

REPORT TO COUNCIL: 24 APRIL 2019

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STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF THE 2018/19 BUDGET FOR THE PERIOD ENDED 31 MARCH 2019

1. PURPOSE

The purpose of the report is for Council to consider and note the statement of financial performance and the implementation of the 2018/19 budget of the Buffalo City Metropolitan Municipality for the period ended 31 March 2019.

2. AUTHORITY

Buffalo City Metropolitan Council

3. LEGAL / STATUTORY REQUIREMENTS

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

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

3.3. Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

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

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

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

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PART 1: IN-YEAR REPORT

5. RESOLUTIONS

It is recommended that:

- (i) Council **CONSIDERS** and **NOTES** the report on the statement of financial performance and the implementation of the 2018/19 budget for the period ended 31 March 2019 including supporting documentation attached as Annexure A to G.
- (ii) Council **NOTES** the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.
- (iii) Council **NOTES** the year to date collection rate for the period ended 31 March 2019 of 85.50%.



X. PAKATI

EXECUTIVE MAYOR

BUFFALO CITY METROPOLITAN MUNICIPALITY

ANDILE SIHLAHLA/ NS

16/04/2019
DATE

**6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET
AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE
PERIOD ENDED 31 MARCH 2019**

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

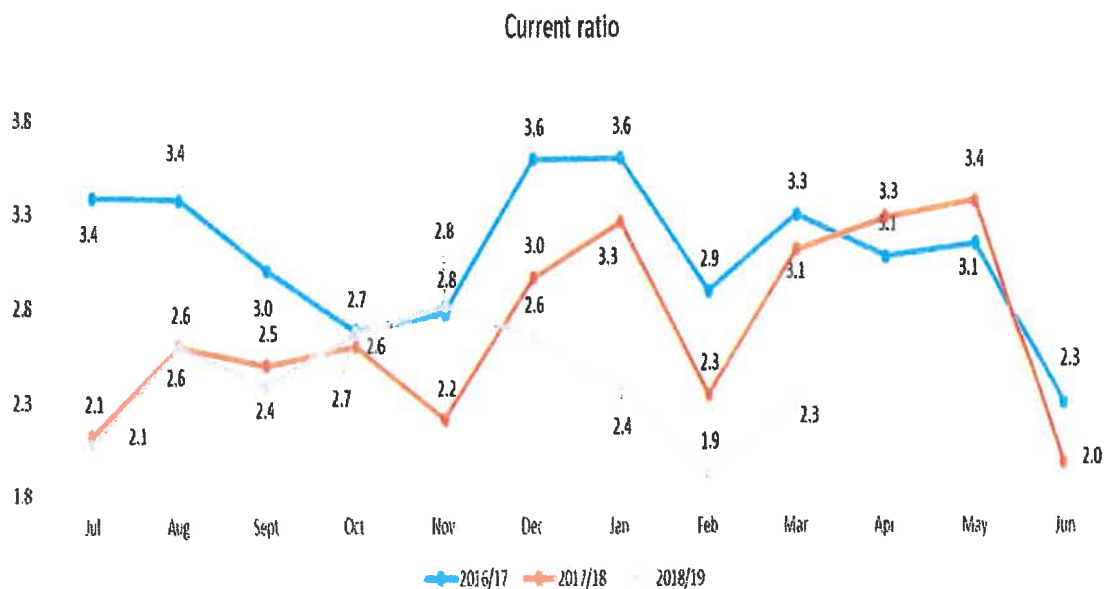
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 4,725,233,685	Bank Balance	R 315,086,576
Expenditure	(R5,029,863,093)	Call investments (excl. int.)	R 1,539,290,698
Operating Deficit	(R 304,629,408)	Cash and cash equivalents	R 1,854,377,274
Transfers and Subsidies Recognised – Capital	R 444,364,875	Account Payables	(R 453,042,322)
Surplust After Capital Transfers	R 139,735,467	Unspent conditional grants	(R 660,583,883)
DEBTORS		Committed to Capital budget-own funds	(R 718,535,519)
Total debtors book (Incl. impairment)	R 1,998,587,568	Possible cash surplus should there be no revenue collection made	(R 22,215,150)
Total debtors - Government	R 45,073,080	Total Long term loans	R 363,238,080
Total debtors - Business	R 690,255,620		
Total debtors - Households	R 1,263,258,868		
Total debt written off	R 159,328,848	SURPLUS / (DEFICIT) PER SERVICE	
		Water	R 114,263,037
REPAIRS AND MAINTENANCE		Electricity	(R 97,296,781)
2017/2018: Exp.= R234,54 m, which is 69% of adjusted budget of R450.64 m	2018/2019: Exp.= R302,85 , which is 71% of adjusted budget of R425,14 m	Refuse	R 56,173,221
		Sewerage	R 142,331,114
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
2017/2018: Exp. as a % of Adjusted Budget of R1.63b: Exp. (excl. vat) = R606,91 mil % exp (Excl. vat) :37% Exp. (incl. vat) = R656,88 mil % exp (incl. vat): 40%	2018/2019: Exp. as a % of Adjusted Budget of R1.91b: Exp. (excl. vat) = R830,06 mil % exp. (Excl. vat) :43% Exp. (incl. vat) = R896,07 mil % exp. (Incl. vat): 47%	2017/2018: Exp. as a % of Adjusted Budget of R309.4m: Exp. (excl. vat) = R170.79 mil % exp.(excl. vat): 55% Exp. (incl. vat) = R176,85 mil % exp.(incl. vat): 57%	2018/2019: Exp. as a % of Adjusted Budget of R336.01m: Exp. (excl. vat) = R112,81 mil % exp. (excl. vat): 34% Exp. (incl. vat) = R113,50 mil % exp. (Incl. vat): 34%
FINANCIAL		HUMAN RESOURCES	
Operating deficit before Capital Transfers	(R 304,629,407)	Total staff complement	5 100
Debtors collection ratio	85.50%	Staff Appointments	23
YTD Grants and subsidies: recognized - Capital	R 444,364,875	Staff Terminations	18
% of Creditors paid within terms	100%	Number of funded vacant posts	817
Current ratio	2.30:1	Total overtime paid (YTD)	82,308,163
Total Debt to Revenue	7.19%	Allowances and benefits – Councillors (YTD)	R 46,895,591
Capital Charges to Operating Expenditure	1.28%	Salary bill – Officials	R1, 501,722,110
Cost coverage ratio	2.70 months	Workforce costs as a % of expenditure	30.79%

6.2 Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered stable as the Current Ratio is 2.30:1 which indicates the ability of municipality's current assets to cover its current liabilities. This is above the norm of 1.5-2:1. The City has a strong cash and cash equivalent and can easily meet its immediate obligations, however, the stagnant revenue base and high rate of increase in operating costs is a threat to the City's cash position. This ratio denotes that the City can meet its short term liabilities.

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

Figure 1: Current Ratio

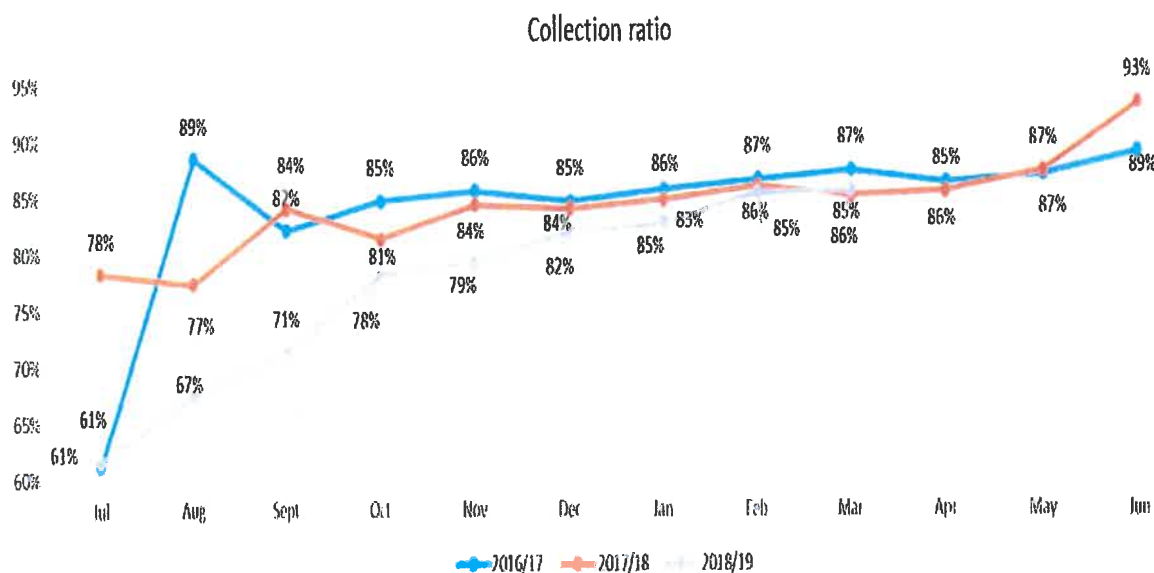


6.2. Collection Rate and Outstanding Debtors

The year to date collection rate for the month ended 31 March 2019 is 85.5% (2017/18: 85.0%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has increased by 2.8% from last month where 82.7% was achieved for the period ended 28 February 2019.

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

Figure 2: Collection Ratio



Total gross debtors book (including current accounts) as at 31 March 2019 amounts to R1.99 billion (2017/18: R1.95 billion). Households: R1.26 billion, Business: R690.25 million and Government: R45.07 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.

6.3. Capital Expenditure

BCMM has spent 47% (R896.07 million, inclusive of reclaimed vat) of its 2018/19 adjusted capital budget of R1.91 billion as at 31 March 2019. This reflects an increase when compared to the same period in the previous financial year where 40% (R656.88 million, inclusive of reclaimed vat) of the adjusted budget of R1.63 billion was spent. (Refer to Section 14 for further details).

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

6.4. Operating Projects

The Metro has spent 34% (R113.50 million, inclusive of reclaimed vat) of its 2018/19 adjusted operating projects budget of R336.01 million as at 31 March 2019. This reflects a decline when compared to the same period in the previous financial year where 57% (R176.85 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R309.4 million was spent. Expenditure is expected to progressively improve during the last quarter 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**.

6.5. Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 61% (R558.03 million, inclusive of reclaimed vat) of its 2018/2019 conditional grants budget of R911.61 million as at 31 March 2019. This reflects an improvement when compared to the same period in the previous financial year where 57% (R512 million, inclusive of reclaimed of vat) of conditional grants budget of R882.77 million was spent. (Refer to Section 11 for further details).

6.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent 58% (R446.06 million, inclusive of reclaimed vat) of its 2018/2019 USDG budget of R762.99 million as at 31 March 2019. This reflects a decrease when compared to the same period in the previous financial year where 60% (R459.66 million, inclusive of reclaimed of vat) of USDG budget of R768.13 million was spent. Expenditure is expected to progressively improve during the last quarter of the financial year as procurement processes would have been concluded. (Refer to Section 11 for further details).

6.6. Cash and Cash Equivalents

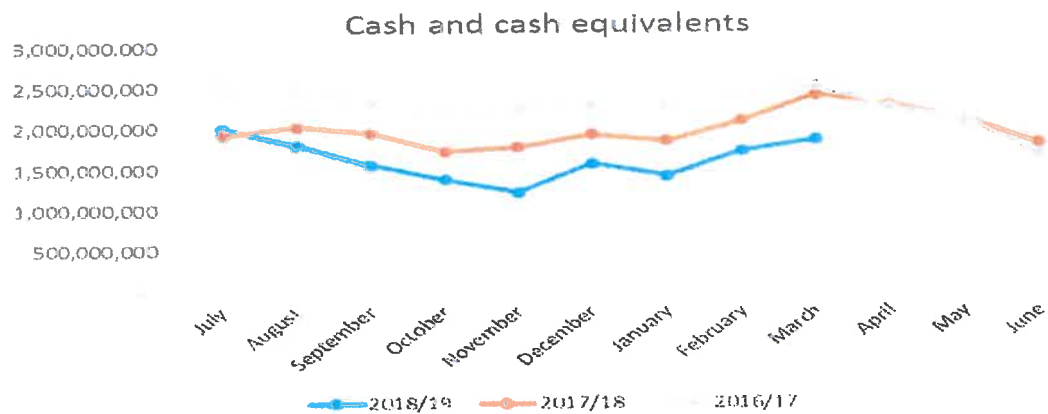
The cash and cash equivalents of the City as at 31 March 2019 are R1.85 billion made up of cash and bank amounting to R315 million and call investment

deposits of R1.54 billion. This funding is invested with various financial institutions in compliance with the MFMA. Refer to Section 7.4.5 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown.

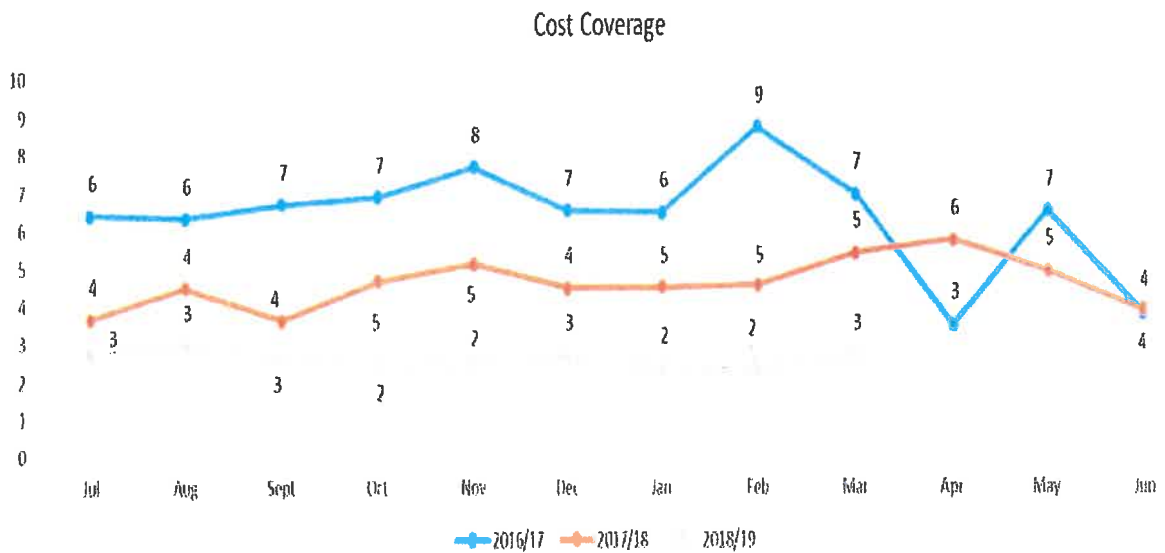
The cost coverage ratio of the City is 2.70 months. This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue during that period. This ratio denotes that the City can meet its monthly operating commitments 2.70 times, which is within 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 reserve is decreasing due to stagnant revenue base and operating expenditure that is increasing at a high rate. There have also been high capital investment that is funded by internally generated funds.

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

Figure 3: Cash and cash Equivalents



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

Figure 4: Cost Coverage

6.7. Outstanding Creditors

The Metro is paying its creditors within 30 days as stipulated by the MFMA except when there are disputes on received invoices. Small Micro Medium Enterprises (SMME) are paid on a fortnightly basis to assist emerging service providers; refer to Section 9 for details.

6.8. Long-Term Debt Profile

The total long term borrowings of the municipality as at 31 March 2019 amounts to R363 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 31 March 2019 is 1.28%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6 and 8%.

The total debt to revenue ratio is 7.19% as at 31 March 2019, 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.

7.2 Monthly Budget Statement – Financial Performance (standard classification)

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

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

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

Description	Ref	2017/18		Budget Year 2018/19						
		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>		2,139,702	2,538,086	2,534,132	365,817	2,024,435	1,902,957	121,478	6%	2,534,132
Executive and council		31,030	26,940	26,940	2,285	18,475	20,205	(1,730)	-9%	26,940
Finance and administration		2,106,673	2,511,147	2,507,193	363,532	2,005,960	1,882,752	123,207	7%	2,507,193
Internal audit		-	-	-	-	-	-	-		-
<i>Community and public safety</i>		437,476	355,122	447,963	39,391	198,627	298,461	(99,833)	-33%	447,963
Community and social services		27,483	29,896	29,896	16,418	22,226	22,422	(196)	-1%	29,896
Sport and recreation		45,350	5,190	5,190	402	2,487	3,893	(1,405)	-36%	5,190
Public safety		149,359	160,223	164,223	18,613	116,260	121,168	(4,907)	-4%	164,223
Housing		215,250	159,786	248,626	3,947	57,082	150,958	(93,876)	-62%	248,626
Health		35	27	27	11	571	20	551	2729%	27
<i>Economic and environmental services</i>		413,802	445,284	386,226	34,004	295,439	303,186	(7,747)	-3%	386,226
Planning and development		139,269	259,330	242,271	22,513	148,381	174,220	(25,839)	-15%	242,271
Road transport		273,359	182,656	140,656	11,482	146,278	126,492	19,786	16%	140,656
Environmental protection		1,174	3,299	3,299	8	780	2,474	(1,694)	-68%	3,299
<i>Trading services</i>		3,436,783	4,014,827	3,971,624	337,128	2,631,766	2,990,778	(359,012)	-12%	3,971,624
Energy sources		1,775,553	2,069,822	2,048,618	138,028	1,369,675	1,537,524	(167,848)	-11%	2,048,618
Water management		633,119	799,770	789,770	97,534	573,723	597,327	(23,604)	-4%	789,770
Waste water management		651,301	680,364	668,364	44,746	339,811	507,273	(167,463)	-33%	668,364
Waste management		376,809	464,872	464,872	56,820	348,558	348,654	(96)	0%	464,872
<i>Other</i>	4	31,215	27,126	27,126	2,119	19,332	20,345	(1,013)	-5%	27,126
Total Revenue - Functional	2	6,458,978	7,380,447	7,367,071	778,458	5,169,599	5,515,726	(346,128)	-6%	7,367,071
Expenditure - Functional										
<i>Governance and administration</i>		1,334,928	1,388,546	1,426,214	10,295	917,338	1,049,853	(132,515)	-13%	1,426,214
Executive and council		351,406	428,705	446,858	28,679	323,083	327,503	(4,420)	-1%	446,858
Finance and administration		973,877	944,722	964,201	(21,465)	584,289	711,044	(126,755)	-18%	964,201
Internal audit		9,644	15,119	15,155	3,081	9,966	11,305	(1,340)	-12%	15,155
<i>Community and public safety</i>		845,339	850,861	885,040	76,151	674,166	651,539	22,627	3%	885,040
Community and social services		99,350	98,652	100,428	9,160	83,590	74,115	9,475	13%	100,428
Sport and recreation		276,332	230,543	228,169	25,305	231,652	171,129	60,523	35%	228,169
Public safety		328,219	372,647	370,800	29,311	284,608	276,681	7,927	3%	370,800
Housing		105,092	107,401	143,634	9,282	45,918	98,356	(52,438)	-53%	143,634
Health		36,346	41,617	42,010	3,093	28,398	31,259	(2,861)	-9%	42,010
<i>Economic and environmental services</i>		741,035	805,719	786,711	118,061	1,068,840	593,598	475,243	80%	786,711
Planning and development		220,782	185,310	176,403	43,361	372,974	130,910	242,064	185%	176,403
Road transport		497,184	598,768	598,605	73,002	678,958	446,535	232,423	52%	598,605
Environmental protection		23,069	21,641	21,702	1,697	16,908	16,152	756	5%	21,702
<i>Trading services</i>		3,103,545	3,394,903	3,343,045	74,450	2,304,666	2,529,802	(225,136)	-9%	3,343,045
Energy sources		1,854,018	1,989,513	1,972,248	78,581	1,468,029	1,486,455	(18,426)	-1%	1,972,248
Water management		623,453	641,479	605,923	(3,128)	420,637	471,565	(50,917)	-11%	605,923
Waste water management		303,305	455,370	450,538	(6,591)	154,393	339,736	(185,343)	-55%	450,538
Waste management		322,769	308,541	314,336	7,588	261,606	232,056	29,550	13%	314,336
<i>Other</i>		80,109	105,975	105,851	9,889	64,854	79,274	(14,420)	-18%	105,851
Total Expenditure - Functional	3	6,104,956	6,546,003	6,546,861	288,846	5,029,863	4,904,065	125,798	3%	6,546,861
Surplus/ (Deficit) for the year		354,022	834,444	820,210	489,612	139,735	611,661	(471,926)	-77%	820,210

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

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

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

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

Vote Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue by Vote									
Vote 01 - Directorate - Executive Support Services	1,138	-	846	29	71	592	(521)	-88.0%	846
Vote 02 - Directorate - Municipal Manager	30,698	26,940	26,940	2,285	18,530	20,205	(1,674)	-8.3%	26,940
Vote 03 - Directorate - Human Settlement	215,250	159,786	248,626	3,947	57,082	150,958	(93,876)	-62.2%	248,626
Vote 04 - Directorate - Chief Financial Officer	2,077,192	2,492,463	2,487,663	358,420	1,980,043	1,868,148	111,895	6.0%	2,487,663
Vote 05 - Directorate - Corporate Services	11,830	10,801	10,801	634	9,505	8,101	1,405	17.3%	10,801
Vote 06 - Directorate - Infrastructure Services	3,333,333	3,732,612	3,647,408	291,790	2,429,487	2,768,616	(339,129)	-12.2%	3,647,408
Vote 07 - Directorate - Spatial Planning And Development	136,083	195,565	204,601	26,491	133,991	152,999	(19,009)	-12.4%	204,601
Vote 08 - Directorate - Health / Public Safety & Emergency Services	149,394	160,250	164,250	18,624	116,832	121,188	(4,356)	-3.6%	164,250
Vote 09 - Directorate - Municipal Services	450,816	503,257	503,257	73,648	374,051	377,443	(3,392)	-0.9%	503,257
Vote 10 - Directorate - Economic Development & Agencies	53,245	98,773	72,679	2,591	50,007	47,477	2,530	5.3%	72,679
Total Revenue by Vote	6,458,978	7,380,447	7,387,071	778,458	5,169,599	5,515,726	(346,128)	-6.3%	7,367,071
Expenditure by Vote									
Vote 01 - Directorate - Executive Support Services	229,773	309,737	318,883	21,494	212,460	235,741	(23,281)	-9.9%	318,883
Vote 02 - Directorate - Municipal Manager	176,395	191,028	205,908	16,087	161,339	146,765	14,575	9.9%	205,908
Vote 03 - Directorate - Human Settlement	105,092	107,401	143,634	9,282	45,918	98,356	(52,438)	-53.3%	143,634
Vote 04 - Directorate - Chief Financial Officer	610,017	503,480	528,930	(56,559)	310,802	382,873	(72,071)	-18.8%	528,930
Vote 05 - Directorate - Corporate Services	124,686	157,617	157,841	16,521	115,803	117,782	(1,978)	-1.7%	157,841
Vote 06 - Directorate - Infrastructure Services	3,348,091	3,748,890	3,678,296	144,073	2,765,836	2,791,249	(25,413)	-0.9%	3,678,296
Vote 07 - Directorate - Spatial Planning And Development	320,911	305,497	286,893	48,846	425,762	223,892	201,870	90.2%	286,893
Vote 08 - Directorate - Health / Public Safety & Emergency Services	368,787	420,235	418,791	32,658	315,937	312,402	3,536	1.1%	418,791
Vote 09 - Directorate - Municipal Services	717,297	653,407	658,654	43,496	590,825	488,990	101,835	20.8%	658,654
Vote 10 - Directorate - Economic Development & Agencies	103,906	148,711	149,032	12,947	85,180	106,016	(20,836)	-19.7%	149,032
Total Expenditure by Vote	6,104,956	6,546,003	6,546,861	288,846	5,029,863	4,904,065	125,798	2.6%	6,546,861
Surplus/ (Deficit) for the year	354,022	834,444	820,210	488,612	139,735	611,661	(471,928)	-77.2%	820,210

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 31 March 2019.

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

Description	Ref	Budget Year 2018/19							Full Year Forecast	
		2017/18 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance		YTD variance %
R thousands										
Revenue By Source										
Property rates		972,423	1,421,961	1,417,161	91,319	1,005,064	1,065,271	(60,207)	-6%	1,417,161
Service charges - electricity revenue		1,728,377	1,992,712	1,971,508	123,913	1,320,063	1,479,691	(159,628)	-11%	1,971,508
Service charges - water revenue		440,830	563,043	563,043	54,643	352,090	422,282	(70,192)	-17%	563,043
Service charges - sanitation revenue		304,905	322,143	322,143	26,461	249,761	241,607	8,154	3%	322,143
Service charges - refuse revenue		249,497	294,388	294,388	20,892	186,442	220,791	(34,349)	-16%	294,388
Rental of facilities and equipment		16,971	17,563	17,563	1,964	14,562	13,172	1,390	11%	17,563
Interest earned - external investments		126,690	140,961	140,631	4,656	69,190	105,089	(35,899)	-34%	140,631
Interest earned - outstanding debtors		49,322	54,405	54,405	5,554	47,385	40,804	6,582	16%	54,405
Fines, penalties and forfeits		23,698	16,591	16,591	897	8,525	12,444	(3,918)	-31%	16,591
Licences and permits		13,985	14,597	14,597	2,167	9,881	10,948	(1,068)	-10%	14,597
Agency services		25,806	31,270	30,528	1,893	17,852	22,525	(4,673)	-21%	30,528
Transfers and subsidies		888,572	968,323	994,702	216,580	795,610	742,126	53,483	7%	994,702
Other revenue		675,442	713,589	713,560	180,262	640,748	535,147	105,600	20%	713,560
Gains on disposal of PPE		8,478	-	-	3,597	8,061	-	8,061	0%	-
Total Revenue (excluding capital transfers and contributions)		5,524,997	6,551,547	6,550,819	734,799	4,725,234	4,911,897	(186,663)	-4%	6,550,819

Description	Budget Year 2018/19							Full Year Forecast	
	2017/18 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance		YTD variance %
R thousands									
Expenditure By Type									
Employee related costs	1,839,251	1,960,957	2,008,166	181,050	1,501,722	1,472,978	28,744	2%	2,008,166
Remuneration of councillors	59,473	64,185	64,185	5,156	46,896	48,139	(1,243)	-3%	64,185
Debt impairment	310,385	343,696	343,336	(231,271)	159,329	257,682	(98,354)	-38%	343,336
Depreciation & asset impairment	992,860	896,426	896,290	124,282	1,097,070	672,285	424,785	63%	896,290
Finance charges	43,960	59,808	39,013	3,171	29,316	29,260	56	0%	39,013
Bulk purchases	1,552,488	1,698,510	1,694,310	114,648	1,227,703	1,272,832	(45,129)	-4%	1,694,310
Other materials	83,619	87,764	81,054	7,090	59,102	64,142	(5,040)	-8%	81,054
Contracted services	681,665	869,185	809,265	65,880	468,263	641,774	(173,511)	-27%	809,265
Transfers and subsidies	62,471	95,051	62,426	4,972	62,543	63,057	(514)	-1%	62,426
Other expenditure	468,846	470,422	548,816	13,867	377,919	371,518	6,402	2%	548,816
Loss on disposal of PPE	10,496	-	-	-	-	-	-	-	-
Total Expenditure	6,105,514	6,546,003	6,546,861	288,846	5,029,863	4,893,667	136,196	3%	6,546,861
Surplus/(Deficit)	(580,518)	5,544	3,958	445,953	(304,629)	18,229	(322,859)	(0)	3,958
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporators, Higher Educational Institutions)	930,359	803,900	816,252	43,659	444,365	610,079	(165,715)	(0)	816,252
Transfers and subsidies - capital (in-kind - all)	229	25,000	-	-	-	(6,250)	6,250	(0)	-
	3,394	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	354,022	634,444	820,210	489,612	139,735	622,059	-	-	820,210

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

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

7.4.1.1 Operating Deficit

The City incurred an operating deficit (excluding capital transfers) of R304.62 million, this is mainly caused by an unfavourable variance on realised on depreciation. The main contributing factor to high depreciation costs is the use of revaluation method as the basis of valuing BCMM infrastructure assets. The change of valuation method is still under consideration. Various cost containment measures are also being implemented to contain expenditure whilst revenue enhancement strategies are being explored to improve the City's revenue.

7.4.1.2 Service Charges – Electricity

In comparing the billing on year to year, the electricity sales are increasing in line with the annual tariff increase. The revenue department is however investigating the completeness of the billing to confirm the underperformance when compared to budget.

7.4.1.3 Service Charges – Water

During the month of February 2019, there was overbilling related to water consumption. Due to a timing issue the correction journals were processed in March 2019, hence the variance.

7.4.1.4 Service Charges – Refuse

In comparing the billing on year to year the refuse are increasing in line with the annual tariff increase. The revenue department is however investigating the completeness of the refuse billing to confirm the underperformance when compared to budget.

7.4.1.5 Rental of facilities

Rental of facilities is demand driven and therefore difficult to predict accurately. The situation is monitored on a monthly basis.

7.4.1.6 Interest earned -external investments

BCMM's cash consumption is faster than actual revenue realised. This position therefore inhibits the amount to be invested by the metro as the cash consumption results in a decline in investments and thus decreasing interest earned on investments. This is caused by the payment runs at creditors, a deep on investments to absorb temps, ex gratia payments in December 2018 and payment of Job evaluation.

7.4.1.7 Interest earned – Outstanding debtors

The interest is charged on overdue debt. Due to the increase in debtors over February 2019, the interest charges increased automatically. The increase in outstanding debtors has increased consistently and is as a result of non-payment despite Credit Control Action being implemented on a daily basis.

7.4.1.8 Fine, penalties and forfeits

- a) Increase in events management
- b) Limited staff and resources to execute in the servicing proxies and summonses.
- c) Inclement weather prohibited operations deployment.
- d) Various protest action and service delivery protests in and around BCMM.
- e) Offenders failing to finalize their outstanding offence payments

7.4.1.9 Licences and permits

Under collection or decrease in revenue can be attributed to the fact that vehicle licences can be renewed at the Post Office and the Department of Transport directly. Certain banks now offer renewals of vehicles Members of the public generally go to the closet convenient point in order to pay which may not always be BCMM. Three private companies other than BCMM also offer roadworthy testing of vehicles. Learners Licences and Professional Drivers Licence testing can also be undertaken at the Department of Transport. If members of the public cannot secure an appointment for these tests which are suitable for them through BCMM they will then arrange an appointment with the Department of Transport which contributes to the lesser

income derived by BCMM. BCMM strike action at the end of November also contributed to a drop in revenue.

7.4.1.10 Agency services

Members of the public have the option of renewing vehicle licences at the Post Office & at Zwelitsha & Dept of Transport directly which affects the income collected thus reducing the agency fees retained by BCMM.

7.4.1.11 Other Revenue

The variance in Other revenue is as a result of the reclassification of fuel levy received in March 2019 from transfers and subsidies to Other Revenue so as to align to version 6.3 of the Mscoa charts. National Treasury has done the rollover to 6.3 and municipalities were encouraged to process the rollover process within the current year, so as to test any fixes.

7.4.1.12 Gains on Disposal of PPE

The variance on gains on disposal of PPE is a result of two vacant plots sold by the metro.

7.4.1.13 Debt Impairment

During the financial year, debts relating to rates and service charges are written off as and when they are deemed to be irrecoverable. As at 31 March 2019, an amount of R159.3m was written off as irrecoverable vs the YTD budget of R257.6m, hence the budget vs actual variance. The corrective action being implemented is that the department is in the process of vetting further debts to be written off before 30 June 2019.

7.4.1.14 Depreciation

Depreciation for the year has been forecasted at over 1 billion due to the revaluation model being applied by the metro. This then pushes the monthly depreciation processed very high and depletes the capital replacement reserve faster, this resulting in an operating deficit.

7.4.1.15 Contracted Services

The variance is mainly due to the under expenditure on repairs & maintenance and operating projects. The variance was mainly due to under performance as a result of expired contracts that could not be replaced on time. The other contributing factor is the non-responsiveness of some of the bidders which compels the bidding process to be restarted.

7.4.2 Repairs and maintenance

Table 6 below reflects that as at 31 March 2018, the repairs and maintenance expenditure is 71% of the adjusted budget of R425.14 million (2017/18: 57%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	2018/2019 Annual Budget R	2018/2019 Annual Expenditure R	2018/2019 % of Budget %
Directorate Of Executive Support Services	3,497,658	887,430	25%
Directorate Of The City Manager	6,845,360	6,950,590	102%
Directorate Of Corporate Services	2,175,095	1,337,247	61%
Directorate Of Development & Spatial Planning	19,531,477	7,624,625	39%
Directorate Of Economic Development & Agencies	1,400,734	906,187	65%
Directorate Of Finance	2,941,574	1,127,988	38%
Directorate Of Health / Public Safety & Emergency Services	6,436,172	3,836,767	60%
Directorate Of Human Settlement	618,466	116,303	19%
Directorate Of Infrastructure Services	349,277,800	252,566,593	72%
<i>Electricity</i>	152,873,689	91,787,627	60%
<i>Water</i>	55,107,016	16,901,189	31%
<i>Sanitation</i>	44,428,310	26,056,762	59%
<i>Other</i>	96,868,785	117,821,014	122%
Directorate Of Municipal Services	32,419,139	27,505,001	85%
TOTAL	425,143,475	302,858,731	71%

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

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

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

BUF Buffalo City - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M09 March

Vote Description	Ref	Budget Year 2018/19								
		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		2,284	3,500	5,887	153	1,285	4,296	(3,011)	-70%	5,887
Vote 02 - Directorate - Municipal Manager		2,111	51,840	94,240	26,672	95,037	50,920	44,117	87%	94,240
Vote 03 - Directorate - Human Settlement		485	104,755	160,095	19,268	56,951	92,768	(35,816)	-39%	160,095
Vote 04 - Directorate - Chief Financial Officer		328	152,538	93,946	(23,197)	6,547	162,835	(146,288)	-96%	93,946
Vote 05 - Directorate - Corporate Services		345	3,600	933	-	143	2,187	(2,044)	-93%	933
Vote 06 - Directorate - Infrastructure Services		103,195	916,280	1,108,637	74,217	447,904	799,410	(351,506)	-44%	1,108,637
Vote 07 - Directorate - Spatial Planning And Development		772	263,838	268,753	20,348	133,731	218,569	(84,838)	-39%	268,753
Vote 08 - Directorate - Health / Public Safety & Emergency Services		3,123	14,270	54,141	743	13,889	37,255	(23,366)	-63%	54,141
Vote 09 - Directorate - Municipal Services		2,247	160,829	192,889	6,160	66,303	141,391	(75,088)	-53%	192,889
Vote 10 - Directorate - Economic Development & Agencies		851	106,692	103,603	457	8,282	86,566	(78,284)	-90%	103,603
Total Capital Multi-year expenditure	4,7	115,740	1,778,142	2,083,124	124,822	830,072	1,586,196	(756,124)	-48%	2,083,124
Capital Expenditure - Functional Classification										
Governance and administration		101,442	292,661	293,037	8,523	125,083	278,834	(163,751)	-55%	293,037
Executive and council		4,395	55,340	96,927	27,840	95,049	52,976	42,073	79%	96,927
Finance and administration		97,047	237,311	196,110	(19,317)	30,034	225,858	(195,824)	-87%	196,110
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		5,037	197,475	324,460	25,923	99,451	208,428	(108,977)	-52%	324,460
Community and social services		80	21,820	36,660	(186)	12,417	26,947	(14,529)	-54%	36,660
Sport and recreation		1,430	57,950	78,723	4,138	17,440	55,180	(37,740)	-68%	78,723
Public safety		3,043	12,050	46,209	2,702	11,125	31,473	(20,348)	-65%	46,209
Housing		485	104,755	160,095	19,268	56,951	92,768	(35,816)	-39%	160,095
Health		-	900	2,773	-	1,517	2,060	(543)	-26%	2,773
Economic and environmental services		6,133	519,369	780,965	56,403	363,758	519,867	(156,110)	-30%	780,965
Planning and development		1,095	227,957	283,094	16,960	125,770	195,464	(69,694)	-36%	283,094
Road transport		5,018	286,985	511,157	39,310	237,032	319,381	(82,349)	-26%	511,157
Environmental protection		19	4,427	6,714	133	955	5,022	(4,067)	-81%	6,714
Trading services		2,601	688,248	620,432	33,521	234,965	515,744	(280,778)	-54%	620,432
Energy sources		1,802	129,450	152,991	13,392	77,417	114,930	(37,514)	-33%	152,991
Water management		-	198,451	204,094	18,632	75,519	154,303	(78,785)	-51%	204,094
Waste water management		-	283,394	187,394	1,383	45,293	188,546	(143,253)	-76%	187,394
Waste management		798	77,952	75,952	115	36,737	57,964	(21,227)	-37%	75,952
Other		527	79,400	64,231	451	6,816	63,324	(56,508)	-89%	64,231
Total Capital Expenditure - Functional Classification	3	115,740	1,778,142	2,083,124	124,822	830,072	1,586,196	(756,124)	-48%	2,083,124
Funded by:										
National Government		81	698,635	711,635	49,502	391,856	535,854	(143,998)	-27%	711,635
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	27,292	39,372	6	1,466	23,242	(21,776)	-94%	39,372
Transfers recognised - capital		81	725,927	751,007	49,508	393,322	559,096	(165,774)	-30%	751,007
Borrowing	6	-	69,000	-	-	-	34,500	(34,500)	-100%	-
Internally generated funds		115,659	983,215	1,332,117	75,314	436,751	992,600	(555,850)	-56%	1,332,117
Total Capital Funding		115,740	1,778,142	2,083,124	124,822	830,072	1,586,196	(756,124)	-48%	2,083,124

7.4.4 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R19.7 million as per statement of financial position. 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 Consolidated Monthly Budget Statement - Financial Position - M09 March

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		165,102	80,155	80,155	315,087	80,155
Call investment deposits		1,660,393	1,563,129	1,471,362	1,539,291	1,563,129
Consumer debtors		509,087	937,997	937,637	1,055,876	937,997
Other debtors		864,981	880,000	880,000	643,844	880,000
Current portion of long-term receivables		–	19	19	–	19
Inventory		42,790	128,841	128,841	40,548	128,841
Total current assets		3,242,353	3,590,140	3,498,014	3,594,645	3,590,140
Non current assets						
Long-term receivables		–	80	80	–	80
Investments		–	–	–	–	–
Investment property		427,563	486,233	486,233	430,002	486,233
Investments in Associate		121,008	109,020	109,020	121,008	109,020
Property, plant and equipment		18,190,726	19,381,893	19,541,187	17,967,922	19,381,893
Biological		–	–	–	–	–
Intangible		18,884	12,029	12,029	19,774	12,029
Other non-current assets		50,382	100,038	100,038	–	100,038
Total non current assets		18,808,564	20,089,293	20,248,587	18,538,706	20,089,293
TOTAL ASSETS		22,050,917	23,679,433	23,746,601	22,133,351	23,679,433
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		52,572	59,667	57,974	39,021	59,667
Consumer deposits		60,013	71,941	71,941	63,430	71,941
Trade and other payables		1,313,124	1,060,015	1,060,015	1,235,768	1,060,015
Provisions		223,387	203,354	203,354	222,538	203,354
Total current liabilities		1,649,095	1,394,977	1,393,284	1,560,757	1,394,977
Non current liabilities						
Borrowing		345,554	355,516	287,581	324,218	355,516
Provisions		526,803	797,489	797,489	526,803	797,489
Total non current liabilities		872,357	1,153,005	1,085,070	851,020	1,153,005
TOTAL LIABILITIES		2,521,453	2,547,982	2,478,354	2,411,778	2,547,982
NET ASSETS	2	19,529,464	21,131,451	21,268,247	19,721,573	21,131,451
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		10,479,007	17,390,299	17,527,095	10,671,115	17,390,299
Reserves		9,050,458	3,741,152	3,741,152	9,050,458	3,741,152
TOTAL COMMUNITY WEALTH/EQUITY	2	19,529,464	21,131,451	21,268,247	19,721,573	21,131,451

7.4.5 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R0.135 billion when compared to R1.72 billion in February 2019, resulting in cash and cash equivalents closing balance of R1.85 billion as at 31 March 2019.

Table 9: C7: Monthly Budget Statement – Cash Flow

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

Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	972,680	1,315,314	1,310,874	78,718	859,330	873,916	(14,586)	-2%	1,315,314
Service charges	2,678,192	2,934,363	2,914,750	213,415	1,802,645	1,943,167	(140,522)	-7%	2,934,363
Other revenue	321,754	248,395	258,070	448,871	589,441	172,047	417,394	243%	248,395
Government - operating	888,572	1,471,673	1,508,546	392,844	1,319,464	-	1,319,464	#DIV/0!	1,471,673
Government - capital	930,588	803,900	816,252	-	864,588	544,168	320,400	59%	803,900
Interest	176,012	182,768	185,038	10,210	116,575	130,024	(13,449)	-10%	182,768
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(4,385,163)	(5,152,832)	(5,205,796)	(867,493)	(4,573,013)	(3,470,531)	1,102,482	-32%	(5,152,832)
Finance charges	(43,860)	(59,818)	(39,013)	(3,171)	(29,316)	(26,009)	3,308	-13%	(59,818)
Transfers and Grants	(39,330)	(60,526)	(62,426)	(4,193)	(55,859)	(41,618)	14,241	-34%	(80,526)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,499,345	1,683,238	1,686,293	289,200	893,835	125,165	(768,670)	-614%	1,683,238
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	14,288	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	(1,330,596)	(1,753,142)	(1,912,300)	(124,816)	(830,066)	(1,274,867)	(444,800)	35%	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,316,308)	(1,753,142)	(1,912,300)	(124,816)	(830,066)	(1,274,867)	(444,800)	35%	-
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	69,000	-	-	-	-	-	-	69,000
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-
Payments									
Repayment of borrowing	(47,642)	(59,667)	(57,974)	(9,331)	(34,888)	(38,649)	(3,761)	10%	(59,667)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(47,642)	9,333	(57,974)	(9,331)	(34,888)	(38,649)	(3,761)	10%	9,333
NET INCREASE/ (DECREASE) IN CASH HELD	135,395	(60,571)	(273,980)	135,054	28,881	(1,188,351)			1,692,571
Cash/cash equivalents at beginning:	1,690,102	1,703,855	1,825,487		1,825,497	1,825,497			1,825,497
Cash/cash equivalents at month/year end:	1,825,497	1,643,284	1,551,516		1,854,377	637,146			3,518,068

PART 2: SUPPORTING
DOCUMENTATION

8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

8.1 Debtors

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

Table 10: SC3 Monthly Budget Statement Aged Debtors

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

Description	NT Code	Budget Year 2018/2019										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total				
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	49,607	29,021	13,257	11,003	14,420	14,118	63,415	233,831	428,672	336,767	96,862	2,586	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	92,890	18,577	9,085	11,615	5,412	4,060	15,739	45,397	202,775	82,224	4,390	4,550	
Receivables from Non-exchange Transactions - Property Rates	1400	97,255	35,040	19,861	15,257	13,745	13,683	68,240	216,544	479,625	327,469	22,805	4,483	
Receivables from Exchange Transactions - Waste Water Management	1500	22,367	9,734	5,631	4,408	4,046	3,727	22,228	105,246	177,389	139,656	16,463	1,979	
Receivables from Exchange Transactions - Waste Management	1600	18,407	9,088	5,853	5,047	4,714	4,637	26,665	156,689	231,102	197,763	18,524	1,800	
Receivables from Exchange Transactions - Property Rental Debtors	1700							39	39	39	39	-	-	
Interest on Arrear Debtor Accounts	1810	7,014	6,818	6,462	5,397	5,083	4,928	28,008	166,227	229,938	209,644	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-	-	-	
Other	1900	12,073	9,746	7,456	4,873	6,637	4,795	26,344	177,123	249,048	219,773	31,964	273	
Total By Income Source	2000	299,613	118,025	67,605	57,602	54,057	49,950	250,640	1,101,096	1,998,988	1,513,345	191,008	15,671	
2016/17 - totals only										-	-			
Debtors Age Analysis By Customer Group														
Organs of State	2200	12,157	7,363	3,860	1,675	1,276	679	4,513	13,550	45,073	21,693		-	
Commercial	2300	155,457	40,366	19,204	14,923	18,590	16,566	72,106	353,042	690,256	475,229		3,604	
Households	2400	131,999	70,296	44,541	41,003	34,191	32,705	174,019	734,505	1,263,259	1,016,423	191,008	12,067	
Other	2500									-	-		-	
Total By Customer Group	2600	299,613	118,025	67,605	57,602	54,057	49,950	250,640	1,101,096	1,998,988	1,513,345	191,008	15,671	

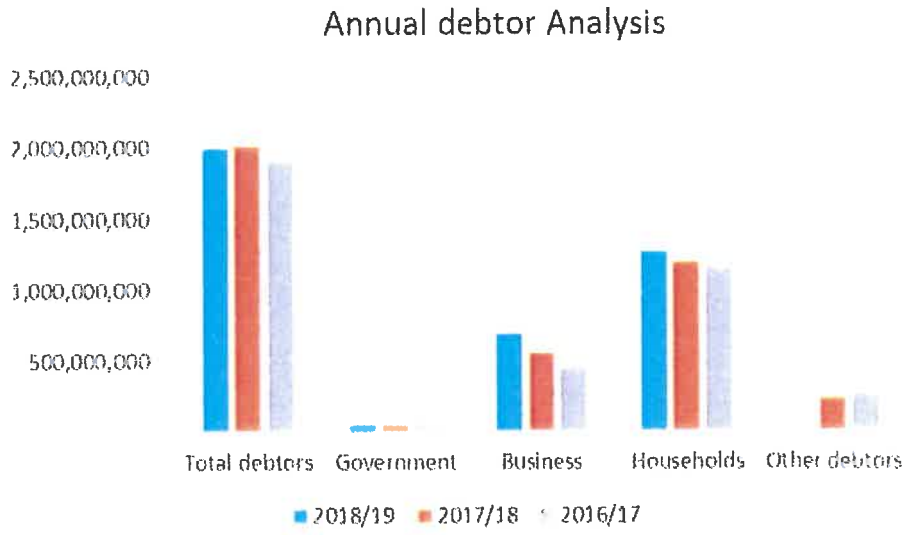
8.1.1. Additional debtors' information

The arrears in respect of 30 days and more, which includes all charges excluding VAT, amounted to R1,698,974,384 as at 31 March 2019 which is an increase of R35,135,628 over the amount of R1,663,838,756 as at 28 February 2019.

During the month, Credit control action and debt collection action was implemented.

The graph below shows comparison of annual movements in debtors of the 3 year period.

Figure 4: Debtors age analysis over the 3 year period



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 March 2019. It also provides comparison with the previous month (28 February 2019) which indicates an increase from R1.663 billion to R1.69 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR MARCH 2019	TOTAL FOR FEBRUARY 2019
30 DAYS	37,254,235	11,363,246	19,157,075	34,345,664	9,945,680	5,958,865	118,024,766	104,291,269
60 DAYS	21,985,337	6,459,977	9,568,191	19,136,411	6,678,563	3,796,323	67,604,822	69,649,383
90 DAYS	17,005,139	5,187,917	12,010,484	14,308,950	5,742,798	3,346,228	57,601,516	60,495,502
120 DAYS TO 360 DAYS	114,456,055	38,385,862	29,951,514	128,000,124	45,389,693	27,678,549	383,861,817	376,673,176
YEAR 2	77,255,877	34,578,310	19,861,263	108,711,178	43,812,272	35,139,682	319,358,582	316,528,781
YEAR 3	50,621,566	23,533,779	12,055,973	68,233,955	31,704,631	21,138,562	207,288,465	201,978,449
YEAR 4	35,741,973	16,376,923	6,060,620	39,741,848	22,037,218	15,508,011	135,466,593	132,016,249
YEAR 5	26,137,165	11,883,917	3,998,159	25,387,393	17,296,123	16,412,967	101,115,725	100,732,591
YEAR 5+	70,388,433	41,402,437	8,215,958	69,292,035	65,891,946	53,461,288	308,652,088	301,473,355
TOTAL	450,825,779	189,172,389	120,879,239	507,157,558	248,498,945	182,440,475	1,698,974,384	1,663,838,756

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 March 2019. It also reflects the percentage split per category with domestic consumers having the highest share followed by business. Please note that the financial system is not able to produce a collection ratio per 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	59,275,412	39,866,557	37,428,790	909,688,266	1,046,259,025	61.58
Indigent	9,428,418	3,089,544	2,180,530	49,628,702	64,327,194	3.79
Business	34,211,794	14,568,243	10,821,180	212,993,557	272,594,774	16.04
Government	7,363,378	3,859,698	1,674,997	20,017,562	32,915,635	1.94
Municipal Staff	495,260	215,305	236,612	1,493,474	2,440,650	0.14
Councillors	12,768	8,123	4,625	35,366	60,882	0.00
Other	7,237,738	5,997,352	5,254,782	261,886,353	280,376,224	16.50
Total	118,024,768	67,604,822	57,601,516	1,455,743,280	1,698,974,384	100.00

Note*: A stop order deduction is implemented for all municipal staff and councillors in arrears. When new staff join the employ of the municipality in many instances there is services debt, and therefore the arrears will be liquidated over an acceptable period of time, in terms of the Credit Control Policy. The reason why the debt reflects in the 30/60/90 day columns relating to staff and councillors is due to the fact that when the stop orders are received the payment is allocated to the oldest ageing category. In terms of the accounting treatment of the amounts received, within the financial system the amounts are allocated against the oldest debt first resulting in the outstanding balance as reflected in the above table.

During the month of March 2019 a total of R1,919,472 was receipted against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 1,601,489
Arrears Receipts	R 317,982
Total Receipts	<u>R 1,919,472</u>

Billing related queries such as water leaks prevent the debt from decreasing until it is resolved.

8.2.3. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 March 2019 amounted to R32,915,635, and this is an increase of R2,895,170 as compared to February 2019. The primary reason for the government debt is that the departments have indicated a lack of budget. Communication was also sent to National and Provincial Treasury to intervene. The breakdown of the arrears per department (excluding accounts in credit) indicated in the table hereunder as at 31 March 2019. During the month under review, the metro pursued the debt owed by government departments.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 MARCH 2019	ARREARS AS AT 28 FEBRUARY 2019	DIFFERENCE
National Department Of Public Works	104,619	5,052,280	5,157,099	5,097,950	59,149
Provincial Department Of Public Works	1,623,149	1,774,654	3,397,803	2,984,828	412,975
Department Of Education	-	3,663,870	3,663,870	4,090,717	(366,848)
Department Of Health	-	8,272,818	8,272,818	5,696,282	2,576,537
Department Of Social Development	-	-	-	-	-
Department Of Transport	-	3,791	3,791	64,287	(60,497)
Department Of Agriculture	-	6,760	6,760	3,260	3,500
Department Of Nature Conservation	-	15,901	15,901	10,703	5,198
Department of Human Settlements	-	202,972	202,972	174,734	28,238
Sport, Recreation, Arts and Culture	-	1,044	1,044	488	556
Department of Labour - UIF Services	-	241,496	241,496	138,559	102,937
Members Of Provincial Legislature	-	51,303	51,303	76,662	(25,359)
Department of Water Affairs	-	-	-	-	-
Department of Cooperate Governance & Traditional Affairs	-	-	-	-	-
Department of Rural Development and Land Reform	-	934,356	934,356	908,195	26,162
Provincial RDP Houses	-	10,966,422	10,966,422	10,833,799	132,623
South African Social Security Agency	-	-	-	-	-
TOTAL	1,727,968	31,187,667	32,915,635	30,020,465	2,895,170

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.

Table 14: SC4 Monthly Budget Statement Aged Creditors

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

Description R thousands	NT Code	Budget Year 2018/19									Prior year totals for chart (same period)	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total		
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	111,541									111,541	
Bulk Water	0200	21,948									21,948	
PAYE deductions	0300	29,421									29,421	
VAT (output less input)	0400	-									-	
Pensions / Retirement deductions	0500	30,515									30,515	
Loan repayments	0600	19,511									19,511	
Trade Creditors	0700	93,515									93,515	
Auditor General	0800	83									83	
Other	0900	146,508									146,508	
Total By Customer Type	1000	453,042	-	-	-	-	-	-	-	-	453,042	-

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in March 2019.

Table 15: Payments made to the 20 highest paid creditors – March 2019

CREDITOR	90 DAYS	60 DAYS	30 DAYS	CURRENT	TOTAL	PAYMENT
ESKOM				111,540,541.00	111,540,541.00	111,540,541.00
AMATOLA				21,948,448.00	21,948,448.00	21,948,448.00
ASLA CONSTRUCTION (PTY) LTD				18,410,007.63	18,410,007.63	18,410,007.63
MANTELLA TRADING 522 CC				17,996,686.13	17,996,686.13	17,996,686.13
CZAR CONSTRUCTION				16,217,466.50	16,217,466.50	16,217,466.50
XMOOR TRANSPORT (PTY) LTD				13,100,400.13	13,100,400.13	13,100,400.13
RANDCVLS				12,625,267.35	12,625,267.35	12,625,267.35
STEFANUTTI STOCKS ROADS & EARTHWORKS				12,287,632.23	12,287,632.23	12,287,632.23
EZULUWENI CONSTRUCTION (PTY) LTD				9,191,692.12	9,191,692.12	9,191,692.12
EYA BANTU PROFESSIONAL SERVICES CC				7,213,354.43	7,213,354.43	7,213,354.43
MVEZO PLANT & CIVLS CC				6,672,396.68	6,672,396.68	6,672,396.68
KOJAMO CONSTRUCTION (PTY) LTD				6,577,587.91	6,577,587.91	6,577,587.91
IMVUSA TRADING 415 CC				5,929,679.42	5,929,679.42	5,929,679.42
TSHIYA INFRASTRUCTURE DEVELOPMENT				4,192,839.07	4,192,839.07	4,192,839.07
CHIPPA TRAINING ACADEMY (PTY) LTD				3,718,816.64	3,718,816.64	3,718,816.64
SHARON DIVERSIFIED (PTY) LTD				3,479,992.00	3,479,992.00	3,479,992.00
MIHLEKUTHI TRADING				3,403,857.87	3,403,857.87	3,403,857.87
MAKNWA MEDIA SOLUTIONS				2,946,274.83	2,946,274.83	2,946,274.83
MAKALI PLANT AND CONSTRUCTION (PTY) LTD				2,792,850.01	2,792,850.01	2,792,850.01
M W P CONSTRUCTION CC				2,699,590.61	2,699,590.61	2,699,590.61
TOTAL	-	-	-	282,945,380.56	282,945,380.56	282,945,380.56

10. INVESTMENT PORTFOLIO ANALYSIS

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

Table 16: SC5 Monthly Budget Statement – investment portfolio

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

R thousands	Investments by maturity Name of institution & investment ID		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
	Yrs/Months									
	Municipality									
	Land Affairs - West Bank	Call Account	Call Account	Call Account	Call Account	314	4.32%	56,527	314	56,842
	Finance Management Grant	Call Account	Call Account	Call Account	Call Account	5	0.07%	874	5	879
	MD Urban Renewal (MT Ruth Node)	Call Account	Call Account	Call Account	Call Account	63	0.86%	11,327	63	11,390
	Workmans Compensation (COID)	Call Account	Call Account	Call Account	Call Account	59	0.81%	10,587	59	10,646
	Reeston Development	Call Account	Call Account	Call Account	Call Account	1	0.01%	173	1	174
	Human Settlement Development Grant (HSDG)	Call Account	Call Account	Call Account	Call Account	99	1.36%	17,781	99	17,880
	Integrated Electrification Programme (INEP)	Call Account	Call Account	Call Account	Call Account	30	0.41%	4,587	30	4,616
	Trust Funds	Call Account	Call Account	Call Account	Call Account	6	0.09%	1,127	6	1,133
	Vuna Awards	Call Account	Call Account	Call Account	Call Account	6	0.08%	1,052	6	1,057
	Department of Sports, Recreation & Culture (DSARC)	Call Account	Call Account	Call Account	Call Account	0	0.00%	50	0	50
	Department of Sports, Recreation & Culture (DSARC)	Call Account	Call Account	Call Account	Call Account	1	0.01%	185	1	186
	City of Leiden	Call Account	Call Account	Call Account	Call Account	0	0.01%	82	0	82
	Needsamp Planning	Call Account	Call Account	Call Account	Call Account	5	0.07%	978	5	984
	Umsobomvu Youth Fund (UYF)	Call Account	Call Account	Call Account	Call Account	2	0.02%	296	2	298
	Land Affairs - East Bank	Call Account	Call Account	Call Account	Call Account	490	6.72%	88,040	490	88,529
	Land Affairs West Bank	Call Account	Call Account	Call Account	Call Account	297	4.07%	45,793	297	46,090
	European Commission	Call Account	Call Account	Call Account	Call Account	6	0.09%	1,163	6	1,169
	Salaida	Call Account	Call Account	Call Account	Call Account	7	0.10%	1,113	7	1,120
	Electricity Demand Management Grant	Call Account	Call Account	Call Account	Call Account	12	0.17%	53	3,012	3,065
	ADM Funding	Call Account	Call Account	Call Account	Call Account	10	0.13%	1,719	10	1,728
	Urban Settlement Development Grant	Call Account	Call Account	Call Account	Call Account	317	4.36%	6,800	82,317	89,118
	Urban Settlement Development Grant	Call Account	Call Account	Call Account	Call Account	365	5.01%	10,418	90,365	100,783

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

Investments by maturity Name of institution & investment ID	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
	Yrs/Months								
R thousands									
Municipality									
Urban Settlemeent Development Grant	Call Account		Call Account	Call Account	535	7.34%	29,962	108,535	138,497
Urban Settlemeent Development Grant	Call Account		Call Account	Call Account	486	6.67%	25,142	101,982	127,124
Infrastructure Skills Development Grant	Call Account		Call Account	Call Account	32	0.44%	2,210	5,832	8,042
Infrastructure Development Levy	Call Account		Call Account	Call Account	1	0.01%	166	1	167
Bcmet	Call Account		Call Account	Call Account	3	0.04%	501	3	504
Expanded Public Works Programme	Call Account		Call Account	Call Account	4	0.06%	27	1,219	1,246
City of Oldenburg	Call Account		Call Account	Call Account	2	0.03%	340	2	342
Public Transport Network Grant	Call Account		Call Account	Call Account	328	4.49%	44,294	24,119	68,413
DEAT	Call Account		Call Account	Call Account	1	0.02%	218	1	220
Neighbourhood Development Grant (NDP Grant)	Call Account		Call Account	Call Account	34	0.46%	6,065	34	6,098
Integrated City Development Grant (ICDG)	Call Account		Call Account	Call Account	12	0.17%	2,192	12	2,205
Capital Replacement Reserve (CRR)	Call Account		Call Account	Call Account	105	1.44%	16,146	105	16,250
Mayoral Projects (CRR)	Call Account		Call Account	Call Account	8	0.11%	1,266	8	1,274
Own Funds	Call Account		Call Account	Call Account	67	0.92%	12,072	67	12,140
Own Funds	Call Account		Call Account	Call Account	338	4.64%	5,455	76,338	81,793
Own Funds	Call Account		Call Account	Call Account	231	3.17%	16,995	40,231	57,226
Own Funds	Call Account		Call Account	Call Account	385	5.28%	47,683	35,385	83,067
Own Funds	Call Account		Call Account	Call Account	452	6.20%	32,852	79,452	112,304
Own Funds	6 Months		Fixed Depos	21/09/2018	-	0.00%	-	-	-
Own Funds	6 Months		Fixed Depos	21/09/2018	-	0.00%	-	-	-
Own Funds	6 Months		Fixed Depos	27/06/2018	-	0.00%	-	-	-
Own Funds	6 Months		Fixed Depos	26/06/2018	-	0.00%	-	-	-
Own Funds - CRR	Call Account		Call Account	Call Account	715	9.81%	128,456	715	129,171
Own Funds - CRR	Call Account		Call Account	Call Account	209	2.87%	37,631	209	37,840
Own Funds - CRR	Call Account		Call Account	Call Account	187	2.57%	33,650	187	33,837
Own Funds - CRR	Call Account		Call Account	Call Account	129	1.77%	23,232	129	23,361
Own Funds - CRR	Call Account		Call Account	Call Account	145	1.99%	26,066	145	26,212
Own Funds (Depreciation)	Call Account		Call Account	Call Account	641	8.80%	115,228	641	115,869
Own Funds (Depreciation)	Call Account		Call Account	Call Account	88	1.21%	15,806	88	15,894
Own Funds (Depreciation)	Call Account		Call Account	Call Account	38	0.52%	6,754	38	6,791
Housing Development	Call Account		Call Account	Call Account	16	0.22%	2,858	16	2,874
TOTAL INVESTMENTS AND INTEREST					7,287		893,989	652,589	1,546,578

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Transfers and grants receipts per allocation or grant is provided in the table below. Further details on grants expenditure performance (inclusive of vat) 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 - M09 March

Description	Ref	Budget Year 2019/20								
		2018/19 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:		1,189,967	1,399,602	1,399,602	367,931	1,266,300	1,266,300	-		1,399,602
Local Government Equitable Share		705,277	778,048	778,048	196,649	736,456	736,456	-		778,048
General Fuel Levy		467,978	513,844	513,844	171,282	513,844	513,844	-		513,844
Finance Management		1,300	1,150	1,150	-	1,150	1,150	-		1,150
EPWP incentive		4,952	4,050	4,050	-	4,050	4,050	-		4,050
Urban Settlement Development Grant		-	77,810	77,810	-	-	-	-		77,810
Public Transport Network Grant		-	14,000	14,000	-	-	-	-		14,000
Infrastructure Skills Development Grant		10,460	10,700	10,700	-	10,800	10,800	-		10,700
Municipal Human Settlement Capacity Grant		-	-	-	-	-	-	-		-
Other transfers and grants [insert description]		-	-	-	-	-	-	-		-
Provincial Government:		124,905	72,071	100,911	24,913	50,760	75,684	(24,924)	-32.9%	72,071
Human Settlement Development Grant		109,905	56,201	85,041	9,043	34,137	63,781	(29,644)	-46.5%	56,201
DSRAC - Library Subsidy		15,000	15,870	15,870	15,870	15,870	11,903	3,968		15,870
Department of Public Works		-	-	-	-	-	-	-		-
Office of the Premier		-	-	-	-	752	-	752	#DIV/0!	-
DEDEA (BCMDA)		-	-	-	-	-	-	-		-
Other transfers/grants [insert description]		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
Other grant providers:		3,145	846	846	-	2,405	3,005	(600)	-20.0%	-
SETA - Skills Development		3,115	-	-	-	2,370	2,370	-		-
Donor Funding - Leiden		-	-	-	-	-	-	-		-
Subsidy / Gavle		30	846	846	-	35	635	(600)		-
City of Oldenburg		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
Total Operating Transfers and Grants	5	1,318,017	1,472,519	1,501,359	392,844	1,319,464	1,344,988	(25,524)	-1.9%	1,471,673
Capital Transfers and Grants										
National Government:		1,003,476	803,900	1,003,900	-	864,568	1,086,360	(223,792)	-20.6%	803,900
Urban Settlement Development Grant		928,128	685,182	685,182	-	762,992	982,992	(200,000)	-20.6%	685,182
Public Transport and Systems		55,868	81,165	81,165	-	71,373	95,165	(23,792)		81,165
Neighbourhood Development Partnership		-	13,250	13,250	-	6,000	6,000	-		13,250
Integrated National Electrification Programme		7,300	6,200	6,200	-	6,200	6,200	-		6,200
Electricity Demand Side Management		6,000	8,000	8,000	-	8,000	8,000	-		8,000
Integrated City Development Grant		6,080	10,003	10,003	-	10,003	10,003	-		10,003
Finance Management		-	-	-	-	-	-	-		-
Infrastructure Skills Development Grant		100	100	100	-	-	-	-		100
Other capital transfers [insert description]		-	-	-	-	-	-	-		-
Provincial Government:		-	8,036	8,036	-	-	6,777	(8,777)	-100.0%	8,036
Dept of Local Government and Traditional Affairs		-	8,036	8,036	-	-	6,777	(8,777)	-100.0%	8,036
Dept Sport, Recreation, Arts and Culture (DSRAC)		-	-	-	-	-	-	-		-
Department of Public Works		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
Subsidy / Gavle		-	-	-	-	-	-	-		-
Public Funding		-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	5	1,003,476	812,936	1,012,936	-	864,568	1,095,137	(230,569)	-21.1%	812,936
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	2,321,493	2,285,455	2,514,296	392,844	2,184,032	2,440,125	(258,093)	-10.5%	2,284,609

11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 61% (R558.03 million, inclusive of reclaimed vat) of its 2018/2019 conditional grants budget of R911.61 million as at 31 March 2019. This reflects an improvement when compared to the same period in the previous financial year where 57% (R512 million, inclusive of reclaimed of vat) of conditional grants budget of R882.77 million was spent.

Table 18 below reflects the year to date expenditure on 2018/19 total conditional grants.

Table 18: Spending per Conditional Grant Funding Allocation

Funding/Grant	2018/19 Approved Budget	YTD Exp (vat incl) R	Variance (vat incl.) R	% Expenditure vs. Budget (vat incl.)
Integrated National Electrification Programme Grant	6,200,000	3,039,350	3,160,650	49%
EEDSM (Energy, Efficiency and Demand Side Management)	8,000,000	7,895,799	104,201	99%
Finance Management Grant	1,150,000	563,680	586,320	49%
Infrastructure Skills Development Grant	10,800,000	7,398,630	3,401,370	69%
Urban Settlement Development Grant	762,992,000	446,067,048	316,924,952	58%
Neighbourhood Development Partnership Grant	13,250,000	1,160,176	12,089,824	9%
Integrated City Development Grant	10,003,000	9,695,446	307,554	97%
Expanded Public Works Programme Grant	4,050,000	4,281,451	-231,451	106%
Public Transport Infrastructure and Systems Grant	95,165,000	77,930,474	17,234,526	82%
TOTAL	911,610,000	558,032,055	353,577,945	61%

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

Details of the projects that are implemented by each grant are reflected in both Annexure D and E.

Also refer to section 14.1 of the report on measures to improve expenditure performance.

11.1.1. INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT (INEP)

Construction has commenced in line with the program for the Fynbos electrification project, however construction at Mdantsane N.U 5 is experiencing community challenges which have been addressed to the relevant authorities for intervention.

11.1.2. EXPANDED PUBLIC WORKS PROGRAMME GRANT

EPWP has been overspent in the current financial year. In the mid-year adjustment budget, the EPWP grant has been subsidized by 100% equivalent allocation from own funds. The correcting Journal from grant funding to own funds on the over expenditure has been prepared and processed in April 2019.

11.1.3. FINANCE MANAGEMENT GANT (FMG)

There are eight (8) interns currently serving on the internship programme. The interns are being remunerated accordingly. The recruitment process to appoint one (1) additional intern was concluded on the 26 March and the intern assumed duty on the 01 April 2019. Furthermore, the grant will be utilised for the payment of the Municipal Finance Management Programme (MFMP) which started on the 01 April 2019 for four (4) interns and (1) finance official. Grant funding will be fully utilized by year end in line with the set targets.

11.1.4. INFRASTRUCURE SKILLS DEVELOPMENT GRANT (ISDG)

Departmental delays were experienced in the recruitment of two interns and a mentor in the field of Microbiology. Advert for recruitment out in April for appointment to be effective from 01 May 2019.

11.1.5. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

SPATIAL PLANNING AND DEVELOPMENT

Bridge Designs & Implementation

Nine sites have been identified and design/environmental work is required. Works orders have been issued to Service Providers and work has commenced. Service Providers have invoiced and invoices have been processed. Expenditure will improve in the remaining months of the financial year.

Sleeper Site Roads

The project was awarded on the 29 November 2018 and the contractor has requested BCMM to accept their withdrawal from the project. Contractor's request to be considered by the adjudication committee and advise on the way forward with the project.

Bridge Designs & Implementation

The site has been identified through the Feasibility Study. Works order has been issued and Service Provider has commenced. Environmental applications are required and have been made. Work has commenced, and expenditure will improve.

Guidance Signage

Informal tender is being re-advertised.

Traffic Calming

The contractors invoices are not being processed due to it being non-tax compliant.

Taxi Rank Infrastructure (Roads & Ablution Facilities)

Service Providers currently busy with Detailed Design Reports and would submit claims once the reports are completed. Invoices for the design stage are scheduled for April 2019 and expenditure will improve by end of fourth quarter.

Taxi /Bus Embayments

Construction started in Mid-February 2019. Expenditure will improve as most work will be completed in the fourth quarter.

INFRASTRUCTURE SERVICES

Water

The evaluation of the contract is being expedited as most water projects are waiting for its award. Expenditure will improve once contract is awarded.

Sanitation

Low expenditure for sanitation projects has been mainly due to non-performance of contractors on site for those projects already awarded. A tender for constructing VIP toilets in rural areas and Ablution Facilities was awarded in December 2018. Contractors are currently finalizing establishments on site to commence with construction work. Zwelitsha Bulk Regional Sewer Scheme and Reeston Phase 3 projects have been delayed by non-performance of the contractors on site. Corrective measures have been taken for non-performance of contractors on site, through termination of contracts in some instances, and through implementing programme corrective measures in other instances.

A new contractor has been appointed for completion of Zwelitsha Wastewater Treatment Works following termination of a contract with the previous contractor. Similarly, meetings have been held with the contractor in Reeston Wastewater Treatment Works, following delays in completing the work. These measures will result in improved performance on site, and increase expenditure in the remaining months.

HUMAN SETTLEMENTS

Some contracts have experienced block access site due to invasion of construction work and forceful occupation of incomplete houses, that

incident has impacted a lot on service delivery. The metro has applied for the eviction of people who invaded sites, the matter is to be heard in Court.

PUBLIC TRANSPORT NETWORK GRANT

Industry Transition Plan

The Industry Transition Plan forms part of the Integrated public transport plan (IPTN) Operational & Business Plan project and as such is budgeted for within the IPTN project. The budget for this item was reallocated during mid-year adjustment to a different Public Transport Network Grant project.

Universal Access Development Plan

The Universal access development plan forms part of Integrated Public Transport Network Operational & Business Plan project and as such is budgeted for within the IPTN project. The budget for this item was reallocated during mid-year adjustment to a different Public Transport Network Grant project.

Public Transport Plan

The Public Transport Plan forms part of the Integrated Public Transport Network Operational & Business Plan project and as such is budgeted for within the Integrated Public Transport Network project. The budget for this item was reallocated during mid-year adjustment to the Qumza Highway project.

11.1.6. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT

The contract for roads and sidewalks was only awarded in October 2018, and a process had to be undertaken to identify the works, and obtain cost estimates from the appointed contactors. The contractor has received some of the orders for sidewalks, work is expected to be complete between April 2019 and June 2019.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and councillors remuneration. The workforce costs as a percentage of total expenditure amounted to 30.79%. This is within the norm of 25% - 40%.

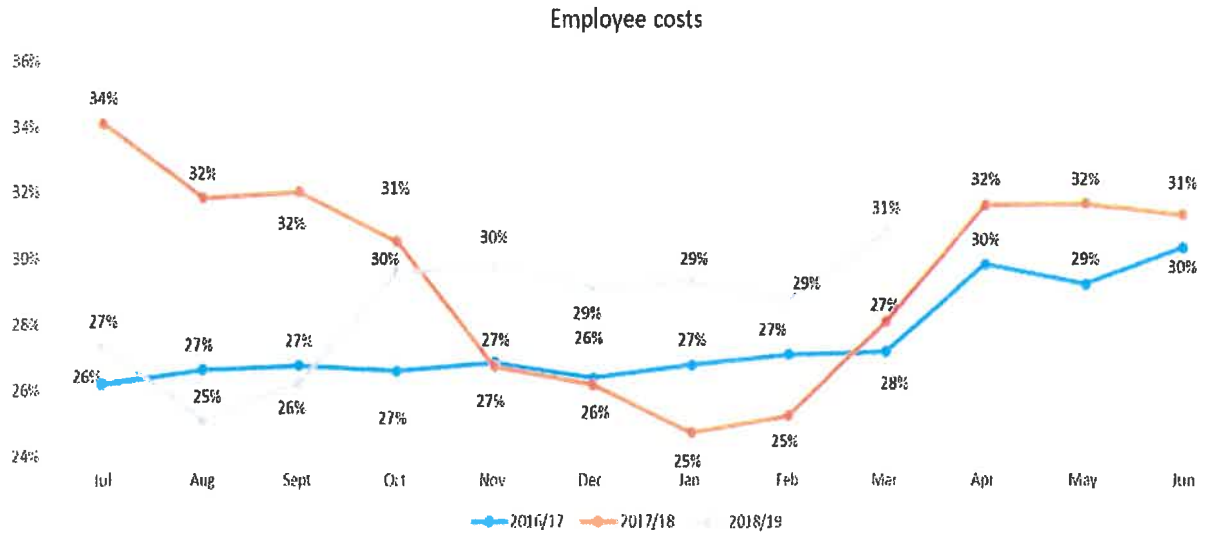
Table 19: SC8 Monthly Budget Statement – Councillor, Board Members and Staff Benefits

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

Summary of Employee and Councillor remuneration	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		33,837	40,253	40,253	2,889	26,593	30,190	(3,597)	-12%	40,253
Pension and UIF Contributions		4,136	3,999	3,999	354	3,206	2,999	207	7%	3,999
Medical Aid Contributions		2,070	1,885	1,885	196	1,685	1,414	271	19%	1,885
Motor Vehicle Allowance										
Cellphone Allowance		4,047	2,624	2,624	340	3,292	1,968	1,324	67%	2,624
Housing Allowances		2,261	2,274	2,274	199	1,769	1,705	63	4%	2,274
Other benefits and allowances		13,123	13,150	13,150	1,178	10,352	9,863	489	5%	13,150
Sub Total - Councillors		59,473	64,185	64,185	5,156	46,896	48,139	(1,243)	-3%	64,185
% Increase	4		7.9%	7.9%						7.0%
Senior Managers of the Municipality										
Basic Salaries and Wages		7,732	15,446	15,297	-	6,287	11,480	(5,193)	-45%	15,297
Pension and UIF Contributions		1,411	2,851	2,823	-	1,099	2,119	(1,020)	-48%	2,823
Medical Aid Contributions		202	284	281	-	162	211	(48)	-23%	281
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	76	-	76	#DIV/0!	-
Motor Vehicle Allowance		1,647	3,311	3,277	-	1,343	2,459	(1,116)	-45%	3,277
Cellphone Allowance		200	-	-	-	192	-	192	#DIV/0!	-
Housing Allowances		1,810	520	515	-	1,545	387	1,158	299%	515
Other benefits and allowances		71	2,745	2,717	-	86	2,039	(1,953)	-96%	2,717
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		13,072	25,157	24,910	-	10,789	18,695	(7,905)	-42%	24,910
% Increase	4		92.5%	90.6%						90.6%
Other Municipal Staff										
Basic Salaries and Wages		1,090,428	1,167,270	1,207,276	177,571	1,007,807	879,460	128,347	15%	1,207,276
Pension and UIF Contributions		202,052	221,985	221,373	1,700	160,754	165,316	(4,562)	-3%	221,373
Medical Aid Contributions		84,778	104,778	118,127	3	59,442	81,442	(22,000)	-27%	118,127
Overtime		140,923	85,052	75,739	253	82,308	61,040	21,268	35%	75,739
Performance Bonus		77,149	97,741	103,549	-	58,922	74,308	(15,386)	-21%	103,549
Motor Vehicle Allowance		26,621	37,813	37,448	49	19,271	28,105	(8,834)	-31%	37,448
Cellphone Allowance		4,149	4,903	4,855	3	2,853	3,644	(790)	-22%	4,855
Housing Allowances		7,607	19,130	19,495	2	4,853	14,353	(9,500)	-66%	19,495
Other benefits and allowances		94,291	123,562	122,424	8	66,944	91,799	(24,856)	-27%	122,424
Payments in lieu of leave		27,897	20,475	20,267	-	159	15,210	(15,051)	-99%	20,267
Long service awards		22,535	23,922	23,672	68	16,579	17,766	(1,188)	-7%	23,672
Post-retirement benefit obligations		32,361	7,604	7,601	-	20	5,701	(5,680)	-100%	7,601
Sub Total - Other Municipal Staff		1,810,792	1,914,233	1,981,826	179,857	1,479,911	1,438,143	41,768	3%	1,981,826
% Increase	4		5.7%	8.3%						8.3%
Total Parent Municipality		1,883,336	2,003,576	2,050,920	184,813	1,537,596	1,504,976	32,620	2%	2,050,920

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

Figure 5: Workforce (Employee) Costs



12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 March 2019. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 March 2019.

Table 20: Overtime per Directorate

Directorate Overtime	2018/2019 Annual Budget R	2018/2019 YTD Expenditure R	2018/2019 % of YTD Budget %
Directorate Of Executive Support Services	1,719,220	2,115,624	123%
Directorate Of The City Manager	603,240	749,812	124%
Directorate Of Corporate Services	531,768	361,064	68%
Directorate Of Development & Spatial Planning	779,665	138,714	18%
Directorate Of Economic Development & Agencies	586,261	245,112	42%
Directorate Of Finance	2,110,426	1,386,685	66%
Directorate Of Health / Public Safety & Emergency Services	22,486,503	23,771,444	106%
Directorate Of Human Settlement	127,471	7,944	6%
Directorate Of Infrastructure Services	21,433,979	25,540,467	119%
<i>Electricity</i>	9,680,766	8,423,493	87%
<i>Water</i>	4,192,032	7,816,413	186%
<i>Sanitation</i>	6,196,268	7,064,585	114%
<i>Other</i>	1,364,913	2,235,975	164%
Directorate Of Municipal Services	25,360,396	27,991,297	110%
Total	75,738,929	82,308,163	109%

Table 21: Overtime Per Cost Centre: January 2019 – March 2019

	JANUARY 2019	FEBRUARY 2019	MARCH 2019
Directorate of Executive Support Services	255 749	192 512	217 442
Directorate of the City Manager	95 905	63 815	50 289
Directorate of Corporate Services	24 230	25 849	41 274
Directorate of Development & Spatial Planning	14 160	18 283	16 231
Directorate Economic Development & Agencies	56 236	31 372	31 864
Directorate of Finance	140 831	136 237	125 864
Directorate of Health/Public Safety & Emergency Services	4 235 140	2 209 819	1 761 023
Directorate of Infrastructure Services	3 553 661	3 294 868	3 152 931
Directorate of Municipal Services	3 660 593	3 983 069	3 257 782
TOTAL	12 036 507	9 955 823	8 654 699

The total overtime payment for the months of January 2019, February 2019 and March 2019 is reflected above. There was a decrease in the total payment of overtime between January 2019 and February 2019 of R2 080 683 and a decrease in the total payment of overtime between February 2019 and March 2019 of R1 301 124.

OVERTIME PER COST CENTRE

		January 2019 Amount	February 2019 Amount	March 2019 Amount
	Directorate 0Executive Support Services			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	230 987.60	173 757.60	176 859.74
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	1 792.56	4 760.76	1 390.50
0523	IDP & BUDGET INTEGRATION	1 218.75	0	10 024.73
0531	POLITICAL OFFICE ADMINISTRATION	21 750.08	13 993.67	1 575.12
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	0	0	27 591.95
		255 748.99	192 512.03	217 442.04
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	81 538.25	44 645.94	29 088.39
1015	INFORMATION / TECHNOLOGY & SUPPORT	14 367.24	19 169.17	21 200.25
		95 905.49	63 815.11	50 288.64
	DIRECTORATE OF CORPORATE SERVICES			
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	0138.56	0	0
1512	ADMINISTRATIVE & CORPORATE SUPPORT AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	4 758.26	5 376.28	11 611.28
1513	TRACKING AND TELECOMMUNICATIONS	20 110.22	14 658.21	21 364.02
1531	HUMAN RESOURCES MANAGEMENT	0	0	1 191.12
1532	ADMINISTRATIVE SUPPORT	0	3 554.00	7 108.00
1536	ORGANISATIONAL DEVELOPMENT	0500.00	2 260.32	0
		24 229.92	25 848.81	41 274.42
	DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING			
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	3 740.92	17 268.69	5 884.38
2037	TRAFFIC MANAGEMENT & SAFETY	10 419.30	1 013.95	10 346.27
		14 160.22	18 282.64	16 230.65
	DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES			
2505	OFFICE OF THE DIRECTOR ECONOMIC DEVELOPMENT	0	0	1 478.62
2511	FRESH PRODUCE MARKET	8 406.59	18 657.86	8 286.49
2521	TOURISM / ARTS / CULTURE & HERITAGE	47 829.76	12 714.24	22 098.56
		56 236.35	31 372.10	31 863.67
	DIRECTORATE OF FINANCE			
3033	PAYROLL & BENEFITS	0	02 475.54	3 297.96
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	3 030.14	1 135.88	0
3053	COASTAL REVENUE MANAGEMENT	2 094.89	2 388.08	3 302.65
3054	CUSTOMER RELATIONS (CALL CENTRE)	129 533.07	125 554.12	111 550.28

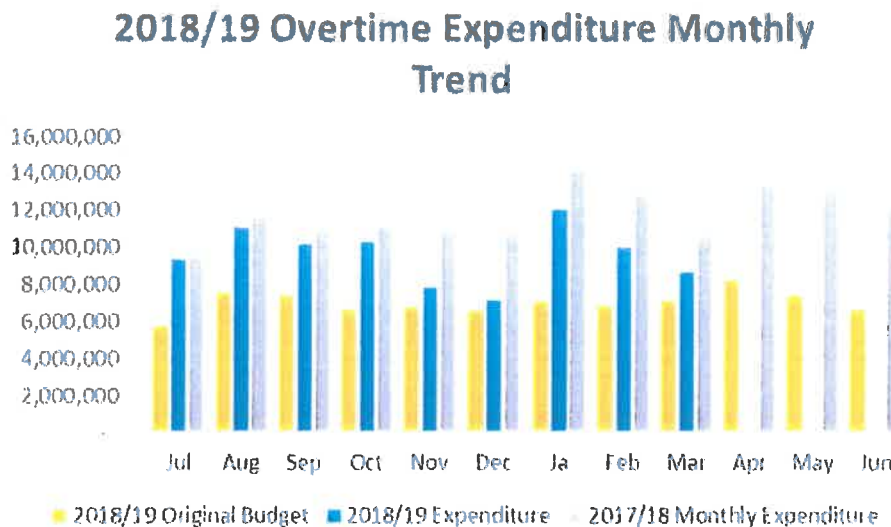
Directorate		January 2019 Amount	February 2019 Amount	March 2019 Amount
3055	INLAND REVENUE MANAGEMENT	1 278.42	0	1 584.78
3056	MIDLAND REVENUE MANAGEMENT	4 894.65	7 086.76	4 422.01
3061	STRATEGY & OPERATIONS	0	782.38	1 706.81
3071	SUPPLY CHAIN MANAGEMENT	0	1 764,83	0
		140 831.17	136 236.51	125 864.49
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	19 666.92	0	4 940.18
3513	FIRE & RESCUE	1 316 197.38	449 329.32	379 587.35
3521	MUNICIPAL HEALTH SERVICES	33 173.36	20 938.71	14 351.38
3532	LAW ENFORCEMENT SERVICES	2 239 554.38	1 206 193.16	938 608.84
3533	TRAFFIC SERVICES	626 547.96	533 358.21	423 534.75
		4 235 140.00	2 209 819.40	1 761 022.50
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	0	2 248.08	2 248.08
4511	ELECTRICAL & ENERGY SERVICES	1 613.77	2 249.15	2 171.10
4512	CUSTOMER SERVICES & REVENUE PROTECTION	120 635.63	100 021.98	94 532.03
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	683.16	597.77	597.77
4514	ELECTRICAL DISTRIBUTION	1 077 472.55	972 949.81	1 095 349.94
4524	ROADS	28 268.56	7 826.70	10 520.41
4532	SANITATION	1 175 268.33	957 507.07	918 613.63
4535	WATER SERVICES	1 073 697.73	1 145 827.31	974 052.74
4542	FLEET SERVICES & PLANT	0	9 410.15	0
4543	WORKSHOPS	76 021.39	96 229.94	54 844.97
		3 553 661.12	3 294 867.96	3 152 930.67
	DIRECTORATE OF MUNICIPAL SERVICES			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	11 105.05	11 697.59	5 303.69
5011	COMMUNITY AMENITIES	21 808.66	17 182.31	21 524.63
5013	LIBRARIES	01 029.45	7 057.06	21 892.41
5014	HALLS	184 025.09	167 360.19	162 063.95
5015	RECREATION	908 714.83	757 532.93	405 645.14
5016	SPORTS FACILITIES	56 397.72	105 430.01	101 132.88
5022	CEMETRIES & CREMATORIA	179 836.48	272 713.89	307 746.54
5023	CONSERVATION	158 251.99	142 399.40	85 037.60
5024	PARKS: COASTAL	411 879.52	336 614.75	318 979.74
5031	SOLID WASTE MANAGEMENT	32 693.95	26 931.96	23 339.45
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 571 115.99	2 016 108.61	1 674 272.90
5035	LANDFILLS & TRANSFER STATIONS	125 793.51	122 039.98	130 842.98
		3 660 593.34	3 983 068.68	3 257 781.91
	TOTAL OVERTIME	12 036 506.60	9 955 823.24	8 654 698.99

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

- a) Employees are not permitted to work more than ten (10) hours overtime per week – this is in line with the Basic Conditions of Employment Act.
- b) All planned overtime is capped at forty (40) hours per month - this is in line with the Basic Conditions of Employment Act.
- c) All emergency overtime to be signed and approved by Heads of Directorates to ensure accountability and emphasis on control measures.

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

Figure 6: Overtime Expenditure Monthly Trend



12.2.1. Comments On Overtime

a) Directorate of Finance

The Call Centre is required to be operational 365 days a year, which includes weekends and public holidays. The staff are 5 day workers and as such need to be paid overtime for work done on a weekend and public holidays in order to keep the Call Centre operational. Meetings have been held with Senior staff at Human Resources and a process plan has been drafted for the implementation of the conditions of service of the staff, from 5 day to 6 day workers. The follow up

meeting was set to resume in March 2019 but due to unavailability of the key stakeholders, the meeting has been rescheduled for mid April.

b) Directorate of Executive Support

The over expenditure is due to the respective political office's bodyguards having to work extended overtime and night shifts.

c) Directorate of City Manager

Overtime in the office of the City Manager is based on emergency work for the support of the network, applications, IT Environment and server room. This cannot be avoided as these are crucial services in support of the IT environment.

d) Directorate of Corporate Services

The over expenditure on overtime is as a result of nature of operations which necessitates the drivers to deliver agendas outside the normal operating hours. In some cases staff are required to do special deliveries that contributes to working overtime.

e) Directorate of Infrastructure Services

- i. Electricity – Overtime is due to emergency raids to eradicate illegal connections. Vandalism and theft contribute to a large percentage of overtime.
- ii. Roads – Over expenditure on overtime is due to emergency callouts for water repairs and shift work at water treatment plants.
- iii. Water and Sanitation - Operational requirements to attend to overflows / breakdowns after hours. Overtime is due to additional hours worked on 12hr shifts, emergency replacements of staff on leave and vacant posts.

f) Directorate of Health / Public Safety & Emergency Services

Structured overtime is compulsory compensation payable as a result of the requirement to work on Sundays and Public Holidays as part of a shift system. The structured overtime cannot be reduced as Fire & Rescue operate on a 24/7 basis. Any reduction would have a negative effect on service delivery by the Fire & Rescue Services.

Excessive overtime worked by security guards throughout the institution is impacting on the overtime which is combined with Law Enforcement. This is an issue, which together with HR will need to be resolved. Security guards are working longer hours due to the fact that there are many sites which require security guarding and there is insufficient staffing to cover all sites.

g) 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.

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 March 2019. The total standby and shift payment for the months of January 2019, February 2019 and March 2019 is reflected below. There was an increase in the total payment between January 2019 and February 2019 of R145,131 and an decrease in the total payment between February 2019 and March 2019 of R231,434.

Table 22: Standby & Shift Allowance per Directorate

	JANUARY 2019	FEBRUARY 2019	MARCH 2019
Directorate of Executive Support Services	5 155	4 338	3 973
Directorate of the City Manager	48 285	75 870	47 606
Directorate of Corporate Services	580	942	1 779
Directorate of Development & Spatial Planning	20 757	10 718	17 679
Directorate Economic Development & Agencies	1 151	1 439	987
Directorate of Finance	9 545	10 074	8 594
Directorate of Health/Public Safety & Emergency Services	626 997	600 899	537 006
Directorate of Human Settlement	0	0	0
Directorate of Infrastructure Services	732 120	749 110	665 635
Directorate of Municipal Services	237 371	373 700	312 398
TOTAL	1 681 960	1 827 091	1 595 657

12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the months of January 2019, February 2019 and March 2019 is reflected above. There was a decrease in the total payment between January 2019 and February 2019 of R1 846 691 and a decrease in the total payment between February 2019 and March 2019 of R103 645.

Table 23: Temporary Staff per Directorate

	JANUARY 2019	FEBRUARY 2019	MARCH 2019
Directorate of Executive Support Services	594 179	683 608	570 649
Directorate of the City Manager	336 024	327 351	212 313
Directorate of Corporate Services	1 745 526	1 324 210	2 348 440
Directorate of Development & Spatial Planning	196 359	150 651	168 671
Directorate Economic Development & Agencies	47 873	33 906	35 744
Directorate of Finance	563 325	493 450	526 948
Directorate of Health/Public Safety & Emergency Services	362 193	211 517	368 968
Directorate of Human Settlement	270 957	272 474	291 849
Directorate of Infrastructure Services	284 617	225 200	343 388
Directorate of Municipal Services	7 186 037	6 018 031	4 769 785
TOTAL	11 587 089	9 740 398	9 636 753

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year to date expenditure of R46.898 million less annual budget of R64.18 million leaves a variance of R 27.28 million.

Table 24: Councillors Costs

Councillors Allowances And Benefits	2018/2019 Annual Budget R	2018/2019 YTD Expenditure R	2018/2019 Variance R	2018/2019 Variance %
Councillors Allowances	42,877,130	29,884,563	12,992,567	70%
Housing Allowance	2,274,000	1,768,650	505,350	78%
Medical Aid Allowance	1,884,903	1,684,975	199,928	89%
Pension Allowance	3,998,763	3,205,696	793,067	80%
Travel Allowance	13,150,247	10,351,708	2,798,539	79%
Total	64,185,043	46,895,591	17,289,452	73%

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R20.82 million (48%) of its 2018/2019 approved operating budget of R43.18 million. The entity has also spent 10% (R1.466 million) of its 2018/19 capital budget of R14.37 million. Refer to **Annexure F** for further details.

Table 25: Monthly Budget Statement – summary of municipal entity

BUF Buffalo City - Supporting Table SC11 Monthly Budget Statement - summary of municipal entities - M09 March

Description	Ref	2017/18	Budget Year 2018/19							
		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										
<i>Buffalo City Development Agency</i>										
Interest earned - external investments		145	789	459	44	369	344	25	7%	789
Agency services		-	990	248	-	-	186	(186)	-100%	990
Transfers and subsidies		21,724	32,033	31,952	-	29,847	32,033	(2,185)	-7%	32,033
Other revenue		153	10,544	10,522	429	458	7,892	(7,433)	-94%	10,544
Transfers and subsidies - capital (monetary allocations) (National)		-	27,292	14,372	6	1,466	10,779	(9,313)	-86%	-
Total Operating Revenue	1	22,022	71,647	57,553	478	32,141	51,233	(19,092)	-37%	44,355
Expenditure By Municipal Entity										
<i>Buffalo City Development Agency</i>										
Employee related costs		14,481	21,727	20,636	1,323	11,015	15,477	(4,461)	-29%	21,727
Remuneration of Directors		900	850	796	90	502	597	(95)	-16%	850
Depreciation & asset impairment		799	1,412	1,276	115	862	957	(96)	-10%	1,412
Finance charges		5	10	5	-	0	4	(4)	-100%	10
Other expenditure		8,162	20,356	20,468	1,551	8,443	15,351	(6,908)	-45%	20,356
Taxation		(550)						-		
Total Operating Expenditure	2	23,789	44,355	43,181	3,078	20,822	32,385	(11,563)	-36%	44,355
Surplus/ (Deficit) for the yr/period		(1,767)	27,292	14,372	(2,600)	11,319	18,847	(7,528)	(0)	(0)
Capital Expenditure By Municipal Entity										
<i>Buffalo City Development Agency</i>										
		(1,767)	27,292	14,372	6	1,466	10,779	(9,313)	-86%	
Total Capital Expenditure	3	(1,767)	27,292	14,372	6	1,466	10,779	(9,313)	-86%	-

A detailed analysis of the entity's performance for month ended 31 March 2019 is outlined in the attached **Annexure F**.

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 47% (R896.07 million, inclusive of reclaimed vat) of its 2018/19 adjusted capital budget of R1.91 billion as at 31 March 2019. This reflects an increase when compared to the same period in the previous financial year where 40% (R656.88 million, inclusive of reclaimed vat) of the adjusted budget of R1.63 billion was spent

Refer to Annexure A – C5 for the breakdown per municipal vote, standard classification & funding; Annexure B – SC14 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

2018/2019 CAPITAL BUDGET PER FUNDING SOURCE	2018/2019 Mid-year Adjustment Budget	2018/2019 YTD EXPENDITURE INCLD. VAT	2018/2019 EXPENDITURE INCLD. VAT %
TOTAL OWN FUNDS	1,081,676,022	363,140,503	34%
Urban Settlements Grant	680,182,240	432,087,968	64%
Public Transport Network Grant	89,415,000	75,978,696	85%
Intergrated City Development Grant	10,003,000	9,695,446	97%
Infrastructure Skills Development Grant	100,000	97,644	98%
Neighbourhood Development Partnership Grant	13,250,000	1,160,176	9%
Energy Efficiency and Demand Side Management	8,000,000	7,895,799	99%
Integrated National Electrification Grant	6,200,000	3,039,350	49%
Finance Management Grant	65,720	45,716	70%
Local Government and traditional affairs	9,036,112	1,471,200	16%
TOTAL GRANTS	816,252,072	531,471,997	65%
TOTAL - FUNDING SOURCES	1,897,928,094	894,612,500	47%
BCMDA Projects	14,371,750	1,459,814	10%
TOTAL CONSOLIDATED CAPITAL PER FUNDING	1,912,299,844	896,072,314	47%

Table 27 below reflects capital expenditure performance per service

Table 27: Actual Expenditure per Service against Budget

2018/2019 CAPITAL BUDGET PER SERVICE	2018/2019 Mid-year Adjustment Budget	2018/2019 YTD EXPENDITURE INCLD. VAT	2018/2019 EXPENDITURE INCLD. VAT %
Amenities	103,870,608	29,566,332	28%
Electricity	139,095,421	78,875,741	57%
Housing	159,254,640	65,070,581	41%
LED	60,735,322	6,557,417	11%
Other	53,000,000	12,643,925	24%
Public Safety	37,754,257	13,211,503	35%
Roads	474,102,873	258,944,218	55%
Spatial Planning	53,796,046	13,735,629	26%
Support Services	149,298,956	105,615,930	71%
Transport Planning	201,951,112	134,262,752	66%
Waste Manangement	77,952,360	40,589,952	52%
Waste Water	192,512,859	51,578,466	27%
Water	194,603,640	83,960,055	43%
TOTAL - PER SERVICE	1,897,928,094	894,612,500	47%
BCMDA Projects	14,371,750	1,459,814	10%
TOTAL CONSOLIDATED CAPITAL PER SERVICE	1,912,299,844	896,072,314	47%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

2018/2019 CAPITAL BUDGET PER DIRECTORATE	2018/2019 Mid-Year Adjustment Budget	2018/2019 YTD EXPENDITURE INCLD. VAT	2018/2019 EXPENDITURE INCLD. VAT %
Executive Support Services	5,886,795	1,285,125	22%
City Manager's Office	94,240,000	95,042,234	101%
Corporate Services	781,438	156,189	20%
Spatial Planning & Development	257,272,816	148,207,051	58%
Economic Development & Agencies	61,235,322	6,815,706	11%
Finance Services	32,441,696	5,401,062	17%
Health/Public Safety & Emergency Services	39,232,335	13,888,737	35%
Human Settlements	159,699,931	65,133,525	41%
Infrastructure Services	1,054,314,793	486,825,702	46%
Municipal Services	182,822,968	70,711,366	39%
Total Directorates	1,887,928,094	893,466,698	47%
Asset Replacement	10,000,000	1,145,802	11%
Total Budget Per Directorate	1,897,928,094	894,612,500	47%
BCMDA Projects	14,371,750	1,459,814	10%
TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE	1,912,299,844	896,072,314	47%

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

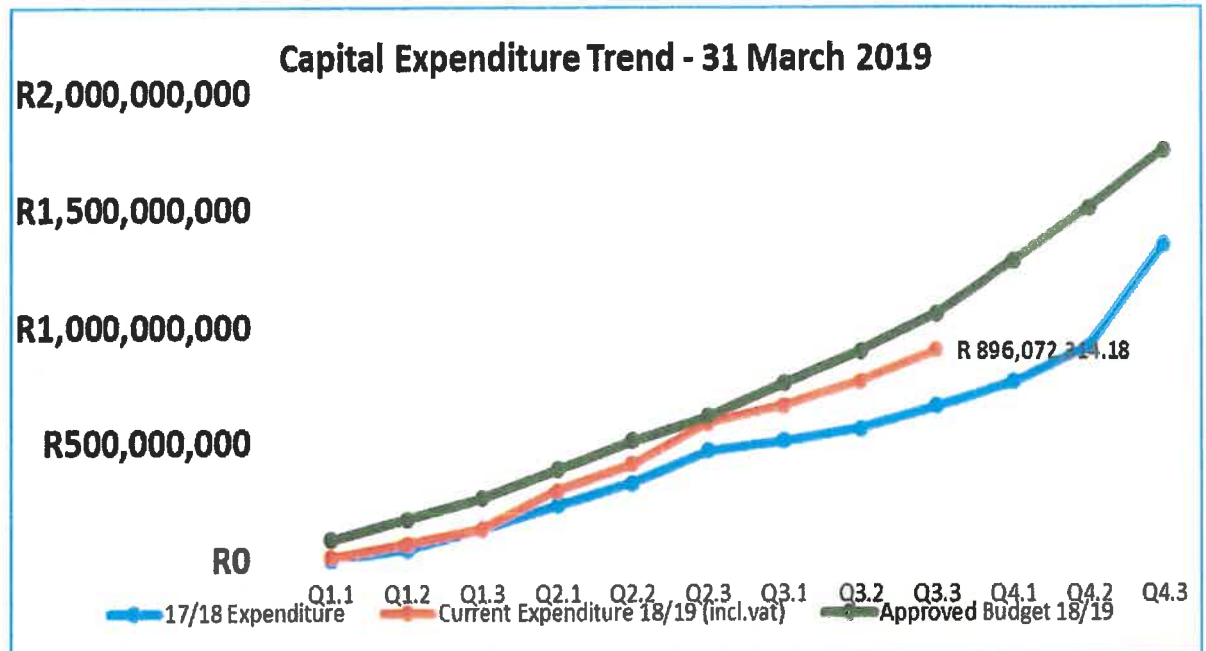
Table 29: SC12 Monthly Budget Statement – capital expenditure trend

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

Month	Budget Year 2018/19								
	2017/18 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
Monthly expenditure performance trend									
July	2,308	2,373	15,122	79,865	79,865	15,122	(64,743)	-428.2%	5%
August	40,222	57,737	75,417	(14,129)	65,736	90,538	24,802	27.4%	4%
September	85,095	127,140	78,695	57,137	122,873	169,233	46,360	27.4%	7%
October	85,567	115,603	206,953	151,564	274,437	376,186	101,749	27.0%	16%
November	90,366	183,096	145,126	104,066	378,503	521,312	142,810	27.4%	22%
December	123,230	237,835	217,111	156,939	537,442	738,423	200,981	27.2%	31%
January	40,944	39,016	99,100	70,648	608,090	837,523	229,433	27.4%	35%
February	50,319	103,205	69,305	97,161	705,251	906,828	201,577	22.2%	40%
March	88,730	239,641	122,359	124,822	830,072	1,029,187	199,114	19.3%	47%
April	98,635	64,763	135,850	-	-	1,166,037	-	-	-
May	137,819	122,072	189,819	-	-	1,354,856	-	-	-
June	487,087	460,662	557,444	-	-	1,912,300	-	-	-
Total Capital	1,330,344	1,753,142	1,912,300	830,072					

The graph below shows the capital expenditure trend inclusive of reclaimed vat for the current financial year and the previous financial year.

Figure 7: Capital Expenditure Trend



14.1. Strategies that have been put in place to improve expenditure

The City continues to implement intervention measures to improve the City's spending performance. The weekly reporting that is submitted to the City Manager on sitting of bid committees assists in early identification of challenges. This has led to further review of bid committees to improve its effectiveness, as a result:

- a) All bid committees have been restructured in December 2018 to ensure effectiveness and efficiency.
- b) With the new restructured committees, it is envisaged that the target of taking an average period of three months from initiation to the award of an open bid; whereas in the past it used to take an average of about six months.
- c) A Selection Committee has been established to ensure fair distribution of work, promote competition, realise value for money, ensure rotational system which is cost effective and transparent in

the management of awarded annual contracts..

- d) Reconfiguration of processes at the Supply Chain Management unit are also underway to improve all procurement related activities.

15. OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 34% (R113.50million, inclusive of reclaimed vat) of its 2018/19 adjusted operating projects budget of R336.01 million as at 31 March 2019. This reflects a decline when compared to the same period in the previous financial year where 57% (R176.85 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R309.4 million was spent. Expenditure is expected to progressively improve during the last quarter of the financial year as procurement processes would have been concluded.

A detailed schedule of the operating projects expenditure is outlined in **Annexure D**. Also refer to section 14.1 above of the report on measures that are implemented to improve expenditure.

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

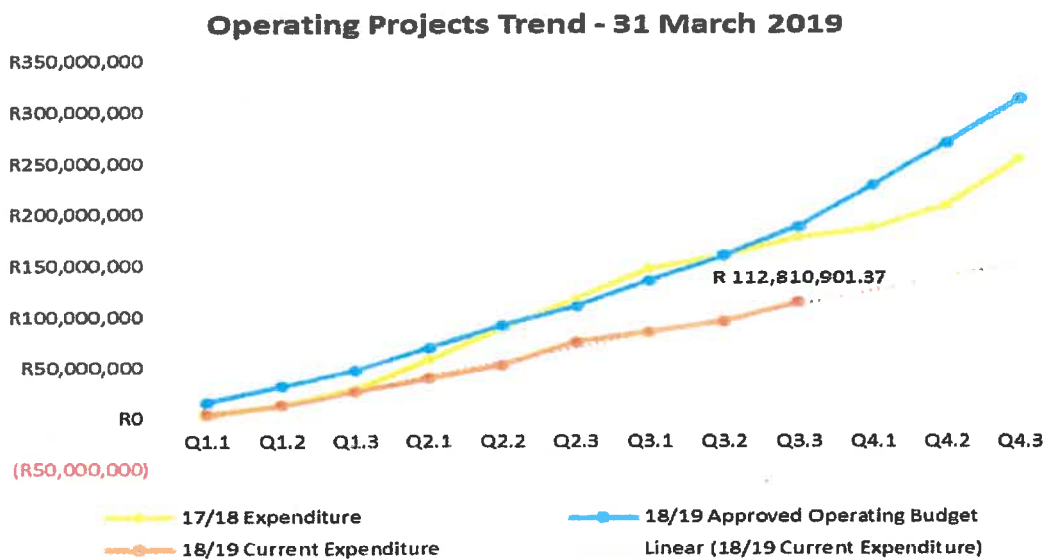
DIRECTORATE	MID YEAR ADJUSTMENT	2018/2019 YTD EXPENDITURE INCLD. VAT	2018/2019 EXPENDITURE INCLD. VAT %
Executive Support Services	41,573,011	12,448,883	30%
Municipal Manager's Office	44,132,840	29,235,090	66%
Human Settlements	91,811,359	19,170,358	21%
Directorate of Financial Services	26,365,213	11,404,262	43%
Directorate of Corporate Services	20,710,375	13,486,995	65%
Directorate of Infrastructure Services	61,000,000	1,559,412	3%
Spatial Planning and Development	9,350,000	3,279,772	35%
Economic Development and Agencies	32,370,000	15,794,806	49%
Health/Public Safety & Emergency Services	300,000	270,561	90%
Directorate of Municipal Services	8,400,000	6,855,626	82%
TOTAL PER DIRECTORATE	336,012,798	113,505,766	34%

Table 31: Operating Projects Per Funding Source

FUNDING	MID YEAR ADJUSTMENT	2018/2019 YTD EXPENDITURE INCL. VAT	2018/2019 EXPENDITURE INCL. VAT %
Own Funds	145,731,298	66,815,337	46%
Total Own Funding	145,731,298	66,815,337	46%
Expanded Public Works Programme Incentives Grant	4,050,000	4,281,451	106%
Finance Management Grant	1,084,280	517,964	48%
Human Settlement Development Grant	56,201,024	9,817,397	17%
Human Settlement Development Grant c/o	19,797,040	8,654,040	44%
Infrastructure Skills Development Grant	10,700,000	7,300,986	68%
Public Transport Infrastructure Grant	5,750,000	1,951,778	34%
Salaida (Galve)	846,101	187,734	22%
Urban Settlement Development Grant	82,809,760	13,979,080	17%
Municipal Emergency Housing Grant	9,043,295	0	0%
TOTAL GRANTS	190,281,500	46,690,429	25%
TOTAL PER FUNDING	336,012,798	113,505,766	34%

The graph below shows the operating projects expenditure trend for the current financial year and the previous financial year.

Figure 8: Operating Projects Expenditure Trend



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

15.2.1 Health / Public Safety & Emergency Services

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

Table 32: 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	3,293,206	287,647	1,210	3,582,063
GM - EMERGENCY SERVICES	(43,975,469)	66,172,195	15,441,128	1,324,546	82,937,869
EMERGENCY SERVICES	0	1,983,243	53,955	143	2,037,340
DISASTER MANAGEMENT	0	2,229,381	667,774	33,776	2,930,930
FIRE & RESCUE	(43,975,469)	61,959,572	14,719,399	1,290,628	77,969,599
GM - MUNICIPAL HEALTH SERVICES	(571,453)	26,525,702	1,703,591	168,832	28,398,125
MUNICIPAL HEALTH SERVICES: COASTAL REGION	(571,453)	26,525,702	1,703,591	168,832	28,398,125
GM - PUBLIC SAFETY & PROTECTION SERVICES	(38,942,724)	185,302,329	13,374,773	2,342,178	201,019,281
PUBLIC SAFETY & PROTECTION SERVICES	(237,753)	1,602,614	2,862,447	1,383,397	5,848,457
LAW ENFORCEMENT SERVICES	(2,511,801)	106,765,022	4,358,709	529,321	111,653,052
TRAFFIC SERVICES	(36,193,170)	76,934,694	6,153,617	429,461	83,517,772
TOTAL	(83,489,646)	281,293,433	30,807,138	3,836,767	315,937,337

15.2.2 Municipal Services

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

Table 33: 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	6,286,397	992,787	23,183	7,302,367
GM - COMMUNITY AMENITIES	(19,862,438)	102,353,427	65,948,474	8,584,853	176,886,754
COMMUNITY AMENITIES	0	11,528,454	52,089,593	418,463	64,036,510
LIBRARIES	(16,571,938)	20,908,187	5,970,460	584,480	27,463,127
HALLS	(869,917)	17,006,005	2,384,173	2,432,989	21,823,167
RECREATION	(2,340,069)	34,340,514	2,695,564	2,720,487	39,756,565
SPORTS FACILITIES	(80,515)	18,570,267	2,808,685	2,428,433	23,807,385
GM - PARKS / CEMETRIES & CONSERVATION	(5,631,094)	123,286,883	23,041,156	6,004,301	152,332,340
PARKS / CEMETRIES & CONSERVATION	0	2,177,531	192,483	0	2,370,013
CEMETRIES & CREMATORIA	(4,784,560)	22,609,607	7,216,471	1,546,220	31,372,299
CONSERVATION	(779,793)	13,655,905	2,518,371	733,803	16,908,080
PARKS: COASTAL	(66,740)	84,843,840	13,113,831	3,724,277	101,681,948
GM - SOLID WASTE MANAGEMENT	(188,299,166)	142,631,909	98,778,780	12,892,664	254,303,353
SOLID WASTE MANAGEMENT	0	13,300,076	23,112,236	7,215,758	43,628,069
CLEANSING & REFUSE REMOVAL: COASTAL	(186,444,359)	117,687,893	52,950,882	5,657,076	176,295,852
LANDFILLS & TRANSFER STATIONS	(1,854,807)	11,643,940	22,715,662	19,830	34,379,431
Total	(213,792,697)	374,558,616	188,761,197	27,505,000	590,824,814

16. 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 2018/2019 financial year per vote is informed by Council resolutions to improve the quality of life of residents and citizens of BCMM.

The BCMM 2018/2019 Service Delivery Targets and Performance Indicators as well as actual performance achieved are attached as Annexure G.

Below is the summary of the 3rd quarter SDBIP performance per directorate.

SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS – THIRD QUARTER 2018/2019 PER DIRECTORATE

Executive Support Services

The Executive Support Services Directorate has set 9 Key Performance Indicators. The total number of KPI's achieved is 6, not achieved is 3 and not for reporting in this quarter is 0. Therefore, the overall 3rd Quarter Performance for Executive Support Services is 67%.

Human Settlements

The Human Settlements Directorate has set 5 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 3 and not achieved is 2. Therefore, the overall 3rd Quarter Performance for Human Settlements is 60%.

Directorate of Finance

The Directorate of Finance has set 13 KPI's on their SDBIP. The total number of KPI's achieved is 9, not achieved is 3 and not applicable is 1. Therefore, the overall 3rd Quarter Performance for Directorate of Finance is 75%.

Corporate Services

The Corporate Services Directorate has set 9 KPI's. The total number of KPI's achieved is 6, not achieved is 2 and not applicable is 1. Therefore, the overall 3rd Quarter Performance for Corporate Services is 75%.

Infrastructure Services

The Directorate of Infrastructure Services has set 20 KPI's. The total number of KPI's achieved is 11, not achieved is 4 and not applicable is 5. Therefore, the overall 3rd Quarter Performance for Infrastructure Services is 73%.

Spatial Planning and Development

The Directorate of Spatial Planning and Development has set 13 KPI's. The total number of KPI's achieved is 5, not achieved is 6 and not for reporting for this quarter is 2. Therefore, the overall 3rd Quarter Performance for Spatial Planning and Development is standing at 46%.

Economic Development and Agencies

The Directorate of Economic Development & Agencies has set 8 KPI's on their SDBIP. The total number of KPI's achieved is 7 and not achieved is 1. Therefore, the overall 3rd Quarter Performance for Economic Development & Agencies is standing at 88%.

Health/Public Safety and Emergency Services

The Directorate of Health/Public Safety and Emergency Services has set 7 KPI's. The total number of KPI's achieved is 3, not achieved in this quarter is 4 and not applicable is 0. Therefore, the overall 3rd Quarter Performance for Health/Public Safety and Emergency Services is standing at 43%.

Municipal Services

The Directorate of Municipal Services has set 14 KPI's. The total number of KPI's achieved is 7, not achieved is 7 and not for reporting in this quarter is 0. Therefore, the overall 3rd Quarter Performance for Municipal Services is 50%.

The overall institutional performance for the third quarter is standing at **64%**.

The above information is summarized in table 34 below.

Table 34: Summary of BCMM 3rd Quarter Performance per Directorate

Directorates	Total no. of KPI(s)	No. of KPI(s) achieved	No. of KPI's not achieved	Not for reporting this quarter	% of KPI's achieved
Executive Support Services	9	6	3	0	67%
Human Settlements	5	3	2	0	60%
Directorate of Finance	13	9	3	1	75%
Corporate Services	9	6	2	1	75%
Infrastructure Services	20	11	4	5	73%
Spatial Planning & Development	13	5	6	2	46%
Economic Development and Agencies	8	7	1	0	88%
Health/Public Safety and Emergency Services	7	3	4	0	43%
Municipal Services	14	7	7	0	50%
Total	98	57	32	9	64%

17. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

I, **ANDILE SIHLAHLA** Manager of Buffalo City Metropolitan Municipality do hereby certify that –

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

for the period ending **March 2019** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print name: Andile Sihlahla

City Manager of Buffalo City Metropolitan Municipality

Signature:



Date: 16/04/2019

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 and Budget Implementation Plans (SDBIP)