	34 083	63 920	98 003
Infrastructure Skills Development Grant		Call Account	Call Account	Call Account	35	0.36%	6 231	35	6 266
Infrastructure Development Levy		Call Account	Call Account	Call Account	1	0.01%	151	1	152
Bcmet		Call Account	Call Account	Call Account	3	0.03%	512	3	515
Expanded Public Works Programme		Call Account	Call Account	Call Account	7	0.07%	1 258	7	1 265
Integrated City Development Grant		Call Account	Call Account	Call Account	29	0.30%	2 448	3 507	5 955
City of Oldenburg		Call Account	Call Account	Call Account	3	0.03%	556	3	559
Public Transport Network Grant		Call Account	Call Account	Call Account	292	3.04%	41 306	14 259	55 565
DEAT		Call Account	Call Account	Call Account	1	0.01%	0	200	200
Capital Replacement Reserve (CRR)		Call Account	Call Account	Call Account	366	3.81%	56 834	366	57 200
Mayoral Projects (CRR)		Call Account	Call Account	Call Account	7	0.08%	1 154	7	1 161
Own Funds		Call Account	Call Account	Call Account	62	0.64%	11 139	62	11 201
Own Funds		Call Account	Call Account	Call Account	413	4.29%	64 134	413	64 547
Own Funds		Call Account	Call Account	Call Account	254	2.64%	45 592	254	45 846

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	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
R thousands									
<u>Municipality</u>									
Own Funds		Call Account	Call Account	Call Account	179	1.86%	32 214	179	32 394
Own Funds		Call Account	Call Account	Call Account	726	7.55%	131 438	726	132 164
Own Funds - CRR		Call Account	Call Account	Call Account	1 043	10.86%	189 016	1 043	190 059
Own Funds - CRR		Call Account	Call Account	Call Account	193	2.01%	34 722	193	34 916
Own Funds - CRR		Call Account	Call Account	Call Account	173	1.80%	31 049	173	31 222
Own Funds - CRR		Call Account	Call Account	Call Account	312	3.25%	56 126	312	56 438
Own Funds - CRR		Call Account	Call Account	Call Account	278	2.90%	50 056	278	50 335
Own Funds (Depreciation)		Call Account	Call Account	Call Account	1 376	14.32%	247 352	1 376	248 728
Own Funds (Depreciation)		Call Account	Call Account	Call Account	565	5.88%	101 525	565	102 089
Own Funds (Depreciation)		Call Account	Call Account	Call Account	362	3.77%	65 111	362	65 473
Housing Development		Call Account	Call Account	Call Account	15	0.15%	2 637	15	2 652
Municipality sub-total					9 612	100.00%	1 498 009	257 698	1 755 707
<u>Entities</u>									
N/A									
Entities sub-total					–		–	–	–
TOTAL INVESTMENTS AND INTEREST	2				9 612		1 498 009	257 698	1 755 707

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

BUF Buffalo City - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		1 193 355	1 260 713	1 260 713	393 313	851 210	848 590	2 620	146.1%	1 260 713
Local Government Equitable Share		678 191	705 277	705 277	235 092	528 958	528 958	-		705 277
Urban Settlement Development Grant		88 745	63 044	63 044	-	-	-	-		63 044
Finance Management		1 200	1 200	1 200	-	1 200	1 200	-		1 200
EPWP Incentive		1 188	4 952	4 952	2 228	3 466	1 486	1 980	133.2%	4 952
Infrastructure Skills Development Grant		9 000	10 560	10 560	-	5 600	4 960	640	12.9%	10 560
Public Transport Network Grant		5 000	7 702	7 702	-	-	-	-		7 702
General Fuel Levy		410 031	467 978	467 978	155 993	311 986	311 986	-		467 978
Other transfers and grants [insertdescription]								-		
Provincial Government:		31 315	105 800	106 154	5 028	85 489	53 077	(7 500)	-100.0%	106 154
DSRAC - Library Subsidy		15 000	15 000	15 000	-	-	7 500	(7 500)	-100.0%	15 000
Department of Public Works			-	354	-	-	177	(177)	-100.0%	354
Human Settlement Development Grant		16 315	90 800	90 800	5 028	85 489	45 400	40 089	88.3%	90 800
Other transfers and grants [insertdescription]								-		
District Municipality:		-	-	-	-	-	-	-		-
[insert description]								-		
Other grant providers:		2 935	1 593	2 178	-	1 812	1 089	723	#DIV/0!	2 178
SETA - Skills Development		2 935	-	-	-	1 812	-	1 812	#DIV/0!	-
Donor Funding - Leiden			138	138	-	-	69	(69)	-100.0%	138
Salaida / Gavle			1 455	1 544	-	-	772	(772)	-100.0%	1 544
City of Oldenburg			-	496	-	-	248	(248)	-100.0%	496
Unspecified		-	-	-	-	-	-	-		-
Total Operating Transfers and Grants	5	1 227 605	1 368 106	1 369 045	398 341	938 511	902 756	(4 157)	-0.5%	1 369 045
Capital Transfers and Grants										
National Government:		704 223	795 307	795 307	-	500 866	343 275	157 591	45.9%	795 307
Urban Settlement Development Grant		642 754	705 084	705 084	-	460 876	307 252	153 624	50.0%	705 084
Public Transport Network Grant		30 289	48 167	48 167	-	27 934	13 967	13 967	100.0%	48 167
Neighbourhood Development Partnership		-	10 000	10 000	-	-	-	-		10 000
Integrated National Electrification Programme		25 000	25 000	25 000	-	5 000	15 000	(10 000)	-66.7%	25 000
Finance Management Grant		100	100	100	-	100	100	-	0.0%	100
Integrated City Development Grant		6 080	6 956	6 956	-	6 956	6 956	-	0.0%	6 956
								-		
Provincial Government:		-	-	9 036	-	-	4 518	(4 518)	-100.0%	9 036
Dept of Local Government and Traditional Affairs		-	-	9 036	-	-	4 518	(4 518)	-100.0%	9 036
District Municipality:		-	-	-	-	-	-	-		-
[insert description]								-		
Other grant providers:		-	-	229	-	-	115	(115)	-100.0%	229
Salaida / Gavle		-	-	229	-	-	115	(115)	-100.0%	229
Total Capital Transfers and Grants	5	704 223	795 307	804 572	-	500 866	347 908	152 958	44.0%	804 572
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	1 931 828	2 163 413	2 173 617	398 341	1 439 377	1 250 663	148 801	11.9%	2 173 617

11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 45% (R392.93 million, inclusive of reclaimed vat) of its 2017/2018 conditional grants budget of R882.77 million as at 31 December 2017. This reflects a slight regression in percentage terms and a slight improvement in rand value terms when compared to the same period in the previous financial year where 46% (R380.61million, inclusive of reclaimed of vat) of conditional grants budget of R828.70 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded.

Table 18 below reflects the year to date expenditure on 2017/18 total conditional grants.

Table 18: Spending per Conditional Grant Funding Allocation

<u>Funding/Grant</u>	<u>2017/18 Approved Budget</u>	<u>YTD Exp (vat) R</u>	<u>Variance (vat incl.) R</u>	<u>% Expenditure vs. Budget (vat incl.)</u>
Integrated National Electrification Programme Grant	25 000 000	1 715 306	23 284 694	7%
Finance Management Grant	1 300 000	747 568	552 432	58%
Infrastructure Skills Development Grant	10 560 000	4 149 351	6 410 649	39%
Urban Settlement Development Grant	768 128 000	357 997 134	410 130 866	47%
Neighbourhood Development Partnership Grant	10 000 000	0	10 000 000	0%
Integrated City Development Grant	6 956 000	6 956 000	0	100%
Expanded Public Works Programme Grant	4 952 000	758 991	4 193 009	15%
Public Transport Infrastructure and Systems Grant	55 869 000	20 608 026	35 260 974	37%
TOTAL	882 765 000	392 932 377	489 832 623	45%

Comments on performance of programmes that are implemented by the above funding are detailed below. Details of the projects that are implemented by each grant are reflected in both Annexure D and E.

11.1.1. INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

The following projects are planned for the 2017/18 financial year:

The Electricity department received an approved allocation of R25 million for the 2017/2018 financial year as published in the DoRA. The Electricity Department will be using the annual tender to complete these projects.

AREA	CONNECTIONS APPROVED	AVAILABLE DWELLINGS	STATUS
ED39 Buffer Strip Mdantsane	825	+ - 117 infills	On Site Verification
ED397 Fynbos/Scenery Park	900	+ - 197	On Site Verification

Due to housing construction project delays the planned number of dwellings for electrification is far below the projected estimate provided at the time of application to the Department of Energy (DoE). A site visit was conducted by representatives of both the DoE and BCMM in the two approved areas, the Department of Energy re-allocated an amount of R17.7 million of the R25 million. Therefore, the Buffalo City Metropolitan Municipality grant for the 2017/2018 financial year will be reduced to R7.3 million. This will be adjusted in the mid-year adjustment budget.

The BCMM has submitted change control requests for the R7.3 million. These change controls will be based on actual number on the ground verified by the DoE Provincial Office as per the table below:

AREA	CONNECTIONS	FUNDS
Buffer Strip Mdantsane	117(Infills)	R 818 500
Fynbos/Scenery Park	197	R 2 856 500
Phakamisa	250	R 3 625 000
TOTAL	564	R 7 300 000

11.1.2. FINANCE MANAGEMENT GRANT

There are nine (9) interns serving on the internship programme. The interns are being remunerated accordingly. Furthermore, the grant will be utilised for

the payment of additional modules on the Municipal Finance Management Programme (MFMP) for three interns and two finance officials. Expenditure is on track and will be fully utilized at year end.

11.1.3. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

The funding is being used to pay the interns stipends, training as well as mentor salaries. Ten (10) additional interns will be appointed in the current financial year, upon completion of the recruitment process which is planned to be on January 2018.

11.1.4. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

INFRASTRUCTURE SERVICES

Sanitation

Numerous projects are multi-year and on-going and expenditure is as per contractors' performance. Eastern Beach Gravity Sewer Upgrade - Blind River to City Pump Station is awaiting outcome of litigation. Gqozo Village project is at adjudication stage. Mdantsane Waste Water Treatment Works will be re-advertised due to no responsive bidders.

Electricity

PROGRAMME	BUDGET	STATUS	COMMENT
Tool & Equipment: <ul style="list-style-type: none"> • Cable Locator and Hydraulic Spiking Gun • Generator 500kVA with Trailer 	R 2 000 000	0%	Specifications for both cable locator and hydraulic spiking gun have been finalized and tender advertised.
Street Lighting & Highmast within BCMM Areas of Supply: <ul style="list-style-type: none"> • Highmast/s Installation X 11 • Bonza Bay Road Phase 2 • Petrel Rd Gonubie • Gonubie 2nd Street 	R 5 000 000	41%	- 7 Mast installed and commissioned as per program - Petrel Rd Gonubie, complete - Gonubie 2nd Street complete

Building Alterations	R 1 000 000	1%	Approval has been given for alterations to the Cashier area at the Beacon Bay Civic Centre - plans submitted to Development planning and quotations requested.
INEP Electrification Programme - Counterfunding	R 5000 000	0%	Two Electrification projects have been identified and installation has commenced.

SPATIAL PLANNING & DEVELOPMENT

Needs Camp / Potsdam Bridge

The contractors commenced with construction on 21 June 2017. The construction is progressing as scheduled.

Traffic signals

The consultant appointed to undertake the designs is not performing. Termination of the contract has been implemented. A report for the Annual Tender for Traffic Signal Installation has been presented to BEC and the committee decided to allow one of the bidders until January 2018 to complete a CIDB registration thus delaying a final tender award date

Traffic calming measures

Orders could not be generated as the contractor was not tax compliant. The contractor submitted the outstanding information to SARS, the municipality received tax documents on 18 December 2017 confirming that the contractor is now tax compliant. Orders have now been created by SCM and construction of speed humps will commence in January 2018.

Sidewalks

The transport planning and operations department is busy completing bid document which will be completed by early January 2018.

HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES

The project is progressing well and as at end of December 2017 the roof has been erected and all outer walls & paintwork has been done. The contractor is busy with the installation of the IT network points and electrical work and the installation of the lift system.

MUNICIPAL SERVICES

Tender has been awarded, construction work permit granted on 6 November 2017, contractor site established on 13 November 2017. Contractor currently busy at roundhill for waste cell 3 and 4.

11.1.6 PUBLIC TRANSPORT NETWORK GRANT

Transport Register

Project is progressing well and is scheduled to be completed not later than 06 January 2018.

Operational plan review of integrated rapid public transport network

The service provider started with the works during the month of July 2017 and work is scheduled to be completed over a period of 12 months.

Qumza Highway

The contractor is on site, construction started in October 2017 and they will increase workflow on weekends and also sub-consultants for water and electricity will start their activities so as to accelerate expenditure.

Development and Upgrading of Public Transport Facilities in KWT

Construction of the City Taxi Rank is at 90% complete and painting, water and electrical is outstanding. Foundation at Market Square Bus Terminal have been started. Contractor is progressing well on the allocated sections and additional resources are on site to assist with the implementation of the project.

11.1.6.1 EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

Expenditure has increased due to payment of EPWP Incentive Grant Projects Participants and spending on Public Employment Programme (PEP). Working tools and equipment have been decentralized to departments implementing these projects. The recruitment process was only finalized in November 2017. Participants were remunerated from December 2017, expenditure will improve going forward.

12.COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and Councilors remuneration. The workforce costs as a percentage of total expenditure amounted to 26.15%.

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

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December										
Summary of Employee and Councillor remuneration	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		32 239	36 515	36 515	2 770	15 693	17 767 251	(2 074)	-12%	36 515
Pension and UIF Contributions		3 400	3 754	3 754	375	1 943	1 826 455	116	6%	3 754
Medical Aid Contributions		1 717	2 134	2 134	118	990	1 038 277	(49)	-5%	2 133
Motor Vehicle Allowance		12 556	14 405	14 405	1 051	6 393	7 008 991	(616)	-9%	14 405
Cellphone Allowance		2 309	2 447	2 447	212	1 162	1 190 779	(29)	-2%	2 447
Housing Allowances		2 801	3 144	3 144	190	1 115	1 529 777	(415)	-27%	3 144
Other benefits and allowances		—	—	—	—	—	0	—	—	—
Sub Total - Councillors		55 023	62 398	62 398	4 715	27 295	30 362	(3 066)	-10%	62 398
% increase	4		13.4%	13.4%						13.4%
Senior Managers of the Municipality										
	3									
Basic Salaries and Wages		11 375	13 873	13 873	529	3 290	6 724	(3 434)	-51%	13 873
Pension and UIF Contributions		988	2 701	2 701	103	620	1 309	(690)	-53%	2 701
Medical Aid Contributions		149	255	255	16	96	123	(28)	-23%	255
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		1 214	2 974	2 974	120	804	1 441	(638)	-44%	2 974
Cellphone Allowance		133	—	—	16	101	—	101	0%	—
Housing Allowances		—	469	469	—	—	227	(227)	-100%	469
Other benefits and allowances		1 193	3 002	3 002	7	40	1 455	(1 415)	-97%	3 002
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	2	—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality		15 053	23 273	23 273	790	4 950	11 280	(6 330)	-56%	23 273
% increase	4		54.6%	54.6%						54.6%
Other Municipal Staff										
Basic Salaries and Wages		1 028 954	1 040 488	1 040 488	89 427	531 418	504 307	27 111	5%	1 040 488
Pension and UIF Contributions		159 657	198 248	198 248	18 698	112 229	96 087	16 142	17%	198 248
Medical Aid Contributions		74 714	93 096	93 096	6 878	41 260	45 122	(3 862)	-9%	93 096
Overtime		118 999	73 819	73 819	10 725	64 714	35 779	28 935	81%	73 819
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		27 888	33 980	33 980	2 220	13 299	16 470	(3 171)	-19%	33 980
Cellphone Allowance		4 003	4 392	4 392	340	2 041	2 129	(88)	-4%	4 392
Housing Allowances		10 186	17 020	17 020	624	3 793	8 249	(4 456)	-54%	17 020
Other benefits and allowances		62 214	202 137	202 137	19 137	107 056	97 973	9 083	9%	202 137
Payments in lieu of leave		38 424	18 327	18 327	25	99	8 883	(8 784)	-99%	18 327
Long service awards		20 828	21 399	21 399	1 873	11 238	10 372	866	8%	21 399
Post-retirement benefit obligations	2	75	7 143	7 143	6	38	3 462	(3 424)	-99%	7 143
Sub Total - Other Municipal Staff		1 545 943	1 710 048	1 710 048	149 954	887 185	828 831	58 353	7%	1 710 048
% increase	4		10.6%	10.6%						10.6%
Total Parent Municipality										
		1 616 019	1 795 719	1 795 719	155 459	919 429	870 473	48 957	6%	1 795 719
			11.1%	11.1%						11.1%
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS										
		1 616 019	1 795 719	1 795 719	155 459	919 429	870 473	48 957	6%	1 795 719
% increase	4		11.1%	11.1%						11.1%
TOTAL MANAGERS AND STAFF										
		1 560 996	1 733 321	1 733 321	150 744	892 134	840 111	52 023	6%	1 733 321

12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 December 2017. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 December 2017.

Table 20: Overtime per Directorate

Directorate Overtime	2017/2018 Annual Budget R	2017/2018 YTD Budget R	2017/2018 YTD Expenditure R	2017/2018 YTD Variance R	2017/2018 % of YTD Budget %
Directorate Of Executive Support Services	1 903 985	951 993	1 927 177	(975 184)	202%
Directorate Of The City Manager	501 064	250 532	215 132	35 400	86%
Directorate Of Corporate Services	525 188	262 594	500 876	(238 282)	191%
Directorate Of Development & Spatial Planning	704 956	352 478	133 841	218 637	38%
Directorate Of Economic Development & Agencies	530 085	265 043	126 741	138 301	48%
Directorate Of Finance	1 536 378	768 189	1 593 526	(825 337)	207%
Directorate Of Health / Public Safety & Emergency Services	27 906 579	13 953 290	17 647 476	(3 694 186)	126%
Directorate Of Human Settlement	115 256	57 628	16 385	41 243	28%
Directorate Of Infrastructure Services	19 370 795	9 685 398	21 342 405	(11 657 008)	220%
<i>Electricity</i>	8 753 148	4 376 574	7 463 209	(3 086 635)	171%
<i>Water</i>	3 790 350	1 895 175	7 228 802	(5 333 627)	381%
<i>Sanitation</i>	5 602 537	2 801 269	6 192 443	(3 391 174)	221%
<i>Other</i>	1 224 760	612 380	457 952	154 428	75%
Directorate Of Municipal Services	22 930 342	11 465 171	21 210 232	(9 745 061)	185%
Total	76 024 628	38 012 314	64 713 791	(26 701 477)	170%

Table 21: Overtime Per Cost Centre: October 2017 – December 2017

OVERTIME PER COST CENTRE		October 2017 Amount	November 2017 Amount	December 2017 Amount
Directorate -Executive Support Services				
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	289 411.78	315 620.29	247 134.58
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	22 451.82	13 310.81	25 083.75
0523	IDP & BUDGET INTEGRATION	0	2 951.91	5 955.72
0531	POLITICAL OFFICE ADMINISTRATION	0	9 642.19	29 269.10
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	9 448.51	0	27 743.42
0541	SPORTS SERVICES & SPECIAL PROGRAMMES	0	0	5 955.72
0542	SPECIAL PROGRAMMES	5 538.00	6 091.80	0
		326 850.11	347 617.00	341 142.29
DIRECTORATE OF THE CITY MANAGER				
1005	OFFICE OF THE CITY MANAGER	34 805.07	19 810.26	25 793.59
1015	INFORMATION / TECHNOLOGY & SUPPORT	33 494.89	25 413.16	33 624.74
		68 299.96	45 223.42	59 418.33
DIRECTORATE OF CORPORATE SERVICES				
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	0	2 129.00	0
1512	ADMINISTRATIVE & CORPORATE SUPPORT	0	13 441.98	6 537.58
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	0	48 504.79	36 544.38
1531	HUMAN RESOURCES MANAGEMENT	2 480.98	12 847.55	14 353.77
1532	ADMINISTRATIVE SUPPORT	3 243.60	3 243.60	13 010.94
		5 724.58	80 166.92	70 446.67
DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING				
2013	CITY & REGIONAL PLANNING	8 077.38	3 642.74	4 276.26
2023	BUILDING MAINTANANCE	0	0	5 190.08
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	8 054.62	1 250.64	4 992.66
2037	TRAFFIC MANAGEMENT & SAFETY	0	24 115.61	6 523.30
2045	TOWNSHIP REGENERATION	1 161.99	0	0
		17 293.99	29 008.99	20 982.30
DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES				
2505	OFFICE OF THE DIRECTOR ECONOMIC DEVELOPMENT	0	1 833.00	0
2511	FRESH PRODUCE MARKET	26 669.53	15 262.26	7 813.75
		26 669.53	17 095.26	7 813.75

OVERTIME PER COST CENTRE		October 2017 Amount	November 2017 Amount	December 2017 Amount
	DIRECTORATE OF FINANCE			
3011	BUDGET & TREASURY MANAGEMENT	7 743.34	0	0
3031	EXPENDITURE & PAYMENTS MANAGEMENT	20 594.18	2 121.08	8 508.44
3034	VAT / LEASES & PAYMENTS	2 576.28	0	0
3051	REVENUE MANAGEMENT	5 436.99	30 360.13	0
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	127 552.02	134 628.82	116 465.27
3053	COASTAL REVENUE MANAGEMENT	22 678.83	35 482.99	8 581.05
3061	STRATEGY & OPERATIONS	1 739.70	438.75	0
3071	SUPPLY CHAIN MANAGEMENT	0	0	2 147.92
		188 321.34	203 031.77	135 702.68
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	8 865.42	15 389.42	2 046.87
3513	FIRE & RESCUE	584 315.78	320 502.04	262 709.31
3521	MUNICIPAL HEALTH SERVICES	13 655.76	21 380.64	11 333.87
3531	PUBLIC SAFETY & PROTECTION SERVICES	66 511.66	71 753.82	0
3532	LAW ENFORCEMENT SERVICES	1 736 491.62	1 540 658.10	1 124 186.86
3533	TRAFFIC SERVICES	582 587.86	630 153.40	557 919.45
		2 992 428.10	2 599 837.42	1 958 196.36
	DIRECTORATE OF HUMAN SETTLEMENTS			
4005	OFFICE OF THE DIRECTOR OF HUMAN SETTLEMENT	2 823.00	0	0
4011	HOUSING DELIVERY & IMPLEMENTATION	0	13 561.53	0
		2 823.00	13 561.53	0
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	2 051.76	2 692.94	2 821.17
4511	ELECTRICAL & ENERGY SERVICES	2 069.55	2 229.15	24 797.60
4512	CUSTOMER SERVICES & REVENUE PROTECTION	103 795.41	97 143.83	87 565.66
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	2 661.05	3163.5	877.8
4514	ELECTRICAL DISTRIBUTION	1 152 865.98	1 226 659.15	1 136 039.73
4521	ROADS / PIU & CONSTRUCTION	0	3 248.07	0
4522	CONSTRUCTION	12 402.92	0	0
4524	ROADS	17 373.85	15 306.48	8 763.37
4532	SANITATION	971 838.12	964 634.95	991 301.21
4535	WATER SERVICES	1 182 850.60	1 180 610.54	1 084 468.44
4543	WORKSHOPS	53 177.12	65 736.08	71 223.69
		3 501 086.36	3 561 424.69	3 407 858.67

		October 2017 Amount	November 2017 Amount	December 2017 Amount
	DIRECTORATE OF MUNICIPAL SERVICES			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	6 836.13	9 781.94	5 098.38
5011	COMMUNITY AMENITIES	28 556.09	27 746.84	26 066.43
5013	LIBRARIES	67 927.72	59 587.46	52 822.32
5014	HALLS	245 652.38	201 182.03	207 363.94
5015	RECREATION	375 977.36	413 353.10	488 172.40
5016	SPORTS FACILITIES	181 055.95	201 371.54	140 354.21
5022	CEMETRIES & CREMATORIA	325 625.77	313 839.36	327 558.88
5023	CONSERVATION	141 101.84	122 185.58	123 789.08
5024	PARKS: COASTAL	244 019.47	233 398.53	799 407.53
5031	SOLID WASTE MANAGEMENT	11 654.55	9 446.41	20 384.43
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 444 749.85	1 283 461.14	1 564 403.19
5035	LANDFILLS & TRANSFER STATIONS	131 750.48	124 418.32	126 760.81
		3 204 907.59	2 999 772.25	3 882 181.60
	TOTAL OVERTIME	10 334 404.56	9 896 739.25	9 883 742.65

12.2.1. Comments On Overtime

a) Directorate of Executive Support Services

The over expenditure is due to the respective political office's bodyguards having to work extended overtime and night shifts. Staff also had to work overtime for the preparation of the Mayoral events. Furthermore, Public Participation (Political Office) unit staff had to work overtime due to loud-hailing done after business hours and on weekends.

b) Directorate of Corporate Services

The over expenditure on overtime is as a result of council meetings which necessitates the drivers to deliver council agendas outside the normal operating hours.

c) Directorate of Finance

The over expenditure is due to the preparations of financial year end activities by Finance officials. Furthermore, there were delays in the ledger run due to finalisation of year-end processes and integration of systems into SOLAR and the budget office staff was required to work overtime in order to complete the monthly

reporting timeously in order to adhere to the deadlines as per the Municipal Finance Management Act (MFMA).

Revenue Management: The bulk of the expenditure is related to the overtime that was worked on the Revenue Enhancement Initiative that was undertaken during July 2017 whereby Revenue Management staff assisted the public over 3 weekends in resolving accounts related matters. The overtime worked emanated from the request by the Mayoral Committee to assist the public over the weekends during July 2017. Revenue Management Department currently has 60+ vacant and funded posts which are still under the moratorium as these posts cannot be filled until such time that the moratorium is lifted.

d) 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 illegal connections 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.

e) Directorate of Health / Public Safety & Emergency Services

Directorate of Health, Public Safety & Emergency Services officials (Health, Fire, Traffic, LE, DM & Security) work over weekends, evenings and public holidays at events, safety operations, speed enforcement operations, music festivals, special events, protest actions, accidents, safekeeping of municipal installations & various other events to ensure compliance in terms of the legislation which control these activities. There is generally a marked increase in the overtime over the festive season which starts from about October to January due to the number of events held over the public holidays & weekends and in some instances the events continue through the evening to the next day.

f) Directorate of Municipal Services

Overtime is linked to hall usage, the staff working overtime are halls staff. Most bookings occur after hours or over weekends which results in overtime. This is a service to the public and it is therefore essential that the overtime is worked.

Cleansing & Refuse Removal: Inland – the department provides services 7 days' a week and five days are normal working days. Saturday and Sunday is regarded as structured overtime. The department is exploring other measures or to introduce a 6-day shift work. Measures are being put in place to adhere to the 40hrs per month.

Cleansing & Refuse Removal: Coastal - There is a moratorium that says all the vacant funded posts that became vacant before April 2017 must not be filled, this results in the shortage of staff. The department is forced to allow workers to work after hours in order to curb the backlogs in certain areas to meet service delivery expectations and some areas within the region require a seven days' coverage of refuse removal due to large volumes of waste generated.

Landfills & Transfer Stations - Landfills as per the permit have operating hours. The operations of the facilities warrants that there must be staff on site during the operating hours as stipulated in the permit. Landfills operate from 08:00 till 22:00 during weekdays and they operate from 08:00 till 16:00 on weekends and public holidays.

12.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past three months ended 31 December 2017. There was an increase in the total payment between October 2017 and November 2017 of R37 344 and decrease in the total payment between November 2017 and December 2017 of R115 036.

Table 22: Standby & Shift Allowance per Directorate

	OCTOBER	NOVEMBER	DECEMBER
	2017	2017	2017
Directorate of ExecutiveSupport Services	9 005	6 496	6 698
Directorate of the City Manager	38 605	37 200	21 639
Directorate of Corporate Services	96	1 407	1 345
Directorate of Development & Spatial Planning	7 504	25 091	12 576
Directorate Economic Development & Agencies	1 576	1 269	1 499
Directorate of Finance	18 483	19 456	9 586
Directorate of Health/Public Safety & Emergency Services	682 956	593 687	543 651
Directorate of Human Settlement	0	0	0
Directorate of Infrastructure Services	695 052	760 416	753 962
Directorate of Municipal Services	290 230	335 828	314 858
TOTAL	1 743 506	1 780 850	1 665 814

12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the past three months ended 31 December 2017 is reflected below. There was a decrease in the total payment between October and November 2017 of R764 025 and an increase in the total payment between November and December 2017 of R2 525 016.

Table 23: Temporary Staff per Directorate

	OCTOBER	NOVEMBER	DECEMBER
	2017	2017	2017
Directorate of Executive Support Services	549 606	527 533	540 284
Directorate of the City Manager	215 555	244 598	386 628
Directorate of Corporate Services	1 453 357	1 362 308	1 544 981
Directorate of Development & Spatial Planning	189 202	122 042	120 975
Directorate Economic Development & Agencies	15 850	15 850	15 850
Directorate of Finance	643 901	612 741	803 654
Directorate of Health/Public Safety & Emergency Services	345 061	253 045	291 692
Directorate of Human Settlement	150 914	145 099	164 233
Directorate of Infrastructure Services	189 244	182 593	197 684
Directorate of Municipal Services	2 508 964	2 031 820	3 956 664
TOTAL	6 261 653	5 497 628	8 022 644

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year to date budget of R31.19 million less the year to date expenditure of R27.30 million leaves a variance of R3.90 million.

Table 24: Councillors Costs

Councillors Allowances And Benefits	2017/2018 Annual Budget	2017/2018 YTD Budget	2017/2018 YTD Expenditure	2017/2018 Variance	2017/2018 Variance
	R	R	R	R	%
Councillors Allowances	44 492 267	22 246 134	16 854 541	5 391 593	24.24
Housing Allowance	0	0	1 114 810	(1 114 810)	0
Medical Aid Allowance	1 773 192	886 596	989 738	(103 142)	-11.63
Pension Allowance	3 761 772	1 880 886	1 942 848	(61 962)	-3.29
Travel Allowance	12 370 884	6 185 442	6 393 254	(207 812)	-3.36
Total	62 398 115	31 199 058	27 295 191	3 903 867	12.51

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R12.58 million (37%) of its 2017/2018 operating budget of R33.16 million. The expenditure at this point of the financial year is below target.

Table 25: Monthly Budget Statement – summary of municipal entity

BUF Buffalo City - NOT REQUIRED - municipality does not have entities or this is the parent municipality's budget - M06 December

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Municipal Entity										
Buffalo City Metropolitan Development Agency SOC Ltd								-		
Interest earned - external investments		200	238	238	7	90	119	(29)	-24%	238
Transfers recognised - operational		16 882	22 138	22 138	-	10 132	11 069	(937)	-8%	22 138
Agency services			3 630	3 630	-	-	1 815	(1 815)	-100%	3 630
Other revenue		877	7 154	7 154	177	1 085	3 577	(2 492)	-70%	7 154
Total Operating Revenue	1	17 959	33 160	33 160	183	11 307	16 580	(5 273)	-32%	33 160
Expenditure By Municipal Entity										
Buffalo City Metropolitan Development Agency SOC Ltd								-		
Employee related costs		10 144	15 178	15 178	1 378	8 309	7 589	720	9%	15 178
Remuneration of Directors		459	850	850	92	406	425	(19)	-5%	850
Depreciation & asset impairment		332	471	471	71	414	236	178	76%	471
Finance charges		0	2	2	-	5	1	4	554%	2
Other expenditure		4 751	16 659	16 659	375	3 451	8 329	(4 878)	-59%	16 659
Total Operating Expenditure	2	15 686	33 160	33 160	1 916	12 584	16 580	(3 996)	-24%	33 160
Surplus/ (Deficit) for the yr/period		2 274	0	0	(1 733)	(1 277)	0	(9 269)	-13241416%	0
Capital Expenditure By Municipal Entity										
Buffalo City Metropolitan Development Agency SOC Ltd								-		
Transfers recognised - capital			962	-	1	190	481	(291)	-60%	962
Contributions recognised - capital								-		
Contributed assets								-		
Total Capital Expenditure	3	-	962	-	1	190	481	(291)	-60%	962

A detailed analysis of the entity's performance for month ended 31 December 2017 is outlined in the attached Annexure F.

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 27% (R464.77 million, inclusive of reclaimed vat) of its 2017/18 adjusted capital budget of R1.71 billion as at 31 December 2017. This depicts a regression both in percentage and rand value terms when compared to the same period in the previous financial year where 31% (R529.68 million, inclusive of reclaimed vat) of the adjusted budget of R1.69 billion was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded. Refer to Annexure A – C5 for the breakdown per municipal vote, standard classification & funding; Annexure B – SC12 for monthly expenditure trends; SC13a for breakdown of asset classification for new assets and SC13b for breakdown on asset classification on renewal of existing asset).

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

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

Table 26: Capital Expenditure per Funding Source against Budget

Funding	2017/2018 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Total Own Funding	908 991 209	137 358 700	771 632 509	15%
DoE(Integrated National Electrification Programme)	25 000 000	1 715 306	23 284 694	7%
Finance Management Grant	100 000	0	100 000	0%
Galve c/o	229 000	0	229 000	0%
Integrated City Development Grant	6 956 000	6 956 000	0	100%
Local Government & Traditional Affairs c/o	9 036 112	0	9 036 112	0%
Neighbourhood Development Partnership Grant	10 000 000	0	10 000 000	0%
Urban Settlement Development Grant	705 084 160	299 658 608	405 425 552	42%
Public Transport Infrastructure Grant	48 167 000	19 079 471	29 087 529	40%
Total Grants	804 572 272	327 409 384	477 162 888	41%
TOTAL PER FUNDING	1 713 563 481	464 768 085	1 248 795 396	27%

Table 27 below reflects capital expenditure performance per service.

Table 27: Actual Expenditure per Service against Budget

Services	2017/2018 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Water	130 000 000	70 007 763	59 992 237	54%
Waste Water	283 698 323	107 212 405	176 485 918	38%
Electricity	148 000 000	33 571 870	114 428 130	23%
Roads and Stormwater	270 956 000	103 974 656	166 981 344	38%
Housing	185 855 000	35 535 647	150 319 353	19%
Transport Planning	142 553 112	52 638 930	89 914 182	37%
Local Economic Development	59 097 779	13 098 390	45 999 389	22%
Spatial Planning	62 704 000	3 942 224	58 761 776	6%
Waste Management / Refuse	65 821 640	263 909	65 557 731	0%
Amenities	102 458 023	17 699 167	84 758 856	17%
Public Safety	40 679 410	6 859 341	33 820 069	17%
Support Services	167 981 785	11 415 424	156 566 361	7%
Other - BCM Fleet	28 758 409	8 548 361	20 210 048	30%
BCMDA - Water World project	25 000 000	0	25 000 000	0%
GRAND - TOTAL	1 713 563 481	464 768 085	1 248 795 396	27%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

Directorate	2017/2018 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Executive Support Services	6 729 240	895 312	5 833 928	13%
Municipal Manager's Office	39 109 286	4 948 268	34 161 018	13%
Human Settlements	186 775 242	35 667 187	151 108 055	19%
Directorate of Financial Services	87 820 000	2 533 422	85 286 578	3%
Directorate of Corporate Services	8 337 104	292 261	8 044 843	4%
Directorate of Infrastructure Services	861 912 732	323 426 728	538 486 004	38%
Spatial Planning and Development	218 757 112	58 730 386	160 026 726	27%
Directorate of Economic Development	59 597 779	13 206 754	46 391 025	22%
Directorate of Health, Public Safety & Emergency Services	41 245 323	7 085 715	34 159 608	17%
Directorate of Municipal Services	168 279 663	17 963 075	150 316 588	11%
TOTAL DIRECTORATES	1 678 563 481	464 749 108	1 213 814 373	28%
Asset Replacement	10 000 000	18 976	9 981 024	0%
BCMDA - Water World project	25 000 000	0	25 000 000	0%
GRAND - TOTAL	1 713 563 481	464 768 085	1 248 795 396	27%

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

Table 29: SC12 Monthly Budget Statement – capital expenditure trend

BUF Buffalo City - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

Month	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	1 611	3 274	3 274	2 308	2 308	3 274	966	29.5%	0%
August	39 205	17 112	17 112	40 222	42 530	20 386	(22 144)	-108.6%	3%
September	86 333	48 450	48 450	85 095	127 625	68 836	(58 789)	-85.4%	8%
October	78 499	94 083	94 083	85 567	213 192	162 919	(50 273)	-30.9%	13%
November	124 330	99 215	99 215	90 386	303 579	262 134	(41 445)	-15.8%	18%
December	161 499	147 979	147 979	123 230	426 808	410 113	(16 695)	-4.1%	26%
January	26 493	125 470	125 470	–		535 583	–		
February	70 080	147 452	147 452	–		683 035	–		
March	162 725	180 770	180 770	–		863 806	–		
April	43 977	241 602	241 602	–		1 105 408	–		
May	82 891	259 708	259 708	–		1 365 116	–		
June	398 658	280 088	348 447	–		1 713 563	–		
Total Capital expenditure	1 276 301	1 645 204	1 713 563	426 808					

15. OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 39% (R116.23 million) inclusive of reclaimed vat of its 2017/18 adjusted operating projects budget of R298.17 million as at 31 December 2017. This depicts regression in both percentage and rand value terms when compared to the same period in the previous financial year where 43% (R142.35 million inclusive of reclaimed vat) of the adjusted operating projects budget of R327.39 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded.

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

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

Directorate	<u>2017/2018</u> <u>Rollover</u> <u>Opex Opex</u> <u>Budget</u>	<u>YTD</u> <u>Expenditure</u> <u>(incl. vat)</u>	<u>Available</u> <u>Budget</u> <u>(incl. vat)</u>	<u>%</u> <u>Expenditure</u> <u>(incl. vat)</u>
Executive Support Services	5 822 639	613 139	5 209 500	11%
Municipal Manager's Office	46 784 665	18 489 298	28 295 367	40%
Human Settlements	91 300 000	13 547 335	77 752 665	15%
Directorate of Financial Services	47 950 000	15 831 390	32 118 610	33%
Directorate of Corporate Services	12 566 500	4 149 351	8 417 149	33%
Directorate of Infrastructure Services	43 995 761	47 534 144	(3 538 383)	108%
Spatial Planning and Development	9 152 000	2 545 300	6 606 700	28%
Directorate of Economic Development	26 977 504	6 826 465	20 151 039	25%
Directorate of Health, Public Safety & Emergency Services	1 860 000	83 183	1 776 817	4%
Directorate of Municipal Services	11 762 690	6 610 128	5 152 561	56%
TOTAL PER DIRECTORATE	298 171 759	116 229 734	181 942 025	39%

Table 31: Operating Projects per Funding Source

Funding	<u>2017/2018</u> <u>Rollover Opex</u> <u>Opex Budget</u>	<u>YTD</u> <u>Expenditure</u> <u>(incl. vat)</u>	<u>Available</u> <u>Budget (incl.</u> <u>vat)</u>	<u>%</u> <u>Expenditure</u> <u>(incl. vat)</u>
Total Own Funding	117 381 866	37 000 249	80 381 617	32%
City of Oldenburg	495 761	0	495 761	0%
Department of Public Works	353 653	0	353 653	0%
Expanded Public Works Programme Incentives Grant	4 952 000	758 991	4 193 009	15%
Finance Management Grant	1 200 000	747 568	452 432	62%
Human Settlement Development Grant	90 800 000	13 547 335	77 252 665	15%
Infrastructure Skills Development Grant	10 560 000	4 149 351	6 410 649	39%
Leiden	138 207	58 720	79 487	42%
Public Transport Infrastructure Grant	7 702 000	1 528 556	6 173 444	20%
Salaida (Galve)	1 454 574	100 437	1 354 137	7%
Galve	89 858	0	89 858	0%
Urban Settlement Development Grant	63 043 840	58 338 527	4 705 313	93%
Total Grants	180 789 893	79 229 485	101 560 408	44%
TOTAL PER FUNDING	298 171 759	116 229 734	181 942 025	39%

16. VIREMENTS ON THE 2017/18 BUDGET

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

The implemented virement is in accordance 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.

16.1 Directorate of Municipal Services

During the 2017/2018 financial period the Cleansing & Refuse Removal Department, under the Directorate of Municipal Services was granted a budget of R15.27 million for Plant Hire. This budget was to be utilised for hiring trucks to assist in cases of shortages in the current fleet. As at 30 November 2017 the current budget allocation was 87% spent. Additional compactors were required to render refuse collection service to rate payers, the current available trucks would not be able to render effective, efficient and sustainable refuse collection service. Due to this the Directorate requested that funds from slow moving operating projects be re-allocated to the plant hire vote.

Table 32 below details the virements that were effected for the Directorate of Municipal Services.

Table 32: Budget Transfers within the Directorate of Municipal Services

Project Name	Funding Source	2017/2018 Roll-over Adjustment Budget	2017/2018 Transfers	2017/2018 Budget after Adjustment
TRANSFERRED FROM				
Train Communities in Horticultural Skills (Composting, Vegetable Gardens, Planting of Trees)	Own Funds	500 000	(500 000)	0
17800 X240 Litre Wheelie Bins	Own Funds	1 000 000	(1 000 000)	0
Street Litter Bins	Own Funds	300 000	(300 000)	0
Assessment prior Rehabilitation of Unlicensed Disposal Sites/IWMP	Own Funds	500 000	(500 000)	0
Pilot Project - co-Operatives for Solid Waste Department / Greening/BCMM @ Work project	Own Funds	500 000	(440 963)	59 037
TOTAL		2 800 000	(2 740 963)	59 037
TRANSFERRED TO				
Opr Leases: Machinery & Equipment: Coastal	Own Funds	9 406 894	2 740 963	12 147 857
Opr Leases: Machinery & Equipment: Inland	Own Funds	5 126 288	0	5 126 288
Opr Leases: Machinery & Equipment: Midland	Own Funds	732 327	0	732 327
TOTAL: Opr Leases: Machinery & Equipment		15 265 509	2 740 963	18 006 472

17. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The SDBIP is a management, implementation and monitoring tool which assists the Executive Mayor, Councillors, Accounting Officer, Senior Managers and the community with the realisation of Municipality's strategic objectives as contained in the Integrated Development Plan. 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 2017/2018 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 2017/2018 Service Delivery Targets and Performance Indicators as well as actual performance achieved are attached as Annexure G.

Below is the summary of the mid-term performance report per directorate.

SERVICE DELIVERY TARGETS – 2017/2018 MID-TERM PERFORMANCE PER DIRECTORATE

Executive Support Services

The Executive Support Services Directorate has set 8 targets on its SDBIP. The total of targets achieved is 6 and not achieved is 2. The overall mid-term performance for Executive Support Services is 75%.

City Manager

The Directorate of the City Manager has set 9 targets on its SDBIP. The total of targets achieved is 5 and not achieved is 4. The overall mid-term performance for the Directorate of the City Manager is 55%.

Human Settlements

The Human Settlements Directorate has 6 set targets on their SDBIP. The total of targets achieved is 4 and not achieved is 2. The overall mid-term performance for Human Settlements is 67%.

Directorate of Finance

The Directorate of Finance has set 9 targets on its SDBIP. The total of targets achieved is 5 and not achieved is 4. The overall mid-term performance for Directorate of Finance is 55%.

Corporate Services

The Corporate Services Directorate has set 5 targets on its SDBIP. The total of targets achieved is 2 and not achieved is 3. The overall mid-term performance for Corporate Services is 40%.

Infrastructure Services

The Directorate of Infrastructure Services has set 17 targets on its SDBIP. The total of targets achieved is 9, not achieved is 7 and not for reporting is 1. The overall mid-term

performance for Infrastructure Services 56%.

Spatial Planning and Development

The Directorate of Spatial Planning and Development has set 10 targets on its SDBIP. The total of targets achieved is 5, not achieved is 2 and not for reporting is 3. The overall mid-term performance for Spatial Planning and Development is 83%.

Economic Development and Agencies

The Directorate of Economic Development & Agencies has set 14 targets on its SDBIP. The total of targets achieved is 6, not achieved is 7 and not for reporting is 1. The overall mid-term performance for Economic Development & Agencies is 46%.

Health/Public Safety and Emergency Services

The Directorate of Health/Public Safety and Emergency Services has set 10 targets on its SDBIP. The total of targets achieved is 4, not achieved is 2 and not for reporting is 4. The overall mid-term performance for Health/Public Safety and Emergency Services is 67%.

Municipal Services

The Directorate of Municipal Services has set 14 targets on its SDBIP. The total of targets achieved is 7, not achieved is 4 and not for reporting is 3. The overall mid-term Performance for Municipal Services is 64%.

The overall institutional performance for the mid-term is 58%.

The above information is summarized in table 33 below:

Table 33: Summary of BCMM Mid-Term 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	8	6	2	0	75%
City Manager's Office	9	5	4	0	55%
Human Settlements	6	4	2	0	67%
Directorate of Finance	9	5	4	0	55%
Corporate Services	5	2	3	0	40%
Infrastructure Services	17	9	7	1	56%
Spatial Planning & Development	10	5	2	3	83%
Economic Development and Agencies	14	6	7	1	46%
Health/Public Safety and Emergency Services	10	3	2	5	60%
Municipal Services	14	7	4	3	64%
Total	102	52	37	13	58%

18. MID YEAR ADJUSTMENT BUDGET FOR THE 2017/2018 FINANCIAL YEAR

The enclosed performance report will be analysed in terms of its revenue projections and expenditure categories which will culminate in the mid-year adjustment budget to be tabled in a Council meeting in February 2018 in terms of S28 of the MFMA.

19. SUMMARY OF PROGRESS MADE ON RESOLVING PROBLEMS IDENTIFIED IN THE PREVIOUS YEAR'S ANNUAL REPORT**19.1 Audit Findings**

The institution has received an unqualified audit report for the 2016/17 financial year. This is the culmination of a significant amount of effort on behalf of the institution and is a positive development in the perception of the financial affairs of the institution.

There are certain compliance findings that have been identified by the Auditor General. In order to focus on these areas a “Clean Audit Committee” has been formed and managed from the City Manager’s office.

Although no audit opinion was expressed, an area which needs to be a focus for the forthcoming financial year is the reporting of performance information. In this regard there will be a focus in analysing the quarterly performance reports to ensure quality information is provided.

19.2 Expenditure Management

The institution continues to be plagued with cyclical expenditure patterns with expenditure being comparatively low for the first 6 months of the year and then increasing in the last 6 months. The institution attempts to continue to implement changes in an attempt to improve expenditure. These changes include:

- The Bid Committee were tasked to convene regularly to ensure that there are no backlogs in the tender process.
- The Implementation of Procurement Planning would significantly improve expenditure patterns and reduce need for roll-overs

19.3 Revenue Management

The institution continues to experience challenges in the following areas:

- Illegal connections
- Unread meters due to accessibility
- Indigent consumers using excess of 6 kilolitres of water which cannot be recovered
- Flat rates being charged in unmetered areas

In an ongoing attempt to undertake corrective measures, the following has been implemented:

- The appointment of a service provider to allow for consumers to purchase

prepaid electricity through various electronic media platforms.

- The institution is currently undertaking an audit of business meters and will be replacing these with smart meters in a pilot project. This project will be assessed to determine the impact on the institution with an ongoing roll out being performed.
- Council has approved the turnaround plan to mitigate water losses and ageing infrastructure assets as well as the implementation of new meters in unmetered areas over a period of 3 years. This plan is being implemented on an ongoing basis with funding being allocated in the MTREF budget.

19.4 Asset Management

Strategically the institution is focused on replacing aging infrastructure. As part of this process the institution allocates a significant amount of own funding towards asset replacement. This strategy will continue over the MTREF.

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

20.1. Health / Public Safety & Emergency Services

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

Table 34: 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	0	1 271 669	77 005	0	1 348 674
GM - EMERGENCY SERVICES	(50 126 732)	40 096 050	15 437 309	388 179	55 921 537
EMERGENCY SERVICES	0	1 387 625	53 828	298	1 441 751
DISASTER MANAGEMENT	0	1 415 011	403 962	16 580	1 835 553
FIRE & RESCUE	(50 126 732)	37 293 413	14 979 518	371 301	52 644 233
GM - MUNICIPAL HEALTH SERVICES	(2 020)	15 426 230	1 144 594	50 559	16 621 383
MUNICIPAL HEALTH SERVICES: COASTAL REGION	(2 020)	15 426 230	1 144 594	50 559	16 621 383
GM - PUBLIC SAFETY & PROTECTION SERVICES	(30 423 771)	109 887 367	6 374 399	1 058 823	117 320 588
PUBLIC SAFETY & PROTECTION SERVICES	(269 339)	6 807 383	2 358 428	723 644	9 889 455
LAW ENFORCEMENT SERVICES	0	62 821 915	1 494 994	332 346	64 649 255
TRAFFIC SERVICES	(30 154 432)	40 258 069	2 520 976	2 832	42 781 878
TOTAL	(80 552 523)	166 681 315	23 033 306	1 497 561	191 212 182

20.2. Municipal Services

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

Table 35: Municipal Services – Cost Analysis

Municipal Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	0	5 413 972	681 038	26 292	6 121 302
GM - COMMUNITY AMENITIES	(1 792 759)	61 686 095	54 168 092	4 764 343	120 618 530
COMMUNITY AMENITIES	(94)	6 773 384	44 573 871	20 698	51 367 953
LIBRARIES	(309 977)	12 431 728	4 459 520	442 323	17 333 572
HALLS	(641 537)	10 336 791	789 506	1 096 980	12 223 276
RECREATION	(810 737)	19 784 186	1 424 492	1 281 253	22 489 931
SPORTS FACILITIES	(30 415)	12 360 006	2 920 702	1 923 090	17 203 798
GM - PARKS / CEMETRIES & CONSERVATION	(6 130 785)	75 588 923	12 066 069	3 862 759	91 517 752
PARKS / CEMETRIES & CONSERVATION	0	2 925 884	95 233	0	3 021 116
CEMETRIES & CREMATORIA	(5 094 951)	12 285 384	3 427 815	991 721	16 704 920
CONSERVATION	(975 013)	8 959 978	889 985	69 415	9 919 378
PARKS: COASTAL	(60 821)	51 417 677	7 653 037	2 801 623	61 872 337
GM - SOLID WASTE MANAGEMENT	(230 499 677)	83 638 517	114 488 989	10 793 345	208 920 851
SOLID WASTE MANAGEMENT	0	6 676 682	14 015 834	5 457 517	26 150 034
CLEANSING & REFUSE REMOVAL: COASTAL	(228 915 455)	70 079 730	81 895 036	5 308 341	157 283 107
CLEANSING & REFUSE REMOVAL: INLAND	0	0	4 751 973	0	4 751 973
CLEANSING & REFUSE REMOVAL: MIDLAND	0	0	582 996	0	582 996
LANDFILLS & TRANSFER STATIONS	(1 584 222)	6 882 105	13 243 150	27 487	20 152 742
TOTAL	(238 423 221)	226 327 508	181 404 188	19 446 739	427 178 435

21. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

I, VINCENT PILLAY, the Acting City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

☐

Mid-year budget and performance assessment (Section 72 Report)

for the period ending **December 2017** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print name: Vincent Pillay

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
- SC11 Monthly Budget Statement – Summary of Municipal Entity
- 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

Buffalo City Metropolitan Development Agency Performance Report

Annexure G

Service Delivery Targets – 2017/2018 Mid-Term Performance