

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

**1. PURPOSE**

The purpose of the report is for Executive Mayor 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 January 2019.

**2. AUTHORITY**

Executive Mayor

**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 71

3.3. Municipal Budget and Reporting Regulations, 2009

**4. BACKGROUND**

In terms of Section 71 of the Municipal Finance Management Act No 56, 2003, *“the Accounting Officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality’s budget”*.

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) The Executive Mayor considers and notes the report on the statement of financial performance and the implementation of the 2018/19 budget for the period ended 31 January 2019 including supporting documentation attached as Annexure A to F.
  
- (ii) The Executive Mayor 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) The Executive Mayor notes the year to date collection rate for the period ended 31 January 2019 of 82.70%.

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**A. NAIDOO**

**ACTING CITY MANAGER**

**BUFFALO CITY METROPOLITAN MUNICIPALITY**

SIYABULELA PETER/ NS

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**DATE**

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

**6.1. Dashboard / Performance Summary**

**Table 1: Performance Summary**

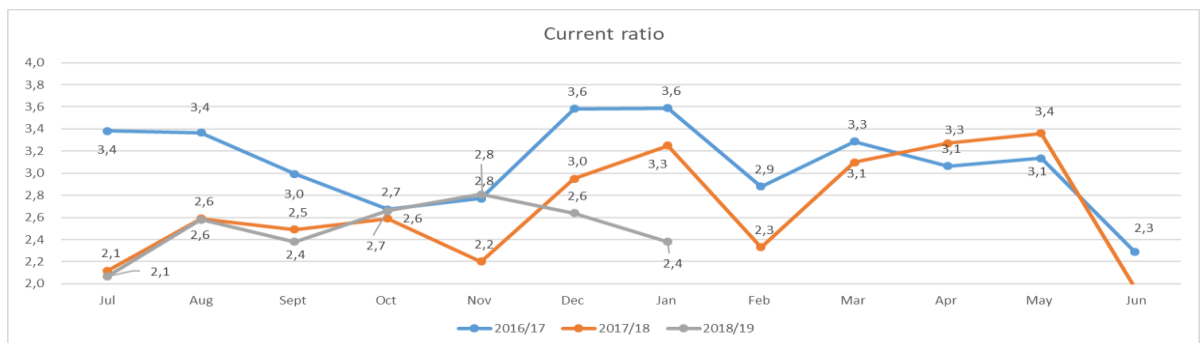
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 3,681,648,018	Bank Balance	R 176,708,166
Expenditure	(R4,080,729,622 )	Call investments (excl. int.)	R 1,232,684,539
Operating Deficit	(R 399,081,603)	<b>Cash and cash equivalents</b>	<b>R 1,409,392,705</b>
Transfers and Subsidies Recognised – Capital	R 357,934,923	<i>Account Payables</i>	<i>(R 482,523,838)</i>
Deficit After Capital Transfers	( R 41,146,680)	<i>Unspent conditional grants</i>	<i>(R 372,651,498)</i>
<b>DEBTORS</b>		<i>Committed to Capital budget-own funds</i>	<i>(R 840,411,763)</i>
Total debtors book (incl. impairment)	R 2,169,058,280	<b>Possible cash deficit should there be no revenue collection made</b>	<b>(R 286,194,394)</b>
Total debtors - Government	R 54,596,366		
Total debtors - Business	R 719,877,510	Total Long term loans	R 372,568,618
Total debtors - Households	R 1,394,584,404		
Total debt written off	R 0	<b>SURPLUS / (DEFICIT) PER SERVICE</b>	
		Water	R 126,517,194
<b>REPAIRS AND MAINTENANCE</b>		Electricity	(R 128,268,992)
<b>2017/2018:</b>	<b>2018/2019:</b>	Refuse	R 35,697,063
Exp.= R182.76 m, which is 40% of adjusted budget of R462.45 m	Exp.= R233,09 , which is 47% of adjusted budget of R493,60 m	Sewerage	R 97,194,576
<b>CAPITAL EXPENDITURE</b>		<b>OPERATING PROJECTS EXPENDITURE</b>	
<b><u>2017/2018: Exp. as a % of Adjusted Budget of R1.71b:</u></b>	<b><u>2018/2019: Exp. as a % of Adjusted Budget of R1.99b:</u></b>	<b><u>2017/2018: Exp. as a % of Adjusted Budget of R298.17m:</u></b>	<b><u>2018/2019: Exp. as a % of Adjusted Budget of R333.73m:</u></b>
Exp. (excl. vat) = R467,75 mil % exp (Excl. vat) :27%	Exp. (excl. vat) = R608,09 mil % exp. (Excl. vat) :31%	Exp. (excl. vat) = R140,36 mil % exp.(excl. vat): 47%	Exp. (excl. vat) = R83,59 mil % exp. (excl. vat): 25%
Exp. (incl. vat) = R508,84 mil % exp (incl. vat): 30%	Exp. (incl. vat) = R660,47 mil % exp. (incl. vat): 33%	Exp. (incl. vat) = R146,33 mil % exp.(incl. vat): 49%	Exp. (incl. vat) = R84,04 mil % exp. (incl. vat): 25%
<b>FINANCIAL</b>		<b>HUMAN RESOURCES</b>	
Operating deficit for the period	(R 399,081,603)	Total staff complement	5 078
Debtors collection ratio	82.7%	Staff Appointments	24
YTD Grants and subsidies: recognized - Capital	R 357,934,923	Staff Terminations	11
% of Creditors paid within terms	100%	Number of funded vacant posts	805
Current ratio	2.38	Total overtime paid (YTD)	12,036,507
Total Debt to Revenue	8.85%	Allowances and benefits – Councillors (YTD)	R 35,284,358
Capital Charges to Operating Expenditure	1.20%	Salary bill – Officials	R1, 159,986,181
Cost coverage ratio	2.36 months	Workforce costs as a % of expenditure	29,3%

## 6.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered stable as the Current Ratio is 2.38:1 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**



## 6.3. Collection Rate and Outstanding Debtors

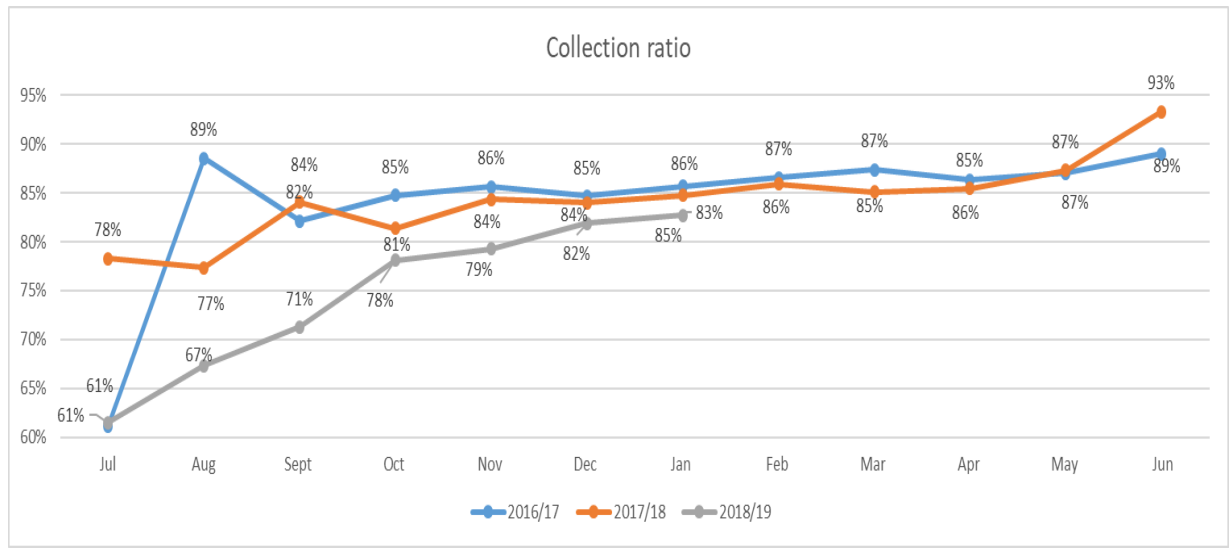
The year to date collection rate for the month ended 31 January 2019 is 82.7% (2017/18: 84.76%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has increased by 0.8% from last month where 81.90% was achieved for the period ended 31 December 2018.

On a year on year comparison, there is a significant decline in the collection rate. One of the contributing factors is the appeal process that is not yet concluded on property rates, which is a result of the implementation of the new General Valuation Roll. The accounts that are affected by this process are

protected from Credit Control action pending the finalisation of the appeal process.

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 January 2019 amounts to R2.17 billion (2017/18: R2.15 billion). Households: R1.39 billion, Business: R719.88 million and Government: R54.60 million.

Refer to section 8.1 of the report for details on debtors’ management and measures to improve collection rate. The debtors’ age analysis report is reflected on Annexure B – SC3.

**6.4. Capital Expenditure**

BCMM has spent 33% (R660.47 million, inclusive of reclaimed vat) of its 2018/19 adjusted capital budget of R1.99 billion as at 31 January 2019. This reflects an increase when compared to the same period in the previous financial year where 30% (R508.84 million, inclusive of reclaimed vat) of the adjusted budget of R1.71 billion was spent. (Refer to Section 14 for further details).



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

### **6.5. Operating Projects**

The Metro has spent 25% (R84.04million, inclusive of reclaimed vat) of its 2018/19 adjusted operating projects budget of R333.73 million as at 31 January 2019. This reflects a decline when compared to the same period in the previous financial year where 49% (R146.33 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R298.17 million was spent. (Refer to Section 15 for further details).

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

### **6.6. Expenditure on Conditional Grants (DoRA Allocation)**

The Metro has spent 48% (R441.59 million, inclusive of reclaimed vat) of its 2018/2019 conditional grants budget of R911.61 million as at 31 January 2019. This reflects no improvement when compared to the same period in the previous financial year where 48% (R420.74 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 47% (R360.70 million, inclusive of reclaimed vat) of its 2018/2019 USDG budget of R762.99 million as at 31 January 2019. This reflects a decline when compared to the same period in the previous financial year where 50% (R383.36 million, inclusive of reclaimed of vat) of USDG budget of R768.13 million was spent. (Refer to Section 11 for further details)

## 6.7. Cash and Cash Equivalents

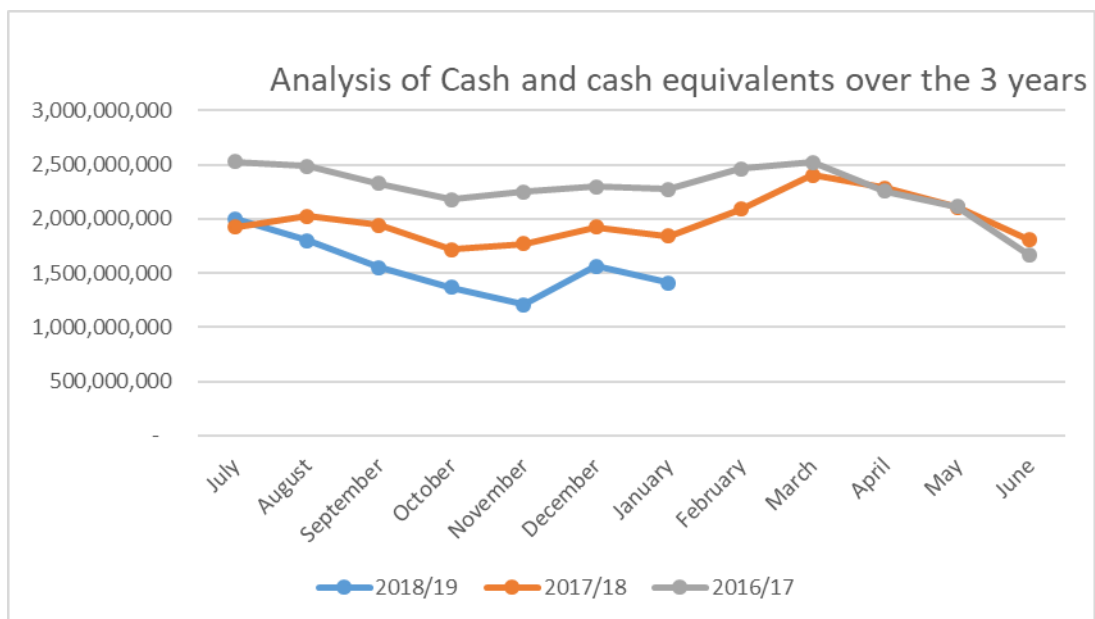
The cash and cash equivalents of the City as at 31 January 2019 are R1.41 billion made up of cash and bank amounting to R176 million and call investment deposits of R1.23 billion. This funding is invested with various financial institutions in compliance with the MFMA.

Refer to Section 8.7 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown.

The cost coverage ratio of the City is 2.36 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 2.36 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.

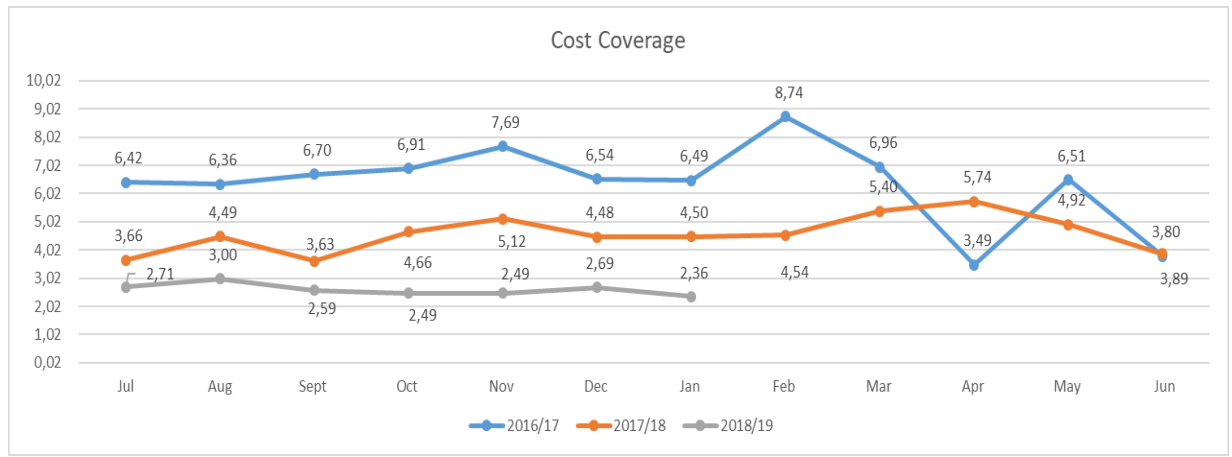
The graph below shows comparison of the monthly cash and cash equivalents over the 3 year period.

**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**



### **6.8. Outstanding Creditors**

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

### **6.9. Long-Term Debt Profile**

The total long term borrowings of the municipality as at 31 January 2019 amounts to R373 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 31 January 2019 is 1.20%. 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 8.85% as at 31 January 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. The outcome is below the norm. This indicates that the municipality has capacity to take on additional financing from borrowing to invest in infrastructure projects. BCMM is in the process of considering new loan funding which will move this ratio closer to the National Treasury norm of 45%

## 7. IN-YEAR BUDGET STATEMENT MAIN TABLES

### 7.1 Monthly Budget Statement Summary

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

**Table 2:C1: Monthly Budget Statement Summary**

BUF Buffalo City - Table C1 Consolidated Monthly Budget Statement Summary - M07 January									
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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	972 680	1 421 961	1 421 961	92 112	818 681	884 843	(66 162)	-7%	1 421 961
Service charges	2 678 192	3 172 285	3 151 081	115 755	1 707 888	1 767 078	(59 190)	-3%	3 151 081
Investment revenue	126 690	140 961	140 961	7 234	55 665	80 870	(25 205)	-31%	140 961
Transfers and subsidies	1 356 550	1 471 673	1 492 316	3 316	916 521	1 376 149	(459 628)	-33%	1 492 316
Other own revenue	315 032	310 342	310 342	27 736	182 894	176 540	6 354	4%	310 342
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>5 449 145</b>	<b>6 517 222</b>	<b>6 516 662</b>	<b>246 152</b>	<b>3 681 648</b>	<b>4 285 479</b>	<b>(603 831)</b>	<b>-14%</b>	<b>6 516 662</b>
Employee costs	1 838 345	1 961 118	1 939 914	165 627	1 159 986	1 149 642	10 344	1%	1 939 914
Remuneration of Councillors	60 373	65 035	65 035	5 012	35 284	35 481	(197)	-1%	65 035
Depreciation & asset impairment	992 860	896 426	896 426	124 103	866 362	689 812	176 551	26%	896 426
Finance charges	43 960	59 818	59 818	3 171	23 243	23 838	(594)	-2%	59 818
Materials and bulk purchases	1 552 488	1 784 885	1 784 885	129 221	1 056 128	1 097 527	(41 399)	-4%	1 784 885
Transfers and subsidies	39 330	60 526	60 526	17 870	49 617	37 548	12 069	32%	60 526
Other expenditure	1 533 124	1 685 490	1 706 127	121 380	890 108	935 268	(45 160)	-5%	1 706 127
<b>Total Expenditure</b>	<b>6 060 480</b>	<b>6 513 298</b>	<b>6 512 731</b>	<b>566 385</b>	<b>4 080 730</b>	<b>3 969 116</b>	<b>111 613</b>	<b>3%</b>	<b>6 512 731</b>
<b>Surplus/(Deficit)</b>	<b>(611 335)</b>	<b>3 924</b>	<b>3 931</b>	<b>(320 233)</b>	<b>(399 082)</b>	<b>316 363</b>	<b>(715 444)</b>	<b>-226%</b>	<b>3 931</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	930 588	803 900	812 936	101 731	357 935	466 120	(108 185)	-23%	812 936
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>contributions</b>	<b>319 252</b>	<b>807 825</b>	<b>816 867</b>	<b>(218 501)</b>	<b>(41 147)</b>	<b>782 483</b>	<b>(823 629)</b>	<b>-105%</b>	<b>816 867</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>319 252</b>	<b>807 825</b>	<b>816 867</b>	<b>(218 501)</b>	<b>(41 147)</b>	<b>782 483</b>	<b>(823 629)</b>	<b>-105%</b>	<b>816 867</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>1 330 245</b>	<b>1 753 142</b>	<b>1 990 904</b>	<b>70 648</b>	<b>608 090</b>	<b>998 795</b>	<b>(390 706)</b>	<b>-39%</b>	<b>1 990 974</b>
Capital transfers recognised	930 588	803 900	812 936	30 442	318 708	407 833	(89 125)	-22%	812 936
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	69 000	69 000	-	-	34 616	(34 616)	-100%	69 000
Internally generated funds	<b>400 009</b>	<b>880 242</b>	<b>1 108 968</b>	<b>40 206</b>	<b>289 381</b>	<b>556 346</b>	<b>(266 965)</b>	<b>-48%</b>	<b>1 108 968</b>
<b>Total sources of capital funds</b>	<b>1 330 596</b>	<b>1 753 142</b>	<b>1 990 904</b>	<b>70 648</b>	<b>608 090</b>	<b>998 795</b>	<b>(390 706)</b>	<b>-39%</b>	<b>1 990 904</b>
<b>Financial position</b>									
Total current assets	3 242 355	3 590 140	-	-	3 303 387	-	-	-	3 590 140
Total non current assets	18 808 564	20 089 293	-	-	18 500 439	-	-	-	20 089 293
Total current liabilities	1 649 095	1 394 977	-	-	1 251 918	-	-	-	1 394 977
Total non current liabilities	872 357	1 153 005	-	-	858 251	-	-	-	1 153 005
Community wealth/Equity	<b>19 529 466</b>	<b>21 131 451</b>	-	-	<b>19 693 656</b>	-	-	-	<b>21 131 451</b>
<b>Cash flows</b>									
Net cash from (used) operating	1 499 345	1 683 238	-	527 664	300 056	841 619	541 563	64%	1 683 238
Net cash from (used) investing	(1 316 308)	(1 753 142)	-	(157 635)	(536 138)	(876 571)	(340 433)	39%	(1 753 142)
Net cash from (used) financing	(47 642)	9 333	-	(16 651)	(25 557)	(29 834)	(4 276)	14%	9 333
<b>Cash/cash equivalents at the month/year end</b>	<b>1 825 497</b>	<b>1 643 284</b>	-	-	<b>1 563 858</b>	<b>1 639 069</b>	<b>75 212</b>	<b>5%</b>	<b>1 764 926</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	344 179	123 345	91 271	81 582	72 409	69 030	290 662	1 096 581	2 169 058
<b>Creditors Age Analysis</b>									
Total Creditors	543 276	-	-	-	-	-	-	-	543 276

## 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) - M07 January										
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									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		2 144 155	2 538 086	2 538 932	115 985	1 538 300	1 978 764	(440 464)	-22%	2 538 932
Executive and council		31 030	26 940	26 940	1 765	14 457	16 001	(1 545)	-10%	26 940
Finance and administration		2 113 125	2 511 147	2 511 993	114 220	1 523 843	1 962 763	(438 920)	-22%	2 511 993
Internal audit		-	-	-	-	-	-	-		-
<i>Community and public safety</i>		360 757	293 677	313 474	13 592	106 619	129 206	(22 587)	-17%	313 474
Community and social services		27 483	29 896	29 896	618	4 564	7 827	(3 263)	-42%	29 896
Sport and recreation		45 350	5 190	5 190	897	1 676	3 326	(1 650)	-50%	5 190
Public safety		72 639	98 778	98 778	4 813	58 893	51 856	7 037	14%	98 778
Housing		215 250	159 786	179 583	7 263	40 948	66 171	(25 223)	-38%	179 583
Health		35	27	27	-	537	26	511	1985%	27
<i>Economic and environmental services</i>		494 217	447 405	456 441	68 556	268 942	268 602	340	0%	456 441
Planning and development		142 512	200 005	209 042	13 308	110 706	128 441	(17 735)	-14%	209 042
Road transport		350 531	244 101	244 101	55 208	157 556	138 800	18 756	14%	244 101
Environmental protection		1 174	3 299	3 299	40	681	1 361	(681)	-50%	3 299
<i>Trading services</i>		3 349 390	4 014 827	3 993 624	147 355	2 110 572	2 358 830	(248 258)	-11%	3 993 624
Energy sources		1 758 747	2 069 822	2 048 618	172 894	1 127 141	1 294 564	(167 422)	-13%	2 048 618
Water management		562 532	799 770	799 770	(81 864)	452 303	349 720	102 583	29%	799 770
Waste water management		651 301	680 364	680 364	39 312	265 210	444 739	(179 528)	-40%	680 364
Waste management		376 809	464 872	464 872	17 012	265 917	269 808	(3 891)	-1%	464 872
<i>Other</i>	4	31 215	27 126	27 126	2 396	15 150	16 196	(1 046)	-6%	27 126
<b>Total Revenue - Functional</b>	<b>2</b>	<b>6 379 732</b>	<b>7 321 123</b>	<b>7 329 598</b>	<b>347 883</b>	<b>4 039 583</b>	<b>4 751 599</b>	<b>(712 016)</b>	<b>-15%</b>	<b>7 329 598</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		1 184 260	1 354 222	1 352 058	116 738	787 061	754 412	32 649	4%	1 352 058
Executive and council		351 363	394 381	396 691	44 922	262 955	218 755	44 200	20%	396 691
Finance and administration		823 253	944 722	940 343	71 081	518 784	527 178	(8 395)	-2%	940 343
Internal audit		9 644	15 119	15 024	735	5 323	8 479	(3 156)	-37%	15 024
<i>Community and public safety</i>		621 933	586 469	601 427	54 966	365 888	365 540	348	0%	601 427
Community and social services		99 521	98 652	97 945	10 795	66 882	61 020	5 862	10%	97 945
Sport and recreation		294 562	230 543	227 910	29 193	185 917	147 401	38 516	26%	227 910
Public safety		86 798	108 256	107 233	8 860	57 837	60 838	(3 001)	-5%	107 233
Housing		104 899	107 401	126 838	2 911	32 871	71 635	(38 764)	-54%	126 838
Health		36 153	41 617	41 501	3 207	22 379	24 645	(2 266)	-9%	41 501
<i>Economic and environmental services</i>		1 076 929	1 071 729	1 066 347	141 388	1 003 981	763 385	240 596	32%	1 066 347
Planning and development		316 137	186 929	185 984	41 834	290 725	126 953	163 772	129%	185 984
Road transport		737 722	863 159	858 930	97 777	699 873	619 430	80 444	13%	858 930
Environmental protection		23 069	21 641	21 433	1 777	13 383	17 002	(3 619)	-21%	21 433
<i>Trading services</i>		3 097 248	3 394 903	3 387 324	247 437	1 875 200	2 024 415	(149 215)	-7%	3 387 324
Energy sources		1 845 488	1 989 513	1 986 483	155 510	1 253 503	1 254 788	(1 285)	0%	1 986 483
Water management		625 746	641 479	640 000	44 869	288 537	349 107	(60 570)	-17%	640 000
Waste water management		303 245	455 370	454 074	18 874	127 346	241 149	(113 803)	-47%	454 074
Waste management		322 769	308 541	306 766	28 184	205 814	179 371	26 443	15%	306 766
<i>Other</i>		80 110	105 975	105 582	5 855	48 599	61 364	(12 765)	-21%	105 582
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>6 060 480</b>	<b>6 513 298</b>	<b>6 512 737</b>	<b>566 385</b>	<b>4 080 730</b>	<b>3 969 116</b>	<b>111 613</b>	<b>3%</b>	<b>6 512 737</b>
<b>Surplus/ (Deficit) for the year</b>		<b>319 252</b>	<b>807 825</b>	<b>816 861</b>	<b>(218 501)</b>	<b>(41 147)</b>	<b>782 483</b>	<b>(823 629)</b>	<b>-105%</b>	<b>816 861</b>

### **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) - M07 January										
Vote 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										
<b>Revenue by Vote</b>	1									
Vote 01 - Directorate - Executive Support Services		1 138	-	846	-	39	-	39	#DIV/0!	846
Vote 02 - Directorate - Municipal Manager		30 698	26 940	26 940	1 765	14 512	15 989	(1 477)	-9,2%	26 940
Vote 03 - Directorate - Human Settlement		215 250	159 786	179 583	7 263	40 948	66 171	(25 223)	-38,1%	179 583
Vote 04 - Directorate - Chief Financial Officer		2 077 404	2 492 463	2 492 463	112 103	1 509 668	1 915 717	(406 049)	-21,2%	2 492 463
Vote 05 - Directorate - Corporate Services		8 715	10 801	10 801	763	6 669	5 269	1 400	26,6%	10 801
Vote 06 - Directorate - Infrastructure Services		3 245 939	3 732 612	3 711 408	176 951	1 969 796	2 228 475	(258 680)	-11,6%	3 711 408
Vote 07 - Directorate - Spatial Planning And Development		140 323	195 565	204 601	14 612	87 965	140 419	(52 454)	-37,4%	204 601
Vote 08 - Directorate - Health / Public Safety & Emergency Services		149 846	160 250	160 250	13 413	91 845	81 716	10 130	12,4%	160 250
Vote 09 - Directorate - Municipal Services		450 816	503 257	503 257	18 568	272 838	283 029	(10 191)	-3,6%	503 257
Vote 10 - Directorate - Economic Development & Agencies		59 603	39 449	39 449	2 447	45 303	14 815	30 488	205,8%	39 449
<b>Total Revenue by Vote</b>	2	<b>6 379 732</b>	<b>7 321 123</b>	<b>7 329 598</b>	<b>347 883</b>	<b>4 039 583</b>	<b>4 751 599</b>	<b>(712 016)</b>	<b>-15,0%</b>	<b>7 329 598</b>
<b>Expenditure by Vote</b>	1									
Vote 01 - Directorate - Executive Support Services		227 708	275 413	277 971	35 237	166 651	151 649	15 002	9,9%	277 971
Vote 02 - Directorate - Municipal Manager		176 395	191 028	191 451	13 657	133 509	104 956	28 554	27,2%	191 451
Vote 03 - Directorate - Human Settlement		104 899	107 401	126 838	2 911	32 871	71 635	(38 764)	-54,1%	126 838
Vote 04 - Directorate - Chief Financial Officer		487 684	503 480	500 112	39 542	307 758	279 577	28 181	10,1%	500 112
Vote 05 - Directorate - Corporate Services		124 686	157 617	156 535	13 053	86 557	92 021	(5 465)	-5,9%	156 535
Vote 06 - Directorate - Infrastructure Services		3 340 719	3 748 890	3 742 735	302 598	2 247 850	2 362 009	(114 159)	-4,8%	3 742 735
Vote 07 - Directorate - Spatial Planning And Development		293 267	305 497	304 208	47 726	333 392	201 885	131 507	65,1%	304 208
Vote 08 - Directorate - Health / Public Safety & Emergency Services		368 787	420 235	414 825	34 585	239 420	240 745	(1 325)	-0,6%	414 825
Vote 09 - Directorate - Municipal Services		735 698	653 407	648 125	69 572	469 672	400 893	68 780	17,2%	648 125
Vote 10 - Directorate - Economic Development & Agencies		200 637	150 330	149 937	7 503	63 049	63 746	(697)	-1,1%	149 937
<b>Total Expenditure by Vote</b>	2	<b>6 060 480</b>	<b>6 513 298</b>	<b>6 512 737</b>	<b>566 385</b>	<b>4 080 730</b>	<b>3 969 116</b>	<b>111 613</b>	<b>2,8%</b>	<b>6 512 737</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>319 252</b>	<b>807 825</b>	<b>816 861</b>	<b>(218 501)</b>	<b>(41 147)</b>	<b>782 483</b>	<b>(823 629)</b>	<b>-105,3%</b>	<b>816 861</b>

## 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 January 2019.

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

**BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January**

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
<b>R thousands</b>									
<b>Revenue By Source</b>									
Property rates	972 680	1 421 961	1 421 961	92 112	818 681	884 843	(66 162)	-7%	1 421 961
Service charges - electricity revenue	1 661 074	1 992 712	1 971 508	177 745	1 091 736	1 154 823	(63 087)	-5%	1 971 508
Service charges - water revenue	436 642	563 043	563 043	(104 044)	276 319	250 181	26 138	10%	563 043
Service charges - sanitation revenue	304 733	322 143	322 143	25 432	195 254	191 756	3 498	2%	322 143
Service charges - refuse revenue	249 497	294 388	294 388	16 622	144 579	170 317	(25 738)	-15%	294 388
Service charges - other	26 246	–	–	–	–	–	–	–	–
Rental of facilities and equipment	15 882	17 563	17 563	2 034	10 965	10 076	889	9%	17 563
Interest earned - external investments	126 690	140 961	140 961	7 234	55 665	80 870	(25 205)	-31%	140 961
Interest earned - outstanding debtors	49 322	41 807	41 807	6 601	35 062	33 402	1 660	5%	41 807
Dividends received	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	23 698	16 591	16 591	509	6 952	7 487	(535)	-7%	16 591
Licences and permits	14 250	14 597	14 597	832	7 134	9 034	(1 900)	-21%	14 597
Agency services	–	31 270	31 270	7 289	15 691	18 740	(3 049)	-16%	31 270
Transfers and subsidies	1 356 550	1 471 673	1 492 316	3 316	916 521	1 376 149	(459 628)	-33%	1 492 316
Other revenue	211 880	188 513	188 513	10 423	106 089	97 800	8 289	8%	188 513
Gains on disposal of PPE	–	–	–	48	1 001	–	1 001	0%	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>5 449 145</b>	<b>6 517 222</b>	<b>6 516 662</b>	<b>246 152</b>	<b>3 681 648</b>	<b>4 285 479</b>	<b>(603 831)</b>	<b>-14%</b>	<b>6 516 662</b>



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
<b>R thousands</b>									
<b>Expenditure By Type</b>									
Employee related costs	1 838 345	1 961 118	1 939 914	165 627	1 159 986	1 149 642	10 344	1%	1 939 914
Remuneration of councillors	60 373	65 035	65 035	5 012	35 284	35 481	(197)	-1%	65 035
Debt impairment	310 385	343 696	343 696	28 641	201 446	200 490	956	0%	343 696
Depreciation & asset impairment	992 860	896 426	896 426	124 103	866 362	689 812	176 551	26%	896 426
Finance charges	43 960	59 818	59 818	3 171	23 243	23 838	(594)	-2%	59 818
Bulk purchases	1 552 488	1 698 510	1 698 510	121 889	1 010 692	1 052 417	(41 725)	-4%	1 698 510
Other materials	–	86 376	86 376	7 332	45 436	45 110	326	1%	86 376
Contracted services	3 207	857 589	876 473	40 818	357 840	511 310	(153 470)	-30%	876 473
Transfers and subsidies	39 330	60 526	60 526	17 870	49 617	37 548	12 069	32%	60 526
Other expenditure	1 219 531	484 205	485 957	51 921	330 822	223 468	107 354	48%	485 957
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>	<b>6 060 480</b>	<b>6 513 298</b>	<b>6 512 731</b>	<b>566 385</b>	<b>4 080 730</b>	<b>3 969 116</b>	<b>111 613</b>	<b>3%</b>	<b>6 512 731</b>
<b>Surplus/(Deficit)</b>	<b>(611 335)</b>	<b>3 924</b>	<b>3 931</b>	<b>(320 233)</b>	<b>(399 082)</b>	<b>316 363</b>	<b>(715 444)</b>	<b>(0)</b>	<b>3 931</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	930 588	803 900	812 936	101 731	357 935	466 120	(108 185)	(0)	812 936
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>319 252</b>	<b>807 825</b>	<b>816 867</b>	<b>(218 501)</b>	<b>(41 147)</b>	<b>782 483</b>			<b>816 867</b>
Taxation	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>	<b>319 252</b>	<b>807 825</b>	<b>816 867</b>	<b>(218 501)</b>	<b>(41 147)</b>	<b>782 483</b>			<b>816 867</b>
Attributable to minorities	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>	<b>319 252</b>	<b>807 825</b>	<b>816 867</b>	<b>(218 501)</b>	<b>(41 147)</b>	<b>782 483</b>			<b>816 867</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>319 252</b>	<b>807 825</b>	<b>816 867</b>	<b>(218 501)</b>	<b>(41 147)</b>	<b>782 483</b>			<b>816 867</b>

## **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 R399.08 million, this is mainly caused by an unfavourable variance of R176.55 million that has been 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 Refuse**

The revenue generated for the month of January is in line with the previous months. Budget and Treasury Office needs to adjust the budget amount as this material variance will remain for the rest of the year. The budget is overstated as previously indicated.

### **7.4.1.3 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 Dept of Transport directly. Certain banks now offer renewals of vehilces 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 officer roadwothy testing of vehicles. These private companies are not as strict and as legislated as BCMM as BCMM is legislated by the Dept of Transport in terms of compliance hence members of the public will prefer to go to the companies less legislated. Learners Licences and Professional Drivers Licence testing can also be undertaken at the Dept 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 Dept

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.

#### **7.4.1.4 Agency fees**

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

#### **7.4.1.5 Transfers recognised - Operational**

Variance on government grant and subsidies is as a result of the timing difference between the National Treasury's payment schedule and the actual receipting of grants.

#### **7.4.1.6 Depreciation**

Depreciation for the year has been forecasted at over 1Billion. Additional budget is requested through the budget adjustment process.

#### **7.4.1.7 Contracted Services**

The variance is mainly due a reversal of missallocated budget and expenditure for refuse removal which was corrected to the right vote. Another cause for the material variance is due to the differences in classification of expenditure categories, the budget is exported under Contracted Services however the actuals are under Other Expenditure, the budget will be adjusted during the mid-year adjustment budget.

#### **7.4.1.8 Transfers and grants**

A reclassification of BCMDA transfers and subsidies paid by the parent to align to MSCOA version 6.2 charts. This reclassification necessitated the movement actual expenditure incurred and the budget could not be moved due to budget policy concerns. The budget will be moved in the mid-year adjustment budget.

#### 7.4.1.9 Other expenditure

The variance is mainly due to the differences in classification of expenditure categories, the actuals are reported under Other Expenditure however the budget is under Contracted Services, the budget will be adjusted during the mid-year adjustment budget.

Another contributing factor is as reported under transfers and subsidies, wherein the actual transfers to BCMDA were transferred to intercompany transactional accounts under other expenditure. The budget will be moved in the mid-year adjustment budget.

#### 7.4.2 Repairs and maintenance

Table 6 below reflects that as at 31 January 2018, the repairs and maintenance expenditure is 47% of the adjusted budget of R493.62 million (2017/18: 40%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

**Table 6: Repairs and Maintenance per Directorate**

Directorate	<u>2018/2019</u>	<u>2018/2019</u>	<u>2018/2019</u>
	<u>Annual</u>	<u>Annual</u>	<u>% of</u>
	<u>Budget</u>	<u>Expenditure</u>	<u>Budget</u>
	R	R	%
Directorate Of Executive Support Services	3 997 658	614 360	15%
Directorate Of The City Manager	7 345 360	5 805 735	79%
Directorate Of Corporate Services	2 475 095	857 126	35%
Directorate Of Development & Spatial Planning	31 831 477	5 190 077	16%
Directorate Of Economic Development & Agencies	1 400 734	870 240	62%
Directorate Of Finance	3 141 574	1 000 246	32%
Directorate Of Health / Public Safety & Emergency Services	6 436 172	2 768 924	43%
Directorate Of Human Settlement	118 466	114 808	97%
Directorate Of Infrastructure Services	394 877 800	197 438 064	50%
<i>Electricity</i>	152 873 689	70 305 084	46%
<i>Water</i>	55 107 016	10 432 687	19%
<i>Sanitation</i>	44 428 310	14 366 925	32%
<i>Other</i>	142 468 785	102 333 369	72%
Directorate Of Municipal Services	41 977 627	18 434 631	44%
<b>TOTAL</b>	<b>493 601 963</b>	<b>233 094 212</b>	<b>47%</b>

### 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 - M07 January)									
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									
<b>Multi-Year expenditure appropriation</b>									
Vote 01 - Directorate - Executive Support Services	-	3 500	5 887	73	955	2 943	(1 989)	-68%	5 887
Vote 02 - Directorate - Municipal Manager	-	51 840	55 040	670	67 686	27 520	40 166	146%	55 040
Vote 03 - Directorate - Human Settlement	129 646	104 755	105 220	10 597	34 596	52 610	(18 014)	-34%	105 220
Vote 04 - Directorate - Chief Financial Officer	68 781	152 538	215 866	6 640	7 365	107 933	(100 568)	-93%	215 866
Vote 05 - Directorate - Corporate Services	-	3 600	3 781	15	115	1 891	(1 776)	-94%	3 781
Vote 06 - Directorate - Infrastructure Services	853 960	916 280	1 001 135	30 219	329 612	504 499	(174 887)	-35%	1 001 135
Vote 07 - Directorate - Spatial Planning And Development	132 841	263 838	294 910	4 991	96 962	147 455	(50 493)	-34%	294 910
Vote 08 - Directorate - Health / Public Safety & Emergency Services	19 244	14 270	35 312	3 582	11 532	17 707	(6 175)	-35%	35 312
Vote 09 - Directorate - Municipal Services	92 086	160 829	178 495	13 431	52 140	89 248	(37 108)	-42%	178 495
Vote 10 - Directorate - Economic Development & Agencies	33 687	81 692	95 257	430	7 126	46 990	(39 863)	-85%	95 327
<b>Total Capital Multi-year expenditure</b>	<b>1 330 245</b>	<b>1 753 142</b>	<b>1 990 904</b>	<b>70 648</b>	<b>608 090</b>	<b>998 795</b>	<b>(390 706)</b>	<b>-39%</b>	<b>1 990 974</b>
<b>Total Capital Expenditure</b>	<b>1 330 245</b>	<b>1 753 142</b>	<b>1 990 904</b>	<b>70 648</b>	<b>608 090</b>	<b>998 795</b>	<b>(390 706)</b>	<b>-39%</b>	<b>1 990 974</b>
<b>Capital Expenditure - Functional Classification</b>									
<b>Governance and administration</b>	<b>68 781</b>	<b>292 651</b>	<b>368 340</b>	<b>9 807</b>	<b>92 411</b>	<b>184 789</b>	<b>(92 377)</b>	<b>-50%</b>	<b>368 340</b>
Executive and council	-	55 340	57 727	660	66 699	28 960	37 738	130%	57 727
Finance and administration	68 781	237 311	310 614	9 147	25 713	155 828	(130 116)	-83%	310 614
Internal audit	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>197 679</b>	<b>193 125</b>	<b>221 457</b>	<b>16 673</b>	<b>60 336</b>	<b>111 100</b>	<b>(50 765)</b>	<b>-46%</b>	<b>221 457</b>
Community and social services	-	21 820	29 560	1 724	9 070	14 830	(5 759)	-39%	29 560
Sport and recreation	48 788	57 950	68 897	2 425	11 585	34 564	(22 980)	-66%	68 897
Public safety	19 244	7 700	15 965	1 462	3 734	8 009	(4 275)	-53%	15 965
Housing	129 646	104 755	105 220	10 597	34 596	52 787	(18 190)	-34%	105 220
Health	-	900	1 815	465	1 351	911	440	48%	1 815
<b>Economic and environmental services</b>	<b>511 546</b>	<b>498 719</b>	<b>605 622</b>	<b>26 163</b>	<b>268 088</b>	<b>303 828</b>	<b>(35 740)</b>	<b>-12%</b>	<b>605 622</b>
Planning and development	166 529	202 957	227 436	4 801	93 037	114 100	(21 062)	-18%	227 436
Road transport	345 017	291 335	372 540	21 362	174 360	186 896	(12 536)	-7%	372 540
Environmental protection	-	4 427	5 646	-	690	2 832	(2 142)	-76%	5 646
<b>Trading services</b>	<b>552 240</b>	<b>689 248</b>	<b>706 515</b>	<b>17 709</b>	<b>181 567</b>	<b>354 444</b>	<b>(172 877)</b>	<b>-49%</b>	<b>706 515</b>
Energy sources	127 035	129 450	142 345	2 303	55 856	71 412	(15 556)	-22%	142 345
Water management	132 049	198 451	202 823	2 776	50 199	101 752	(51 554)	-51%	202 823
Waste water management	249 859	283 394	283 394	2 078	41 721	142 173	(100 452)	-71%	283 394
Waste management	43 297	77 952	77 952	10 552	33 791	39 107	(5 316)	-14%	77 952
<b>Other</b>	<b>351</b>	<b>79 400</b>	<b>88 970</b>	<b>296</b>	<b>5 688</b>	<b>44 634</b>	<b>(38 946)</b>	<b>-87%</b>	<b>88 970</b>
<b>Total Capital Expenditure - Functional Classification</b>	<b>1 330 596</b>	<b>1 753 142</b>	<b>1 990 904</b>	<b>70 648</b>	<b>608 090</b>	<b>998 795</b>	<b>(390 706)</b>	<b>-39%</b>	<b>1 990 904</b>
<b>Funded by:</b>									
National Government	930 588	803 900	803 900	30 308	317 270	403 300	(86 030)	-21%	803 900
Provincial Government	-	-	9 036	-	-	4 533	(4 533)	-100%	9 036
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	134	1 438	-	1 438	0%	-
<b>Transfers recognised - capital</b>	<b>930 588</b>	<b>803 900</b>	<b>812 936</b>	<b>30 442</b>	<b>318 708</b>	<b>407 833</b>	<b>(89 125)</b>	<b>-22%</b>	<b>812 936</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>-</b>	<b>69 000</b>	<b>69 000</b>	<b>-</b>	<b>-</b>	<b>34 616</b>	<b>(34 616)</b>	<b>-100%</b>	<b>69 000</b>
<b>Internally generated funds</b>	<b>400 009</b>	<b>880 242</b>	<b>1 108 968</b>	<b>40 206</b>	<b>289 381</b>	<b>556 346</b>	<b>(266 965)</b>	<b>-48%</b>	<b>1 108 968</b>
<b>Total Capital Funding</b>	<b>1 330 596</b>	<b>1 753 142</b>	<b>1 990 904</b>	<b>70 648</b>	<b>608 090</b>	<b>998 795</b>	<b>(390 706)</b>	<b>-39%</b>	<b>1 990 904</b>

#### 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 billion 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 - M07 January						
Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		165 102	80 155		176 708	80 155
Call investment deposits		1 660 393	1 563 129		1 232 685	1 563 129
Consumer debtors		509 087	937 997		1 019 297	937 997
Other debtors		864 981	880 000		662 321	880 000
Current portion of long-term receivables		–	19		–	19
Inventory		42 790	128 841		40 128	128 841
<b>Total current assets</b>		<b>3 242 353</b>	<b>3 590 140</b>	<b>–</b>	<b>3 131 139</b>	<b>3 590 140</b>
<b>Non current assets</b>						
Long-term receivables		–	80		–	80
Investments		–	–		–	–
Investment property		427 563	486 233		427 930	486 233
Investments in Associate		121 008	109 020		121 008	109 020
Property, plant and equipment		18 190 726	19 381 893		17 870 304	19 381 893
Agricultural		–	–		–	–
Biological		–	–		–	–
Intangible		18 884	12 029		19 420	12 029
Other non-current assets		50 382	100 038		–	100 038
<b>Total non current assets</b>		<b>18 808 564</b>	<b>20 089 293</b>	<b>–</b>	<b>18 438 662</b>	<b>20 089 293</b>
<b>TOTAL ASSETS</b>		<b>22 050 917</b>	<b>23 679 433</b>	<b>–</b>	<b>21 569 800</b>	<b>23 679 433</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–		–	–
Borrowing		52 572	59 667		41 120	59 667
Consumer deposits		60 013	71 941		62 895	71 941
Trade and other payables		1 313 124	1 060 015		986 937	1 060 015
Provisions		223 387	203 354		222 538	203 354
<b>Total current liabilities</b>		<b>1 649 095</b>	<b>1 394 977</b>	<b>–</b>	<b>1 313 490</b>	<b>1 394 977</b>
<b>Non current liabilities</b>						
Borrowing		345 554	355 516		331 449	355 516
Provisions		526 803	797 489		526 803	797 489
<b>Total non current liabilities</b>		<b>872 357</b>	<b>1 153 005</b>	<b>–</b>	<b>858 251</b>	<b>1 153 005</b>
<b>TOTAL LIABILITIES</b>		<b>2 521 453</b>	<b>2 547 982</b>	<b>–</b>	<b>2 171 742</b>	<b>2 547 982</b>
<b>NET ASSETS</b>	2	<b>19 529 464</b>	<b>21 131 451</b>	<b>–</b>	<b>19 398 059</b>	<b>21 131 451</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		10 479 007	17 390 299		10 347 601	17 390 299
Reserves		9 050 458	3 741 152		9 050 458	3 741 152
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>19 529 464</b>	<b>21 131 451</b>	<b>–</b>	<b>19 398 059</b>	<b>21 131 451</b>

## 7.4.5 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net decrease of R0.416 billion resulting in cash and cash equivalents closing balance of R1.41 billion as at 31 January 2019.

**Table 9: C7: Monthly Budget Statement – Cash Flow**

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M07 January										
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									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		972 680	1 315 314		81 989	677 049	767 267	(90 218)	-12%	1 315 314
Service charges		2 678 192	2 934 363		103 768	1 394 405	1 711 712	(317 307)	-19%	2 934 363
Other revenue		321 754	248 395		19 639	124 144	144 897	(20 753)	-14%	248 395
Government - operating		888 572	1 471 673		215 655	910 611	858 476	52 135	6%	1 471 673
Government - capital		930 588	803 900		23 791	480 072	468 942	11 130	2%	803 900
Interest		176 012	182 768		13 834	90 727	106 615	(15 888)	-15%	182 768
Dividends		-	-		-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(4 385 163)	(5 152 832)		(520 495)	(3 391 554)	(3 005 818)	385 735	-13%	(5 152 832)
Finance charges		(43 960)	(59 818)		(3 171)	(23 243)	(34 894)	(11 650)	33%	(59 818)
Transfers and Grants		(39 330)	(60 526)		(17 522)	(44 667)	(35 307)	9 360	-27%	(60 526)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>1 499 345</b>	<b>1 683 238</b>	<b>-</b>	<b>(82 513)</b>	<b>217 543</b>	<b>981 889</b>	<b>764 346</b>	<b>78%</b>	<b>1 683 238</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		14 036	-		-	-	-	-		-
Decrease (Increase) in non-current debtors		-	-		-	-	-	-		-
Decrease (increase) other non-current receivables		-	-		-	-	-	-		-
Decrease (increase) in non-current investments		-	-		-	-	-	-		-
<b>Payments</b>										
Capital assets		(1 330 344)	(1 753 142)		(71 952)	(608 090)	(1 022 666)	(414 576)	41%	(1 753 142)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(1 316 308)</b>	<b>(1 753 142)</b>	<b>-</b>	<b>(71 952)</b>	<b>(608 090)</b>	<b>(1 022 666)</b>	<b>(414 576)</b>	<b>41%</b>	<b>(1 753 142)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-		-	-	-	-		-
Borrowing long term/refinancing		-	69 000		-	-	-	-		69 000
Increase (decrease) in consumer deposits		-	-		-	-	-	-		-
<b>Payments</b>										
Repayment of borrowing		(47 642)	(59 667)		-	(25 557)	(34 806)	(9 248)	27%	(59 667)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(47 642)</b>	<b>9 333</b>	<b>-</b>	<b>-</b>	<b>(25 557)</b>	<b>(34 806)</b>	<b>(9 248)</b>	<b>27%</b>	<b>9 333</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>135 395</b>	<b>(60 571)</b>	<b>-</b>	<b>(154 465)</b>	<b>(416 104)</b>	<b>(75 583)</b>			<b>(60 571)</b>
Cash/cash equivalents at beginning:		1 690 102	1 703 855			1 825 497	1 703 855			1 825 497
Cash/cash equivalents at month/year end:		1 825 497	1 643 284			1 409 393	1 628 272			1 764 926

## **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 - M08 Jan													
Description	NT Code	Budget Year 2017/18									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			
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	57 562	27 677	27 971	29 591	21 791	24 211	90 450	236 880	516 133	402 924		2 586
Trade and Other Receivables from Exchange Transactions - Electricity	1300	125 208	26 649	11 929	8 069	5 973	3 979	14 635	45 534	241 975	78 189		4 550
Receivables from Non-ex change Transactions - Property Rates	1400	97 412	36 479	24 946	21 340	20 619	17 038	69 347	214 987	502 169	343 331		4 483
Receivables from Exchange Transactions - Waste Water Management	1500	22 949	10 160	6 517	5 441	6 037	5 696	25 882	105 409	188 091	148 465		1 979
Receivables from Exchange Transactions - Waste Management	1600	19 037	9 652	6 541	5 992	6 315	6 008	30 710	157 779	242 034	206 804		1 800
Receivables from Exchange Transactions - Property Rental Debtors	1700								26	26	26		-
Interest on Arrear Debtor Accounts	1810	6 750	5 759	5 375	5 236	5 711	5 701	28 864	161 686	225 082	207 198		-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		-
Other	1900	15 261	6 970	7 992	5 911	5 963	6 398	30 775	174 280	253 549	223 327		273
<b>Total By Income Source</b>	<b>2000</b>	<b>344 179</b>	<b>123 345</b>	<b>91 271</b>	<b>81 582</b>	<b>72 409</b>	<b>69 030</b>	<b>290 662</b>	<b>1 096 581</b>	<b>2 169 058</b>	<b>1 610 264</b>	<b>-</b>	<b>15 671</b>
<b>2016/17 - totals only</b>										-	-		
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	11 355	7 590	6 481	5 073	3 073	847	6 837	13 340	54 596	29 171		-
Commercial	2300	187 881	38 515	28 868	22 179	15 751	15 231	66 295	345 158	719 878	464 614		3 604
Households	2400	144 943	77 240	55 922	54 329	53 584	52 952	217 530	738 084	1 394 584	1 116 479		12 067
Other	2500									-	-		-
<b>Total By Customer Group</b>	<b>2600</b>	<b>344 179</b>	<b>123 345</b>	<b>91 271</b>	<b>81 582</b>	<b>72 409</b>	<b>69 030</b>	<b>290 662</b>	<b>1 096 581</b>	<b>2 169 058</b>	<b>1 610 263</b>	<b>-</b>	<b>15 671</b>

#### 8.1.1. Additional debtors' information

The arrears in respect of 30 days and more, which includes all charges excluding VAT, amounted to R1,824,895,671 as at 31 January 2019 which is an increase of R6,220,497 over the amount of R1,818,675,174 as at 31 December 2018.

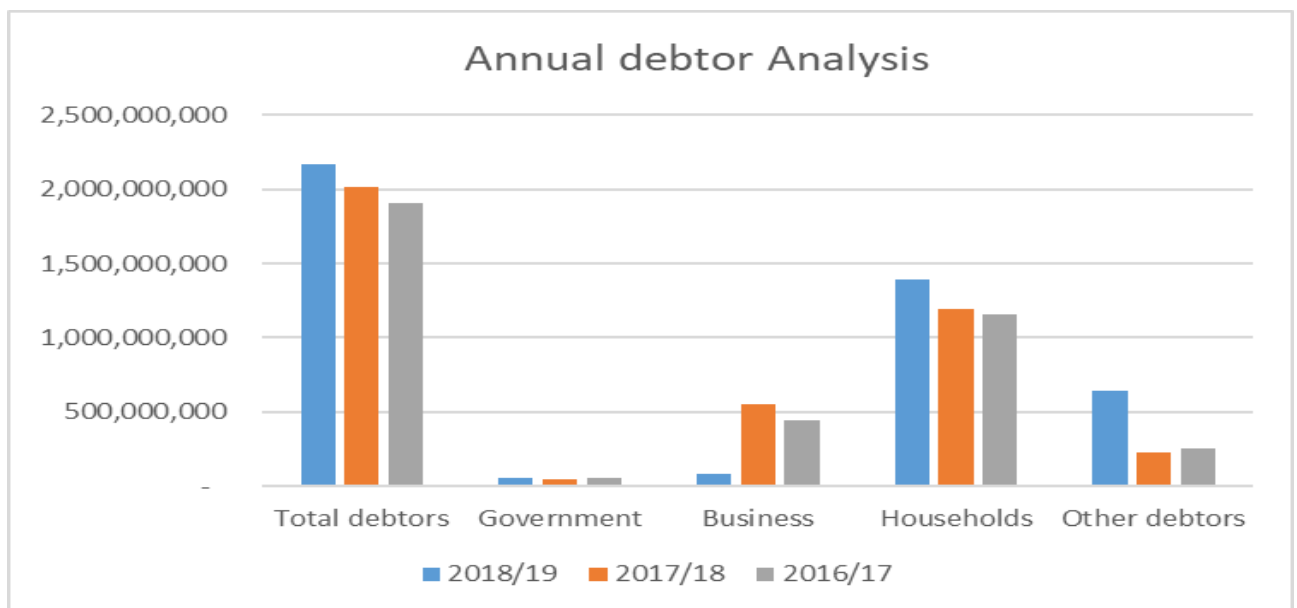
During the month, Credit control action and debt collection action was implemented. However, a request was received from the Executive Mayor to suspend all blocking and disconnection action to all customers in arrears with effect from Friday, 21 December 2018. This action allowed customers to purchase electricity despite being in arrears. On 2 January 2019, the blocking of electricity was reinstated, and physical

disconnection commenced. Although this action was during the month of December it has an impact on debtors in the month of January.

Please note that the debtor balance as indicated in the tables hereunder relates to arrears only (30 days and older) and excludes the January 2019 current account which is due by 15 February 2019.

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

**Figure 4: Debtors ae 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 January 2019. It also provides comparison with the previous month (31 December 2018) which indicates an increase from R1.82 billion to R1.82 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR JANUARY 2019	TOTAL FOR DECEMBER 2018
30 DAYS	38,331,781	11,321,479	27,104,961	31,428,784	10,383,896	4,774,965	123,345,867	136,339,624
60 DAYS	26,660,033	7,572,369	12,344,182	32,654,118	7,238,055	4,802,032	91,270,789	100,055,514
90 DAYS	22,964,980	6,418,420	8,593,548	33,315,302	6,671,983	3,617,542	81,581,776	85,731,799
120 DAYS TO 360 DAYS	127,406,112	47,229,243	28,865,771	180,512,483	53,751,314	28,992,024	466,756,947	455,105,713
YEAR 2	77,751,950	35,392,902	21,864,494	114,195,354	45,340,568	36,087,914	330,633,183	326,857,330
YEAR 3	49,347,022	23,239,570	11,413,118	64,890,575	31,643,595	20,427,243	200,961,122	194,738,360
YEAR 4	35,210,050	16,011,714	5,578,261	37,078,871	21,503,826	15,128,470	130,511,191	127,635,956
YEAR 5	25,579,320	12,748,951	3,689,221	25,702,057	18,090,490	16,903,286	102,713,325	101,279,087
YEAR 5+	67,995,471	39,542,984	7,820,374	66,574,654	63,663,731	51,524,257	297,121,470	290,931,791
<b>TOTAL</b>	<b>471,246,719</b>	<b>199,477,633</b>	<b>127,273,930</b>	<b>586,352,198</b>	<b>258,287,457</b>	<b>182,257,733</b>	<b>1,824,895,671</b>	<b>1,818,675,174</b>

### 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 January 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**

<b>CATEGORY TYPE</b>	<b>30 DAYS</b>	<b>60 DAYS</b>	<b>90 DAYS</b>	<b>120 DAYS+</b>	<b>Total</b>	<b>% Share</b>
<b>Domestic</b>	61,974,548	38,956,347	34,527,598	875,893,278	1,011,351,771	55.42
<b>Indigent</b>	13,427,699	15,520,504	18,386,029	166,164,447	213,498,680	11.70
<b>Business</b>	31,951,964	21,280,962	13,978,568	212,752,835	279,964,329	15.34
<b>Government</b>	9,071,773	6,480,947	5,073,480	24,097,220	44,723,420	2.45
<b>Municipal Staff</b>	495,497	279,593	275,509	1,398,916	2,449,514	0.13
<b>Councillors</b>	11,230	5,008	9,930	30,230	56,398	0.00
<b>Other</b>	6,413,156	8,747,428	9,330,662	248,360,313	272,851,558	14.95
<b>Total</b>	<b>123,345,867</b>	<b>91,270,789</b>	<b>81,581,776</b>	<b>1,528,697,238</b>	<b>1,824,895,671</b>	<b>100.00</b>

Note\*: A stop order deduction is implemented for all municipal staff and councillors in arrears. When new staff join the employ of the municipality in many instances there is services debt, and therefore the arrears will be liquidated over an acceptable period of time, in terms of the Credit Control Policy. The reason why the debt reflects in the 30/60/90 day columns relating to staff and councillors is due to the fact that when the stop orders are receipted the payment is allocated to the oldest ageing category. 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

relating to municipal staff and councillors.

During the month of January 2019 a total of R1,868,703 was received against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 1,271,384
Arrears Receipts	<u>R 597,319</u>
Total Receipts	<u>R 1,868,703</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 January 2019 amounted to R44,723,420. This is a decrease of R12,144,345 as compared to December 2018. The breakdown of the arrears per department (excluding accounts in credit) indicated in the table hereunder, as at 31 January 2019. The arrears related to government debt amounting to R41 million is held up in the General Valuation Appeal Process, which is due to be resolved by the Appeals Committee.

**Table 13: Analysis of Government Debtors**

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 JANUARY 2019	ARREARS AS AT 31 DECEMBER 2018	DIFFERENCE
National Department Of Public Works	6,603	5,348,249	5,354,852	9,065,198	(3,710,346)
Provincial Department Of Public Works	6,182,030	1,529,165	7,711,195	16,159,858	(8,448,663)
Department Of Education	-	4,420,661	4,420,661	4,328,661	92,001
Department Of Health	-	15,008,983	15,008,983	15,129,275	(120,292)
Department Of Social Development	-	-	-	398,718	(398,718)
Department Of Transport	-	179,090	179,090	120,381	58,709
Department Of Agriculture	-	-	-	13,263	(13,263)
Department Of Nature Conservation	-	5,781	5,781	12,935	(7,154)
Department of Human Settlements	-	158,264	158,264	133,417	24,847
Sport, Recreation, Arts and Culture	-	42,360	42,360	1,813	40,547
Department of Labour - UIF Services	-	130,930	130,930	111,540	19,390
Members Of Provincial Legislature	-	107,123	107,123	124,530	(17,408)
Department of Water Affairs	-	-	-	-	-
Department of Cooperate Governance & Traditional Affairs	-	-	-	-	-
Department of Rural Development and Land Reform	-	899,428	899,428	890,643	8,785
Provincial RDP Houses	-	10,704,754	10,704,754	10,377,534	327,220
South African Social Security Agency	-	-	-	-	-
<b>TOTAL</b>	<b>6,188,633</b>	<b>38,534,787</b>	<b>44,723,420</b>	<b>56,867,765</b>	<b>(12,144,345)</b>

**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 - M 07 January											
Description	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	
<b>R thousands</b>											
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	95 200								95 200	
Bulk Water	0200	25 780								25 780	
PAYE deductions	0300	25 425								25 425	
VAT (output less input)	0400	-								-	
Pensions / Retirement deductions	0500	26 414								26 414	
Loan repayments	0600	-								-	
Trade Creditors	0700	249 735								249 735	
Auditor General	0800	1 814								1 814	
Other	0900	58 154								58 154	
<b>Total By Customer Type</b>	<b>1000</b>	<b>482 523</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>482 523</b>	<b>-</b>

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

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

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM				95 199 644	95 199 644	95 199 644
AMATOLA WATER				25 780 424	25 780 424	25 780 424
STEFANUTTI STOCKS ROADS & EARTHWORKS				20 215 482	20 215 482	20 215 482
EYA BANTU PROFESSIONAL SERVICES CC				8 000 578	8 000 578	8 000 578
MANTELLA TRADING 522 CC				7 973 076	7 973 076	7 973 076
MAZIYA GENERAL SERVICE				5 802 852	5 802 852	5 802 852
UMSO/IMVUSA TRADING 454 JV				4 098 373	4 098 373	4 098 373
IMVUSA TRADING 415 CC				4 052 434	4 052 434	4 052 434
TSHIYA INFRASTRUCURE DEVELOPMENT				4 001 376	4 001 376	4 001 376
LUQAQAMBO CIVILS CONSTRUCTION				3 759 754	3 759 754	3 759 754
EZULUWENI CONSTRUCTION				3 448 585	3 448 585	3 448 585
NEXTEC INDUSTRIAL TECH				3 408 123	3 408 123	3 408 123
SHARON DIVESIFIED				3 397 008	3 397 008	3 397 008
MVEZO PLANT & CIVILS				3 095 952	3 095 952	3 095 952
CHIPPA TRAINING ACADEMY (PTY) LTD				2 744 367	2 744 367	2 744 367
ARISTOPIX				2 159 325	2 159 325	2 159 325
TSHUVANE				1 981 341	1 981 341	1 981 341
CZAR				1 820 049	1 820 049	1 820 049
MAKINWA				1 796 587	1 796 587	1 796 587
CAPSTONE 1248				1 766 534	1 796 587	1 796 587
<b>TOTAL</b>	-	-	-	<b>204 501 864</b>	<b>204 531 917</b>	<b>204 531 918</b>

## 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 - M07 January									
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
<b>R thousands</b>									
<b>Municipality</b>									
Land Affairs - West Bank		Call Account	Call Account	Call Account	311	4,49%	55 933	311	56 244
Finance Management Grant		Call Account	Call Account	Call Account	7	0,09%	1 171	7	1 178
MD Urban Renewal (MT Ruth Node)		Call Account	Call Account	Call Account	62	0,90%	11 208	62	11 270
Workmans Compensation (COID)		Call Account	Call Account	Call Account	59	0,85%	10 646	59	10 705
Reeston Development		Call Account	Call Account	Call Account	1	0,01%	171	1	172
Human Settlement Development Grant (HSDG)		Call Account	Call Account	Call Account	98	1,41%	17 594	98	17 692
Intergrated Electrification Programme (INEP)		Call Account	Call Account	Call Account	40	0,58%	6 232	40	6 272
Trust Funds		Call Account	Call Account	Call Account	6	0,09%	1 115	6	1 121
Vuna Awards		Call Account	Call Account	Call Account	6	0,09%	1 097	6	1 103
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	0	0,00%	49	0	49
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	1	0,01%	183	1	184
City of Leiden		Call Account	Call Account	Call Account	0	0,01%	81	0	82
Needscamp Planning		Call Account	Call Account	Call Account	5	0,08%	968	5	973
Umsobomvu Youth Fund (UYF)		Call Account	Call Account	Call Account	2	0,02%	293	2	294
Land Affairs - East Bank		Call Account	Call Account	Call Account	485	7,00%	87 115	485	87 599
Land Affairs West Bank		Call Account	Call Account	Call Account	291	4,20%	45 236	291	45 527
European Commission		Call Account	Call Account	Call Account	6	0,09%	1 151	6	1 157



**BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M07 January**

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
<b>R thousands</b>									
<b>Municipality</b>									
Salaida		Call Account	Call Account	Call Account	7	0,10%	1 099	7	1 106
Electricity Demand Management Grant		Call Account	Call Account	Call Account	33	0,47%	5 086	33	5 119
ADM Funding		Call Account	Call Account	Call Account	9	0,14%	1 701	9	1 710
Urban Settelement Development Grant		Call Account	Call Account	Call Account	341	4,92%	61 239	341	61 580
Urban Settelement Development Grant		Call Account	Call Account	Call Account	469	6,77%	84 350	469	84 819
Urban Settelement Development Grant		Call Account	Call Account	Call Account	584	8,43%	104 971	584	105 554
Urban Settelement Development Grant		Call Account	Call Account	Call Account	574	8,28%	103 174	574	103 748
Infrastructure Skills Development Grant		Call Account	Call Account	Call Account	28	0,40%	4 947	28	4 975
Infrastructure Development Levy		Call Account	Call Account	Call Account	1	0,02%	164	1	165
Bcmet		Call Account	Call Account	Call Account	3	0,04%	496	3	499
Expanded Public Works Programme		Call Account	Call Account	Call Account	17	0,24%	2 985	17	3 002
City of Oldenburg		Call Account	Call Account	Call Account	2	0,03%	336	2	338
Public Transport Network Grant		Call Account	Call Account	Call Account	494	7,14%	88 881	494	89 376
DEAT		Call Account	Call Account	Call Account	1	0,02%	216	1	217
Neighbourhood Development Grant (NDP Grant)		Call Account	Call Account	Call Account	34	0,49%	6 107	34	6 141
Integrated City Development Grant (ICDG)		Call Account	Call Account	Call Account	56	0,81%	10 063	56	10 119
Capital Replacement Reserve ( CRR)		Call Account	Call Account	Call Account	103	1,48%	15 950	103	16 052
Mayoral Projects (CRR)		Call Account	Call Account	Call Account	8	0,12%	1 251	8	1 259
Own Funds		Call Account	Call Account	Call Account	66	0,96%	11 946	66	12 012
Own Funds		Call Account	Call Account	Call Account	35	0,50%	5 389	35	5 423
Own Funds		Call Account	Call Account	Call Account	94	1,35%	16 816	94	16 910
Own Funds		Call Account	Call Account	Call Account	262	3,79%	47 182	262	47 444
Own Funds		Call Account	Call Account	Call Account	181	2,61%	32 507	181	32 687
Own Funds		6 Months	Fixed Deposit	21/09/2018	-	0,00%	-	-	-
Own Funds		6 Months	Fixed Deposit	21/09/2018	-	0,00%	-	-	-
Own Funds		6 Months	Fixed Deposit	27/06/2018	-	0,00%	-	-	-
Own Funds		6 Months	Fixed Deposit	26/06/2018	-	0,00%	-	-	-
Own Funds - CRR		Call Account	Call Account	Call Account	707	10,21%	127 107	707	127 814
Own Funds - CRR		Call Account	Call Account	Call Account	207	2,99%	37 236	207	37 443
Own Funds - CRR		Call Account	Call Account	Call Account	185	2,67%	33 296	185	33 481
Own Funds - CRR		Call Account	Call Account	Call Account	128	1,85%	22 988	128	23 116
Own Funds - CRR		Call Account	Call Account	Call Account	143	2,07%	25 793	143	25 936
Own Funds (Depreciation)		Call Account	Call Account	Call Account	634	9,16%	114 017	634	114 652
Own Funds (Depreciation)		Call Account	Call Account	Call Account	87	1,26%	15 640	87	15 727
Own Funds (Depreciation)		Call Account	Call Account	Call Account	37	0,54%	6 683	37	6 720
Housing Development		Call Account	Call Account	Call Account	16	0,23%	2 828	16	2 844
<b>Municipality sub-total</b>					<b>6 928</b>	<b>100,00%</b>	<b>1 232 685</b>	<b>6 928</b>	<b>1 239 612</b>

## 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 - M07 January										
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
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		-	1 399 602	-	-	891 354	891 354	-		1 399 602
Local Government Equitable Share			778 048		-	539 807	539 807	-		778 048
General Fuel Levy			513 844		-	342 562	342 562	-		513 844
Finance Management			1 150		-	1 150	1 150	-		1 150
EPWP Incentive			4 050		-	2 835	2 835	-		4 050
Urban Settlement Development Grant			77 810		-	-	-	-		77 810
Public Transport Network Grant	3		14 000		-	-	-	-		14 000
Infrastructure Skills Development Grant			10 700		-	5 000	5 000	-		10 700
Municipal Human Settlement Capacity Grant			-		-	-	-	-		-
Other transfers and grants [insert description]			-		-	-	-	-		-
<b>Provincial Government:</b>		-	91 868	-	-	17 414	53 590	(36 176)	-67,5%	72 071
Human Settlement Development Grant			75 998		-	17 414	44 332	(26 919)	-60,7%	56 201
DSRAC - Library Subsidy			15 870		-	-	9 258	(9 258)		15 870
Department of Public Works			-		-	-	-	-		-
Office of the Premier	4		-		-	-	-	-		-
DEDEA (BCMDA)			-		-	-	-	-		-
Other transfers/grants [insert description]			-		-	-	-	-		-
<b>District Municipality:</b>		-	-	-	-	-	-	-		-
[insert description]			-		-	-	-	-		-
<b>Other grant providers:</b>		-	846	-	35	1 843	1 843	-		-
SETA - Skills Development			-	-	-	1 809	1 809	-		-
Donor Funding - Leiden			-		-	-	-	-		-
Salaida / Gavle			846		35	35	35	-		-
City of Oldenburg			-		-	-	-	-		-
[insert description]			-		-	-	-	-		-
<b>Total Operating Transfers and Grants</b>	5	-	1 492 316	-	35	910 611	946 787	(36 176)	-3,8%	1 471 673
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	803 900	-	23 791	480 072	480 072	-		803 900
Urban Settlement Development Grant			685 182		-	381 496	381 496	-		685 182
Public Transport and Systems			81 165		23 791	71 373	71 373	-		81 165
Neighbourhood Development Partnership			13 250		-	6 000	6 000	-		13 250
Integrated National Electrification Programme			6 200		-	6 200	6 200	-		6 200
Electricity Demand Side Management			8 000		-	5 000	5 000	-		8 000
Integrated City Development Grant			10 003		-	10 003	10 003	-		10 003
Finance Management			-		-	-	-	-		-
Infrastructure Skills Development Grant			100		-	-	-	-		100
Other capital transfers [insert description]			-		-	-	-	-		-
<b>Provincial Government:</b>		-	9 036	-	-	-	5 271	(5 271)	-100,0%	9 036
Dept of Local Government and Traditional Affairs			9 036		-	-	5 271	(5 271)	-100,0%	9 036
Dept Sport, Recreation, Arts and Culture (DSRAC)			-		-	-	-	-		-
Department of Public Works			-		-	-	-	-		-
<b>District Municipality:</b>		-	-	-	-	-	-	-		-
[insert description]			-		-	-	-	-		-
<b>Other grant providers:</b>		-	-	-	-	-	-	-		-
Salaida / Gavle			-		-	-	-	-		-
Public Funding			-		-	-	-	-		-
<b>Total Capital Transfers and Grants</b>	5	-	812 936	-	23 791	480 072	485 343	(5 271)	-1,1%	812 936
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	-	2 305 252	-	23 826	1 390 683	1 432 130	(41 447)	-2,9%	2 284 609

### 11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 48% (R441.59 million, inclusive of reclaimed vat) of its 2018/2019 conditional grants budget of R911.61 million as at 31 January 2019. This reflects no improvement when compared to the same period in the previous financial year where 48% (R420.74 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**

<b>Funding/Grant</b>	<b>2018/19 Approved Budget</b>	<b>YTD Exp (vat) R</b>	<b>Variance (vat incl.) R</b>	<b>% Expenditure vs. Budget (vat incl.)</b>
Integrated National Electrification Programme Grant	6,200,000	2 016 383	4 183 617	33%
EEDSM ( Energy, Efficiency and Demand Side Management)	8,000,000	7 795 663	204 337	97%
Finance Management Grant	1,150,000	444 550	705 450	39%
Infrastructure Skills Development Grant	10,800,000	5 776 547	5 023 453	53%
Urban Settlement Development Grant	762,992,000	360 679 266	402 312 734	47%
Neighbourhood Development Partnership Grant	13,250,000	96 643	13 153 357	1%
Integrated City Development Grant	10,003,000	8 120 305	1 882 695	81%
Expanded Public Works Programme Grant	4,050,000	6 425 885	-2 375 885	159%
Public Transport Infrastructure and Systems Grant	95,165,000	50 235 322	44 929 678	53%
<b>TOTAL</b>	<b>911,610,000</b>	<b>441 590 564</b>	<b>470 019 436</b>	<b>48%</b>

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.

### **10.1.1. INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT (INEP)**

Construction has commenced in line with the program for the Fynbos electrification project. Construction is at a standstill for the Mdantsane N.U 5 project due to community members being at loggerheads with the ward councillor over the appointed CLO. Political intervention has been requested from portfolio councilor as no assistance has been forthcoming from ward councilor.

### **10.1.2. EXPANDED PUBLIC WORKS PROGRAMME GRANT**

EPWP has over spent on the Incentive Grant Allocation and the Mid Term Budget Adjustment has been identified as a platform to address this. The sole intention of requesting additional funding (as the SLA entered into with DPW stipulates that BCMM has to make a contribution to supplement the Incentive Grant) is to enable EPWP IG Funded Projects to be completed.

### **10.1.3. 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) one additional intern is at an advanced stage. Furthermore, the grant will be utilised for the payment of the Municipal Finance Management Programme (MFMP) to be attended from March 2019 by three (3) interns and one (1) finance official at Wits Business School. Grant funding will be fully utilized by year end in line with the set targets.

### **10.1.4. INFRASTRUCURE SKILLS DEVELOPMENT GRANT (ISDG)**

A claim for one mentor's salary for January amounting to R57,400 was not captured due to late submission and one new mentor only started in the beginning of February. The salary claims of both mentors will be reflected at the end of February. GIS and Electrical Engineering interns to attend training in February and processing of long overdue requisitions at SCM for stationery and PPE will take place, therefore expenditure is expected to improve.

## **10.1.5. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)**

### **SPATIAL PLANNING AND DEVELOPMENT**

#### **Bridge Designs & Implementation**

Nine sites have been identified. Works orders have been issued to Service Providers and work has commenced. Service Providers have invoiced and invoices have been processed. Expenditure will improve.

#### **Guardrails**

Contract 300 was awarded in the second week of October 2018. This resulted in the process of requesting quotations from the contractors and orders are expected to be issued not later than end February 2019. Expenditure is expected to improve by end of the 3rd quarter once initial invoices have been received from the contractor.

#### **Sleeper Site Roads**

The project was awarded on the 29 November 2018 and the new contractor has requested BCMM to accept their withdrawal from the project. The contractor's request is to be considered by the BAC during the month of February 2019 and they will advise on the way forward with the project.

#### **Needs Camp / Potsdam Bridge**

The project is progressing well and as per programme and the expenditure is in line with the cash flow projections.

#### **Bridge Designs & Implementation – Ward 8**

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. Expenditure is expected to improve.

### **Bridge Designs & Implementation – Ward 14**

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. Service Provider has invoiced, and invoices have been processed. Expenditure will improve.

### **Guidance Signage**

Informal tender was handed in 01 October 2018 and we are still awaiting action from Supply Chain Management. The terms of reference for guardrails have been completed. Supply Chain Management to fast track with advertisement.

### **Traffic Calming**

The contractor has completed the construction of speed humps and has commenced at Scenery Park, Ndancama, Mdantsane NU 14, Zwelitsha Zone 4 & 10, Elephant Road and will commence with the construction in Mdantsane NU1, Berlin and Ward 16.

### **Traffic Calming – Ward 16**

The sites have been identified and currently busy with the quotations so that we can generate orders and commence with the construction.

### **Traffic Signals**

The wayleaves have been approved for Amalinda Main Road/Lower Croydon intersection and the installation will commence. Other wayleaves have been handed to the province/SANRAL and waiting for their approval to proceed with the installation of signals in Inland and Coastal regions.

### **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 February 2019 and expenditure will improve by end of third quarter.

### **Taxi /Bus Embayments**

Annual Contract 300 has been awarded and order being generated. Construction commenced in January 2019 and expenditure will improve by end of February 2019.

### **CITY MANAGER**

Expenditure is ongoing – delays are due to legal issues with rental payments. Legal Services is preparing the month to month lease agreement and Trueprop have submitted the addendums for the month to month lease. Outstanding rental invoices have been submitted to Supply Chain Management, expenditure is expected to improve once payments have been processed.

### **INFRASTRUCTURE SERVICES**

#### **Water**

The evaluation of contract 3A is being expedited as most water projects are waiting for its award. Expenditure will improve once contract is awarded.

#### **Sanitation**

A tender for construction VIP toilets in rural areas and Ablution Facilities in informal tenders was only awarded in December. Contractors are currently finalizing establishments on site to commence with construction work. Both Zwelitha 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. The a new contractor has been appointed for completion of Zwelitsha Wastewater Treatment Works following termination of a contract with the previous contractor. 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 remain months.

#### **10.1.6. PUBLIC TRANSPORT NETWORK GRANT**

##### **Qumza Highway Phase 7 – Phase 1 & 2**

Construction only started in September 2018 due to work permit delay from Department of Labour. Contractor is progressing well on site and expenditure is improving.

##### **Industry Transition Plan**

The Industry Transition Plan forms part of the IPTN Operational & Business Plan project and as such is budgeted for within the IPTN project. The budget for this item will be reallocated during midyear adjustment to a different PTNG project. Budget will be reallocated to the Qumza Highway via the mid-year adjustment.

##### **Universal Access Development Plan**

The UDAP forms part of IPTN the Operational & Business Plan project and as such is budgeted for within the IPTN project. The budget for this item will be reallocated during mid-year adjustment to the Qumza Highway project.

##### **Public Transport Plan**

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

#### **10.1.7. 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, the remainder of the work is to be issued out in February 2019, work is expected to be complete between April 2019 and June 2019.



### **10.1.8. 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. We have applied for the eviction of people who invaded sites, the matter is to be heard in Court early march 2019. Some contracts ran out of funding, an additional funding request has been made via the midterm budget adjustment.

## **12. COUNCILLOR AND EMPLOYEE BENEFITS**

### **12.1. Councillor and Employees Benefits Summary**

Table 19 below provides summary of employees and councilors remuneration. The workforce costs as a percentage of total expenditure amounted to 29%. This is within the norm of 25% - 40%.

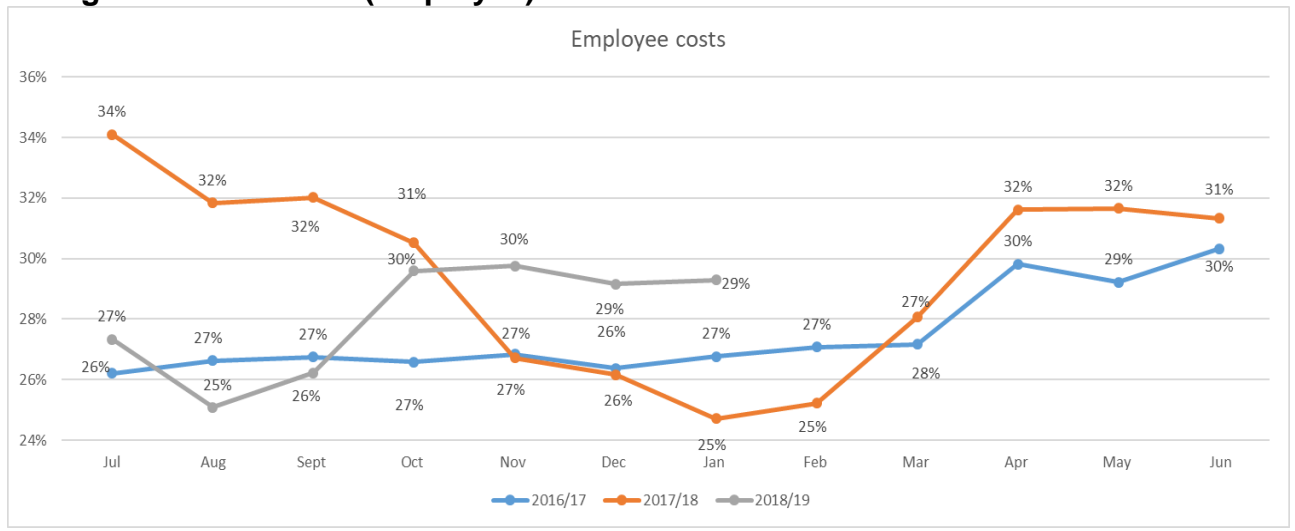
**Table 19: SC8 Monthly Budget Statement – Councilor, Board Members and Staff Benefits**

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

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	1	A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages			40,253	40,253	2,803	16,805	12,600	4,205	33%	40,253
Pension and UIF Contributions			3,999	3,999	344	2,060	1,252	809	65%	3,999
Medical Aid Contributions			1,885	1,885	183	1,095	590	505	86%	1,885
Motor Vehicle Allowance							-	-		
Cellphone Allowance			2,624	2,624	341	2,271	821	1,450	177%	2,624
Housing Allowances			2,274	2,274	196	1,183	712	471	66%	2,274
Other benefits and allowances			13,150	13,150	1,146	6,858	4,116	2,741	67%	13,150
<b>Sub Total - Councillors</b>			<b>64,185</b>	<b>64,185</b>	<b>5,012</b>	<b>30,272</b>	<b>20,092</b>	<b>10,180</b>	<b>51%</b>	<b>64,185</b>
<b>% increase</b>	4		<b>#DIV/0!</b>	<b>#DIV/0!</b>						<b>#DIV/0!</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages			15,446	15,297	786	4,715	5,180	(465)	-9%	15,297
Pension and UIF Contributions			2,851	2,823	137	824	956	(132)	-14%	2,823
Medical Aid Contributions			284	281	20	120	95	25	27%	281
Overtime										
Performance Bonus					76	76		76	#DIV/0!	
Motor Vehicle Allowance			3,311	3,277	167	1,009	1,110	(101)	-9%	3,277
Cellphone Allowance					23	146		146	#DIV/0!	
Housing Allowances			520	515	195	1,160	175	986	565%	515
Other benefits and allowances			2,745	2,717	11	73	920	(848)	-92%	2,717
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
<b>Sub Total - Senior Managers of Municipality</b>			<b>25,157</b>	<b>24,910</b>	<b>1,415</b>	<b>8,123</b>	<b>8,436</b>	<b>(313)</b>	<b>-4%</b>	<b>24,910</b>
<b>% increase</b>	4		<b>#DIV/0!</b>	<b>#DIV/0!</b>						<b>#DIV/0!</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages			1,167,270	1,153,950	149,491	630,200	390,801	239,399	61%	1,153,950
Pension and UIF Contributions			221,985	219,719	19,746	118,502	74,411	44,091	59%	219,719
Medical Aid Contributions			104,778	103,713	7,270	43,881	35,124	8,757	25%	103,713
Overtime			7,370	84,116	8,309	58,079	28,487	29,591	104%	84,116
Performance Bonus			97,741	96,741	9,648	46,039	32,763	13,276	41%	96,741
Motor Vehicle Allowance			37,813	37,448	2,412	14,350	12,682	1,668	13%	37,448
Cellphone Allowance			4,903	4,855	358	2,136	1,644	491	30%	4,855
Housing Allowances			19,130	18,939	612	3,632	6,414	(2,782)	-43%	18,939
Other benefits and allowances			201,244	122,256	8,055	49,784	41,404	8,380	20%	122,256
Payments in lieu of leave			20,475	20,267	23	124	6,864	(6,740)	-98%	20,267
Long service awards			23,922	23,672	2,057	12,306	8,017	4,289	53%	23,672
Post-retirement benefit obligations			7,604	7,601	3	15	2,574	(2,559)	-99%	7,601
<b>Sub Total - Other Municipal Staff</b>			<b>1,914,233</b>	<b>1,893,277</b>	<b>207,983</b>	<b>979,045</b>	<b>641,184</b>	<b>337,862</b>	<b>53%</b>	<b>1,893,277</b>
<b>% increase</b>	4		<b>#DIV/0!</b>	<b>#DIV/0!</b>						<b>#DIV/0!</b>
<b>Total Parent Municipality</b>			<b>2,003,576</b>	<b>1,982,372</b>	<b>214,411</b>	<b>1,017,440</b>	<b>669,711</b>	<b>347,729</b>	<b>52%</b>	<b>1,982,372</b>

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 January 2019. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 January 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	1 918 774	112%
Directorate Of The City Manager	603 240	684 820	114%
Directorate Of Corporate Services	531 768	348 896	66%
Directorate Of Development & Spatial Planning	779 665	119 414	15%
Directorate Of Economic Development & Agencies	586 261	212 301	36%
Directorate Of Finance	2 110 426	1 200 982	57%
Directorate Of Health / Public Safety & Emergency Services	30 863 991	21 026 787	68%
Directorate Of Human Settlement	127 471	7 944	6%
Directorate Of Infrastructure Services	21 433 979	21 998 745	103%
<i>Electricity</i>	9 680 766	7 643 772	79%
<i>Water</i>	4 192 032	6 670 586	159%
<i>Sanitation</i>	6 196 268	6 696 531	108%
<i>Other</i>	1 364 913	987 856	72%
Directorate Of Municipal Services	25 360 396	23 459 864	93%
<b>Total</b>	<b>84 116 417</b>	<b>70 978 527</b>	<b>84%</b>

**Table 21: Overtime Per Cost Centre: November 2018 – January 2019**

<b>DIRECTORATE</b>	<b>NOVEMBER 2018</b>	<b>DECEMBER 2018</b>	<b>JANUARY 2019</b>
Directorate of Executive Support Services	209 918	243 629	255 749
Directorate of the City Manager	112 239	70 678	95 905
Directorate of Corporate Services	60 495	28 952	24 230
Directorate of Development & Spatial Planning	33 755	5 048	14 160
Directorate Economic Development & Agencies	41 591	20 057	56 236
Directorate of Finance	123 516	103 071	140 831
Directorate of Health/Public Safety & Emergency Services	1 541 456	1 884 906	4 235 140
Directorate of Human Settlement	0	0	-
Directorate of Infrastructure Services	2 980 659	2 341 803	3 553 661
Directorate of Municipal Services	2 759 132	2 439 234	3 660 593
<b>TOTAL</b>	<b>7 862 762</b>	<b>7 137 376</b>	<b>12 036 507</b>

The total overtime payment for the months of November 2018, December 2018 and January 2019 is reflected above. There was a decrease in the total payment of overtime between November 2018 and December 2018 of R725 386 and an increase in the total payment of overtime between December 2018 and January 2019 of R4 899 131.

It is to be noted that the difference between the votes ledger and payday is votes ledger journals that have been passed.

**OVERTIME PER COST CENTRE**

		November 2018 Amount	December 2018 Amount	January 2019 Amount
<b>DIRECTORATE -EXECUTIVE SUPPORT SERVICES</b>				
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	193 510.73	227 589.08	230 987.60
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	4 796.92	4 109.36	1 792.56
0523	IDP & BUDGET INTEGRATION	3 717.26	5 476.59	1 218.75
0531	POLITICAL OFFICE ADMINISTRATION	0	6 453.51	-
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	7 893.20	0	21 750.08
		<b>209 918.11</b>	<b>243 628.54</b>	<b>255 748.99</b>
<b>DIRECTORATE OF THE CITY MANAGER</b>				
1005	OFFICE OF THE CITY MANAGER	48 397.96	59 753.93	81 538.25
1015	INFORMATION / TECHNOLOGY & SUPPORT	63 841.14	10 923.61	14 367.24
		<b>112 239.10</b>	<b>70 677.54</b>	<b>95 905.49</b>
<b>DIRECTORATE OF CORPORATE SERVICES</b>				
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	-138.56	-138.56	-138.56
1512	ADMINISTRATIVE & CORPORATE SUPPORT	721.02	5 337.31	4 758.26
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	45 685.50	20 698.94	20 110.22
1531	HUMAN RESOURCES MANAGEMENT	11 173.36	-	-
1532	ADMINISTRATIVE SUPPORT	3 554.00	3 554.00	-
1536	ORGANISATIONAL DEVELOPMENT	-500.00	-500.00	-500.00
		<b>60 495.32</b>	<b>28 951.69</b>	<b>24 229.92</b>
<b>DIRECTORATE OF DEVELOPMENT &amp; SPATIAL PLANNING</b>				
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	20 161.31	-	3 740.92
2037	TRAFFIC MANAGEMENT & SAFETY	13 594.05	5 048.15	10 419.30
		<b>33 755.36</b>	<b>5 048.15</b>	<b>14 160.22</b>
<b>DIRECTORATE OF ECONOMIC DEVELOPMENT &amp; AGENCIES</b>				
2511	FRESH PRODUCE MARKET	7 655.89	17 453.80	8 406.59
2521	TOURISM / ARTS / CULTURE & HERITAGE	20 584.96	-	47 829.76
2531	TRADE / INDUSTRY & RURAL AGRARIAN	13 350.21	2 603.10	-
		<b>41 591.06</b>	<b>20 056.90</b>	<b>56 236.35</b>

		November 2018 Amount	December 2018 Amount	January 2019 Amount
	<b>DIRECTORATE OF FINANCE</b>			
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	3 489.40	938.85	3 030.14
3053	COASTAL REVENUE MANAGEMENT	4 002.68	2 921.59	2 094.89
3054	CUSTOMER RELATIONS (CALL CENTRE)	113 390.64	98 034.59	129 533.07
3055	INLAND REVENUE MANAGEMENT	-176.43	-176.43	1 278.42
3056	MIDLAND REVENUE MANAGEMENT	2 810.06	1 352.01	4 894.65
		<b>123 516.35</b>	<b>103 070.61</b>	<b>140 831.17</b>
	<b>DIRECTORATE OF HEALTH / PUBLIC SAFETY &amp; EMERGENCY SERVICES</b>			
3512	DISASTER MANAGEMENT	4 560.54	5 037.10	19 666.92
3513	FIRE & RESCUE	237 262.42	344 370.44	1 316 197.38
3521	MUNICIPAL HEALTH SERVICES	2 895.69	12 240.86	33 173.36
3532	LAW ENFORCEMENT SERVICES	844 904.45	1 024 472.71	2 239 554.38
3533	TRAFFIC SERVICES	451 832.89	498 784.67	626 547.96
		<b>1 541 455.99</b>	<b>1 884 905.78</b>	<b>4 235 140.00</b>
	<b>DIRECTORATE OF INFRASTRUCTURE SERVICES</b>			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	2 810.10	2 201.25	-
4511	ELECTRICAL & ENERGY SERVICES	2 611.38	2 587.05	1 613.77
4512	CUSTOMER SERVICES & REVENUE PROTECTION	88 772.25	79 019.78	120 635.63
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	896.66	896.66	683.16
4514	ELECTRICAL DISTRIBUTION	965 683.33	833 463.00	1 077 472.55
4524	ROADS	16 735.65	293.78	28 268.56
4532	SANITATION	965 255.72	670 664.94	1 175 268.33
4535	WATER SERVICES	898 747.40	739 846.45	1 073 697.73
4543	WORKSHOPS	39 146.52	12 829.79	76 021.39
		<b>2 980 659.01</b>	<b>2 341 802.70</b>	<b>3 553 661.12</b>
	<b>DIRECTORATE OF MUNICIPAL SERVICES</b>			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	2 190.65	11 647.81	11 105.05
5011	COMMUNITY AMENITIES	16 474.11	14 798.91	21 808.66
5013	LIBRARIES	11 793.11	1 711.16	-1 029.45
5014	HALLS	214 799.71	210 678.42	184 025.09
5015	RECREATION	315 313.22	363 879.45	908 714.83
5016	SPORTS FACILITIES	137 133.71	116 468.05	56 397.72
5022	CEMETRIES & CREMATORIA	210 480.24	167 116.66	179 836.48
5023	CONSERVATION	111 788.74	106 056.93	158 251.99
5024	PARKS: COASTAL	223 891.88	187 578.77	411 879.52

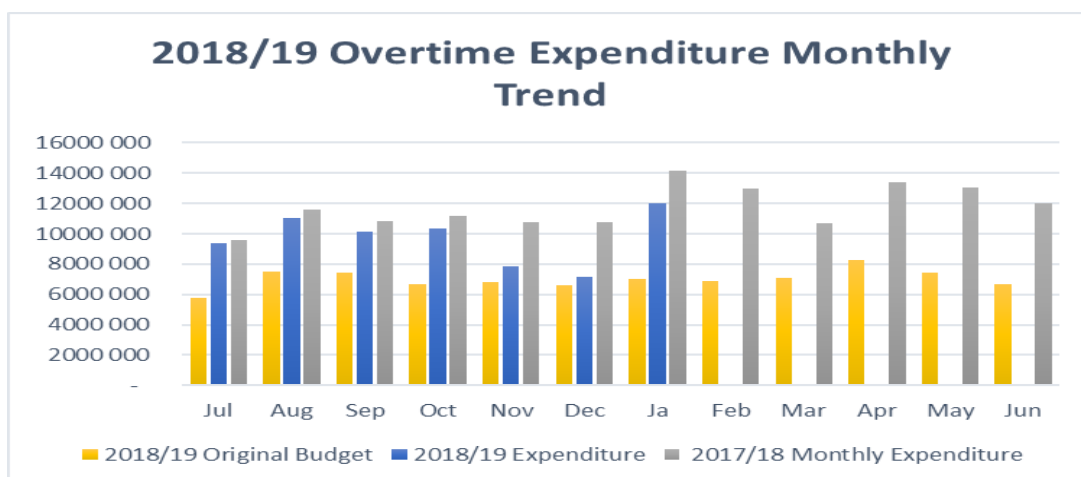
		November 2018 Amount	December 2018 Amount	January 2019 Amount
5031	SOLID WASTE MANAGEMENT	25 255.48	18 071.24	32 693.95
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 354 310.96	1 142 731.34	1 571 115.99
5035	LANDFILLS & TRANSFER STATIONS	135 699.89	98 494.99	125 793.51
		<b>2 759 131.70</b>	<b>2 439 233.73</b>	<b>3 660 593.34</b>
	<b>TOTAL OVERTIME</b>	<b>7 862 762.00</b>	<b>7 137 375.64</b>	<b>12 036 506.60</b>

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

- a) Employees are not permitted to work more than ten (10) hours overtime per week – this is in line with the Basic Conditions of Employment Act.
- b) All planned overtime is capped at forty (40) hours per month - this is in line with the Basic Conditions of Employment Act.
- c) All emergency overtime to be signed and approved by Heads of Directorates to ensure accountability and emphasis on control measures.
- d) The graph below shows the overtime expenditure monthly trend for the current financial year compared with budget and previous financial year. This reflects that the overtime expenditure is decreasing when compared to the first quarter of both the previous and current financial years.

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

**Figure 6: Overtime Expenditure Monthly Trend**



### **12.2.1. Comments On Overtime**

#### **a) Directorate of Executive Support**

The over expenditure is due to the respective political office's bodyguards having to work extended overtime and night shifts. Furthermore, Public Participation (Political Office) unit staff had to work overtime due to loudhailing done after business hours and on weekends.

#### **b) 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.

#### **c) 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. Payroll amendments and wage curve calculations also resulted in overtime.

#### **d) 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.

#### **e) 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.

**f) Directorate of Municipal Services**

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

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

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

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

### **12.3. Standby and Shift Allowance Analysis**

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past three months ended 31 January 2019. The total standby and shift payment for the months of November 2018, December 2018 and January 2019 is reflected below. There was a decrease in the total payment between November 2018 and December of R262,665 and an increase in the total payment between December 2018 and January 2019 of R104,919.

**Table 22: Standby & Shift Allowance per Directorate**

<b>DIRECTORATE</b>	<b>OCTOBER 2018</b>	<b>NOVEMBER 2018</b>	<b>JANUARY 2019</b>
Directorate of Executive Support Services	4 755	3 593	5 155
Directorate of the City Manager	117 246	57 456	48 285
Directorate of Corporate Services	1 355	628	580
Directorate of Development & Spatial Planning	17 296	9 031	20 757
Directorate Economic Development & Agencies	1 275	1 049	1 151
Directorate of Finance	12 162	7 890	9 545
Directorate of Health/Public Safety & Emergency Services	623 453	586 131	626 997
Directorate of Human Settlement	0	0	0
Directorate of Infrastructure Services	720 782	574 784	732 120
Directorate of Municipal Services	341 383	336 481	237 371
<b>TOTAL</b>	<b>1 839 707</b>	<b>1 577 042</b>	<b>1 681 960</b>

### **12.4. Cost of Temporary Staff**

The total payment of Temporary Staff for the months of November 2018, December 2018 and January 2019 is reflected below. There was an increase in the total payment between November 2018 and December 2018 of R3,219,527 and an increase in the total payment between December 2018 and January 2019 of R3,213,823.

**Table 23: Temporary Staff per Directorate**

<b>DIRECTORATE</b>	<b>NOVEMBER 2018</b>	<b>DECEMBER 2018</b>	<b>JANUARY 2019</b>
Directorate of Executive Support Services	603 945	660 812	594 179
Directorate of the City Manager	293 307	405 142	336 024
Directorate of Corporate Services	1 325 083	1 636 813	1 745 526
Directorate of Development & Spatial Planning	113 747	119 649	196 359
Directorate Economic Development & Agencies	33 906	54 106	47 873
Directorate of Finance	556 449	815 388	563 325
Directorate of Health/Public Safety & Emergency Services	182 321	292 385	362 193
Directorate of Human Settlement	229 435	336 952	270 957
Directorate of Infrastructure Services	206 757	411 753	284 617
Directorate of Municipal Services	1 608 789	3 640 256	7 186 037
<b>TOTAL</b>	<b>5 153 739</b>	<b>8 373 266</b>	<b>11 587 089</b>

**12.5. Councillors Costs**

The table below shows the budget and expenditure to date for councillors' costs. The year to date expenditure of R35.28 million less annual budget of R64.19 million leaves a variance of R 28.90 million.

**Table 24: Councillors Costs**

<b>Councillors Allowances And Benefits</b>	<b>2018/2019 Annual Budget R</b>	<b>2018/2019 YTD Expenditure R</b>	<b>2018/2019 Variance R</b>	<b>2018/2019 Variance %</b>
Councillors Allowances	42,877,130	22 219 783	20 657 347	48%
Housing Allowance	2,274,000	1 370 941	903 059	40%
Medical Aid Allowance	1,884,903	1 293 219	591 684	31%
Pension Allowance	3,998,763	2 404 253	1 594 510	40%
Travel Allowance	13,150,247	7 996 163	5 154 084	39%
<b>Total</b>	<b>64,185,043</b>	<b>35 284 358</b>	<b>28 900 685</b>	<b>45%</b>

### 13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R14.58 million (32.9%) of its 2018/2019 approved operating budget of R44.35 million. The entity has also spent 5% (R1.3 million) of its 2018/19 capital budget of R27.29 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 - M07 January										
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									%	
<b>Revenue By Municipal Entity</b>										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Interest earned - external investments		145	789	-	46	276	460	(184)	-40,0%	789
Agency services		-	990	-	-	-	578	(578)	-100,0%	990
Transfers and subsidies		21 724	32 033	-	-	29 847	32 033	(2 185)	-6,8%	32 033
Other revenue		153	10 544	-	4	30	6 150	(6 121)	-99,5%	10 544
<b>Total Operating Revenue</b>	1	<b>22 022</b>	<b>44 355</b>	<b>-</b>	<b>51</b>	<b>30 153</b>	<b>39 221</b>	<b>(9 068)</b>	<b>-23%</b>	<b>44 355</b>
<b>Expenditure By Municipal Entity</b>										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Employee related costs		14 481	21 727	-	1 235	8 300	12 674	(4 374)	-35%	21 727
Remuneration of Directors		900	850	-	99	379	496	(117)	-24%	850
Depreciation & asset impairment		799	1 412	-	113	644	824	(180)	-22%	1 412
Finance charges		5	10	-	-	0	6	(6)	-100%	10
Other expenditure		8 162	20 356	-	461	5 260	11 874	(6 614)	-56%	20 356
<b>Total Operating Expenditure</b>	2	<b>24 347</b>	<b>44 355</b>	<b>-</b>	<b>1 908</b>	<b>14 583</b>	<b>25 874</b>	<b>(11 291)</b>	<b>-44%</b>	<b>44 355</b>
<b>Surplus/ (Deficit) for the yr/period</b>		<b>(2 325)</b>	<b>(0)</b>	<b>-</b>	<b>(1 857)</b>	<b>15 570</b>	<b>13 347</b>	<b>(20 359)</b>	<b>-153%</b>	<b>(0)</b>
<b>Capital Expenditure By Municipal Entity</b>										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	27 292	-	134	1 438	15 920	(14 482)	-91%	-
<b>Total Capital Expenditure</b>	3	<b>-</b>	<b>27 292</b>	<b>-</b>	<b>134</b>	<b>1 438</b>	<b>15 920</b>	<b>(14 482)</b>	<b>-91%</b>	<b>-</b>

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

#### 14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 33% (R660.47 million, inclusive of reclaimed vat) of its 2018/19 adjusted capital budget of R1.99 billion as at 31 January 2019. This reflects an increase when compared to the same period in the previous financial year where 30% (R508.84 million, inclusive of reclaimed vat) of the adjusted budget of R1.71 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 Rollover Adjustment Budget	2018/2019 YTD Expenditure incl. VAT	2018/2019 Expenditure incl. VAT %
Own Funds	852,950,000	209,604,904	25%
Own Funds	228,726,022	31,659,355	14%
Loan	69,000,000	0	0%
<b>TOTAL OWN FUNDS</b>	<b>1,150,676,022</b>	<b>241,264,259</b>	<b>21%</b>
Urban Settlements Grant	685,182,240	350,935,775	51%
Public Transport Network Grant	81,165,000	48,288,052	59%
Intergrated City Development Grant	10,003,000	8,120,305	81%
Infrastructure Skills Development Grant	100,000	97,644	98%
Neighbourhood Development Partnership Grant	13,250,000	96,643	1%
Energy Efficiency and Demand Side Management	8,000,000	7,795,663	97%
Integrated National Electrification Grant	6,200,000	2,016,383	33%
Local Government & Traditional Affairs	9,036,112	416,596	5%
<b>TOTAL GRANTS</b>	<b>812,936,352</b>	<b>417,767,063</b>	<b>51%</b>
<b>TOTAL - FUNDING SOURCES</b>	<b>1,963,612,374</b>	<b>659,031,322</b>	<b>34%</b>
BCMDA Projects	27,291,750	1,438,190	5%
<b>TOTAL CONSOLIDATED CAPITAL PER FUNDING</b>	<b>1,990,904,124</b>	<b>660,469,512</b>	<b>33%</b>

Table 27 below reflects capital expenditure performance per service

**Table 27: Actual Expenditure per Service against Budget**

<b>2018/2019 CAPITAL BUDGET PER SERVICE</b>	<b>2018/2019 Rollover Adjustment Budget</b>	<b>2018/2019 YTD EXPENDITURE INCLD. VAT</b>	<b>2018/2019 EXPENDITURE INCLD. VAT %</b>
Amenities	97,542,927	18,348,990	19%
Electricity	141,345,421	57,082,374	40%
Housing	104,254,640	39,467,271	38%
LED	67,535,322	5,452,847	8%
Other	18,000,000	10,926,999	61%
Public Safety	33,897,065	10,966,144	32%
Roads	354,572,365	189,939,451	54%
Spatial Planning	89,183,654	9,287,423	10%
Support Services	286,910,118	78,018,969	27%
Transport Planning	204,201,112	97,809,874	48%
Waste Management	79,952,360	37,500,479	47%
Waste Water	288,512,859	47,615,391	17%
Water	197,704,531	56,615,110	29%
<b>TOTAL - PER SERVICE</b>	<b>1,963,612,374</b>	<b>659,031,322</b>	<b>34%</b>
BCMDA Projects	27,291,750	1,438,190	5%
<b>TOTAL CONSOLIDATED CAPITAL PER SERVICE</b>	<b>1,990,904,124</b>	<b>660,469,512</b>	<b>33%</b>

Table 28 below reflects capital expenditure performance per directorate.

**Table 28: Actual Expenditure per Directorate against Budget**

<b>2018/2019 CAPITAL BUDGET PER DIRECTORATE</b>	<b>2018/2019 Rollover Adjustment Budget</b>	<b>2018/2019 YTD EXPENDITURE INCLD. VAT</b>	<b>2018/2019 EXPENDITURE INCLD. VAT %</b>
Executive Suppor Services	5 886 795	954 702	16%
City Manager's Office	55 040 000	67 689 493	123%
Corporate Services	3 781 438	127 339	3%
Spatial Planning & Development	294 910 424	107 169 037	36%
Economic Development & Agencies	68 035 322	5 688 295	8%
Finance Services	205 865 666	6 894 120	3%
Health/Public Safety & Emergency Services	35 312 335	11 531 792	33%
Human Settlements	105 149 931	39 507 572	38%
Infrastructure Services	1 001 135 176	362 853 016	36%
Municipal Services	178 495 287	56 144 809	31%
<b>Total Directorates</b>	<b>1 953 612 374</b>	<b>658 560 177</b>	<b>34%</b>
Asset Replacement	10 000 000	471 146	5%
<b>Total Budget Per Directorate</b>	<b>1 963 612 374</b>	<b>659 031 322</b>	<b>34%</b>
BCMDA Projects	27 291 750	1 438 190	5%
<b>TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE</b>	<b>1 990 904 124</b>	<b>660 469 512</b>	<b>33%</b>

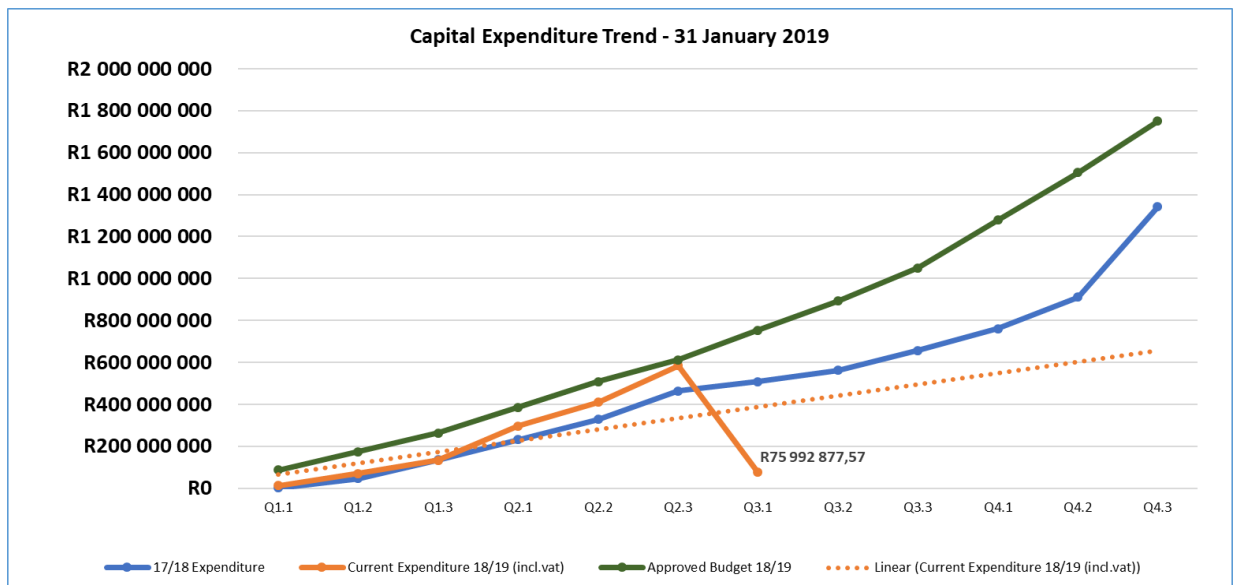
The capital programme performance by month is tabulated in table 29 below (inclusive of Vat).

**Table 29: SC12 Monthly Budget Statement – capital expenditure trend**

BUF Buffalo City - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M07 January									
Month	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
R thousands								%	
<b>Monthly expenditure performance trend</b>									
July		131 677	923	79 865	79 865	923	(78 942)	-8553,4%	5%
August		131 677	166 312	(14 129)	65 736	167 235	101 499	60,7%	4%
September		131 677	166 312	57 137	122 873	333 547	210 674	63,2%	7%
October		131 677	166 312	151 564	274 437	499 859	225 422	45,1%	16%
November		131 677	166 312	104 066	378 503	666 171	287 668	43,2%	22%
December		131 677	166 312	158 939	537 442	832 483	295 041	35,4%	31%
January		131 677	166 312	70 648	608 090	998 795	390 706	39,1%	35%
February		131 677	166 312	-		1 165 107	-		
March		131 677	166 312	-		1 331 419	-		
April		131 677	166 312	-		1 497 731	-		
May		131 677	166 312	-		1 664 043	-		
June		304 692	326 931	-		1 990 974	-		
<b>Total Capital expenditure</b>	-	<b>1 753 142</b>	<b>1 990 974</b>	<b>608 090</b>					

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. This committee is also meant to ensure that there is efficiency in the allocation of work and high performance by service providers as it also ensures that no service provider is overloaded in the allocation of work.
- 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 25% (R84.04million, inclusive of reclaimed vat) of its 2018/19 adjusted operating projects budget of R333.73 million as at 31 January 2019. This reflects a decline when compared to the same period in the previous financial year where 49% (R146.33 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R298.17 million was spent.

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

Tables 30 and 30 below summarise Annexure D.

**Table 30: Operating Projects per Directorate**

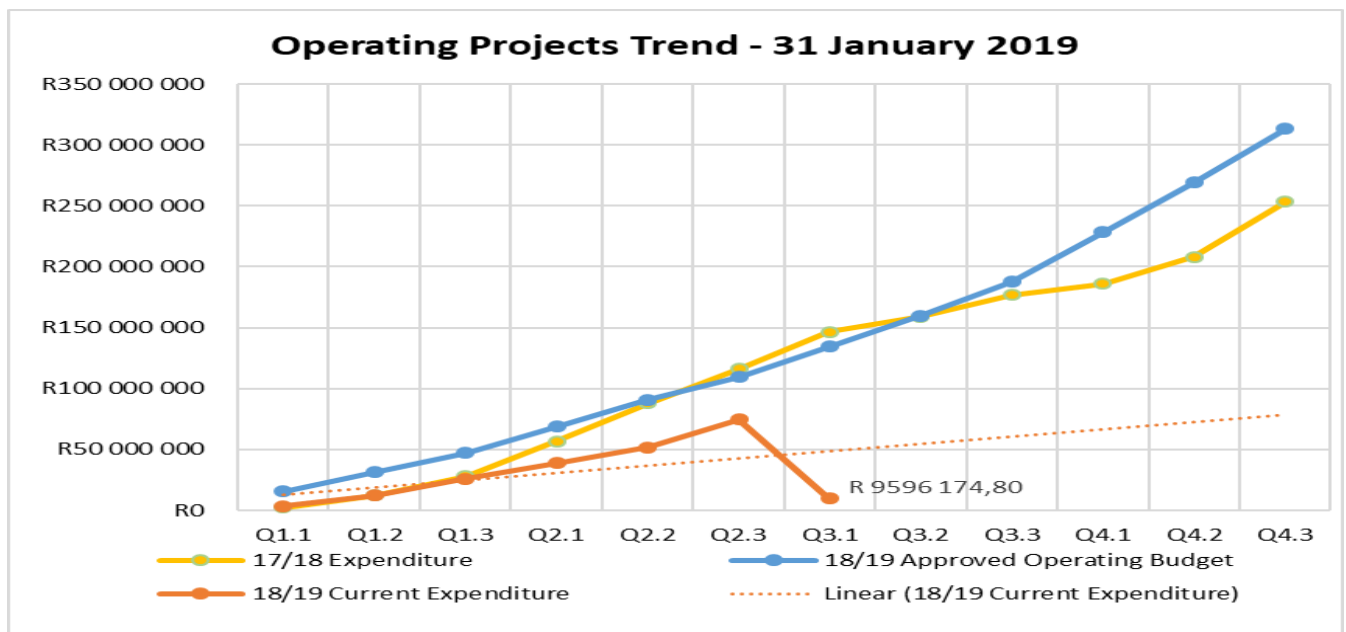
<b>DIRECTORATE</b>	<b>1ST ADJUSTMEN T BUDGET</b>	<b>2018/2019 YTD EXPENDITUR E INCLD. VAT</b>	<b>2018/2019 EXPENDITUR E INCLD. VAT %</b>
Executive Support Services	44,173,011	7,636,253	17%
Municipal Manager's Office	37,559,760	22,929,940	61%
Human Settlements	76,568,064	11,767,765	15%
Directorate of Financial Services	26,430,933	10,024,944	38%
Directorate of Corporate Services	21,710,375	10,210,987	47%
Directorate of Infrastructure Services	61,000,000	1,559,412	3%
Development and Spatial Planning	15,900,000	3,052,573	19%
Directorate of Economic Development	34,310,000	12,528,944	37%
Directorate of Health & Public Safety	1,179,300	187,169	16%
Directorate of Municipal Services	14,900,000	4,143,940	28%
<b>TOTAL PER DIRECTORATE</b>	<b>333,731,443</b>	<b>84,041,927</b>	<b>25%</b>

**Table 31: Operating Projects Per Funding Source**

<b>FUNDING</b>	<b>1ST ADJUSTMENT BUDGET</b>	<b>2018/2019 YTD EXPENDITURE INCLD. VAT</b>	<b>2018/2019 EXPENDITURE INCLD. VAT %</b>
Own Funds	149,177,518	48,490,743	33%
<b>Total Own Funding</b>	<b>149,177,518</b>	<b>48,490,743</b>	<b>33%</b>
Expanded Public Works Programme Incentives Grant	4,050,000	6,425,885	159%
Finance Management Grant	1,150,000	444,550	39%
Human Settlement Development Grant	56,201,024	2,613,725	5%
Human Settlement Development Grant c/o	19,797,040	8,654,040	44%
Infrastructure Skills Development Grant	10,700,000	5,678,903	53%
Public Transport Infrastructure Grant	14,000,000	1,947,270	14%
Salaida (Galve)	846,101	43,320	5%
Urban Settlement Development Grant	77,809,760	9,743,491	13%
<b>TOTAL GRANTS</b>	<b>184,553,925</b>	<b>35,551,184</b>	<b>19%</b>
<b>TOTAL PER FUNDING</b>	<b>333,731,443</b>	<b>84,041,927</b>	<b>25%</b>

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**

<b>Health &amp; Public Safety</b>	<b>Total Revenue</b>	<b>Employee Costs</b>	<b>Other Operating Expenditure</b>	<b>Repairs &amp; Maintenance</b>	<b>Total Expenditure Excluding Capital</b>
<b>OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY &amp; EMERGENCY SERVICES</b>	<b>0</b>	<b>2 455 760</b>	<b>242 914</b>	<b>1 210</b>	<b>2 699 884</b>
<b>GM - EMERGENCY SERVICES</b>	<b>(58 893 384)</b>	<b>52 465 721</b>	<b>6 668 066</b>	<b>1 027 971</b>	<b>60 161 757</b>
EMERGENCY SERVICES	0	1 559 982	47 548	0	1 607 530
DISASTER MANAGEMENT	0	1 775 347	530 863	18 080	2 324 291
FIRE & RESCUE	(58 893 384)	49 130 392	6 089 655	1 009 890	56 229 937
<b>GM - MUNICIPAL HEALTH SERVICES</b>	<b>(537,000)</b>	<b>20 930 639</b>	<b>1 383 253</b>	<b>65 430</b>	<b>22 379 322</b>
MUNICIPAL HEALTH SERVICES: COASTAL REGION	(537,000)	20 930 639	1 383 253	65 430	22 379 322
<b>GM - PUBLIC SAFETY &amp; PROTECTION SERVICES</b>	<b>(32 415 070)</b>	<b>142 501 648</b>	<b>10 003 515</b>	<b>1 674 313</b>	<b>154 179 475</b>
PUBLIC SAFETY & PROTECTION SERVICES	(159 853)	1 184 914	2 403 111	980 253	4 568 278
LAW ENFORCEMENT SERVICES	(2 510 884)	81 158 213	3 409 986	449 506	85 017 705
TRAFFIC SERVICES	(29 744 333)	60 158 520	4 190 417	244 555	64 593 492
<b>Total</b>	<b>(91 845 454)</b>	<b>218 353 768</b>	<b>18 297 748</b>	<b>2 768 924</b>	<b>239 420 439</b>

### 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**

<b>Municipal Services</b>	<b>Total Revenue</b>	<b>Employee Costs</b>	<b>Other Operating Expenditure</b>	<b>Repairs &amp; Maintenance</b>	<b>Total Expenditure Excluding Capital</b>
<b>OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES</b>	-	<b>4 984 848</b>	<b>764 307</b>	<b>20 836</b>	<b>5 769 991</b>
<b>GM - COMMUNITY AMENITIES</b>	<b>(2 388 412)</b>	<b>80,352,636</b>	<b>57 226 538</b>	<b>7 589 046</b>	<b>145 168 220</b>
COMMUNITY AMENITIES	-	8 769 460	45 751 137	362 248	54 882 845
LIBRARIES	(92 441)	16 595 580	619 673	509 624	21 724 877
HALLS	(669 873)	13 495 185	1 935 183	1 728 259	17 158 627
RECREATION	(1 551 445)	26 654 021	2 404 378	2 561 808	31 620 207
SPORTS FACILITIES	(74 652)	14 838 389	2 516 168	2 427 106	19 781 663
<b>GM - PARKS / CEMETRIES &amp; CONSERVATION</b>	<b>(4 532 245)</b>	<b>94 812 803</b>	<b>19 471 180</b>	<b>4 405 941</b>	<b>118 689 924</b>
PARKS / CEMETRIES & CONSERVATION		1 731 845	151 607	-	1 883 453
CEMETRIES & CREMATORIA	(3 801 449)	16 715 727	7 463 082	1 495 742	25 674 551
CONSERVATION	(680 820)	10 835 256	2 017 765	530 017	13 383 038
PARKS: COASTAL	(49 976)	65 529 976	9 838 725	2 380 181	77 748 882
<b>GM - SOLID WASTE MANAGEMENT</b>	<b>(235 741 300)</b>	<b>110 698 709</b>	<b>82 926 718</b>	<b>6 418 809</b>	<b>200 044 237</b>
SOLID WASTE MANAGEMENT	-	10 065 030	11 139 294	5 079 691	26 284 014
CLEANSING & REFUSE REMOVAL: COASTAL	(234 135 062)	91 454 000	53 573 888	1 319 288	146 347 176
CLEANSING & REFUSE REMOVAL: MIDLAND		-	-	-	-
LANDFILLS & TRANSFER STATIONS	(1 606 237)	9 179 679	18 213 537	19 830	27 413 046
<b>Total</b>	<b>(242 661 956)</b>	<b>290 848 997</b>	<b>160 388 743</b>	<b>18 434 631</b>	<b>469 672 371</b>

**16. MUNICIPAL MANAGER'S QUALITY CERTIFICATION**

<b>QUALITY CERTIFICATE</b>
----------------------------

I, APANNA NAIDOO Acting City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

The monthly budget statement (Section 71 Report)

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

**Print name: Apanna Naidoo**

**Acting City Manager of Buffalo City Metropolitan Municipality**

**Signature: .....**

**Date: .....**

## **ANNEXURES:**

### **Annexure A**

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

### **Annexure B**

- SC1 Material Variance Explanation
- SC2 Performance Indicators
- SC3 Aged Debtors
- SC4 Aged Creditors
- SC5 Investment Portfolio
- SC6 Transfers and Grants Receipts
- SC7 (1) Transfers and Grants Expenditure
- SC7 (2) Expenditure against approved rollovers
- SC8 Councillor and Staff Benefits
- SC9 Actuals and Revised Targets for Cash Receipts
- SC11 Monthly Budget Statement – Summary of Municipal Entity
- SC14 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