

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF  
THE 2016/17 BUDGET FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

**1. PURPOSE**

The purpose of the report is for Council to consider and note the statement of financial performance and the implementation of the 2016/17 budget of the Buffalo City Metropolitan Municipality for the period ended 30 September 2016.

**2. AUTHORITY**

Council

**3. LEGAL / STATUTORY REQUIREMENTS**

The Constitution of the Republic of South Africa, 1996

Municipal Finance Management Act No 56, 2003

Municipal Budget and Reporting Regulations, 2009

**4. BACKGROUND**

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

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

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

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# **PART 1: IN-YEAR REPORT**

## **5. RESOLUTIONS**

It is recommended that:

- (i) Council consider and note the report on the statement of financial performance and the implementation of the 2016/17 budget for the period ended 30 September 2016 including supporting documentation attached as Annexure A to G.
- (ii) Council note the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.
- (iii) Council note the year to date collection rate for the period ended 30 September 2016 of 82.15%.
- (iv) Council note the implemented and approved virement request from the Directorate of Human Settlement.

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**X. PAKATI**

**EXECUTIVE MAYOR**

**BUFFALO CITY METROPOLITAN MUNICIPALITY**

NCEBA NCUNYANA/ VP

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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 30 SEPTEMBER 2016**

**6.1. Dashboard / Performance Summary**

**Table 1: Performance Summary**

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 1,472,101,511	Bank Balance	R 23,515,313
Expenditure	R 1,431,374,915	Call investments (excl. int.)	R 2,303,223,415
Operating Surplus	R 40,726,596	<b>Cash and cash equivalents</b>	<b>R 2,326,738,728</b>
Transfers Recognised - Capital	R 68,141,198	<i>Account Payables</i>	<i>(R 513,709,051)</i>
Surplus After Capital Transfers	R 108,867,794	<i>Unspent conditional grants</i>	<i>(R397,712,999)</i>
<b>DEBTORS</b>		<i>Committed to Capital budget- own funds</i>	<i>(R 771,772,610)</i>
Total debtors book	R 1,838,638,084	<b>Therefore Cash and Cash equivalents ring fenced for assets renewal in outer years</b>	<b>R 643,544,068</b>
Total debtors - Government	R 65,228,162	Total Long term loans	R 485,238,053
Total debtors - Business	R 419,197,911	<b>SURPLUS / (DEFICIT) PER SERVICE</b>	
Total debtors - Households	R 1,109,756,443	Water	(R 15,755,421)
Total debtors - Other	R 244,455,568	Electricity	(R 138,744,957)
Total debt written off	R 3,932,302	Refuse	R 24,947,074
<b>REPAIRS AND MAINTENANCE</b>		Sewerage	R 26,462,531
<b>2015/2016:</b> Exp. = R54.32m, which is 15% of approved budget of R372.01m	<b>2016/2017:</b> Exp.= R63.3m, which is 15% of approved budget of R414.79m		
<b>CAPITAL EXPENDITURE</b>		<b>OPERATING PROJECTS EXPENDITURE</b>	
<b>2015/2016: Exp. as a % of Adjusted Budget of R1.38b:</b> Exp. (excl. vat) = R99.58 mil % exp (Excl. vat) : 7%  Exp. (incl. vat) = R106.82 mil % exp (incl. vat): 8%	<b>2016/2017: Exp. as a % of Adjusted Budget of R1.69b:</b> Exp. (excl. vat) = R127.15 mil % exp (Excl. vat) :8%  Exp. (incl. vat) = R135.78 mil % exp (incl. vat): 8%	<b>2015/2016: Exp. as a % of Adjusted Budget of R697.73m:</b> Exp.(excl. vat)=R43.78 mil % exp.(excl. vat): 6%  Exp.(incl. vat) = R43.9 mil % exp.(incl. vat): 6%	<b>2016/2017: Exp. as a % of Adjusted Budget of R327.39m:</b> Exp.(excl. vat)=R33.56 mil % exp.(excl. vat): 10%  Exp.(incl. vat) = R39.19 mil % exp.(incl. vat): 12%
<b>FINANCIAL</b>		<b>HUMAN RESOURCES</b>	
Operating Surplus for the period	R 40,726,596	Total staff complement	5 204
Debtors collection ratio	82.15%	Staff Appointments	332
YTD Grants and subsidies	R 435,951,775	Staff Terminations	50
% of Creditors paid within terms	100%	Number of funded vacant posts	573
Current ratio	2.99:1	Total overtime paid (YTD)	R 36,030,974
Total Debt to Revenue	10.82%	Allowances and benefits - Councillors	R 13,150,026
Capital Charges to Operating Expenditure	1.64%	Salary bill - Officials	R 369,638,858
Cost coverage ratio	6.7 months	Workforce costs as a % of expenditure	26.74%

## **6.2 Liquidity position**

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 2.99:1 which indicates the ability of Municipality's current assets to cover its current liabilities. Debtors constitute 29% of the current assets, inventory constitutes 1% and cash & cash equivalents comprise 64% of the current assets.

## **6.3 Collection Rate and Outstanding Debtors**

The year to date collection rate for the month ended 30 September 2016 is 82.15% (2015/16: 85%).

Total debtors book as at 30 September 2016 amounts to R1.84 billion (2015: R1.44 billion). Households: R1.11 billion, Business: R419.2 million, Government: R65.23 million, Other: R244.46 million. Refer to section 8.1 of the report for details on debtors' management. The debtors' age analysis report is reflected on Annexure B – SC3.

## **6.4 Capital Expenditure**

BCMM has spent R135.78 million (2015/16: R106.82 million) which is 8% (2015/16: 8%) of its 2016/17 adjusted capital budget of R1.69 billion (2015/16: R1.38 billion) as at 30 September 2016. This depicts a slight improvement in rand value terms when compared to the same period in the previous financial year. (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 12% (R39.19 million, inclusive of reclaimed vat) of its 2016/17 adjusted budget of R327.39 million as at 30 September 2016. This reflects an improvement when compared to the same period in the previous financial year where 6% (R43.9 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R697.73 million was spent. It is anticipated that the expenditure will improve as the year progresses and once the procurement processes have been undertaken. (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 R89.42 million (2015/16: R74.21 million) which is 11% (2015/16: 9%) of its 2016/2017 conditional grants budget of R828.70 million (2015/16: R801.94 million) as at 30 September 2016. This reflects an improvement when compared to the same period in the previous financial year. It is anticipated that the expenditure will improve as the year progresses and once the procurement processes have been undertaken. (Refer to Section 11 for further details)

#### **6.6.1. Urban Settlement Development Grant (USDG) funded projects**

BCMM has spent R87.53 million (2015/16: R69.14 million) which is 12% (2015/16: 10%) of its 2016/17 USDG budget of R731.50 million (2015/16: R713.13 million) as at 30 September 2016. This reflects an improvement when compared to the same period in the previous financial year. It is anticipated that the expenditure will improve as the year progresses and once the procurement processes have been undertaken. (Refer to Section 11 for further details).

### **6.7 Cash and Cash Equivalents**

The cash and cash equivalents of the City as at 30 September 2016 are R2.33 billion made up of cash and bank amounting to R23.52 million and call investment deposits of R2.30 billion. This funding is invested with various financial institutions in compliance with the MFMA. Refer to Section 7.7 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown. The cost coverage ratio of the city is 6.7 months. This indicates a strong financial health as it is above the norm of 1-3 months as per the MFMA circular 71.

### **6.8 Outstanding Creditors**

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



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

The total long term borrowings of the municipality as at 30 September 2016 amounts to R485.24 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 30 September 2016 is 1.64%, the acceptable norm in accordance with the MFMA circular 71 is 6-8%.

The total debt to revenue ratio is 10.82% as at 30 September 2016, this indicates that the municipality is highly solvent to meet its debt obligation. The acceptable norm in accordance with the MFMA circular 71 is a ceiling of 45%.



## 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)**

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Revenue - Standard</b>										
<i><b>Governance and administration</b></i>		–	<b>2 268 639</b>	<b>2 266 738</b>	<b>95 712</b>	<b>667 158</b>	<b>563 772</b>	103 386	18%	<b>2 266 738</b>
Executive and council		–	30 796	30 796	4 168	4 434	3 417	1 017	30%	30 796
Budget and treasury office		–	2 222 421	2 220 521	91 020	661 411	558 968	102 443	18%	2 220 521
Corporate services		–	15 421	15 421	523	1 313	1 387	(74)	-5%	15 421
<i><b>Community and public safety</b></i>		–	<b>127 228</b>	<b>127 228</b>	<b>3 209</b>	<b>51 840</b>	<b>23 699</b>	28 141	119%	<b>127 228</b>
Community and social services		–	19 511	19 511	779	2 861	5 643	(2 782)	-49%	19 511
Sport and recreation		–	6 161	6 161	312	525	302	223	74%	6 161
Public safety		–	98 758	98 758	10 759	38 310	17 568	20 742	118%	98 758
Housing		–	–	–	(8 641)	10 144	–	10 144	#DIV/0!	–
Health		–	2 797	2 797	–	–	186	(186)	-100%	2 797
<i><b>Economic and environmental services</b></i>		–	<b>100 222</b>	<b>100 222</b>	<b>(1 163)</b>	<b>4 807</b>	<b>23 324</b>	(18 516)	-79%	<b>100 222</b>
Planning and development		–	26 543	26 543	1 500	4 668	4 199	469	11%	26 543
Road transport		–	73 255	73 255	(2 668)	120	19 102	(18 982)	-99%	73 255
Environmental protection		–	423	423	4	19	23	(3)	-14%	423
<i><b>Trading services</b></i>		–	<b>3 384 579</b>	<b>3 384 579</b>	<b>242 368</b>	<b>741 149</b>	<b>614 835</b>	126 314	21%	<b>3 384 579</b>
Electricity		–	1 931 170	1 931 170	151 294	381 654	362 993	18 662	5%	1 931 170
Water		–	541 296	541 296	41 090	128 641	89 577	39 064	44%	541 296
Waste water management		–	446 227	446 227	23 173	120 712	76 428	44 284	58%	446 227
Waste management		–	465 885	465 885	26 811	110 142	85 838	24 304	28%	465 885
<i><b>Other</b></i>	4	–	<b>874 641</b>	<b>874 641</b>	<b>73 470</b>	<b>75 288</b>	<b>83 760</b>	<b>(8 473)</b>	<b>-10%</b>	<b>874 641</b>
<b>Total Revenue - Standard</b>	2	–	<b>6 755 308</b>	<b>6 753 408</b>	<b>413 595</b>	<b>1 540 243</b>	<b>1 309 390</b>	<b>230 853</b>	<b>18%</b>	<b>6 753 408</b>
<b>Expenditure - Standard</b>										
<i><b>Governance and administration</b></i>		–	<b>1 189 292</b>	<b>1 189 644</b>	<b>72 409</b>	<b>233 190</b>	<b>233 032</b>	158	0%	<b>1 189 644</b>
Executive and council		–	209 046	209 397	15 875	50 169	55 052	(4 883)	-9%	209 397
Budget and treasury office		–	553 044	553 044	38 784	91 909	98 380	(6 471)	-7%	553 044
Corporate services		–	427 203	427 203	17 751	91 112	79 600	11 512	14%	427 203
<i><b>Community and public safety</b></i>		–	<b>738 246</b>	<b>738 995</b>	<b>60 249</b>	<b>148 206</b>	<b>143 745</b>	4 461	3%	<b>738 995</b>
Community and social services		–	94 309	94 309	6 113	18 238	25 567	(7 329)	-29%	94 309
Sport and recreation		–	77 113	77 113	7 711	21 960	19 474	2 486	13%	77 113
Public safety		–	224 016	224 016	35 921	79 047	55 503	23 544	42%	224 016
Housing		–	280 019	280 768	8 205	22 136	35 475	(13 340)	-38%	280 768
Health		–	62 789	62 789	2 298	6 824	7 725	(901)	-12%	62 789
<i><b>Economic and environmental services</b></i>		–	<b>919 523</b>	<b>916 523</b>	<b>11 499</b>	<b>114 534</b>	<b>210 024</b>	(95 489)	-45%	<b>916 523</b>
Planning and development		–	270 451	267 451	35 355	54 684	50 119	4 566	9%	267 451
Road transport		–	543 263	543 263	(34 960)	31 725	135 637	(103 912)	-77%	543 263
Environmental protection		–	105 809	105 809	11 105	28 125	24 268	3 857	16%	105 809
<i><b>Trading services</b></i>		–	<b>3 041 214</b>	<b>3 041 214</b>	<b>361 765</b>	<b>930 877</b>	<b>830 487</b>	100 389	12%	<b>3 041 214</b>
Electricity		–	1 725 555	1 725 555	211 890	593 026	531 994	61 032	11%	1 725 555
Water		–	531 791	531 791	70 309	164 915	135 355	29 560	22%	531 791
Waste water management		–	467 437	467 437	35 589	85 594	86 124	(531)	-1%	467 437
Waste management		–	316 432	316 432	43 978	87 342	77 014	10 328	13%	316 432
<i><b>Other</b></i>		–	<b>17 685</b>	<b>17 685</b>	<b>1 827</b>	<b>4 569</b>	<b>3 553</b>	<b>1 016</b>	<b>29%</b>	<b>17 685</b>
<b>Total Expenditure - Standard</b>	3	–	<b>5 905 961</b>	<b>5 904 061</b>	<b>507 750</b>	<b>1 431 375</b>	<b>1 420 841</b>	<b>10 534</b>	<b>1%</b>	<b>5 904 061</b>
<b>Surplus/ (Deficit) for the year</b>		–	<b>849 347</b>	<b>849 347</b>	<b>(94 154)</b>	<b>108 868</b>	<b>(111 451)</b>	<b>220 318</b>	<b>-198%</b>	<b>849 347</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)**

Vote Description	Ref	2015/16	Budget Year 2016/17							
		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 Vote</b>	1									
Vote 1 - Directorate - Executive Support Services		-	145	145	-	-	26	(26)	-100.0%	145
Vote 2 - Directorate - City Manager		-	52 588	52 588	4 189	4 455	3 298	1 158	35.1%	52 588
Vote 3 - Directorate - Human Settlements		-	362 572	362 572	17 417	36 202	23 210	12 991	56.0%	362 572
Vote 4 - Directorate - Finance		-	2 947 365	2 945 733	91 020	661 411	696 704	(35 293)	-5.1%	2 945 733
Vote 5 - Directorate - Corporate Services		-	13 036	13 036	430	1 023	672	351	52.2%	13 036
Vote 6 - Directorate - Infrastructure Services		-	2 744 633	2 744 633	253 488	671 683	450 909	220 774	49.0%	2 744 633
Vote 7 - Directorate - Development Planning		-	64 067	34 695	2 649	6 055	4 580	1 475	32.2%	34 695
Vote 8 - Directorate - Health / Public Safety & Emergency Services		-	162 440	162 440	10 759	38 310	35 747	2 563	7.2%	162 440
Vote 9 - Directorate - Municipal Services		-	408 195	408 195	28 224	113 865	90 366	23 500	26.0%	408 195
Vote 10 - Directorate - Economic Development		-	-	29 372	5 419	7 237	3 878	3 359	86.6%	29 372
<b>Total Revenue by Vote</b>	2	-	<b>6 755 039</b>	<b>6 753 408</b>	<b>413 595</b>	<b>1 540 243</b>	<b>1 309 390</b>	<b>230 853</b>	<b>17.6%</b>	<b>6 753 408</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - Directorate - Executive Support Services		-	206 009	206 098	13 442	46 590	42 047	4 543	10.8%	206 098
Vote 2 - Directorate - City Manager		-	115 928	116 189	7 536	29 418	31 791	(2 372)	-7.5%	116 189
Vote 3 - Directorate - Human Settlements		-	346 542	347 560	8 839	24 186	38 479	(14 293)	-37.1%	347 560
Vote 4 - Directorate - Finance		-	551 753	551 753	38 666	91 909	98 380	(6 471)	-6.6%	551 753
Vote 5 - Directorate - Corporate Services		-	192 959	192 959	20 305	44 711	37 201	7 509	20.2%	192 959
Vote 6 - Directorate - Infrastructure Services		-	3 234 571	3 234 571	285 712	884 924	914 345	(29 421)	-3.2%	3 234 571
Vote 7 - Directorate - Development Planning		-	333 338	246 099	19 057	52 174	43 617	8 557	19.6%	246 099
Vote 8 - Directorate - Health / Public Safety & Emergency Services		-	321 998	321 998	38 437	86 481	70 291	16 190	23.0%	321 998
Vote 9 - Directorate - Municipal Services		-	602 596	602 596	69 712	158 119	129 760	28 358	21.9%	602 596
Vote 10 - Directorate - Economic Development		-	-	84 239	6 043	12 862	14 930	(2 067)	-13.8%	84 239
<b>Total Expenditure by Vote</b>	2	-	<b>5 905 692</b>	<b>5 904 061</b>	<b>507 750</b>	<b>1 431 375</b>	<b>1 420 841</b>	<b>10 534</b>	<b>0.7%</b>	<b>5 904 061</b>
<b>Surplus/ (Deficit) for the year</b>	2	-	<b>849 347</b>	<b>849 347</b>	<b>(94 154)</b>	<b>108 868</b>	<b>(111 451)</b>	<b>220 318</b>	<b>-197.7%</b>	<b>849 347</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 30 September 2016.

**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) - M02 August**

Description	Ref	2015/16	Budget Year 2016/17							
		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			1 122 920	1 122 920	71 445	302 560	283 392	19 168	7%	1 122 920
Property rates - penalties & collection charges				-	-	-	-	-		-
Service charges - electricity revenue			1 815 256	1 815 256	149 048	355 603	283 908	71 695	25%	1 815 256
Service charges - water revenue			444 291	444 291	46 219	94 177	95 499	(1 321)	-1%	444 291
Service charges - sanitation revenue			339 107	339 107	26 177	87 127	87 683	(556)	-1%	339 107
Service charges - refuse revenue			308 375	308 375	25 700	77 299	77 094	205	0%	308 375
Service charges - other			21 580	21 580	773	2 824	5 580	(2 756)	-49%	21 580
Rental of facilities and equipment			20 045	20 045	1 064	3 371	2 450	920	38%	20 045
Interest earned - external investments			143 844	143 775	13 923	41 301	38 875	2 426	6%	143 775
Interest earned - outstanding debtors			34 651	34 651	4 095	11 390	7 054	4 336	61%	34 651
Dividends received			-	-	-	-	-	-		-
Fines			8 385	8 385	1 196	1 909	820	1 089	133%	8 385
Licences and permits			13 958	13 958	1 162	3 020	2 660	361	14%	13 958
Agency services			-	-	-	-	-	-		-
Transfers recognised - operational			1 319 728	1 318 097	15 838	435 952	260 327	175 624	67%	1 318 097
Other revenue			314 898	314 698	19 429	55 568	53 681	1 887	4%	314 698
Gains on disposal of PPE			-	-	-	-	-	-		-
<b>Total Revenue (excluding capital transfers and contributions)</b>			-							
			<b>5 907 039</b>	<b>5 905 139</b>	<b>376 069</b>	<b>1 472 102</b>	<b>1 199 023</b>	<b>273 078</b>	<b>23%</b>	<b>5 905 139</b>

**BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August**

Description	Ref	2015/16	Budget Year 2016/17								
		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			1 531 068	1 531 068	132 374	369 639	388 469	(18 831)	-5%	1 531 068	
Remuneration of councillors			58 099	58 099	4 487	13 150	14 525	(1 375)	-9%	58 099	
Debt impairment			303 865	303 865	25 322	75 966	76 261	(295)	0%	303 865	
Depreciation & asset impairment			748 339	748 339	62 362	187 085	187 085	0	0%	748 339	
Finance charges			57 105	57 105	4 072	12 215	16 976	(4 761)	-28%	57 105	
Bulk purchases			1 521 587	1 521 587	122 795	471 646	452 763	18 883	4%	1 521 587	
Other materials			-	-	-	-	-	-		-	
Contracted services			22 486	22 486	2 433	4 399	3 134	1 265	40%	22 486	
Transfers and grants			288 468	288 468	41 524	49 853	72 116	(22 264)	-31%	288 468	
Other expenditure			1 374 944	1 373 043	112 382	247 423	209 511	37 912	18%	1 373 043	
Loss on disposal of PPE			-	-	-	-	-	-		-	
<b>Total Expenditure</b>			-	5 905 961	5 904 061	507 750	1 431 375	1 420 841	10 534	1%	5 904 061
<b>Surplus/(Deficit)</b>			-	1 078	1 078	(131 680)	40 727	(221 818)	262 544	(0)	1 078
Transfers recognised - capital			848 269	848 269	37 526	68 141	110 367	(42 226)	(0)	848 269	
Contributions recognised - capital			-	-	-	-	-	-		-	
Contributed assets			-	-	-	-	-	-		-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>			-	849 347	849 347	(94 154)	108 868	(111 451)		849 347	
Taxation								-			
<b>Surplus/(Deficit) after taxation</b>			-	849 347	849 347	(94 154)	108 868	(111 451)		849 347	
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>			-	849 347	849 347	(94 154)	108 868	(111 451)		849 347	
Share of surplus/ (deficit) of associate											
<b>Surplus/ (Deficit) for the year</b>			-	849 347	849 347	(94 154)	108 868	(111 451)		849 347	

## **7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE**

### **7.4.1.1 Service Charges – electricity revenue**

The actual revenue depends on the usage of customers and also purchase patterns of customers related to prepayment metering. The ytd actual reflects the billing pattern and purchase patterns of the customers.

### **7.4.1.2 Service Charges – other**

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

The main contributors are:

- Availability charges
- Connection / Reconnection charges

The situation is monitored on a monthly basis.

### **7.4.1.3 Rental of facilities and equipment**

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

### **7.4.1.4 Interest earned – outstanding debtors**

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

### **7.4.1.5 Fines**

The inception of the Traffic Client Services (TCS), the use of the Automatic Number Plate Recognition (ANPR) system, new system of ensuring that drivers are alerted to the fact that there are outstanding warrants of arrest when drivers collect their drivers licences and are made to pay before the drivers licence can be issued, and the use of the sms system has assisted in tracing offenders and has assisted in the recovery of outstanding traffic fines. An increase in the operational activities ie increased road blocks and speed enforcement has contributed to an increase in payment of fines as

well.

#### **7.4.1.6 Licences and permits**

The increase in revenue can be attributed to the fact that more residents find it easier using the municipality instead of the Post Office or the Provincial Traffic offices, cash receipting at the various offices has become more efficient & faster, generally during school holidays there is an increase in learners and drivers testing for their licences.

#### **7.4.1.7 Transfers recognised - operational**

The variance is as a result of General Fuel Levy that was received in the month of August 2016.

#### **7.4.1.8 Finance charges**

The year to date budget was calculated on the assumption that the institution would have obtained additional long term loan funding. This has currently not materialised and therefore there is a favourable variance.

#### **7.4.1.9 Contracted services**

Contracted services are utilised as and when required. As the year progresses the use of contracted services will stabilise.

#### **7.4.1.10 Transfers and grants**

These transfers and grants are paid at predetermined intervals according to the existing contractual agreements. These payments are therefore not made at a constant rate throughout the year.

#### **7.4.1.11 Other expenditure**

Other expenditure includes operating projects, operational costs as well as repairs and maintenance and these expenditure categories are overspent by 18% when compared to the year to date budget. Expenditure on repairs and maintenance is provided in table 6 below. Details on operating projects are provided on section 15 of the report.



### **7.4.1.13 Repairs and Maintenance**

Table 6 below reflects that as at 30 September 2016, the repairs and maintenance expenditure is 15% of the approved budget of R414.79 million (2015/16: 15%). This is the same when compared with the prior year in percentage terms. Refer to Annexure B: SC13c (repairs and maintenance by asset class).

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

<b>Directorate</b>	<b><u>2016/2017</u> <u>Annual</u> <u>Budget</u> <u>R</u></b>	<b><u>2016/2017</u> <u>Annual</u> <u>Expenditure</u> <u>R</u></b>	<b><u>2016/2017</u> <u>-</u> <u>Variance</u> <u>R</u></b>	<b><u>2016/2017</u> <u>% of</u> <u>Budget</u> <u>%</u></b>
Directorate Of Executive Support Services	3 235 637	178 297	3 057 340	6%
Directorate Of The City Manager	134 478	3 902	130 576	3%
Directorate Of Corporate Services	6 540 381	608 684	5 931 697	9%
Directorate Of Development & Spatial Planning	28 357 088	2 516 147	25 840 941	9%
Directorate Of Economic Development & Agencies	1 180 627	398 759	781 868	34%
Directorate Of Finance	3 273 630	257 871	3 015 759	8%
Directorate Of Health / Public Safety & Emergency Services	6 195 492	544 380	5 651 112	9%
Directorate Of Human Settlement	108 421	26 388	82 033	24%
Directorate Of Infrastructure Services	328 157 794	51 161 072	276 996 722	16%
<i>Electricity</i>	123 968 926	20 297 028	103 671 898	16%
<i>Water</i>	47 248 367	14 420 860	32 827 507	31%
<i>Sanitation</i>	33 026 802	5 619 272	27 407 530	17%
<i>Other</i>	123 913 699	10 823 911	113 089 788	9%
Directorate Of Municipal Services	37 607 278	7 633 690	29 973 588	20%
<b>TOTAL</b>	<b>414 790 826</b>	<b>63 329 189</b>	<b>351 461 637</b>	<b>15%</b>

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

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

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

Vote Description	Ref	2015/16	Budget Year 2016/17							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - Directorate - Executive Support Services		-	5 500	8 007	44	129	96	34	35%	8 007
Vote 2 - Directorate - City Manager		-	17 522	17 522	2 861	2 882	41	2 842	6972%	17 522
Vote 3 - Directorate - Human Settlements		-	202 441	211 477	7 648	26 433	9 216	17 217	187%	211 477
Vote 4 - Directorate - Finance		-	10 600	10 748	-	96	711	(615)	-87%	10 748
Vote 5 - Directorate - Corporate Services		-	7 100	9 034	2	177	806	(629)	-78%	9 034
Vote 6 - Directorate - Infrastructure Services		-	887 671	937 030	68 348	85 796	50 131	35 666	71%	937 030
Vote 7 - Directorate - Development Planning		-	230 290	230 417	2 411	3 937	4 545	(608)	-13%	230 417
Vote 8 - Directorate - Health / Public Safety & Emergency Services		-	30 032	46 484	538	736	1 263	(527)	-42%	46 484
Vote 9 - Directorate - Municipal Services		-	122 478	167 702	2 154	4 500	5 974	(1 474)	-25%	167 702
Vote 10 - Directorate - Economic Development		-	44 500	54 734	2 327	2 463	11 125	(8 662)	-78%	54 734
<b>Total Capital Multi-year expenditure</b>	4,7	-	<b>1 558 134</b>	<b>1 693 155</b>	<b>86 333</b>	<b>127 150</b>	<b>83 907</b>	<b>43 243</b>	<b>52%</b>	<b>1 693 155</b>
<b>Capital Expenditure - Standard Classification</b>										
<b>Governance and administration</b>		-	<b>40 722</b>	<b>80 310</b>	<b>2 907</b>	<b>3 285</b>	<b>3 980</b>	(695)	-17%	<b>80 310</b>
Executive and council			23 022	60 529	2 905	3 012	3 000	12	0%	60 529
Budget and treasury office			10 600	10 748	-	96	533	(437)	-82%	10 748
Corporate services			7 100	9 034	2	177	448	(270)	-60%	9 034
<b>Community and public safety</b>		-	<b>276 498</b>	<b>309 838</b>	<b>10 283</b>	<b>31 348</b>	<b>15 355</b>	15 994	104%	<b>309 838</b>
Community and social services			23 300	30 226	170	2 252	1 498	754	50%	30 226
Sport and recreation			20 725	21 651	1 927	1 927	1 073	854	80%	21 651
Public safety			30 032	46 484	538	736	2 304	(1 567)	-68%	46 484
Housing			202 441	211 477	7 648	26 433	10 480	15 953	152%	211 477
Health			-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	<b>541 969</b>	<b>552 330</b>	<b>14 903</b>	<b>19 295</b>	<b>27 372</b>	(8 077)	-30%	<b>552 330</b>
Planning and development			274 790	285 151	4 738	6 400	14 131	(7 731)	-55%	285 151
Road transport			267 179	267 179	10 165	12 895	13 240	(345)	-3%	267 179
Environmental protection			-	-	-	-	-	-	-	-
<b>Trading services</b>		-	<b>680 946</b>	<b>732 365</b>	<b>49 671</b>	<b>64 321</b>	<b>36 293</b>	28 028	77%	<b>732 365</b>
Electricity			143 000	143 000	7 420	10 969	7 087	3 882	55%	143 000
Water			87 500	87 500	15 075	22 880	4 336	18 544	428%	87 500
Waste water management			371 992	386 040	27 121	30 152	19 131	11 022	58%	386 040
Waste management			78 454	115 825	56	320	5 740	(5 420)	-94%	115 825
<b>Other</b>			<b>18 000</b>	<b>18 312</b>	<b>8 568</b>	<b>8 900</b>	<b>907</b>	<b>7 993</b>	<b>881%</b>	<b>18 312</b>
<b>Total Capital Expenditure - Standard Classification</b>	3	-	<b>1 558 134</b>	<b>1 693 155</b>	<b>86 333</b>	<b>127 150</b>	<b>83 907</b>	<b>43 243</b>	<b>52%</b>	<b>1 693 155</b>
<b>Funded by:</b>										
National Government			741 969	741 969	37 526	68 141	36 769	31 372	85%	741 969
Provincial Government			106 300	120 405	-	-	5 967	(5 967)	-100%	120 405
District Municipality			-	-	-	-	-	-	-	-
Other transfers and grants			-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		-	<b>848 269</b>	<b>862 374</b>	<b>37 526</b>	<b>68 141</b>	<b>42 736</b>	<b>25 405</b>	<b>59%</b>	<b>862 374</b>
<b>Public contributions &amp; donations</b>	5		-	-	-	-	-	-	-	-
<b>Borrowing</b>	6		69 582	69 582	-	-	3 448	(3 448)	-100%	69 582
<b>Internally generated funds</b>			640 283	761 199	48 807	59 009	37 722	21 286	56%	761 199
<b>Total Capital Funding</b>		-	<b>1 558 134</b>	<b>1 693 155</b>	<b>86 333</b>	<b>127 150</b>	<b>83 907</b>	<b>43 243</b>	<b>52%</b>	<b>1 693 155</b>

## 7.6 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R14.9 billion.

**Table 8: C6: Monthly Budget Statement – Financial Position**

Description	Ref	2015/16	Budget Year 2016/17				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast	
<b>R thousands</b>	1						
<b>ASSETS</b>							
<b>Current assets</b>							
Cash			80 644	80 644	23 515	80 644	
Call investment deposits			2 410 242	2 410 242	2 303 223	2 410 242	
Consumer debtors			820 635	820 635	606 247	820 635	
Other debtors			108 064	108 064	643 454	108 064	
Current portion of long-term receivables			15	15	–	15	
Inventory			106 480	106 480	39 817	106 480	
<b>Total current assets</b>			<b>–</b>	<b>3 526 080</b>	<b>3 526 080</b>	<b>3 616 256</b>	<b>3 526 080</b>
<b>Non current assets</b>							
Long-term receivables			66	66	–	66	
Investments			–	–	–	–	
Investment property			485 540	485 540	342 030	485 540	
Investments in Associate			90 099	90 099	112 292	90 099	
Property, plant and equipment			13 447 560	13 555 576	12 826 922	13 555 576	
Agricultural			–	–	–	–	
Biological assets			–	–	–	–	
Intangible assets			25 080	25 080	85 948	25 080	
Other non-current assets			82 676	82 676	69 018	82 676	
<b>Total non current assets</b>			<b>–</b>	<b>14 131 021</b>	<b>14 239 037</b>	<b>13 436 209</b>	<b>14 239 037</b>
<b>TOTAL ASSETS</b>			<b>–</b>	<b>17 657 101</b>	<b>17 765 117</b>	<b>17 052 466</b>	<b>17 765 117</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Bank overdraft			–	–	–	–	
Borrowing			51 825	51 825	50 709	51 825	
Consumer deposits			59 455	59 455	53 708	59 455	
Trade and other payables			852 917	852 917	911 422	852 917	
Provisions			166 958	166 958	191 830	166 958	
<b>Total current liabilities</b>			<b>–</b>	<b>1 131 155</b>	<b>1 131 155</b>	<b>1 207 669</b>	<b>1 131 155</b>
<b>Non current liabilities</b>							
Borrowing			518 175	518 175	445 768	518 175	
Provisions			659 099	659 099	498 372	659 099	
<b>Total non current liabilities</b>			<b>–</b>	<b>1 177 274</b>	<b>944 139</b>	<b>1 177 274</b>	
<b>TOTAL LIABILITIES</b>			<b>–</b>	<b>2 308 429</b>	<b>2 151 808</b>	<b>2 308 429</b>	
<b>NET ASSETS</b>	2		<b>–</b>	<b>15 348 672</b>	<b>15 456 688</b>	<b>14 900 657</b>	<b>15 456 688</b>
<b>COMMUNITY WEALTH/EQUITY</b>							
Accumulated Surplus/(Deficit)			12 256 811	12 364 827	10 286 716	12 364 827	
Reserves			3 091 861	3 091 861	4 613 941	3 091 861	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2		<b>–</b>	<b>15 348 672</b>	<b>15 456 688</b>	<b>14 900 657</b>	<b>15 456 688</b>

## 7.7 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net decrease of R47.16 million resulting in cash and cash equivalents closing balance of R2.33 billion as at 30 September 2016.

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

Description	Ref	2015/16	Budget Year 2016/17								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
<b>R thousands</b>	1										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates, penalties & collection charges			1 038 701	1 038 701	71 445	302 560	259 675	42 885	17%	1 038 701	
Service charges			2 708 964	2 708 964	247 145	614 206	677 241	(63 035)	-9%	2 708 964	
Other revenue			330 374	330 374	23 623	66 692	82 593	(15 901)	-19%	330 374	
Government - operating			1 319 728	1 319 728	15 838	435 952	329 932	106 020	32%	1 319 728	
Government - capital			848 269	848 269	100	257 550	212 067	45 483	21%	848 269	
Interest			178 495	178 495	18 018	52 692	44 624	8 068	18%	178 495	
Dividends			-	-	-	-	-	-		-	
<b>Payments</b>											
Suppliers and employees			(4 430 013)	(4 430 013)	(393 141)	(1 576 357)	(1 107 503)	468 854	-42%	(4 430 013)	
Finance charges			(57 113)	(57 113)	(4 072)	(12 215)	(14 278)	(2 063)	14%	(57 113)	
Transfers and Grants			(288 468)	(288 468)	(41 524)	(49 853)	(72 117)	(22 264)	31%	(288 468)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>			-	1 648 938	1 648 938	(62 567)	91 227	412 234	321 008	78%	1 648 938
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE			-	-	-	-	-	-		-	
Decrease (Increase) in non-current debtors			-	-	-	-	-	-		-	
Decrease (increase) other non-current receivables			-	-	-	-	-	-		-	
Decrease (increase) in non-current investments			-	-	-	-	-	-		-	
<b>Payments</b>											
Capital assets			(1 558 134)	(1 693 155)	(86 333)	(127 150)	(389 533)	(262 384)	67%	(1 693 155)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>			-	(1 558 134)	(1 693 155)	(86 333)	(127 150)	(389 533)	(262 384)	67%	(1 693 155)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans			-	-	-	-	-	-		-	
Borrowing long term/refinancing			69 582	69 582	-	-	17 395	(17 395)	-100%	69 582	
Increase (decrease) in consumer deposits			-	-	-	-	-	-		-	
<b>Payments</b>											
Repayment of borrowing			(51 825)	(51 825)	(11 239)	(11 239)	(12 956)	(1 718)	13%	(51 825)	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>			-	17 757	17 757	(11 239)	(11 239)	4 439	15 678	353%	17 757
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>			-	108 561	(26 460)	(160 139)	(47 162)	27 140			(26 460)
Cash/cash equivalents at beginning:			2 382 186	2 382 186		2 373 900	2 382 186				2 373 900
Cash/cash equivalents at month/year end:			-	2 490 747	2 355 726		2 326 739	2 409 327			2 347 440

## **PART 2: SUPPORTING** **DOCUMENTATION**

## 8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

### 8.1 Debtors

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

**Table 10: SC3 Monthly Budget Statement Aged Debtors**

Description	NT Code	Budget Year 2016/17									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	50 055	26 782	29 444	35 674	17 172	12 534	85 915	263 325	520 901	414 620		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	99 466	14 535	6 823	5 846	3 652	2 152	10 100	32 690	175 265	54 441		
Receivables from Non-exchange Transactions - Property Rates	1400	68 744	24 898	46 789	14 589	13 976	13 137	86 415	257 872	526 420	385 989		
Receivables from Exchange Transactions - Waste Water Management	1500	22 034	9 110	11 710	4 759	4 300	3 802	24 980	119 201	199 896	157 042		
Receivables from Exchange Transactions - Waste Management	1600	17 650	9 051	12 064	5 748	5 144	4 953	31 454	168 503	254 568	215 803		
Receivables from Exchange Transactions - Property Rental Debtors	1700	80	72	110	63	61	61	427	3 150	4 023	3 761		
Interest on Arrear Debtor Accounts	1810									-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	6 498	4 040	4 940	3 754	2 689	2 390	15 913	117 342	157 565	142 087		
<b>Total By Income Source</b>	<b>2000</b>	<b>264 527</b>	<b>88 488</b>	<b>111 881</b>	<b>70 433</b>	<b>46 993</b>	<b>39 029</b>	<b>255 204</b>	<b>962 085</b>	<b>1 838 638</b>	<b>1 373 743</b>	<b>-</b>	<b>-</b>
<b>2015/16 - totals only</b>		<b>278 029</b>	<b>78 531</b>	<b>48 485</b>	<b>49 354</b>	<b>43 083</b>	<b>43 381</b>	<b>246 634</b>	<b>889 392</b>	<b>1 676 889</b>	<b>1 271 844</b>		
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	13 979	5 862	22 526	16 588	163	212	1 472	4 427	65 228	22 862		
Commercial	2300	135 354	22 570	22 810	14 289	11 617	8 911	56 828	146 820	419 198	238 464		
Households	2400	105 218	53 874	59 536	34 491	30 292	25 469	166 570	634 308	1 109 756	891 129		
Other	2500	9 977	6 182	7 009	5 065	4 922	4 437	30 335	176 530	244 456	221 288		
<b>Total By Customer Group</b>	<b>2600</b>	<b>264 527</b>	<b>88 488</b>	<b>111 881</b>	<b>70 433</b>	<b>46 993</b>	<b>39 029</b>	<b>255 204</b>	<b>962 085</b>	<b>1 838 638</b>	<b>1 373 743</b>	<b>-</b>	<b>-</b>

#### 8.1.1. Additional debtors information

The debtors that are older than 30 days, which includes all charges, amounted to R1.57 billion as at 30 September 2016 which is a decrease of R14.13 million over the amount of R1.59 billion as at 31 August 2016.

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

## **8.2. Additional debtor's information.**

### **8.2.1. Age Analysis per Category**

Table 11 below details debtors age analysis that are older than 30 days by income source as at 30 September 2016. It also provides comparison with the previous month (31 August 2016) which indicates a decrease from R1.59 billion to R1.57 billion.

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

<b>AGEING</b>	<b>RATES</b>	<b>SEWERAGE</b>	<b>ELECTRICITY</b>	<b>WATER</b>	<b>REFUSE</b>	<b>SUNDRY DEBTORS</b>	<b>TOTAL FOR SEPTEMBER 2016</b>	<b>TOTAL FOR AUGUST 2016</b>
<b>30 DAYS</b>	24 898 003	9 109 938	14 535 495	26 782 345	9 050 524	4 111 205	88 487 510	181 589 052
<b>60 DAYS</b>	46 788 916	11 710 224	6 823 170	29 444 280	12 063 857	5 050 247	111 880 694	79 643 837
<b>90 DAYS</b>	14 588 766	4 759 078	5 846 115	35 674 246	5 747 764	3 816 558	70 432 526	50 683 055
<b>120 DAYS TO 360 DAYS</b>	113 528 327	33 081 721	15 904 145	115 620 064	41 551 985	21 539 778	341 226 020	335 562 082
<b>YEAR 2</b>	113 829 983	27 684 305	9 440 223	96 679 042	36 505 648	22 284 494	306 423 695	302 242 738
<b>YEAR 3</b>	44 878 837	24 856 412	6 791 163	48 636 874	32 533 132	25 355 941	183 052 359	172 986 876
<b>YEAR 4</b>	24 010 554	16 797 445	4 628 235	30 268 512	22 897 232	18 530 659	117 132 637	117 005 210
<b>YEAR 5</b>	19 762 259	12 508 703	5 588 596	21 545 864	17 007 470	14 134 240	90 547 132	88 748 328
<b>YEAR 5+</b>	55 390 486	37 354 459	6 242 152	66 195 004	59 559 874	40 186 827	264 928 801	259 806 422
<b>TOTAL</b>	<b>457 676 132</b>	<b>177 862 285</b>	<b>75 799 293</b>	<b>470 846 233</b>	<b>236 917 486</b>	<b>155 009 947</b>	<b>1 574 111 376</b>	<b>1 588 267 600</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 30 September 2016. It also reflects the percentage split per category with domestic consumers having the highest share followed by indigent consumers. Please note that the financial system is not able to produce a collection ratio per service, however the collection ratio is reported on globally.

**Table 12: Age Analysis per Category Type**

<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>	42 613 577	46 796 560	22 043 957	594 045 770	705 499 864	44.82
<b>Indigent</b>	10 911 846	12 548 509	12 333 239	261 843 498	297 637 092	18.91
<b>Business</b>	22 570 077	22 810 054	14 288 576	224 175 667	283 844 374	18.03
<b>Government</b>	5 861 717	22 526 094	16 588 070	6 273 721	51 249 602	3.26
<b>Municipal Staff</b>	348 163	190 950	113 318	749 540	1 401 971	0.09
<b>Other</b>	6 182 131	7 008 527	5 065 367	216 222 449	234 478 474	14.90
<b>Total</b>	<b>88 487 511</b>	<b>111 880 694</b>	<b>70 432 527</b>	<b>1 303 310 645</b>	<b>1 574 111 377</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, giving the impression that current is not being paid, which is not the case as an amount is being deducted for current accounts.



### **8.2.3. Debt Incentive Scheme**

The City approved a Debt Incentive Scheme for a period of two years with effect from 01 October 2016 to 30 September 2016. As at 30 September 2016 a total of 4,249 consumers had registered for the scheme.

As at 30 September 2016 a total registered debt value (120 days+) of consumers who applied for the Debt Incentive Scheme amounted to R64.86 million. An amount of R28.56 million was written off in this period as an equal value was paid. The Debt Incentive Scheme ended on 30 September 2016.

### **8.2.4. Government Accounts**

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 30 September 2016 amounted to R51.25 million. This indicates an decrease of R36.85 million when compared to prior month amount of R88.1 million. The breakdown of the arrears per department (excluding accounts in credit) is indicated in the table hereunder, as at 30 September 2016.

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

**Table 13: Analysis of Government Debtors**

<b>DEPARTMENT</b>	<b>PROPERTY RATES</b>	<b>SERVICES</b>	<b>ARREARS AS AT 30 SEPTEMBER 2016</b>	<b>ARREARS AS AT 31 AUGUST 2016</b>	<b>DIFFERENCE</b>
National Department Of Public Works	2 327 590	63 772	2 391 362	22 588 452	(20 197 090)
Provincial Department Of Public Works	17 748 411	2 914 291	20 662 701	37 823 401	(17 160 700)
Department Of Education	-	1 376 079	1 376 079	2 419 005	(1 042 926)
Department Of Health	-	20 780 819	20 780 819	19 562 504	1 218 315
Department Of Social Development	-	268 951	268 951	18	268 933
Department Of Transport	-	48 329	48 329	956	47 373
Department Of Agriculture	-	21 648	21 648	-	21 648
Department Of Nature Conservation	-	5 397	5 397	-	5 397
Department of Human Settlements	-	45 827	45 827	41 669	4 158
Sport, Recreation, Arts and Culture	-	-	-	3 531	(3 531)
Department of Labour - UIF Services	-	338 481	338 481	360 293	(21 812)
Members Of Provincial Legislature	-	38 852	38 852	50 754	(11 902)
Department of Rural Development and Land Reform	-	478 029	478 029	470 759	7 270
Provincial RDP Houses	-	4 793 127	4 793 127	4 775 715	17 412
<b>TOTAL</b>	<b>20 076 001</b>	<b>31 173 602</b>	<b>51 249 602</b>	<b>88 097 057</b>	<b>(36 847 455)</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, except when there are disputes on invoices received.

**Table 14: SC4 Monthly Budget Statement Aged Creditors**

Description	NT Code	Budget Year 2016/17								Total	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		
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	114 513								114 513	100 995
Bulk Water	0200	19 390								19 390	17 070
PAYE deductions	0300	19 448								19 448	16 472
VAT (output less input)	0400	-								-	-
Pensions / Retirement deductions	0500	19 697								19 697	19 735
Loan repayments	0600	23 454								23 454	23 454
Trade Creditors	0700	296 844								296 844	141 155
Auditor General	0800	1 504								1 504	1 173
Other	0900	18 859								18 859	210 015
<b>Total By Customer Type</b>	<b>1000</b>	<b>513 709</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>513 709</b>	<b>530 068</b>

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

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

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM			-	114 512 632	114 512 632	<b>114 512 632</b>
DEVELOPMENT BANK SOUTHERN AFRICA				23 453 509	23 453 509	<b>23 453 509</b>
AMATOLA WATER			-	19 390 421	19 390 421	<b>19 390 421</b>
MOTHEO / MPUMALANGA JOINT VENTURE				13 970 833	13 970 833	<b>13 970 833</b>
MVEZO PLANT & CMILS CC			-	12 271 085	12 271 085	<b>12 271 085</b>
AGRISA COMMODITIES (PTY) LTD				9 605 526	9 605 526	<b>9 605 526</b>
HAW & INGILS (PTY) LTD				7 810 622	7 810 622	<b>7 810 622</b>
MASIQHAME TRADING 520 CC				7 772 158	7 772 158	<b>7 772 158</b>
SITA (PTY) LTD				7 541 327	7 541 327	<b>7 541 327</b>
MANTELLA TRADING 522 CC				6 855 675	6 855 675	<b>6 855 675</b>
BARLOWORLD EQUIPMENT				6 405 620	6 405 620	<b>6 405 620</b>
MAZIYA GENERAL SERVICES				6 058 861	6 058 861	<b>6 058 861</b>
CZAR CONSTRUCTION				5 402 498	5 402 498	<b>5 402 498</b>
ECPG DEPARTMENT OF TRANSPORT				4 521 507	4 521 507	<b>4 521 507</b>
T V R CONSTRUCTION				4 123 239	4 123 239	<b>4 123 239</b>
DEPT OF TRANSPORT EC PROVINCE				3 303 081	3 303 081	<b>3 303 081</b>
AMANZ ABANTU PROFFESIONAL SERVICES				3 198 857	3 198 857	<b>3 198 857</b>
EYA BANTU PROFFESIONAL SERVICES CC				3 169 719	3 169 719	<b>3 169 719</b>
TSHUVANE SERVICES				3 144 967	3 144 967	<b>3 144 967</b>
ABERDARE CABLES (PTY) LTD				3 122 831	3 122 831	<b>3 122 831</b>
					-	-
<b>TOTAL</b>	-	-	-	<b>265 634 966</b>	<b>265 634 966</b>	<b>265 634 966</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**

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
<b>Municipality</b>									
Rand Merchant Bank X021901943		Call Account	Call Account	Call Account	257	2.0%	48 119	257	48 377
Absa 91 2884 4539		Call Account	Call Account	Call Account	4	0.0%	673	4	676
Standard 422 742		Call Account	Call Account	Call Account	2	0.0%	287	2	288
Absa 91 4102 2241		Call Account	Call Account	Call Account	52	0.4%	9 723	52	9 775
Absa 91 4163 6965		Call Account	Call Account	Call Account	1	0.0%	220	1	222
Absa 91 5484 1280		Call Account	Call Account	Call Account	4	0.0%	798	4	802
Rand Merchant Bank X021904910		Call Account	Call Account	Call Account	49	0.4%	9 216	49	9 265
Standard 76586/442740		Call Account	Call Account	Call Account	12	0.1%	2 283	12	2 295
Absa 92 0562 2137		Call Account	Call Account	Call Account	4	0.0%	821	4	826
Rand Merchant Bank X021904913		Call Account	Call Account	Call Account	81	0.6%	15 136	81	15 217
Stanlib 551 660 303		Call Account	Call Account	Call Account	276	2.2%	43 436	276	43 712
Nedbank 03/7881532939/000041		Call Account	Call Account	Call Account	37	0.3%	6 915	37	6 952
Nedbank 03/7881532939/000056		Call Account	Call Account	Call Account	6	0.0%	1 091	6	1 097
Nedbank 03/7881532939/000058		Call Account	Call Account	Call Account	32	0.2%	5 922	32	5 953
Nedbank 03/7881532939/000103		Call Account	Call Account	Call Account	6	0.0%	1 172	6	1 178
Nedbank 03/7881532939/000064		Call Account	Call Account	Call Account	45	0.4%	8 499	45	8 545
Absa 92 0559 0710		Call Account	Call Account	Call Account	0	0.0%	42	0	42
Nedbank 03/7881532939/000117		Call Account	Call Account	Call Account	22	0.2%	4 033	22	4 055

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
<b>Municipality</b>									
Nedbank 03/7881532939/000108		Call Account	Call Account	Call Account	1	0.0%	174	1	175
Absa 92 2975 5568		Call Account	Call Account	Call Account	0	0.0%	16	0	16
Absa 91 9360 7257		Call Account	Call Account	Call Account	5	0.0%	1 005	5	1 010
Nedbank 03/7881532939/000110		Call Account	Call Account	Call Account	1	0.0%	252	1	253
Rand Merchant Bank RRB1629010		Call Account	Call Account	Call Account	401	3.1%	74 987	401	75 388
Stanlib 551 989 180		Call Account	Call Account	Call Account	241	1.9%	37 912	241	38 153
Absa 92 2590 9850		Call Account	Call Account	Call Account	5	0.0%	990	5	996
Stanlib 551 539 764		Call Account	Call Account	Call Account	12	0.1%	1 816	12	1 827
Rand Merchant Bank RRB0324003		Call Account	Call Account	Call Account	0	0.0%	41	0	41
Stanlib 551 567 496		Call Account	Call Account	Call Account	0	0.0%	1	0	1
Stanlib 551 576 733		Call Account	Call Account	Call Account	1	0.0%	88	1	88
Rand Merchant Bank RRB0B25020		Call Account	Call Account	Call Account	9	0.1%	1 729	9	1 738
Standard 76586/442743		Call Account	Call Account	Call Account	0	0.0%	90	0	91
Rand Merchant Bank RRB1609012		Call Account	Call Account	Call Account	2	0.0%	298	2	299
Stanlib 551 742 405		Call Account	Call Account	Call Account	2	0.0%	337	2	339
Rand Merchant Bank KLN2308011		Call Account	Call Account	Call Account	2	0.0%	321	2	323
Nedbank 03/7881532939/000128		Call Account	Call Account	Call Account	135	1.1%	25 353	135	25 489
Rand Merchant Bank RRB1722008		Call Account	Call Account	Call Account	185	1.4%	34 542	185	34 727
Standard 76586/442745		Call Account	Call Account	Call Account	267	2.1%	50 014	267	50 282
Absa 92 6406 3148		Call Account	Call Account	Call Account	602	4.7%	112 638	602	113 239
Rand Merchant Bank KLN2720020		Call Account	Call Account	Call Account	22	0.2%	4 183	22	4 206
Stanlib 551 868 235		Call Account	Call Account	Call Account	1	0.0%	138	1	138
Absa 92 0559 0891		Call Account	Call Account	Call Account	3	0.0%	523	3	526
Rand Merchant Bank VVW2B13011		Call Account	Call Account	Call Account	1	0.0%	127	1	128
Standard 76586/494573		Call Account	Call Account	Call Account	24	0.2%	4 532	24	4 556

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
<b>Municipality</b>									
Nedbank 03/7881532939/000133		Call Account	Call Account	Call Account	3	0.0%	513	3	515
Nedbank 03/7881532939/000134		Call Account	Call Account	Call Account	70	0.5%	13 081	70	13 151
Stanlib 753 72 270		Call Account	Call Account	Call Account	328	2.6%	51 627	328	51 955
Stanlib 551 353 708		Call Account	Call Account	Call Account	7	0.1%	1 048	7	1 055
Standard 76586/442736		Call Account	Call Account	Call Account	210	1.6%	64 231	(24 790)	39 440
Stanlib 753 72 271		Call Account	Call Account	Call Account	547	4.3%	92 518	(23 453)	69 065
Rand Merchant Bank X021904579		Call Account	Call Account	Call Account	293	2.3%	81 101	(52 707)	28 393
Nedbank 03/7881532939/000101		Call Account	Call Account	Call Account	223	1.7%	66 435	(48 777)	17 658
Absa 92 1120 9757		Call Account	Call Account	Call Account	1 519	11.9%	305 746	(42 481)	263 266
Absa 92 2110 3430		Call Account	Call Account	Call Account	931	7.3%	174 303	931	175 234
Standard 76586/442741		Call Account	Call Account	Call Account	171	1.3%	32 013	171	32 184
Standard 76586/442744		Call Account	Call Account	Call Account	153	1.2%	28 626	153	28 779
Rand Merchant Bank RRB0C07002		Call Account	Call Account	Call Account	276	2.2%	51 747	276	52 023
Nedbank 03/7881532939/000129		Call Account	Call Account	Call Account	247	1.9%	46 151	247	46 397
Nedbank 03/7881532939/000132		Call Account	Call Account	Call Account	2 296	18.0%	429 830	2 296	432 126
Rand Merchant Bank KLN3815041		Call Account	Call Account	Call Account	1 561	12.2%	292 117	1 561	293 678
Standard 76586/470801		Call Account	Call Account	Call Account	1 118	8.7%	209 211	1 118	210 329
Standard 76586/442738		Call Account	Call Account	Call Account	13	0.1%	2 431	13	2 444
<b>Municipality sub-total</b>					<b>12 776</b>		<b>2 453 223</b>	<b>(182 224)</b>	<b>2 270 999</b>
<b>Entities</b>									
<b>Entities sub-total</b>					<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>				<b>12 776</b>		<b>2 453 223</b>	<b>(182 224)</b>	<b>2 270 999</b>

## 11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

Description	Ref	2015/16	Budget Year 2016/17							
		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</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		-	1 177 431	1 177 431	5 956	431 170	441 560	(10 390)	-2.4%	1 177 431
Local Government Equitable Share			678 197	678 197	-	282 582	282 582	-		678 197
Urban Settlement Development Grant			75 445	75 445	5 487	10 081	18 861	(8 780)	-46.5%	75 445
Finance Management			1 200	1 200	43	130	300	(170)	-56.8%	1 200
EPWP Incentive			1 188	1 188	-	845	297	548	184.5%	1 188
Infrastructure Skills Development Grant			8 900	8 900	425	855	2 225	(1 370)	-61.6%	8 900
Water Services Operating Subsidy			-	-	-	-	-	-		-
Department of Public Works			2 470	2 470	-	-	617	(617)	-100.0%	2 470
General Fuel Levy			410 031	410 031	-	136 677	136 677	-		410 031
<b>Provincial Government:</b>		-	138 802	140 081	6 330	16 474	35 020	(18 546)	-53.0%	140 081
DSRAC - Library Subsidy			15 000	15 000	-	-	3 750	(3 750)	-100.0%	15 000
Independent Electoral Commission			-	262	-	-	65	(65)	-100.0%	262
Human Settlement Development Grant			123 802	124 819	6 330	16 474	31 205	(14 731)	-47.2%	124 819
<b>District Municipality:</b>		-	-	-	-	-	-	-		-
Health Subsidy - Environmental Health			-	-	-	-	-	-		-
<b>Other grant providers:</b>		-	3 496	586	-	594	146	447	305.4%	586
SETA - Skills Development			-	-	-	594	-	594		-
Transnet			3 000	-	-	-	-	-		-
City of Oldenburg			496	496	-	-	124	(124)	-100.0%	496
Glasgow			-	90	-	-	22	(22)	-100.0%	90
<b>Total operating expenditure of Transfers and Grants:</b>		-	1 319 728	1 318 097	12 286	448 238	476 726	(28 489)	-6.0%	1 318 097
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		-	741 969	741 969	37 526	68 141	185 492	(117 351)	-63.3%	741 969
Urban Settlement Development Grant			656 054	656 054	37 557	68 123	164 014	(95 890)	-58.5%	656 054
Infrastructure Skills Development Grant			100	100	-	-	25	(25)	-100.0%	100
Public Transport Network Grant			35 289	35 289	-	-	8 822	(8 822)	-100.0%	35 289
Neighbourhood Development Partnership			19 346	19 346	-	-	4 837	(4 837)	-100.0%	19 346
Integrated National Electrification Programme			25 000	25 000	18	18	6 250	(6 232)	-99.7%	25 000
Finance Management			100	100	(49)	-	25	(25)	-100.0%	100
Integrated City Development Grant			6 080	6 080	-	-	1 520	(1 520)	-100.0%	6 080
<b>Provincial Government:</b>		-	106 300	119 947	-	-	29 987	(29 987)	-100.0%	119 947
Human Settlement Development Grant			106 300	106 300	-	-	26 575	(26 575)	-100.0%	106 300
Dept Sport, Recreation, Arts and Culture (DSRAC)			-	4 411	-	-	1 103	(1 103)	-100.0%	4 411
Dept of Local Government and Traditional Affairs			-	9 036	-	-	2 259	(2 259)	-100.0%	9 036
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)			-	199	-	-	50	(50)	-100.0%	199
<b>District Municipality:</b>		-	-	-	-	-	-	-		-
Health Subsidy - Environmental Health			-	-	-	-	-	-		-
<b>Other grant providers:</b>		-	-	458	-	-	115	(115)	-100.0%	458
Gavle			-	458	-	-	115	(115)	-100.0%	458
<b>Total capital expenditure of Transfers and Grants</b>		-	848 269	862 374	37 526	68 141	215 593	(147 452)	-68.4%	862 374
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		-	2 167 997	2 180 471	49 812	516 379	692 320	(175 941)	-25.4%	2 180 471



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

The total expenditure inclusive of reclaimed vat on conditional grants budget as at 30 September 2016 amounts to R89.42 million which is 11% of the approved budget of R828.70 million. It is anticipated that the expenditure will improve as the year progresses and once the procurement processes have been undertaken.

Table 18 below reflects the year to date expenditure on 2016/17 total conditional grants.

**Table 18: Spending per Conditional Grant Funding Allocation**

<b>Funding</b>	<b>2016/2017 Rollover Adjustment Budget</b>	<b>YTD Expenditure (incl. VAT)</b>	<b>Variance (incl. VAT)</b>	<b>% Expenditure (incl. VAT)</b>
Integrated National Electrification Programme Grant	25 000 000	20 558	24 979 442	0%
Finance Management Grant	1 300 000	129 744	1 170 256	10%
Infrastructure Skills Development Grant	9 000 000	893 572	8 106 428	10%
Neighbourhood Development Partnership Grant	19 346 000	0	19 346 000	0%
Urban Settlement Development Grant	731 499 000	87 527 058	643 971 942	12%
Integrated City Development Grant	6 080 000	0	6 080 000	0%
Expanded Public Works Programme Grant	1 188 000	844 966	343 034	71%
Public Transport Infrastructure and Systems Grant	35 289 000	0	35 289 000	0%
<b>TOTAL CONDITIONAL GRANTS</b>	<b>828 702 000</b>	<b>89 415 898</b>	<b>739 286 102</b>	<b>11%</b>

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

#### 11.1.1. INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

The following contracts are currently within the specification process:

<b>AREA</b>	<b>CONNECTIONS</b>
Buffer Strip Mdantsane Households	550
Chicken Farm Households	475
Fynbos/Scenery Park Households:	550
Infills Households	50

### **11.1.2. FINANCE MANAGEMENT GRANT**

Spending is progressive as current interns have been remunerated accordingly. Three more interns are to be appointed upon completion of the recruitment process which is presumably 01 November 2016.

The budget will also be utilised for the payment of the Municipal Finance Management Programme (MFMP) and also for the planned IMFO training for the newly appointed and the current interns. Furthermore, the procurement process has started in order to obtain laptops for the interns that will be starting as soon as the recruitment process is completed.

### **11.1.3. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)**

The funding is only being used to pay the interns stipends as well as mentor salaries. Only eleven (11) interns are currently in the program together with 2 external mentors. An in-take of 16 additional interns during October 2016 is underway. The position for 4 additional mentors will also be advertised during the month of October 2016. An Informal Tender for Behavioral Assessment will also be advertised in October 2016. The procurement process has started in order to obtain laptops for the interns that will be starting as soon as the recruitment process is completed.

### **11.1.4. INTERGRATED CITY DEVELOPMENT GRANT (ICDG)**

The project is at planning stage. Project data and scope of works are being finalised.

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

#### **HUMAN SETTLEMENTS**

The programme is on track and 30% of the allocated funds to the directorate have been spent, however, the legal dispute at Reeston 3 stage 2 continues to reflect a negative image on the overall expenditure.

## **INFRASTRUCTURE SERVICES**

### **Sanitation**

Some projects (Treatment Works projects) delayed due to litigation processes. Rural sanitation projects delayed due to lengthy procurement processes, assessment of bids took longer than it was anticipated due to their complexity.

Litigation process has been finalised for one waste water treatment works project and has been awarded as per the court order. Some of the rural sanitation projects have reached final completion and some have reached practical completion.

### **Electricity**

Street Lighting and Highmasts within BCMM Areas of Supply: Highmast Lighting Specification at tender stage - project for new street lighting in Bonza Bay in progress (materials have been purchased).

Electrification of informal dwelling areas: Contractors have been appointed for Fynbos and Dacawa Electrification.

## **DEVELOPMENT & SPATIAL PLANNING**

### **KwaTshathsu Pedestrian Bridge**

Consultants were appointed in July 2014 and the feasibility study, preliminary/ concept designs and Detailed Design Report has been approved. An Environmental Authorisation was issued in July 2015 and the Water Use Licence Application (WULA) has been approved by the Department of Water & Sanitation and confirmation has been received. The construction tender document has been submitted to Bid Specifications Committee (BSC) via SCM on the 1st October 2015. Construction tender was advertised on the 26th January 2016 and closed on the 9th February 2016. Tender was approved by Bid Evaluation Committee (BEC) on 2nd June 2016 and is currently at Bid Adjudication Committee (BAC).

The land requirements are currently being dealt with by the Land Administration Division, who are in the process of addressing the land issues which are required for construction purposes. Valuations have been obtained and the Land Administration Department is in the process of dealing with the land owner.

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

Consultants were appointed in December 2013. The preliminary design, Detailed Design and construction tender document has been completed. The Environmental application process has been completed and Environmental Impact Assessment (EIA) Record of Decision was awarded on the 3rd February 2016 and the Water Use Authorisation was completed on the 13th November 2015.

The Land Administration Department is currently dealing with the land issues regarding ownership and transfer to Council for the roadway. The mining permit has been applied for in 2015 and approval is still outstanding from the Department of Mineral Resources. The construction tender was advertised on 26 January 2016 and closed on the 26th February 2016. The tender is currently at the Bid Evaluation Committee.

### **Traffic calming measures**

Construction of speed humps has been completed in Airport Township, Mdantsane NU 2, NU 3, NU 11, Dunoon Road and Zwelitsha Zone 2.

### **Sidewalks**

The deviation has lapsed therefore there was no contract to implement works. The contract is now being evaluated at Bid Evaluation Committee (BEC) and award is expected in October 2016.

## **ECONOMIC DEVELOPMENT AND AGENCIES**

The Directorate of Economic Development and Agencies has an approved allocation of R10 million from the USDG in the 2016/17 financial year which will be utilised on the following:

- Concrete reinforcement under electric fencing and supporting barbed wire fencing to be completed in October 2016.
- Solar power panels for energy efficiency, specifications are being consolidated.
- LED lights to fitted for energy saving.
- Floor epoxy resin system specifications are being prepared from the factory for hygiene sales floor standards.

- Work order given to cold room consultants on 22 September 2016 and technical drawings completed and signed off on 29 September 2016.
- Specifications for four new cold rooms to be submitted to the Specifications Committee.

### **HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES**

A report for the Construction of King Williams Town (KWT) Traffic Centre has been approved by the Bid Evaluation Committee and is to be submitted to the next Bid Adjudication Committee meeting to be held in October 2016.

### **MUNICIPAL SERVICES**

Specification for Construction of Cell 3, 4 and ancillary works was presented to the specifications committee on 29 July 2016. Tender was advertised on 13 September 2016 and closing on 14 October 2016. The department is also finalizing the specification and designs of Transfer Stations and expenditure is subjected to the award of the contract that is currently at advertisement stage.

#### **11.1.6. PUBLIC TRANSPORT INFRASTRUCTURE AND SYSTEMS GRANT**

##### **Transport register**

Tender was advertised on 01 March 2016 and awarded on 16 September 2016. The Service Providers have commenced with the project and will submit invoices as progress is made.

##### **Operational plan review of integrated rapid public transport network**

The tender for the review of the Operational Plan was advertised on 01 July 2016 and closed on 02 August 2016. The tender is currently at Bid Evaluation Committee (BEC).

##### **Qumza Highway**

The tender for the Construction of Qumza was advertised on 19 September 2016 and closes on 21 October 2016.

### **Development and Upgrading of Public Transport Facilities in KWT**

The tender was recommended by the Bid Adjudication Committee (BAC) on 30 September 2016. Construction will start in October 2016 and expenditure will improve.

#### **11.1.7. EXPANDED PUBLIC WORKS PROGRAMME INCENTIVES GRANT**

The municipality has an allocation of R 1.19 million for the 2016/17 financial year from the National Department of Public Works, as per the approved payment schedule by National treasury. A Business Plan has been approved for the following projects: Operations and Maintenance of Public Ablution Facilities (R 297 000); Maintenance of Eco Parks (R 594 000) & Maintenance of Roads within BCMM clusters (R 297 000). These projects are ongoing, therefore funds are committed and 71% has been spent.

## 12. COUNCILLOR AND EMPLOYEE BENEFITS

### 12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and Councilors remuneration.

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

Summary of Employee and Councillor remuneration	Ref	Budget Year 2016/17								
		2015/16 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages			33 999	33 999	2 622	7 628	8 500	(872)	-10%	33 999
Pension and UIF Contributions			3 495	3 495	249	677	874	(197)	-22%	3 495
Medical Aid Contributions			1 987	1 987	100	402	497	(94)	-19%	1 987
Motor Vehicle Allowance			13 412	13 412	1 046	3 053	3 353	(300)	-9%	13 412
Cellphone Allowance			2 279	2 279	177	518	570	(52)	-9%	2 279
Housing Allowances			2 927	2 927	293	872	732	140	19%	2 927
Other benefits and allowances			–	–	–	–	–	–	–	–
<b>Sub Total - Councillors</b>		–	<b>58 099</b>	<b>58 099</b>	<b>4 487</b>	<b>13 150</b>	<b>14 525</b>	<b>(1 375)</b>	<b>-9%</b>	<b>58 099</b>
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages			12 192	12 192	423	1 342	3 093	(1 752)	-57%	12 192
Pension and UIF Contributions			2 216	2 216	82	261	562	(301)	-54%	2 216
Medical Aid Contributions			262	262	10	32	66	(35)	-53%	262
Overtime			–	–	–	–	–	–	–	–
Performance Bonus			–	–	–	–	–	–	–	–
Motor Vehicle Allowance			2 630	2 630	97	299	667	(368)	-55%	2 630
Cellphone Allowance			414	414	16	47	105	(58)	-55%	414
Housing Allowances			–	–	–	–	–	–	–	–
Other benefits and allowances			2 202	2 202	134	386	559	(173)	-31%	2 202
Payments in lieu of leave			–	–	–	–	–	–	–	–
Long service awards			–	–	–	–	–	–	–	–
Post-retirement benefit obligations			–	–	–	–	–	–	–	–
<b>Sub Total - Senior Managers of Municipality</b>	2	–	<b>19 916</b>	<b>19 916</b>	<b>761</b>	<b>2 367</b>	<b>5 053</b>	<b>(2 686)</b>	<b>-53%</b>	<b>19 916</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages			913 258	913 258	71 268	210 358	231 716	(21 357)	-9%	913 258
Pension and UIF Contributions			174 823	174 823	14 945	44 698	44 357	341	1%	174 823
Medical Aid Contributions			81 759	81 759	5 752	17 119	20 744	(3 625)	-17%	81 759
Overtime			72 218	72 218	16 796	36 031	18 324	17 707	97%	72 218
Performance Bonus			–	–	–	–	–	–	–	–
Motor Vehicle Allowance			30 051	30 051	1 978	5 820	7 625	(1 805)	-24%	30 051
Cellphone Allowance			3 884	3 884	327	988	985	3	0%	3 884
Housing Allowances			14 767	14 767	802	2 493	3 747	(1 254)	-33%	14 767
Other benefits and allowances			179 077	179 077	17 892	43 115	45 436	(2 321)	-5%	179 077
Payments in lieu of leave			16 209	16 209	(108)	1 340	4 113	(2 773)	-67%	16 209
Long service awards			18 925	18 925	1 956	5 291	4 802	489	10%	18 925
Post-retirement benefit obligations			6 181	6 181	6	18	1 568	(1 550)	-99%	6 181
<b>Sub Total - Other Municipal Staff</b>	2	–	<b>1 511 153</b>	<b>1 511 153</b>	<b>131 613</b>	<b>367 272</b>	<b>383 416</b>	<b>(16 145)</b>	<b>-4%</b>	<b>1 511 153</b>
<b>Total Parent Municipality</b>		–	<b>1 589 167</b>	<b>1 589 167</b>	<b>136 860</b>	<b>382 789</b>	<b>402 994</b>	<b>(20 206)</b>	<b>-5%</b>	<b>1 589 167</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<b>Board Members of Entities</b>										
Basic Salaries and Wages			103	103	–	–	–	–	–	103
<b>Sub Total - Board Members of Entities</b>	2	–	<b>103</b>	<b>103</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>103</b>
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages			5 580	5 580	–	–	–	–	–	5 580
Pension and UIF Contributions			198	198	–	–	–	–	–	198
Medical Aid Contributions			98	98	–	–	–	–	–	98
Performance Bonus			135	135	–	–	–	–	–	135
Motor Vehicle Allowance			333	333	–	–	–	–	–	333
Cellphone Allowance			74	74	–	–	–	–	–	74
Housing Allowances			27	27	–	–	–	–	–	27
Other benefits and allowances			111	111	–	–	–	–	–	111
<b>Sub Total - Senior Managers of Entities</b>		–	<b>6 557</b>	<b>6 557</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6 557</b>
<b>Other Staff of Entities</b>										
Basic Salaries and Wages			6 322	6 322	–	–	–	–	–	6 322
Pension and UIF Contributions			37	37	–	–	–	–	–	37
Medical Aid Contributions			98	98	–	–	–	–	–	98
Overtime			–	–	–	–	–	–	–	–
Performance Bonus			22	22	–	–	–	–	–	22
Motor Vehicle Allowance			–	–	–	–	–	–	–	–
Cellphone Allowance			91	91	–	–	–	–	–	91
Housing Allowances			18	18	–	–	–	–	–	18
Other benefits and allowances			20	20	–	–	–	–	–	20
<b>Sub Total - Other Staff of Entities</b>		–	<b>6 608</b>	<b>6 608</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6 608</b>
<b>Total Municipal Entities</b>		–	<b>13 269</b>	<b>13 269</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>13 269</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		–	<b>1 602 436</b>	<b>1 602 436</b>	<b>136 860</b>	<b>382 789</b>	<b>402 994</b>	<b>(20 206)</b>	<b>-5%</b>	<b>1 602 436</b>
<b>TOTAL MANAGERS AND STAFF</b>		–	<b>1 544 233</b>	<b>1 544 233</b>	<b>132 374</b>	<b>369 639</b>	<b>388 469</b>	<b>(18 831)</b>	<b>-5%</b>	<b>1 544 233</b>

## 12.2. Overtime Analysis

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

**Table 20: Overtime per Directorate**

Directorate	2016/2017 Annual Budget R	2016/2017 YTD Budget R	2016/2017 YTD Expenditure R	2016/2017 Variance R	2016/2017 % of YTD Budget %
Directorate Of Executive Support Services	1 638 161	409 540	1 036 241	(302 052)	211%
Directorate Of The City Manager	310 477	77 619	89 648	(1 840)	104%
Directorate Of Corporate Services	597 129	149 282	199 841	(17 945)	118%
Directorate Of Development & Spatial Planning	623 454	155 864	94 232	38 813	63%
Directorate Of Economic Development & Agencies	468 800	117 200	48 181	50 304	36%
Directorate Of Finance	1 358 753	339 688	848 294	(219 262)	197%
Directorate Of Health / Public Safety & Emergency Services	29 709 079	7 427 270	13 594 529	(527 748)	111%
Directorate Of Human Settlement	101 931	25 483	0	16 989	0%
Directorate Of Infrastructure Services	17 131 302	4 282 826	8 782 091	(2 573 680)	190%
<i>Electricity</i>	7 741 181	1 935 295	2 735 566	(264 381)	120%
<i>Water</i>	3 352 141	838 035	3 424 367	(1 607 860)	388%
<i>Sanitation</i>	4 954 818	1 238 705	2 446 663	(754 903)	191%
<i>Other</i>	1 083 162	270 791	127 063	53 464	70%
Directorate Of Municipal Services	20 279 324	5 069 831	11 337 917	(3 661 681)	208%
<b>Total</b>	<b>72 218 410</b>	<b>18 054 603</b>	<b>36 030 974</b>	<b>(7 198 102)</b>	<b>160%</b>



**Table 21: Overtime Per Cost Centre: July 2016 – September 2016**

**OVERTIME PER COST CENTRE**

		July 2016 Amount	August 2016 Amount	September 2016 Amount
	<b>Directorate - Executive Support Services</b>			
105 005	Office of The Director of Executive Support	262 626.99	101 285.76	470 960.58
105 020	Public Participation & Ward Committees	5 727.62	9 623.62	6 344.26
105 025	Strategic Support	1 252.68	-	1 968.50
105 030	Special Programmes	12 436.59	-	2 305.43
110 005	IDP	2 279.15	-	1 700.03
120 010	Public Relations & International Events	10 810.30	-	4 620.40
		<b>295 133.33</b>	<b>110 909.38</b>	<b>487 899.20</b>
	<b>Directorate - Municipal Manager</b>			
205 005	Office of The Municipal Manager & Support Services	22 905.41	10 793.36	31 979.65
215 005	Internal Audit	16 548.29	-	-
		<b>39 453.70</b>	<b>10 793.36</b>	<b>31 979.65</b>
	<b>Directorate - Chief Financial Officer</b>			
305 010	Support Services Office	-	3 086.91	3 781.05
315 005	Budget Office	17 874.49	-	15 279.56
320 010	Supply Chain Management	104 340.78	824.59	18 214.10
320 015	Expenditure Office	25 185.58	47 839.53	2 343.18
320 020	Salary Office	-	19 629.07	-
330 005	Rates & Valuations Office	-	1 231.23	3 150.51
330 010	Consolidated Billing & Miscellaneous Revenue Office	75 701.69	54 106.88	451.40
330 015	Debtors Management Office	113 022.51	129 021.51	159 849.63
330 020	Customer Care Office	9 071.44	7 139.71	44 920.67
330 025	Pre-Payment Vending Office	4 744.35	2 052.57	4 525.75
		<b>349 940.84</b>	<b>264 932.00</b>	<b>252 515.85</b>
	<b>Directorate - Corporate Services</b>			
415 005	Administrative & Council Support	4 302.89	5 211.80	7 601.85
415 010	Auxilliary & Telecommunication Services	24 289.36	30 164.99	32 438.27
415 025	Management Information Services	7 161.86	-	5 305.93
420 005	H.R. Administration	-	20 076.31	31 057.62
420 010	Occupational Risk Management	10 031.42	8 851.26	-
420 015	Labour Relations	1 866.39	-	-
420 020	Organisational Development	-	-	1 311.07
425 005	Research Policy & Knowledge Management Unit	8 931.81	3 657.47	-
		<b>56 583.73</b>	<b>67 961.83</b>	<b>77 714.74</b>
	<b>Directorate - Infrastructure Services</b>			
505 010	City Engineering Building	2 099.69	2 449.64	2 332.98
515 006	Night Soil Removal - Coastal	73 934.03	58 993.83	43 735.89

		July 2016 Amount	August 2016 Amount	September 2016 Amount
515 007	Night Soil Removal - Central	2 675.97	2 106.11	1 734.43
515 010	Sewerage Admin	-	7 165.59	3 582.81
515 026	Sewerage Treatment - Coastal	77 105.19	68 569.69	82 311.83
515 027	Sewerage Treatment - Central	44 126.58	37 541.50	90 916.95
515 028	Sewerage Treatment - Inland	104 838.36	94 301.56	95 008.18
515 031	Sewerage Reticulation - Coastal	214 076.26	221 765.65	219 223.84
515 032	Sewerage Reticulation - Central	113 379.00	109 299.69	131 732.42
515 033	Sewerage Reticulation - Inland	111 031.65	125 591.77	130 327.56
520 005	Water Administration	26 837.93	620.19	-
520 011	Maden Dam	15 534.71	12 557.11	14 046.79
520 012	Bridle Drift Dam	-	3 705.19	3 487.24
520 015	Bulk Pumping Stations	29 126.24	17 131.23	28 545.78
520 021	Umzonyana Water Treatment Works	76 609.86	49 498.46	87 345.57
520 023	KWT Water Treatment Works	114 924.21	62 333.33	133 527.75
520 024	Mdantsane Bulk Pumping	62 599.47	33 966.45	49 194.24
520 025	Water Ops & Maint. - Inland	196 816.98	126 076.11	223 294.88
520 026	Water Ops & Maint. - Midland	266 876.58	180 568.01	230 248.72
520 030	Water Ops & Maint. - Coastal	424 270.36	355 006.90	439 617.84
525 010	Roads Administration	535.47	2 498.67	-
525 025	Roads & Stormwater Drainage	22 816.20	4 771.32	18 389.29
525 035	Project Management & Implementation Branch	-	5 613.43	-
530 005	Mechanical Workshop - Westbank	10 224.66	12 788.72	5 598.70
530 015	Mechanical Workshop - Braelyn	29 264.10	20 791.43	20 198.26
535 005	Electricity Administration	1 975.61	2 372.35	2 035.16
535 010	Electricity Distribution Supervisory Staff	727 735.17	612 365.53	1 076 931.39
535 025	Electricity Planning & Design	594.66	669.00	594.66
535 040	Revenue Protection	88 693.79	76 660.56	78 518.94
		<b>2 838 702.73</b>	<b>2 307 779.02</b>	<b>3 212 482.10</b>
	<b>Directorate - Development Planning</b>			
615 095	Building Maintenance - Coastal / Central	9 892.22	-	-
620 015	Traffic Signal Maintenance	12 475.94	11 844.48	13 637.16
625 005	Buffalo City Bus Services	10 175.25	17 980.66	13 928.14
635 010	Market	9 116.22	13 967.97	18 311.26
		<b>41 659.63</b>	<b>43 793.11</b>	<b>45 876.56</b>
	<b>Directorate - Health &amp; Public Safety</b>			
710 030	Environmental Health	10 393.92	1 897.78	-
710 040	Pollution Control	1 542.65	-	1 928.31
725 010	Fire & Rescue Services	392 149.08	410 554.37	488 016.76
725 015	Law Enforcement Services	1 797 214.07	987 886.34	1 849 953.81
725 020	Traffic Administration	102 872.93	93 787.44	117 100.31
725 025	Traffic Control	273 313.68	242 667.61	245 096.67

		July 2016 Amount	August 2016 Amount	September 2016 Amount
725 035	Vehicle Test Station / Examination	14 625.39	3 349.62	8 274.82
725 036	Vehicle Registration	14 472.98	9 507.01	7 089.29
725 040	Drivers License Testing	2 763.60	4 477.57	2 096.85
725 045	Traffic Technical Services	33 563.52	4 758.38	26 177.65
725 050	Parking Areas / Meters	49 703.60	25 623.71	24 835.92
725 055	Disaster Management	6 057.73	8 123.27	5 675.86
		<b>2 698 673.15</b>	<b>1 792 633.10</b>	<b>2 776 246.25</b>
	<b>Directorate - Municipal Services</b>			
750 005	Office of The Director of Community Services	-	3 051.34	3 187.55
750 010	Cleansing Administration Support	2 576.86	2 775.08	3 171.52
755 005	Environmental Administration Support	-	-	1 953.39
755 010	Environmental Services	534 035.12	552 871.74	848 112.71
755 015	Environmental Conservation	148 885.64	188 827.67	178 915.99
755 025	Interments	263 420.37	267 112.90	286 669.78
760 005	Arts & Cultural Services Admin	35 659.87	20 921.85	21 782.93
760 010	Libraries	15 142.38	11 607.29	4 821.52
760 025	Halls	170 685.11	187 456.69	228 566.41
765 005	Amenities Administration Support	23 096.12	35 122.45	11 640.14
765 010	Sportsfields	151 964.10	165 326.45	191 487.20
765 015	Swimming Pools	66 747.06	73 307.86	11 780.20
765 020	Aquarium	53 109.46	26 138.57	81 917.87
765 025	Zoo	61 754.06	69 252.02	70 662.10
765 030	Beaches	194 589.93	204 943.78	247 669.81
765 035	Resorts	69 911.71	73 409.87	73 136.21
770 005	Cleansing Administration Support	40 104.61	25 449.21	12 024.41
770 010	Refuse Removal	729 205.98	668 524.75	898 949.16
770 015	Waste Disposal Sites	35 935.14	33 493.24	38 090.20
770 020	Street Sweeping	506 894.12	557 531.99	642 194.57
770 025	Public Conveniences	81 954.45	123 052.53	132 874.47
770 030	E.L Regional Waste Disposal Site & Transfer Station	78 223.81	77 699.49	75 575.40
		<b>3 263 895.90</b>	<b>3 367 876.77</b>	<b>4 065 183.54</b>
	<b>TOTAL OVERTIME</b>	<b>9 584 043.01</b>	<b>7 966 678.57</b>	<b>10 949 897.89</b>

### 12.2.1. Comments On Overtime

#### a) Directorate of Executive Support Services

The over expenditure is due to the Mayoral Bodyguards having to work extended overtime and night shifts. The funding is also used by Public Participation staff when they do loudhailing in particular the night time shift between 6pm - 8pm; attending ward committee meetings after hours and attending public participation

events or programmes around BCMM.

**b) City Managers Office**

The over expenditure on overtime is due to the year end procedures that were undertaken by the Internal Audit unit.

**c) Directorate of Corporate Services**

The over expenditure on overtime is as a result of council meetings which necessitates the drivers to deliver council agendas. The payroll section also had to work overtime in the month of September 2016 in order to finalise the payroll for the month.

**d) Directorate of Finance**

The over expenditure is due to the preparations of year end activities by Finance officials in order to meet the deadlines for the Annual Financial Statements submission to the Auditor General (AGSA). Emergency overtime also had to be performed by the payroll and benefits section in order to complete back pay calculations.

**e) Directorate of Infrastructure Services**

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

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

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

**f) Directorate of Health / Public Safety & Emergency Services**

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

road accidents, unrest situations, protest marches, shortage of staff and disasters. Operational staff duties performed over the weekends include Drunk and driving campaigns, events, roadblocks etc. in order to comply with the National Rollout Enforcement Plan (NREP).

**g) Directorate of Municipal Services**

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

The Department of Solid Waste Management is experiencing a shortage of trucks due to mechanical problems and a 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.

**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 30 September 2016. There was a decrease in the total payment between July 2016 and August 2016 of R86 953 and an increase in the total payment between August 2016 and September 2016 of R123 574.

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

	<b>JULY 2016</b>	<b>AUGUST 2016</b>	<b>SEPTEMBER 2016</b>
Directorate of Executive Support Services	8 381	7 371	7 693
Directorate of the City Manager	1 620	1 718	1 754
Directorate of Finance	16 564	18 908	18 585
Directorate of Corporate Services	20 593	1 180	24 575
Directorate of Infrastructure Services	565 075	545 687	593 348
Directorate of Development and Spatial Planning	13 991	13 391	14 707
Directorate of Health / Public Safety & Emergency Services	657 880	591 505	615 207
Directorate of Municipal Services	227 908	245 299	272 765
<b>TOTAL</b>	<b>1 512 014</b>	<b>1 425 060</b>	<b>1 548 635</b>

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

The total payment of Temporary Staff for the past three months ended 30 September 2016 is reflected below. There was a decrease in the total payment between July 2016 and August 2016 of R450 660 and an increase in the total payment between August 2016 and September 2016 of R109 415.

**Table 23: Temporary Staff per Directorate**

	<b>JULY 2016</b>	<b>AUGUST 2016</b>	<b>SEPTEMBER 2016</b>
Directorate of Executive Support Services	1 049 667	314 227	630 745
Directorate of the City Manager	250 791	214 524	217 436
Directorate of Human Settlements	227 897	225 000	200 340
Directorate of Finance	341 083	332 635	373 276
Directorate of Corporate Services	658 588	930 219	677 089
Directorate of Infrastructure Services	114 545	108 443	169 878
Directorate of Development and Spatial Planning	47 479	47 132	48 267
Directorate of Health / Public Safety & Emergency Services	635 678	29 396	23 280
Directorate of Municipal Services	1 155 851	1 829 342	1 800 022
<b>TOTAL</b>	<b>4 481 579</b>	<b>4 030 918</b>	<b>4 140 333</b>

#### **12.5. Councillors Costs**

The table below shows the budget and expenditure to date for councillors costs. The year to date budget of R14 524 700 less the year to date expenditure of R13 150 026 leaves a variance of R1 374 674.

**Table 24: Councillors Costs**

Councillors Allowances and Benefits	2016/2017	2016/2017	2016/2017	2016/2017	2016/2017
	Annual Budget	YTD Budget	YTD Expenditure	Variance	YTD Expenditure %
	R	R	R	R	%
Mayoral Allowance	790 172	197 543	172 552	24 991	87%
Deputy Mayoral Allowance	638 158	159 540	143 598	15 942	90%
Mayoral Committee Allowance	6 599 489	1 649 872	1 311 475	338 397	79%
Speakers Allowance	638 158	159 540	146 723	12 817	92%
Out of Pocket Expenses	1 208 400	302 100	67 418	234 682	22%
Councillors Allowance	24 124 437	6 031 109	5 769 251	261 858	96%
Cllr Cell Phone Allowance	2 278 635	569 659	518 132	51 527	91%
Cllr Housing Subsidy	2 927 329	731 832	871 664	-139 832	119%
Cllr Medical Aid	1 986 812	496 702	402 289	94 413	81%
Cllr Pension Scheme	3 495 042	873 761	677 240	196 521	78%
Cllr Travel Allowance	13 412 169	3 353 042	3 069 684	283 358	92%
<b>TOTAL</b>	<b>58 098 801</b>	<b>14 524 700</b>	<b>13 150 026</b>	<b>1 374 674</b>	<b>91%</b>

**13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE**

The entity has started operating on its own with minimal need for daily support from the parent municipality. The Buffalo City Metropolitan Development Agency has a budget of R18.38 million and has spent R2.85 million (15%) as at 30 September 2016.

A detailed analysis of the entity's financial performance for the month ended 30 September 2016 is outlined in Annexure F.

**14. CAPITAL PROGRAMME PERFORMANCE**

BCMM has spent R135.78 million inclusive of reclaimed vat (2015/16: R106.82 million) which is 8% (2015/16: 8%) of its 2016/17 adjusted capital budget of R1.69 billion (2015/16: R1.38 billion) as at 30 September 2016. This depicts a slight improvement in rand value terms when compared to the same period in the previous financial year. Refer to Annexure A – C5 for the breakdown per municipal vote, standard classification & funding; Annexure B – SC12 for monthly expenditure trends; SC13a for breakdown of asset classification for new assets and SC13b for breakdown on asset classification on renewal of existing asset).

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

Table 25 below reflects capital expenditure performance per source of funding.

**Table 25: Capital Expenditure per Funding Source against Budget**

<b>Funding</b>	<b><u>2016/2017 Rollover Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl. VAT)</u></b>	<b><u>Variance (incl. VAT)</u></b>	<b><u>% Expenditure (incl. VAT) Rollover budget</u></b>
Own Funds	761 199 310	59 008 525	702 190 785	8%
LOAN	69 581 825	0	69 581 825	0%
<b>Total Own Funding</b>	<b>830 781 135</b>	<b>59 008 525</b>	<b>771 772 610</b>	<b>7%</b>
DoE(Integrated National Electrification Programme)	25 000 000	20 558	24 979 442	0%
DEDEAT	199 168	0	199 168	0%
DSRAC	4 411 277	0	4 411 277	0%
Finance Management Grant	100 000	0	100 000	0%
Galve	458 000	0	458 000	0%
Infrastructure Skills Development Grant	100 000	0	100 000	0%
Integrated City Development Grant	6 080 000	0	6 080 000	0%
Local Government & Traditional Affairs	9 036 112	0	9 036 112	0%
Neighbourhood Development Partnership Grant	19 346 000	0	19 346 000	0%
Urban Settlement Development Grant	656 054 030	76 755 602	579 298 428	12%
Human Settlement Development Grant	106 300 000	0	106 300 000	0%
Public Transport Infrastructure and Systems Grant	35 289 000	0	35 289 000	0%
<b>Total Grants</b>	<b>862 373 588</b>	<b>76 776 160</b>	<b>785 597 427</b>	<b>9%</b>
<b>TOTAL PER FUNDING</b>	<b>1 693 154 722</b>	<b>135 784 686</b>	<b>1 557 370 036</b>	<b>8%</b>



Table 26 below reflects capital expenditure performance per service.

**Table 26: Actual Expenditure per Service against Budget**

<b>Services</b>	<b>2016/2017 Rollover Adjustment Budget</b>	<b>YTD Expenditure (incl. VAT)</b>	<b>Variance (incl. VAT)</b>	<b>% Expenditure (incl. VAT) Rollover budget</b>
Water	87 500 000	24 356 351	63 143 649	28%
Waste Water	420 539 799	32 413 950	388 125 849	8%
Electricity	143 000 000	11 130 472	131 869 528	8%
Roads and Stormwater	261 098 558	13 666 173	247 432 385	5%
Housing	211 477 194	30 191 903	181 285 291	14%
Transport Planning	139 789 000	2 016 327	137 772 673	1%
Local Economic Development	54 734 025	2 475 495	52 258 530	5%
Spatial Planning	96 708 219	2 060 922	94 647 297	2%
Waste Management / Refuse	115 796 195	364 878	115 431 318	0%
Amenities	51 376 990	4 154 571	47 222 419	8%
Public Safety	46 483 912	736 476	45 747 436	2%
Support Services	46 338 808	3 316 925	43 021 883	7%
Other - BCM Fleet	18 312 022	8 900 244	9 411 778	49%
<b>TOTAL</b>	<b>1 693 154 722</b>	<b>135 784 686</b>	<b>1 557 370 036</b>	<b>8%</b>

Table 27 below reflects capital expenditure performance per directorate.

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

<b>Directorate</b>	<b>2016/2017 Rollover Adjustment Budget</b>	<b>YTD Expenditure (incl. VAT)</b>	<b>Variance (incl. VAT)</b>	<b>% Expenditure (incl. VAT) Rollover budget</b>
Executive Support Services	8 007 062	129 304	7 877 758	2%
Directorate of the City Manager	17 521 500	2 882 431	14 639 069	16%
Directorate of Human Settlement	211 477 194	30 191 903	181 285 291	14%
Directorate of Finance	747 535	95 938	651 597	13%
Directorate of Corporate Services	9 033 820	177 308	8 856 512	2%
Directorate of Infrastructure Services	937 030 379	90 474 425	846 555 954	10%
Directorate of Development and Spatial Planning	230 417 219	4 077 249	226 339 970	2%
Directorate of Economic Development and Agencies	54 734 025	2 475 495	52 258 530	5%
Directorate of Health, Public Safety and Emergency Services	46 483 912	736 476	45 747 436	2%
Directorate of Municipal Services	167 702 076	4 544 158	163 157 919	3%
<b>TOTAL DIRECTORATES</b>	<b>1 683 154 722</b>	<b>135 784 686</b>	<b>1 547 370 036</b>	<b>8%</b>
Asset Replacement	10 000 000	0	10 000 000	0%
<b>GRAND - TOTAL</b>	<b>1 693 154 722</b>	<b>135 784 686</b>	<b>1 557 370 036</b>	<b>8%</b>

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

**Table 28: SC12 Monthly budget Statement – capital expenditure trend**

Month	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July		6 746	6 746	1 611	1 611	6 746	5 135	76.1%	0%
August		42 169	42 169	39 205	40 817	48 916	8 099	16.6%	3%
September		34 991	34 991	86 333	127 150	83 907	(43 243)	-51.5%	8%
October		58 305	58 305			142 212	-		
November		56 652	56 652			198 865	-		
December		69 364	69 364			268 229	-		
January		41 215	41 215			309 443	-		
February		42 842	42 842			352 285	-		
March		65 464	65 464			417 750	-		
April		89 153	89 153			506 903	-		
May		87 115	87 115			594 018	-		
June		964 116	1 099 137			1 693 155	-		
<b>Total Capital expenditure</b>	-	<b>1 558 134</b>	<b>1 693 155</b>	<b>127 150</b>					

The capital programme performance table 29 below provide summary of capital expenditure by asset class/sub-class for new assets (Exclusive of VAT).

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

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		–	417 323	434 397	7 117	8 963	21 527	12 565	58.4%	434 397
Infrastructure - Road transport		–	106 080	106 080	3 004	3 983	5 257	1 274	24.2%	106 080
<i>Roads, Pavements &amp; Bridges</i>			106 080	106 080	3 004	3 983	5 257	1 274	24.2%	106 080
<i>Storm water</i>			–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	43 000	43 000	1 196	1 216	2 131	915	42.9%	43 000
<i>Generation</i>			–	–	–	–	–	–	–	–
<i>Transmission &amp; Reticulation</i>			43 000	43 000	1 196	1 216	2 131	915	42.9%	43 000
<i>Street Lighting</i>			–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
<i>Dams &amp; Reservoirs</i>			–	–	–	–	–	–	–	–
<i>Water purification</i>			–	–	–	–	–	–	–	–
<i>Reticulation</i>			–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
<i>Reticulation</i>			–	–	–	–	–	–	–	–
<i>Sewerage purification</i>			–	–	–	–	–	–	–	–
Infrastructure - Other		–	268 243	285 317	2 917	3 763	14 139	10 376	73.4%	285 317
<i>Waste Management</i>			78 454	85 294	56	320	4 227	3 907	92.4%	85 294
<i>Transportation</i>			145 789	145 789	1 384	1 876	7 225	5 349	74.0%	145 789
<i>Gas</i>			–	–	–	–	–	–	–	–
<i>Other</i>			44 000	54 234	1 476	1 567	2 688	1 121	41.7%	54 234
<b>Community</b>		–	21 000	21 926	30	2 104	1 087	(1 017)	-93.6%	21 926
Parks & gardens			500	500	–	–	25	25	100.0%	500
Sportsfields & stadia			500	1 426	30	30	71	41	57.7%	1 426
Swimming pools			–	–	–	–	–	–	–	–
Community halls			10 000	10 000	–	–	496	496	100.0%	10 000
Libraries			–	–	–	–	–	–	–	–
Recreational facilities			–	–	–	–	–	–	–	–
Fire, safety & emergency			–	–	–	–	–	–	–	–
Security and policing			–	–	–	–	–	–	–	–
Buses			–	–	–	–	–	–	–	–
Clinics			–	–	–	–	–	–	–	–
Museums & Art Galleries			–	–	–	–	–	–	–	–
Cemeteries			10 000	10 000	–	2 074	496	(1 578)	-318.5%	10 000
Social rental housing			–	–	–	–	–	–	–	–
Other			–	–	–	–	–	–	–	–
<b>Heritage assets</b>		–	–	–	–	–	–	–	–	–
Buildings			–	–	–	–	–	–	–	–
Other			–	–	–	–	–	–	–	–
<b>Investment properties</b>		–	201 941	210 977	7 273	26 057	10 455	(15 602)	-149.2%	210 977
Housing development			201 941	210 977	7 273	26 057	10 455	(15 602)	-149.2%	210 977
Other			–	–	–	–	–	–	–	–
<b>Other assets</b>		–	113 570	200 053	12 362	13 365	9 914	(3 451)	-34.8%	200 053
General vehicles			18 200	52 009	8 568	8 900	2 577	(6 323)	-245.3%	52 009
Specialised vehicles		–	11 000	11 532	–	–	571	571	100.0%	11 532
Plant & equipment			14 966	21 214	402	609	1 051	442	42.1%	21 214
Computers - hardware/equipment			20 700	55 700	2 863	2 863	2 760	(103)	-3.7%	55 700
Furniture and other office equipment			23 972	27 693	529	992	1 372	380	27.7%	27 693
Abattoirs			–	–	–	–	–	–	–	–
Markets			–	–	–	–	–	–	–	–
Civic Land and Buildings			5 286	12 458	–	–	617	617	100.0%	12 458
Other Buildings			–	–	–	–	–	–	–	–
Other Land			–	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)			–	–	–	–	–	–	–	–
Other			19 446	19 446	–	–	964	964	100.0%	19 446
<b>Agricultural assets</b>		–	–	–	–	–	–	–	–	–
<i>List sub-class</i>			–	–	–	–	–	–	–	–
<b>Biological assets</b>		–	–	–	–	–	–	–	–	–
<i>List sub-class</i>			–	–	–	–	–	–	–	–
<b>Intangibles</b>		–	–	–	–	–	–	–	–	–
Computers - software & programming			–	–	–	–	–	–	–	–
Other			–	–	–	–	–	–	–	–
<b>Total Capital Expenditure on new assets</b>	1	–	753 834	867 354	26 782	50 489	42 983	(7 505)	-17.5%	867 354
<b>Specialised vehicles</b>		–	11 000	11 532	–	–	571	571	0	11 532
Refuse			–	–	–	–	–	–	–	–
Fire			11 000	11 532	–	–	571	571	0	11 532
Conservancy			–	–	–	–	–	–	–	–
Ambulances			–	–	–	–	–	–	–	–

The capital programme performance table 30 below provide summary of capital



## **15. OTHER SUPPORTING DOCUMENTS**

### **15.1. Operating Projects Expenditure**

The Metro has spent 12% (R39.19 million) inclusive of reclaimed vat of its 2016/17 adjusted budget of R327.39 million as at 30 September 2016. This reflects an improvement when compared to the same period in the previous financial year where 6% (R43.9 million) inclusive of reclaimed vat of the adjusted operating projects budget of R697.73 million was spent. It is anticipated that the expenditure will improve as the year progresses and once the procurement processes have been undertaken.

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

Tables 31 and 32 below summarise Annexure D.

**Table 31: Operating Projects per Directorate**

<b>Operating Projects Per Directorate</b>	<b><u>2016/2017 Rollover Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl.vat)</u></b>	<b><u>Variance (incl. VAT)</u></b>	<b><u>% Expenditure (incl. VAT) Rollover budget</u></b>
Directorate of Executive Support Services	6 639 858	0	6 639 858	0%
Directorate of the City Manager	27 684 535	6 565 344	21 119 191	24%
Directorate of Human Settlement	127 319 287	21 751 788	105 567 499	17%
Directorate of Finance	53 449 700	659 093	52 790 607	1%
Directorate of Corporate Services	8 900 000	893 572	8 006 428	10%
Directorate of Infrastructure Services	54 495 761	3 799 555	50 696 207	7%
Directorate of Development and Spatial Planning	1 250 000	0	1 250 000	0%
Directorate of Economic Development and Agencies	33 500 000	2 951 209	30 548 791	9%
Directorate of Health, Public Safety and Emergency Services	3 599 600	0	3 599 600	0%
Directorate of Municipal Services	10 550 000	2 568 000	7 982 000	24%
<b>TOTAL PER DIRECTORATE</b>	<b>327 388 741</b>	<b>39 188 561</b>	<b>288 200 181</b>	<b>12%</b>

**Table 32: Operating Projects per Funding Source**

<b>OPERATING PROJECTS PER FUNDING SOURCE</b>	<b><u>2016/2017 Rollover Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl. vat)</u></b>	<b><u>Variance (incl. VAT)</u></b>	<b><u>% Expenditure (incl. VAT) Rollover budget</u></b>
<b>Total Own Funding</b>	<b>112 519 700</b>	<b>5 174 269</b>	<b>107 345 431</b>	<b>5%</b>
City of Oldenburg	495 761	0	495 761	0%
Department of Public Works	2 469 600	0	2 469 600	0%
Expanded Public Works Programme Incentives Grant	1 188 000	844 966	343 034	71%
Finance Management Grant	1 200 000	129 745	1 070 255	11%
Human Settlement Development Grant	124 819 287	21 374 554	103 444 733	17%
Independent Electoral Commission Glasgow	261 565		261 565	
	89 858		89 858	
Infrastructure Skills Development Grant	8 900 000	893 572	8 006 428	10%
Urban Settlement Development Grant	75 444 970	10 771 456	64 673 514	14%
<b>Total Grants</b>	<b>214 869 041</b>	<b>34 014 292</b>	<b>180 854 750</b>	<b>16%</b>
<b>TOTAL PER FUNDING</b>	<b>327 388 741</b>	<b>39 188 561</b>	<b>288 200 181</b>	<b>12%</b>

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

**16.1. Health / Public Safety & Emergency Services**

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

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

<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>571 948</b>	<b>57 760</b>	<b>0</b>	<b>629 708</b>
<b>GM - EMERGENCY SERVICES</b>	<b>(24 173 284)</b>	<b>23 550 683</b>	<b>5 104 002</b>	<b>166 114</b>	<b>28 820 798</b>
EMERGENCY SERVICES	0	555 729	106 612	13 633	675 973
DISASTER MANAGEMENT	0	566 381	200 187	17 805	784 373
FIRE & RESCUE	(24 173 284)	22 428 573	4 797 203	134 676	27 360 452
<b>GM - MUNICIPAL HEALTH SERVICES</b>	<b>0</b>	<b>6 156 326</b>	<b>858 941</b>	<b>29 468</b>	<b>7 044 735</b>
MUNICIPAL HEALTH SERVICES	0	6 156 326	858 941	29 468	7 044 735
<b>GM - PUBLIC SAFETY &amp; PROTECTION SERVICES</b>	<b>(14 136 962)</b>	<b>46 971 730</b>	<b>2 665 716</b>	<b>348 798</b>	<b>49 986 244</b>
PUBLIC SAFETY & PROTECTION SERVICES	(9 194)	5 341 610	651 083	254 728	6 247 421
LAW ENFORCEMENT SERVICES	(1 020)	31 317 383	843 773	85 445	32 246 601
TRAFFIC SERVICES	(14 126 748)	10 312 737	1 170 860	8 625	11 492 222
<b>Total</b>	<b>(38 310 246)</b>	<b>77 250 686</b>	<b>8 686 419</b>	<b>544 380</b>	<b>86 481 485</b>

## 16.2. Municipal Services

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

**Table 34: Municipal Services – Cost Analysis**

<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>0</b>	<b>1 628 930</b>	<b>356 667</b>	<b>0</b>	<b>1 985 597</b>
<b>GM - COMMUNITY AMENITIES</b>	<b>(770 476)</b>	<b>23 103 958</b>	<b>5 526 282</b>	<b>1 518 352</b>	<b>30 148 592</b>
COMMUNITY AMENITIES	0	2 613 395	147 116	19 414	2 779 926
LIBRARIES	(66 037)	4 359 866	389 305	76 753	4 825 925
HALLS	(406 677)	3 477 190	745 125	80 307	4 302 622
RECREATION	(249 335)	7 620 849	1 773 989	960 747	10 355 584
SPORTS FACILITIES	(48 428)	5 032 657	2 470 748	381 131	7 884 536
<b>GM - PARKS / CEMETRIES &amp; CONSERVATION</b>	<b>(2 634 982)</b>	<b>32 441 175</b>	<b>6 803 427</b>	<b>1 551 033</b>	<b>40 795 634</b>
PARKS / CEMETRIES & CONSERVATION	0	588 573	49 866	0	638 438
CEMETRIES & CREMATORIA	(2 387 919)	4 991 268	2 175 650	21 440	7 188 357
CONSERVATION	(227 640)	3 671 331	774 121	87 127	4 532 579
PARKS: COASTAL	(19 424)	23 190 004	3 803 791	1 442 466	28 436 260
<b>GM - SOLID WASTE MANAGEMENT</b>	<b>(110 142 072)</b>	<b>30 927 821</b>	<b>49 702 872</b>	<b>4 564 305</b>	<b>85 194 997</b>
SOLID WASTE MANAGEMENT	0	2 023 742	2 683 957	1 227 752	5 935 451
CLEANSING & REFUSE REMOVAL: COASTAL	(108 556 681)	26 324 409	37 616 071	3 336 553	67 277 033
LANDFILLS & TRANSFER STATIONS	(1 585 391)	2 579 669	9 402 844	0	11 982 513
<b>Total</b>	<b>(113 547 530)</b>	<b>88 101 884</b>	<b>62 389 248</b>	<b>7 633 690</b>	<b>158 124 821</b>



## **17.VIREMENTS ON THE 2016/17 BUDGET**

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

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

### **17.1 Directorate of Human Settlements**

The Reeston Phase 3 Stage 2 operating project that has a budget of R30 million for top structures is experiencing litigation challenges and therefore the funding will not be fully utilised in the current financial year. It is proposed that R15 million be vired from Reeston Phase 3 Stage 2 project to Disaster Project – Tsholomnqa which is currently due to be awarded for the construction of top structures. The current budget allocated for Disaster Project – Tsholomnqa is not sufficient for the award to proceed.

## **18.SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)**

The SDBIP is a management, implementation and monitoring tool which assists the Executive Mayor, Councillors, Accounting Officer, Senior Managers and the community with the realization of Municipality's strategic objectives as contained in the Integrated Development Plan. It also seeks to ensure monitoring and execution of the budget, performance of senior management and the achievement of the service delivery objectives set by Council. SDBIP enhances the principle of democratic and accountable local government as enshrined in section 152 of the Constitution. The SDBIP should therefore contain information that pertains to performance indicators, service delivery targets as well as measurement source. The SDBIP for the 2016/2017 financial year per vote is informed by Council resolutions to improve the quality of life of residents and citizens of BCMM. In doing so, Council is renewing its pledge to create "a City that grows with you".

The BCMM 2016/17 Service Delivery Targets and Performance Indicators as well as actual performance achieved are attached as Annexure G.

Below is the summary of the 1<sup>st</sup> quarter SDBIP performance per directorate.

## **SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS - FIRST QUARTER 2016/17 PER DIRECTORATE**

### **Executive Support Services**

The Executive Support Services Directorate has set 6 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 6 and not achieved is 0. Therefore, the overall 1<sup>st</sup> Quarter Performance for Executive Support Services is standing at 100%.

### **City Manager**

The Directorate of City Manager has set 5 KPI's on their SDBIP. The total of KPI's achieved is 3, not achieved is 2 and not for reporting this quarter is 1. Therefore, the overall 1<sup>st</sup> Quarter Performance for City Manager is standing at 60%.

### **Human Settlements**

The Human Settlements Directorate has set 7 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 4, not achieved is 2 and not for reporting is 1. Therefore, the overall 1<sup>st</sup> Quarter Performance for Human Settlements is standing at 67%.

### **Directorate of Finance**

The Directorate of Finance has set 16 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 11, not achieved is 4 and not for reporting is 1. Therefore, the overall 1<sup>st</sup> Quarter Performance for Budget and Treasury is standing at 73%

### **Corporate Services**

The Corporate Services Directorate has set 10 KPI's on their SDBIP. The total of

KPI's achieved is 7 not achieved is 3. Therefore, the overall 1<sup>st</sup> Quarter Performance for Corporate Services is 70%.

### **Infrastructure Services**

The Infrastructure Services Directorate has set 17 KPI's on their SDBIP. The total of KPI's achieved is 7 and not achieved is 5. And not for reporting is 5 Therefore, the overall 1<sup>st</sup> Quarter Performance for Infrastructure Services is 58%.

### **Development and Spatial Planning**

The Directorate of Development and Spatial Planning has set 15 KPI's on their SDBIP. The total of KPI's achieved is 7, not achieved is 8. Therefore, the overall 1<sup>st</sup> Quarter Performance for Development and Spatial Planning is 47%.

### **Economic Development and Agencies**

The Directorate of Economic Development and Agencies has set 12 KPI's on their SDBIP. The total of KPI's achieved is 6, not achieved is 5 and not for reporting this quarter is 1. Therefore, the overall 1<sup>st</sup> Quarter Performance for Economic Development and Agencies is 55%.

### **Health/Public Safety and Emergency Services**

The Directorate of Health/Public Safety and Emergency Services has set 9 KPI's on their SDBIP. The total of KPI's achieved is 2 and not achieved is 7. Therefore, the overall 1<sup>st</sup> Quarter Performance for Health/Public Safety and Emergency Services is standing at 22%.

### **Municipal Services**

The Directorate of Municipal Services has set 18 KPI's on their SDBIP. The total of KPI's achieved is 12, not achieved is 5 and not for reporting this quarter is 1. Therefore, the overall 1<sup>st</sup> Quarter Performance for Municipal Services is 71%.

The above information is summarized in table 35 below:

**Table 35: Summary of BCMM 1<sup>st</sup> Quarter Performance per Directorate**

<b>Directorates</b>	<b>Total no. of KPI(s)</b>	<b>No. of KPI(s) achieved</b>	<b>No. of KPI's not achieved</b>	<b>Not for reporting this quarter</b>	<b>% of KPI's achieved</b>
Executive Support Services	6	6	0	0	100%
City Manager's Office	5	3	2	0	60%
Human Settlements	7	4	2	1	67%
Directorate of Finance	16	11	4	1	73%
Corporate Services	10	7	3	0	70%
Infrastructure Services	17	7	5	5	58%
Development and Spatial Planning	15	7	8	0	47%
Economic Development and Agencies	12	6	5	1	55%
Health/Public Safety and Emergency Services	9	2	7	0	22%
Municipal Services	18	12	5	1	71%
<b>Total</b>	<b>115</b>	<b>65</b>	<b>38</b>	<b>9</b>	<b>61%</b>

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

<b>QUALITY CERTIFICATE</b>
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I, NCEBA NCUNYANA, the Acting City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

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

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

**Print name: Nceba Ncunyana**

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

**Signature: .....**

**Date: .....**

## **ANNEXURES:**

### **Annexure A**

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

### **Annexure B**

- SC1 Material Variance Explanation
- SC2 Performance Indicators
- SC3 Aged Debtors
- SC4 Aged Creditors
- SC5 Investment Portfolio
- SC6 Transfers and Grants Receipts
- SC7 (1) Transfers and Grants Expenditure
- SC7 (2) Expenditure against approved rollovers
- SC8 Councillor and Staff Benefits
- SC9 Actuals and Revised Targets for Cash Receipts
- SC11 Monthly Budget Statement – Summary of Municipal Entity
- SC12 Capital Expenditure trend
- SC13a Capital Expenditure on New Assets by Class
- SC13b Capital Expenditure on Renewal of Existing Assets by Class
- SC13c Expenditure on Repairs and Maintenance by Asset Class
- SC13d Depreciation by Asset Class

### **Annexure C**

Schedule of Borrowings

### **Annexure D**

Operating expenditure report

### **Annexure E**

Capital expenditure report

### **Annexure F**

Buffalo City Development Agency Financial Performance Report

### **Annexure G**

Service Delivery and Budget Implementation Plans (SDBIP)