REPORT TO EXECUTIVE MAYOR: 14 FEBRUARY 2018

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Author: Executive Mayor (Xola Pakati)/vp

STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF THE 2017/18 BUDGET FOR THE PERIOD ENDED 31 JANUARY 2018

1. PURPOSE

The purpose of the report is for the Executive Mayor to consider and note the statement of financial performance and the implementation of the 2017/18 budget of the Buffalo City Metropolitan Municipality for the period ended 31 January 2018.

2. AUTHORITY

Executive Mayor

3. LEGAL / STATUTORY REQUIREMENTS

The Constitution of the Republic of South Africa, 1996

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

Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

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

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

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

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PART 1: IN-YEAR REPORT

5. RESOLUTIONS

It is recommended that:

(i) The Executive Mayor consider and note the report on the statement of financial performance and the implementation of the 2017/18 budget for the period ended 31 January 2018 including supporting documentation attached as Annexure A to F.

(ii) The Executive Mayor note the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.

(iii) The Executive Mayor note the year to date collection rate for the period ended 31 January 2018 of 84.76%.

_____ _____

A. SIHLAHLA **DATE**

CITY MANAGER

BUFFALO CITY METROPOLITAN MUNICIPALITY

NTSIKELELO SIGCAU/ YM

6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 31 JANUARY 2018

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 3,554,557,172	Bank Balance	R 87,202,070
Expenditure	(R 4,344,801,536)	Call investments (excl. int.)	R 1,755,705,548
Operating Surplus / (Deficit)	(R 790,244,364)	**Cash and cash equivalents**	**R 1,842,907,618**
Transfers Recognised - Capital	R 289,449,520	*Account Payables*	*(R 441,432,446)*
Surplus / (Deficit) After Capital Transfers	(R 500,794,843)	*Unspent conditional grants*	*(R 258,158,333)*
DEBTORS		*Committed to Capital budget - own funds*	*(R746,633,2)*
Gross debtors book (incl. impairment)	R 2,148,277,341	**Therefore, Cash and Cash equivalents ring fenced for assets renewal in outer years**	**R 396,683,593**
Total debtors - Government	R 35,312,571		
Total debtors - Business	R 521,729,445	Total Long term loans	R 422,643,574
Total debtors - Households	R 1,320,634,428		
Total debtors - Other	R 270,600,897	**SURPLUS / (DEFICIT) PER SERVICE**	
Total debt written off	R 31,940	Water	R 49,217,152
REPAIRS AND MAINTENANCE		Electricity	(R 182,677,446)
2016/2017: Exp. = R169.33m, which is 41% of approved budget of R414.79 m	**2017/2018:** Exp.= R182.76 m, which is 40% of approved budget of R462.45 m	Refuse	R18,817,268
		Sewerage	R 122,180,032
CAPITAL EXPENDITURE		**OPERATING PROJECTS EXPENDITURE**	
2016/2017: Exp. as a % of Adjusted Budget of R1.69b: Exp. (excl. vat) = R517.97 mil % exp. (Excl. vat) : 31% Exp. (incl. vat) = R556.99 mil % exp. (incl. vat): 33%	**2017/2018: Exp. as a % of Adjusted Budget of R1.71b:** Exp. (excl. vat) = R467.75 mil % exp. (Excl. vat) :27% Exp. (incl. vat) = R508.84 mil % exp. (incl. vat): 30%	**2016/2017: Exp. as a % of Adjusted Budget of R327.39m:** Exp. (excl. vat) = R143.56 mil % exp. (excl. vat): 44% Exp. (incl. vat) = R149.62 mil % exp. (incl. vat): 46%	**2017/2018: Exp. as a % of Adjusted Budget of R298.17m:** Exp. (excl. vat) = R140.36 mil % exp. (excl. vat): 47% Exp. (incl. vat) = R146.33 mil % exp. (incl. vat): 49%
FINANCIAL		**HUMAN RESOURCES**	
Operating Deficit for the period	R 790,244,364	Total staff complement	5 165
Debtors collection ratio	84.76%	Staff Appointments	134
YTD Grants and subsidies	R 916,304,687	Staff Terminations	105
% of Creditors paid within terms	100%	Number of funded vacant posts	717
Current ratio	3.25:1	Total overtime paid (YTD)	R 78,853,851
Total Debt to Revenue	8.77%	Allowances and benefits - Councillors	R 31,907,840
Capital Charges to Operating Expenditure	1.14%	Salary bill - Officials	R 1,041,190,542
Cost coverage ratio	4.50 months	Workforce costs as a % of expenditure	24.72%

6.2 Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 3.25:1 which indicates the ability of Municipality's current assets to cover its current liabilities. Net debtors constitute 43% of the current assets, inventory constitutes 1% and cash & cash equivalents comprise 54% of the current assets. The City is liquid and can easily meet its immediate obligations as the current ratio is above the norm of 1.5-2:1 as per the MFMA circular 71. Though the liquidity position is strong, it is a concern to note that debtors are increasing on a monthly basis.

6.3 Collection Rate and Outstanding Debtors

The year to date collection rate for the month ended 31 January 2018 is 84.76% (2016/17: 85.68%). The collection rate has increased by 0.77% from last month where 83.99% was achieved for the period ended 31 December 2017. This ratio denotes the City's ability to collect the billed revenue from its consumers. The current collection rate is below the acceptable norm of 95% as informed by the MFMA circular 71. The corrective measures that are implemented to improve the collection are detailed under section 8 of the report under debtors' management.

Total gross debtors book (including current accounts) as at 31 January 2018 amounts to R2.15 billion (2016/17: R1.94 billion). Households: R1.32 billion, Business: R521.73 million, Government: R35.31 million, Other: R270.60 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 30% (R508.84 million, inclusive of reclaimed vat) of its 2017/18 adjusted capital budget of R1.71 billion as at 31 January 2018. This depicts regression in percentage and rand value terms when compared to the same period in the previous financial year where 33% (R556.99 million,

inclusive of reclaimed vat) of the adjusted capital budget of R1.69 billion was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded. (Refer to Section 14 for further details).

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

6.5 Operating projects

The Metro has spent 49% (R146.33 million, inclusive of reclaimed vat) of its 2017/18 adjusted operating projects budget of R298.17 million as at 31 January 2018. This depicts slight improvement in percentage terms and regression in rand value terms when compared to the same period in the previous financial year where 46% (R149.62 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R327.39 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded. (Refer to Section 15 for further details).

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

6.6 Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 48% (R420.74 million, inclusive of reclaimed vat) of its 2017/2018 conditional grants budget of R882.77 million as at 31 January 2018. This reflects improvement in both percentage and rand value terms when compared to the same period in the previous financial year where 47% (R389.01 million, inclusive of reclaimed of vat) of conditional grants budget of R828.70 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded. (Refer to Section 11 for further details).

6.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent 50% (R383.36 million, inclusive of reclaimed vat) of its 2017/2018 USDG budget of R768.13 million as at 31 January 2018. This reflects a regression in both percentage and rand value terms when compared to the same period in the previous financial year where 53% (R384.53 million, inclusive of reclaimed of vat) of USDG budget of R731.5 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded. (Refer to Section 11 for further details).

6.7 Cash and Cash Equivalents

The cash and cash equivalents of the City as at 31 January 2018 are R1.84 billion made up of cash and bank amounting to R87.20 million and call investment deposits of R1.76 billion. This funding is invested with various financial institutions in compliance with the MFMA. Refer to Section 7.7 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown.

The cost coverage ratio of the City is 4.50 months. This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue during that period. This ratio denotes that the City can meet its monthly operating commitments 4.50 times, which is above the norm of 103 months as per the MFMA circular 71. It is however a concern to note that the City's cash and cash equivalent is decreasing due to the unfavourable collection rate that is below the target as depicted in section 6.3 of the report. There have also been high capital investment that is funded by internally generated funds.

6.8 Outstanding Creditors

The Metro is paying its creditors within 30 days as stipulated by the MFMA except when there are disputes on received invoices. However, Small Micro

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

6.9 Long-Term Debt Profile

The total long term borrowings of the municipality as at 31 January 2018 amounts to R422.64 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 31 January 2018 is 1.14%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6% and 8%; BCMM is below the norm and has the capacity to take on additional borrowing to invest in infrastructure projects that generate revenue. The City is currently in the process of securing additional loan funding which will result in the actual ratio moving closer to the norm.

The total debt to revenue ratio is 8.77% as at 31 January 2018, this indicates the extent of total borrowings (short and long term debt financing) in relation to total operating revenue of the municipality. The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities. The municipality is therefore highly solvent to meet its debt obligation as it is below the set ceiling of 45% in accordance with the MFMA circular 71.

7. IN-YEAR BUDGET STATEMENT MAIN TABLES

7.1 Monthly Budget Statement Summary

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

Table 2:C1: Monthly Budget Statement Summary

BUF Buffalo City - Table C1 Monthly Budget Statement Summary - M07 January									
Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands								%	
Financial Performance									
Property rates	978 231	1 225 285	1 225 285	82 071	672 423	762 815	(90 391)	-12%	1 225 285
Service charges	2 867 970	3 011 895	3 011 895	221 469	1 730 633	1 836 897	(106 265)	-6%	3 011 895
Investment revenue	148 011	157 002	157 002	10 402	72 146	80 624	(8 478)	-11%	157 002
Transfers and subsidies	1 304 827	1 368 106	1 369 045	4 519	916 305	961 389	(45 084)	-5%	1 369 045
Other own revenue	313 867	426 719	426 719	22 161	163 051	214 397	(51 346)	-24%	426 719
Total Revenue (excluding capital transfers and contributions)	**5 612 906**	**6 189 006**	**6 189 946**	**340 621**	**3 554 557**	**3 856 122**	**(301 565)**	**-8%**	**6 189 946**
Employee costs	1 560 996	1 733 321	1 733 321	149 056	1 041 191	985 339	55 852	6%	1 733 321
Remuneration of Councillors	55 482	62 398	62 398	4 613	31 908	35 454	(3 546)	-10%	62 398
Depreciation & asset impairment	807 050	778 273	778 273	404 475	1 278 058	454 313	823 745	181%	778 273
Finance charges	49 359	54 318	54 318	3 638	26 440	35 847	(9 407)	-26%	54 318
Materials and bulk purchases	1 558 514	1 578 167	1 578 167	121 892	980 623	977 230	3 392	0%	1 578 167
Transfers and subsidies	394 807	328 637	328 637	28 280	205 953	156 027	49 926	32%	328 637
Other expenditure	1 618 312	1 652 966	1 653 905	116 410	780 629	980 518	(199 889)	-20%	1 653 905
Total Expenditure	**6 044 521**	**6 188 080**	**6 189 019**	**828 364**	**4 344 802**	**3 624 729**	**720 073**	**20%**	**6 189 019**
Surplus/(Deficit)	**(431 615)**	**926**	**926**	**(487 742)**	**(790 244)**	**231 394**	**(1 021 638)**	**-442%**	**926**
Transfers and subsidies - capital (mone	669 780	795 307	804 572	–	289 450	469 541	(180 092)	-38%	804 572
Contributions & Contributed assets	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**238 165**	**796 234**	**805 499**	**(487 742)**	**(500 795)**	**700 935**	**(1 201 730)**	**-171%**	**805 499**
Share of surplus/ (deficit) of associate	15 248	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**253 413**	**796 234**	**805 499**	**(487 742)**	**(500 795)**	**700 935**	**(1 201 730)**	**-171%**	**805 499**
Capital expenditure & funds sources									
Capital expenditure	**1 276 301**	**1 645 204**	**1 713 563**	**40 944**	**467 752**	**753 723**	**(285 971)**	**-38%**	**1 713 563**
Capital transfers recognised	669 780	795 307	804 343	21 703	311 153	469 541	(158 389)	-34%	804 343
Public contributions & donations	–	–	229	–	–	72	(72)	-100%	229
Borrowing	–	69 000	69 000	–	547	21 566	(21 019)	-97%	69 000
Internally generated funds	**606 521**	**780 897**	**839 991**	**19 241**	**156 053**	**262 544**	**(106 491)**	**-41%**	**839 991**
Total sources of capital funds	**1 276 301**	**1 645 204**	**1 713 563**	**40 944**	**467 752**	**753 723**	**(285 971)**	**-38%**	**1 713 563**
Financial position									
Total current assets	3 174 072	3 690 664	3 690 664		3 383 581				3 690 664
Total non current assets	16 490 855	15 248 547	15 316 906		15 649 772				15 316 906
Total current liabilities	1 371 169	1 336 012	1 336 012		1 040 777				1 336 012
Total non current liabilities	915 192	1 146 211	1 146 211		906 355				1 146 211
Community wealth/Equity	**17 378 567**	**16 456 988**	**16 525 347**		**17 086 221**				**16 525 347**
Cash flows									
Net cash from (used) operating	645 551	1 809 846	1 819 111	(31 310)	643 682	1 061 148	417 466	39%	1 819 111
Net cash from (used) investing	(1 278 640)	(1 582 484)	(1 713 563)	(40 944)	(467 752)	(999 579)	(531 826)	53%	(1 713 563)
Net cash from (used) financing	(50 709)	20 252	20 252	–	(23 124)	314	23 438	7474%	20 252
Cash/cash equivalents at the month/y	**1 690 102**	**2 539 412**	**2 417 597**	**–**	**1 842 908**	**2 353 681**	**510 773**	**22%**	**1 815 902**
Debtors & creditors analysis	**0-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Over 1Yr**	**Total**
Debtors Age Analysis									
Total By Income Source	256 870	101 690	75 512	82 243	75 808	65 041	329 967	1 161 147	2 148 277
Creditors Age Analysis									
Total Creditors	427 896	13 536	–	–	–	–	–	–	441 432

7.2 Monthly Budget Statement – Financial Performance (standard classification)

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

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

BUF Buffalo City - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M07 January

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Revenue - Functional										
Governance and administration		**2 072 852**	**2 447 732**	**2 448 051**	**105 829**	**1 451 386**	**1 534 321**	(82 935)	-5%	**2 448 051**
Executive and council		22 632	29 589	29 907	273	13 561	16 682	(3 120)	-19%	29 907
Finance and administration		2 039 712	2 418 143	2 418 143	105 557	1 437 824	1 517 639	(79 815)	-5%	2 418 143
Internal audit		10 508	–	–	–	–	–	–		–
Community and public safety		**476 980**	**402 630**	**402 984**	**11 474**	**109 934**	**239 536**	(129 601)	-54%	**402 984**
Community and social services		32 873	31 607	31 961	983	7 030	8 424	(1 395)	-17%	31 961
Sport and recreation		7 608	5 909	5 909	1 019	1 921	5 119	(3 198)	-62%	5 909
Public safety		145 346	88 321	88 321	6 287	56 414	52 243	4 171	8%	88 321
Housing		290 848	276 769	276 769	3 152	44 535	173 747	(129 212)	-74%	276 769
Health		306	24	24	32	34	2	33	1712%	24
Economic and environmental services		**245 652**	**432 207**	**441 243**	**4 865**	**169 887**	**257 614**	(87 726)	-34%	**441 243**
Planning and development		36 291	45 006	45 006	2 681	41 889	24 244	17 645	73%	45 006
Road transport		209 257	386 748	395 784	2 030	126 869	232 986	(106 117)	-46%	395 784
Environmental protection		104	452	452	154	1 129	384	745	194%	452
Trading services		**3 454 626**	**3 673 575**	**3 674 071**	**216 579**	**2 094 779**	**2 276 336**	(181 557)	-8%	**3 674 071**
Energy sources		1 756 848	1 926 400	1 926 400	126 254	1 016 660	1 196 320	(179 659)	-15%	1 926 400
Water management		682 022	655 778	655 778	33 057	421 670	407 805	13 865	3%	655 778
Waste water management		627 373	639 215	639 711	29 247	397 928	392 137	5 791	1%	639 711
Waste management		388 382	452 182	452 182	28 021	258 521	280 074	(21 554)	-8%	452 182
Other	4	**47 824**	**28 170**	**28 170**	**1 874**	**18 020**	**17 857**	**163**	**1%**	**28 170**
Total Revenue - Functional	2	**6 297 934**	**6 984 313**	**6 994 518**	**340 621**	**3 844 007**	**4 325 664**	**(481 657)**	**-11%**	**6 994 518**
Expenditure - Functional										
Governance and administration		**1 175 763**	**1 194 255**	**1 194 345**	**112 013**	**707 052**	**712 619**	(5 567)	-1%	**1 194 345**
Executive and council		293 355	296 070	296 160	25 180	199 752	166 655	33 098	20%	296 160
Finance and administration		658 234	884 293	884 293	86 256	503 643	537 520	(33 877)	-6%	884 293
Internal audit		224 174	13 892	13 892	577	3 656	8 444	(4 788)	-57%	13 892
Community and public safety		**713 030**	**493 005**	**493 358**	**87 732**	**394 454**	**275 340**	119 114	43%	**493 358**
Community and social services		116 398	124 688	125 042	8 784	56 881	69 345	(12 464)	-18%	125 042
Sport and recreation		70 287	68 342	68 342	41 005	196 961	40 084	156 876	391%	68 342
Public safety		321 547	125 282	125 282	9 949	64 035	68 893	(4 858)	-7%	125 282
Housing		171 503	136 025	136 025	25 074	57 036	75 895	(18 859)	-25%	136 025
Health		33 295	38 668	38 668	2 919	19 541	21 122	(1 582)	-7%	38 668
Economic and environmental services		**968 765**	**1 222 744**	**1 222 744**	**323 323**	**1 205 581**	**692 684**	512 896	74%	**1 222 744**
Planning and development		303 791	294 914	294 914	112 904	390 538	175 292	215 245	123%	294 914
Road transport		543 622	805 423	805 423	208 429	803 134	449 022	354 112	79%	805 423
Environmental protection		121 352	122 407	122 407	1 990	11 909	68 370	(56 461)	-83%	122 407
Trading services		**3 171 786**	**3 247 030**	**3 247 526**	**296 949**	**1 988 043**	**1 929 293**	58 750	3%	**3 247 526**
Energy sources		1 666 737	1 829 086	1 829 086	199 200	1 207 881	1 111 451	96 430	9%	1 829 086
Water management		700 469	575 132	575 132	42 308	339 412	342 214	(2 802)	-1%	575 132
Waste water management		406 882	483 287	483 783	23 668	193 934	275 465	(81 531)	-30%	483 783
Waste management		397 697	359 525	359 525	31 773	246 815	200 163	46 653	23%	359 525
Other		**15 816**	**31 046**	**31 046**	**8 348**	**49 672**	**14 793**	**34 880**	**236%**	**31 046**
Total Expenditure - Functional	3	**6 045 159**	**6 188 080**	**6 189 019**	**828 364**	**4 344 802**	**3 624 729**	**720 073**	**20%**	**6 189 019**
Surplus/ (Deficit) for the year		**252 774**	**796 234**	**805 499**	**(487 742)**	**(500 795)**	**700 935**	**(1 201 730)**	**-171%**	**805 499**

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

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

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

BUF Buffalo City - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M07 January

Vote Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Revenue by Vote	1									
Vote 01 - Directorate - Executive Support Services		2 300	1 593	1 912	20	194	–	194	#DIV/0!	1 912
Vote 02 - Directorate - Municipal Manager		20 332	27 996	27 996	268	13 468	15 651	(2 184)	-14.0%	27 996
Vote 03 - Directorate - Human Settlement		290 857	276 769	276 769	3 152	44 535	101 488	(56 953)	-56.1%	276 769
Vote 04 - Directorate - Chief Financial Officer		2 039 712	2 407 345	2 407 345	103 733	1 425 651	1 572 377	(146 726)	-9.3%	2 407 345
Vote 05 - Directorate - Corporate Services		10 478	10 561	10 561	693	5 868	6 847	(979)	-14.3%	10 561
Vote 06 - Directorate - Infrastructure Services		3 278 416	3 407 846	3 408 342	188 560	1 926 087	2 153 588	(227 501)	-10.6%	3 408 342
Vote 07 - Directorate - Spatial Planning And Development		47 760	148 279	157 315	3 797	48 094	66 813	(18 719)	-28.0%	157 315
Vote 08 - Directorate - Health / Public Safety & Emergency Services		145 652	175 605	175 605	8 347	93 489	103 622	(10 132)	-9.8%	175 605
Vote 09 - Directorate - Municipal Services		428 967	490 150	490 503	30 177	268 600	285 983	(17 383)	-6.1%	490 503
Vote 10 - Directorate - Economic Development & Agencies		33 460	38 170	38 170	1 874	18 020	19 294	(1 274)	-6.6%	38 170
Total Revenue by Vote	2	**6 297 934**	**6 984 313**	**6 994 518**	**340 621**	**3 844 007**	**4 325 664**	**(481 657)**	**-11.1%**	**6 994 518**
Expenditure by Vote	1									
Vote 01 - Directorate - Executive Support Services		203 993	232 296	232 386	19 736	128 750	143 575	(14 824)	-10.3%	232 086
Vote 02 - Directorate - Municipal Manager		89 362	154 644	154 644	9 025	97 418	100 563	(3 145)	-3.1%	154 644
Vote 03 - Directorate - Human Settlement		171 503	136 025	136 025	25 074	57 036	77 770	(20 734)	-26.7%	136 025
Vote 04 - Directorate - Chief Financial Officer		651 010	558 213	558 213	40 023	281 282	318 027	(36 745)	-11.6%	558 213
Vote 05 - Directorate - Corporate Services		158 063	171 518	171 518	14 525	86 930	96 858	(9 929)	-10.3%	171 518
Vote 06 - Directorate - Infrastructure Services		3 359 054	3 497 257	3 497 752	461 675	2 439 357	2 081 766	357 592	17.2%	3 497 752
Vote 07 - Directorate - Spatial Planning And Development		281 373	274 152	274 152	132 770	468 777	154 189	314 588	204.0%	274 152
Vote 08 - Directorate - Health / Public Safety & Emergency Services		354 842	396 961	396 961	33 988	225 200	217 668	7 533	3.5%	396 961
Vote 09 - Directorate - Municipal Services		705 733	674 962	675 316	83 200	510 378	377 111	133 267	35.3%	675 316
Vote 10 - Directorate - Economic Development & Agencies		70 226	92 052	92 052	8 348	49 672	57 203	(7 530)	-13.2%	92 052
Total Expenditure by Vote	2	**6 045 159**	**6 188 080**	**6 189 019**	**828 364**	**4 344 802**	**3 624 729**	**720 073**	**19.9%**	**6 188 719**
Surplus/ (Deficit) for the year	2	**252 774**	**796 234**	**805 499**	**(487 742)**	**(500 795)**	**700 935**	**(1 201 730)**	**-171.4%**	**805 799**

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 31 January 2018.

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

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

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Revenue By Source										
Property rates		978 231	1 225 285	1 225 285	82 071	672 423	762 815	(90 391)	-12%	1 225 285
Service charges - electricity revenue		1 670 646	1 806 439	1 806 439	131 180	998 264	1 128 240	(129 976)	-12%	1 806 439
Service charges - water revenue		551 615	479 127	479 127	33 051	320 609	281 473	39 135	14%	479 127
Service charges - sanitation revenue		314 102	365 998	365 998	29 247	213 366	216 874	(3 508)	-2%	365 998
Service charges - refuse revenue		306 754	336 766	336 766	27 991	198 394	196 758	1 636	1%	336 766
Service charges - other		24 852	23 566	23 566	–	–	13 552	(13 552)	-100%	23 566
Rental of facilities and equipment		19 062	23 174	23 174	1 617	9 410	13 871	(4 461)	-32%	23 174
Interest earned - external investments		148 011	157 002	157 002	10 402	72 146	80 624	(8 478)	-11%	157 002
Interest earned - outstanding debtors		50 425	36 844	36 844	5 636	30 829	21 322	9 507	45%	36 844
Dividends received		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		16 896	9 157	9 157	700	8 984	4 395	4 589	104%	9 157
Licences and permits		14 107	17 556	17 556	(13 130)	7 809	9 959	(2 150)	-22%	17 556
Agency services		–	49 763	49 763	14 519	14 519	28 230	(13 711)	-49%	49 763
Transfers and subsidies		1 304 827	1 368 106	1 369 045	4 519	916 305	961 389	(45 084)	-5%	1 369 045
Other revenue		213 376	290 226	290 226	12 671	82 579	136 621	(54 042)	-40%	290 226
Gains on disposal of PPE		–	–	–	148	8 921	–	8 921	#DIV/0!	–
Total Revenue (excluding capital transfers and contributions)		**5 612 906**	**6 189 006**	**6 189 946**	**340 621**	**3 554 557**	**3 856 122**	**(301 565)**	**-8%**	**6 189 946**

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

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Expenditure By Type										
Employee related costs		1 560 996	1 733 321	1 733 321	149 056	1 041 191	985 339	55 852	6%	1 733 321
Remuneration of councillors		55 482	62 398	62 398	4 613	31 908	35 454	(3 546)	-10%	62 398
Debt impairment		310 916	317 788	317 788	26 482	185 377	185 377	(0)	0%	317 788
Depreciation & asset impairment		807 050	778 273	778 273	404 475	1 278 058	454 313	823 745	181%	778 273
Finance charges		49 359	54 318	54 318	3 638	26 440	35 847	(9 407)	-26%	54 318
Bulk purchases		1 558 514	1 578 167	1 578 167	113 480	932 377	977 230	(44 853)	-5%	1 578 167
Other materials		–	–	–	8 412	48 245	–	48 245	#DIV/0!	–
Contracted services		–	38 960	38 960	62 317	352 489	13 377	339 113	2535%	38 960
Transfers and subsidies		394 807	328 637	328 637	28 280	205 953	156 027	49 926	32%	328 637
Other expenditure		1 276 299	1 296 218	1 297 157	27 611	242 763	781 764	(539 001)	-69%	1 297 157
Loss on disposal of PPE		31 097	–	–	–	–	–	–		–
Total Expenditure		**6 044 521**	**6 188 080**	**6 189 019**	**828 364**	**4 344 802**	**3 624 729**	**720 073**	**20%**	**6 189 019**
Surplus/(Deficit)		**(431 615)**	**926**	**926**	**(487 742)**	**(790 244)**	**231 394**	**(1 021 638)**	**(0)**	**926**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		669 780	795 307	804 572	–	289 450	469 541	(180 092)	**(0)**	804 572
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–		–	–	–	–	–		–
Transfers and subsidies - capital (in-kind - all)		–		–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**238 165**	**796 234**	**805 499**	**(487 742)**	**(500 795)**	**700 935**			**805 499**
Taxation		638						–		
Surplus/(Deficit) after taxation		**237 527**	**796 234**	**805 499**	**(487 742)**	**(500 795)**	**700 935**			**805 499**
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		**237 527**	**796 234**	**805 499**	**(487 742)**	**(500 795)**	**700 935**			**805 499**
Share of surplus/ (deficit) of associate		15 248								
Surplus/ (Deficit) for the year		**252 774**	**796 234**	**805 499**	**(487 742)**	**(500 795)**	**700 935**			**805 499**

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFOMANCE

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

7.4.1.1 Property Rates

Property rates are under performing as anticipated, supplementary valuation increases are not realised. The fact that rates are charged in the developed properties are higher than those charged in the vacant plots are also having an effect to the under performance of property rates as vacant plots are being developed.

7.4.1.2 Service Charges – Water revenue

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

7.4.1.3 Service Charges – Electricity revenue

The primary reason for variance relates to an adjustment done in January 2018 on an over billing in the Inland region in December 2017.

7.4.1.4 Service Charges – Other

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

7.4.1.5 Rental of facilities equipment

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

- Rentals - Signage: service providers for outdoor advertising were appointed in June 2017 and contracts were effected as from 01 August 2017 with contractors given 60 days from the commencement of the contracts to deliver. This means revenue was only received from

September 2017.

- Market Related-Property Plant & Equipment-Contigent-Other Assets: Rental of facilities is demand driven and therefore difficult to predict accurately. The situation is monitored on a monthly basis

7.4.1.6 <u>Interest earned – external investments</u>

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

7.4.1.7 <u>Interest earned – outstanding debtors</u>

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

7.4.1.8 <u>Fines, penalties and forfeits</u>

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

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

7.4.1.9 Licence and Permits

The variance is caused by the differences in classification of income source, the budget for Motor Vehicle Licenses and Permits is under Agency Services, however, the actuals are reported under Licenses and Permits.

7.4.1.10 Agency services

The variance is caused by the differences in classification of income source, the actuals for Agency Services are reported under Licenses and Permits.

7.4.1.11 Other revenue

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

7.4.1.12 Gains on disposal of PPE

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

7.4.1.13 Remuneration of councillors

The Councillors increases have not yet been implemented for 2017/18. A report on the proposed increase was tabled at a Special Council meeting on 24 January 2018 and will be implemented in February 2018 as concurrence has also been from MEC.

7.4.1.14 Depreciation & asset impairment

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

The capitalisation we had in 2016/17 was by far the largest in value, in the previous 3 financial years.

7.4.1.15 Finance Charges

The variance of 26 percent is a result of an incorrect year to date budget projection raised on two DBSA loans. A R7 million was budgeted for the Tunnel Project loan, no interest has been incurred for this loan. An amount of R2.4 million has also been budgeted for and at 31 January 2018 remains un-expensed. The year to date budget projections will be revised during the mid year adjustment budget to take into account the variance.

7.4.1.16 Other materials

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

7.4.1.17 Contracted services

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

7.4.1.18 Transfers and grants

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

7.4.1.19 Other expenditure

The variance is mainly due to the differences in classification of expenditure

categories, the budget for Repairs and Maintenance and Operating Projects was classified as Other Expenditure, however, the actuals are reported under Contracted Services, the budget will be adjusted during the mid-year adjustment budget.

7.4.1.20 Repairs and Maintenance

Table 6 below reflects that as at 31 January 2018, the repairs and maintenance expenditure is 40% of the approved budget of R462.45 million (2016/17: 41%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	2017/2018 Annual Budget R	2017/2018 Annual Expenditure R	2017/2018 - Variance R	2017/2018 % of Budget %
Directorate Of Executive Support Services	3 559 202	529 044	3 030 158	15%
Directorate Of The City Manager	6 681 831	2 987 823	3 694 008	45%
Directorate Of Corporate Services	2 640 513	707 162	1 933 351	27%
Directorate Of Development & Spatial Planning	31 192 800	13 546 636	17 646 164	43%
Directorate Of Economic Development & Agencies	1 298 690	600 451	698 239	46%
Directorate Of Finance	3 600 994	687 502	2 913 492	19%
Directorate Of Health / Public Safety & Emergency Services	6 815 045	1 972 660	4 842 385	29%
Directorate Of Human Settlement	119 263	102 104	17 159	86%
Directorate Of Infrastructure Services	365 173 717	138 956 045	226 217 672	38%
Electricity	*139 115 819*	*61 139 439*	*77 976 380*	*44%*
Water	*51 973 204*	*36 706 837*	*15 266 367*	*71%*
Sanitation	*40 529 624*	*17 775 749*	*22 753 875*	*44%*
Other	*133 555 070*	*23 334 020*	*54 573 104*	*17%*
Directorate Of Municipal Services	41 368 008	22 668 373	18 699 635	55%
TOTAL	**462 450 063**	**182 757 800**	**279 692 263**	**40%**

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

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

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

BUF Buffalo City - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January

Vote Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Multi-Year expenditure appropriation	2									
Vote 01 - Directorate - Executive Support Services		2 454	3 000	6 729	16	912	1 364	(452)	-33%	6 729
Vote 02 - Directorate - Municipal Manager		54 388	22 500	39 109	1 086	6 034	6 535	(501)	-8%	39 109
Vote 03 - Directorate - Human Settlement		176 555	186 355	186 775	7 167	38 287	30 913	7 374	24%	186 775
Vote 04 - Directorate - Chief Financial Officer		16 415	97 820	97 820	190	2 742	5 436	(2 694)	-50%	97 820
Vote 05 - Directorate - Corporate Services		926	6 000	8 337	6	298	2 938	(2 640)	-90%	8 337
Vote 06 - Directorate - Infrastructure Services		860 001	856 154	861 913	23 177	318 645	585 751	(267 106)	-46%	861 913
Vote 07 - Directorate - Spatial Planning And Development		73 678	234 721	243 757	3 891	58 433	45 060	13 373	30%	243 757
Vote 08 - Directorate - Health / Public Safety & Emergency Services		10 753	30 205	41 245	133	6 576	14 724	(8 148)	-55%	41 245
Vote 09 - Directorate - Municipal Services		48 423	165 349	168 280	4 977	22 940	29 793	(6 853)	-23%	168 280
Vote 10 - Directorate - Economic Development & Agencies		32 708	43 100	59 598	301	12 886	31 209	(18 323)	-59%	59 598
Total Capital Multi-year expenditure	4,7	**1 276 301**	**1 645 204**	**1 713 563**	**40 944**	**467 752**	**753 723**	**(285 971)**	**-38%**	**1 713 563**
Total Capital Expenditure		**1 276 301**	**1 645 204**	**1 713 563**	**40 944**	**467 752**	**753 723**	**(285 971)**	**-38%**	**1 713 563**
Capital Expenditure - Functional Classification										
Governance and administration		**139 320**	**129 320**	**151 996**	**3 184**	**21 314**	**66 856**	(45 542)	-68%	**151 996**
Executive and council		56 842	25 500	45 839	1 102	6 946	20 162	(13 217)	-66%	45 839
Finance and administration		82 478	97 820	97 820	2 082	14 369	43 027	(28 658)	-67%	97 820
Internal audit		–	6 000	8 337			3 667	(3 667)	-100%	8 337
Community and public safety		**232 830**	**316 087**	**330 479**	**12 048**	**60 391**	**145 363**	(84 972)	-58%	**330 479**
Community and social services		21 498	42 250	43 288	598	5 649	19 040	(13 392)	-70%	43 288
Sport and recreation		24 023	57 277	59 170	4 224	16 395	26 026	(9 631)	-37%	59 170
Public safety		10 753	30 205	41 245	61	61	18 142	(18 082)	-100%	41 245
Housing		176 555	186 355	186 775	7 167	38 287	82 154	(43 868)	-53%	186 775
Health		–	–	–	(2)	–	–	–		–
Economic and environmental services		**410 843**	**548 777**	**574 311**	**4 221**	**157 593**	**252 615**	(95 022)	-38%	**574 311**
Planning and development		106 386	277 821	303 355	2 005	55 653	133 433	(77 780)	-58%	303 355
Road transport		304 457	270 956	270 956	2 206	101 618	119 182	(17 564)	-15%	270 956
Environmental protection		–	–	–	10	322	–	322	#DIV/0!	–
Trading services		**493 309**	**628 020**	**628 020**	**21 190**	**215 568**	**276 239**	(60 671)	-22%	**628 020**
Energy sources		121 231	148 000	148 000	6 312	39 504	65 099	(25 595)	-39%	148 000
Water management		173 706	130 000	130 000	7 175	71 591	57 181	14 410	25%	130 000
Waste water management		195 471	284 198	284 198	7 559	103 830	125 007	(21 176)	-17%	284 198
Waste management		2 901	65 822	65 822	144	642	28 952	(28 310)	-98%	65 822
Other		–	23 000	28 758	301	12 886	12 650	236	2%	28 758
Total Capital Expenditure - Functional Classification	3	**1 276 301**	**1 645 204**	**1 713 563**	**40 944**	**467 752**	**753 723**	**(285 971)**	**-38%**	**1 713 563**
Funded by:										
National Government		669 780	795 307	795 307	21 703	311 153	466 717	(155 564)	-33%	795 307
Provincial Government		–	–	9 036	–	–	2 824	(2 824)	-100%	9 036
District Municipality			–	–			–	–		–
Other transfers and grants		–	–	–	–	–	–	–		–
Transfers recognised - capital		**669 780**	**795 307**	**804 343**	**21 703**	**311 153**	**469 541**	**(158 389)**	**-34%**	**804 343**
Public contributions & donations	5		–	229			72	(72)	-100%	229
Borrowing	6	–	69 000	69 000	–	547	21 566	(21 019)	-97%	69 000
Internally generated funds		606 521	780 897	839 991	19 241	156 053	262 544	(106 491)	-41%	839 991
Total Capital Funding		**1 276 301**	**1 645 204**	**1 713 563**	**40 944**	**467 752**	**753 723**	**(285 971)**	**-38%**	**1 713 563**

7.6 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R17.09 billion. Consumer debtors and other debtors are reflected net of impairments as per the statement of financial position.

Table 8: C6: Monthly Budget Statement – Financial Position

BUF Buffalo City - Table C6 Monthly Budget Statement - Financial Position - M07 January

Description	Ref	2016/17	Budget Year 2017/18			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		24 591	80 000	80 000	87 202	80 000
Call investment deposits		1 665 511	2 459 412	2 459 412	1 755 706	2 459 412
Consumer debtors		558 848	915 237	915 237	644 848	915 237
Other debtors		886 552	118 870	118 870	853 195	118 870
Current portion of long-term receivables		–	17	17	–	17
Inventory		38 570	117 128	117 128	42 630	117 128
Total current assets		**3 174 072**	**3 690 664**	**3 690 664**	**3 383 581**	**3 690 664**
Non current assets						
Long-term receivables		–	73	73	–	73
Investments		–	–	–	–	–
Investment property		408 315	442 030	442 030	408 315	442 030
Investments in Associate		127 539	99 109	99 109	127 539	99 109
Property, plant and equipment		15 875 782	14 556 391	14 624 751	15 032 974	14 624 751
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		7 073	60 000	60 000	8 862	60 000
Other non-current assets		72 145	90 944	90 944	72 082	90 944
Total non current assets		**16 490 855**	**15 248 547**	**15 316 906**	**15 649 772**	**15 316 906**
TOTAL ASSETS		**19 664 927**	**18 939 211**	**19 007 570**	**19 033 353**	**19 007 570**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		47 642	48 748	48 748	33 355	48 748
Consumer deposits		57 321	65 401	65 401	59 789	65 401
Trade and other payables		1 079 482	1 038 209	1 038 209	760 908	1 038 209
Provisions		186 724	183 654	183 654	186 724	183 654
Total current liabilities		**1 371 169**	**1 336 012**	**1 336 012**	**1 040 777**	**1 336 012**
Non current liabilities						
Borrowing		398 126	421 212	421 212	389 289	421 212
Provisions		517 066	724 999	724 999	517 066	724 999
Total non current liabilities		**915 192**	**1 146 211**	**1 146 211**	**906 355**	**1 146 211**
TOTAL LIABILITIES		**2 286 361**	**2 482 223**	**2 482 223**	**1 947 131**	**2 482 223**
NET ASSETS	2	**17 378 567**	**16 456 988**	**16 525 347**	**17 086 221**	**16 525 347**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		10 405 662	13 055 940	13 124 300	10 113 317	13 124 300
Reserves		6 972 905	3 401 047	3 401 047	6 972 905	3 401 047
TOTAL COMMUNITY WEALTH/EQUITY	2	**17 378 567**	**16 456 988**	**16 525 347**	**17 086 221**	**16 525 347**

7.7 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R152.81 million resulting in cash and cash equivalents closing balance of R1.84 billion as at 31 January 2018.

Table 9: C7: Monthly Budget Statement – Cash Flow

BUF Buffalo City - Table C7 Monthly Budget Statement - Cash Flow - M07 January

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		978 231	1 133 389	1 133 389	74 109	569 946	661 143	(91 197)	-14%	1 133 389
Service charges		2 867 970	2 786 003	2 786 003	192 979	1 428 210	1 625 168	(196 958)	-12%	2 786 003
Other revenue		199 489	360 634	360 634	21 024	146 919	210 370	(63 451)	-30%	360 634
Government - operating		894 796	1 368 106	1 369 045	7 630	946 141	798 610	147 531	18%	1 369 045
Government - capital		669 780	795 307	804 572	13 967	514 833	469 334	45 499	10%	804 572
Interest		198 437	193 846	193 846	16 038	102 975	113 077	(10 102)	-9%	193 846
Dividends		–	0	0	0	0	0	(0)	-45%	0
Payments										
Suppliers and employees		(4 718 985)	(4 709 064)	(4 710 003)	(325 437)	(2 835 674)	(2 747 502)	88 172	-3%	(4 710 003)
Finance charges		(49 359)	(54 318)	(54 318)	(3 638)	(26 440)	(31 686)	(5 245)	17%	(54 318)
Transfers and Grants		(394 807)	(64 056)	(64 056)	(27 982)	(203 227)	(37 366)	165 861	-444%	(64 056)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**645 551**	**1 809 846**	**1 819 111**	**(31 310)**	**643 682**	**1 061 148**	**417 466**	**39%**	**1 819 111**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		(542)	–	–				–		–
Decrease (Increase) in non-current debtors		–	–	–				–		–
Decrease (increase) other non-current receivables		–	–	–				–		–
Decrease (increase) in non-current investments		–	–	–				–		–
Payments										
Capital assets		(1 278 098)	(1 582 484)	(1 713 563)	(40 944)	(467 752)	(999 579)	(531 826)	53%	(1 713 563)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(1 278 640)**	**(1 582 484)**	**(1 713 563)**	**(40 944)**	**(467 752)**	**(999 579)**	**(531 826)**	**53%**	**(1 713 563)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	69 000	69 000	–	–	28 750	(28 750)	-100%	69 000
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		(50 709)	(48 748)	(48 748)	–	(23 124)	(28 436)	(5 312)	19%	(48 748)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(50 709)**	**20 252**	**20 252**	**–**	**(23 124)**	**314**	**23 438**	**7474%**	**20 252**
NET INCREASE/ (DECREASE) IN CASH HELD		**(683 798)**	**247 614**	**125 800**	**(72 254)**	**152 806**	**61 883**			**125 800**
Cash/cash equivalents at beginning:		2 373 900	2 291 798	2 291 798		1 690 102	2 291 798			1 690 102
Cash/cash equivalents at month/year end:		1 690 102	2 539 412	2 417 597		1 842 908	2 353 681			1 815 902

PART 2: SUPPORTING DOCUMENTATION

8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

8.1 Debtors

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

Table 10: SC3 Monthly Budget Statement Aged Debtors

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January

Description	NT Code	Budget Year 2017/18											
R thousands		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	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	49 857	32 805	26 903	34 066	31 840	26 768	126 206	296 225	624 669	515 105		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	80 879	16 210	8 675	4 080	4 275	4 419	18 215	34 817	171 570	65 806		
Receivables from Non-exchange Transactions - Property Rates	1400	77 205	29 024	21 197	25 118	16 741	17 793	98 393	391 872	677 343	549 917		
Receivables from Exchange Transactions - Waste Water Management	1500	23 432	9 485	6 786	7 869	5 064	5 394	28 448	129 098	215 577	175 874		
Receivables from Exchange Transactions - Waste Management	1600	18 624	9 741	7 772	7 251	6 571	7 279	36 534	187 279	281 051	244 914		
Receivables from Exchange Transactions - Property Rental Debtors	1700	94	91	90	93	118	115	508	4 017	5 127	4 851		
Interest on Arrear Debtor Accounts	1810									–	–		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									–	–		
Other	1900	6 779	4 334	4 088	3 766	11 199	3 272	21 663	117 839	172 940	157 739		
Total By Income Source	**2000**	**256 870**	**101 690**	**75 512**	**82 243**	**75 808**	**65 041**	**329 967**	**1 161 147**	**2 148 277**	**1 714 205**	**–**	**–**
2016/17 - totals only		268 793	103 851	68 660	54 364	54 573	48 862	304 499	1 059 107	1 962 709	**1 521 405**		
Debtors Age Analysis By Customer Group													
Organs of State	2200	11 941	6 282	3 411	2 456	244	225	3 129	7 625	35 313	13 678		
Commercial	2300	122 026	25 756	16 854	15 368	12 795	14 749	77 982	236 201	521 729	357 094		
Households	2400	112 637	63 785	49 760	57 705	57 992	44 616	213 185	720 954	1 320 634	1 094 452		
Other	2500	10 267	5 867	5 487	6 714	4 777	5 452	35 671	196 367	270 601	248 981		
Total By Customer Group	**2600**	**256 870**	**101 690**	**75 512**	**82 243**	**75 808**	**65 041**	**329 967**	**1 161 147**	**2 148 277**	**1 714 205**	**–**	**–**

8.1.1. Additional debtors' information

The gross debtors that are older than 30 days, which includes all charges excluding VAT, amounted to R1.891 billion as at 31 January 2018 which is an increase of R43.33 million over the amount of R1.848 billion as at 31 December 2017.

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

8.2. Additional debtor's information.

8.2.1. Age Analysis per Category

Table 11 below details debtors age analysis that are older than 30 days by income source as at 31 January 2018. It also provides comparison with the previous month (31 December 2017) which indicates a slight increase from R1.85 billion to R1.89 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR JANUARY 2018	TOTAL FOR DECEMBER 2017
30 DAYS	29 023 711	9 485 110	16 210 076	32 804 770	9 741 189	4 425 078	101 689 933	100 343 293
60 DAYS	21 196 881	6 786 233	8 675 398	26 902 625	7 772 112	4 178 530	75 511 779	94 124 219
90 DAYS	25 118 094	7 869 377	4 080 181	34 065 636	7 250 579	3 858 957	82 242 824	82 314 520
120 DAYS TO 360 DAYS	132 927 222	38 906 323	26 909 045	184 814 532	50 384 060	36 874 427	470 815 609	447 113 895
YEAR 2	136 189 047	36 352 060	15 515 967	112 131 583	50 359 416	25 639 930	376 188 002	358 378 220
YEAR 3	106 586 824	21 737 186	6 522 322	54 202 934	29 205 635	17 174 352	235 429 253	230 079 602
YEAR 4	61 762 990	17 532 165	4 175 315	38 648 715	24 536 057	19 833 740	166 488 982	160 411 701
YEAR 5	20 862 256	13 427 377	2 141 423	25 451 739	19 477 016	15 559 627	96 919 438	94 629 940
YEAR 5+	66 470 774	40 049 156	6 461 893	65 789 530	63 700 749	43 649 143	286 121 244	280 678 881
TOTAL	**600 137 799**	**192 144 987**	**90 691 619**	**574 812 064**	**262 426 812**	**171 193 784**	**1 891 407 065**	**1 848 074 271**

8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type that are older than 30 days as at 31 January 2018. It also reflects the percentage split per category with domestic consumers having the highest share followed by businesses. Please note that the financial system is not able to produce a collection ratio per service, however the collection ratio is reported on globally.

Table 12: Age Analysis per Category Type

CATEGORY TYPE	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	53 140 318	38 963 982	42 802 225	765 517 399	900 423 924	47.61
Indigent	10 331 294	10 667 540	14 809 218	270 471 182	306 279 234	16.19
Business	25 755 627	16 853 603	15 367 576	341 726 821	399 703 627	21.13
Government	6 282 013	3 411 352	2 456 010	11 222 304	23 371 679	1.24
Municipal Staff	313 790	128 747	93 877	757 841	1 294 255	0.07
Other	5 866 890	5 486 555	6 713 918	242 266 982	260 334 346	13.76
Total	**101 689 933**	**75 511 779**	**82 242 824**	**1 631 962 529**	**1 891 407 065**	**100.00**

Note*: A stop order deduction is implemented for all municipal employees and councillors that are in arrears with their municipal accounts. When a new employee joins the employ of the municipality, in many instances there is services debt and therefore the arrears will be liquidated over an acceptable period of time in terms of the Credit Control Policy.

8.2.3. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 January 2018 amounted to R23.37 million. This indicates an increase of R20 081 when compared to the previous month, in the amount of R23.35 million. The breakdown of the arrears per department (excluding accounts in credit) indicated in the table hereunder, as at 31 January 2018.

Table 13 below provides an analysis of government debtors that are older than 30 days as at 31 January 2018 and comparison with the previous month.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 JANUARY 2018	ARREARS AS AT 31 DECEMBER 2017	DIFFERENCE
National Department Of Public Works	947 183	2 848 229	3 795 413	3 788 462	6 951
Provincial Department Of Public Works	592 686	1 042 647	1 635 333	2 011 266	(375 933)
Department Of Education	-	3 058 002	3 058 002	2 919 861	138 141
Department Of Health	-	7 640 086	7 640 086	7 506 148	133 938
Department Of Social Development	-	382 309	382 309	243 229	139 080
Department Of Transport	-	3 177	3 177	-	3 177
Department Of Agriculture	-	-	-	8 435	(8 435)
Department Of Nature Conservation	-	11 518	11 518	5 861	5 657
Department of Human Settlements	-	4 906	4 906	62 002	(57 096)
Sport, Recreation, Arts and Culture	-	1 084	1 084	797	287
Department of Labour - UIF Services	-	2 717	2 717	26 577	(23 860)
Members Of Provincial Legislature	-	261 299	261 299	246 587	14 712
Department of Water Affairs	-	-	-	-	-
Department of Cooperate Governance & Traditional Affairs	-	-	-	-	-
Department of Rural Development and Land Reform	-	69 530	69 530	68 700	830
Provincial RDP Houses	-	6 503 487	6 503 487	6 461 256	42 231
South African Social Security Agency	-	2 817	2 817	2 417	400
TOTAL	**1 539 869**	**21 831 810**	**23 371 679**	**23 351 598**	**20 081**

9. CREDITORS' ANALYSIS

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

Table 14: SC4 Monthly Budget Statement Aged Creditors

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

Description	NT Code	Budget Year 2017/18									Prior year totals for chart (same period)
R thousands		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	109 898								**109 898**	110 699
Bulk Water	0200	20 700								**20 700**	19 437
PAYE deductions	0300	22 177								**22 177**	16 753
VAT (output less input)	0400	–								**–**	–
Pensions / Retirement deductions	0500	24 460								**24 460**	19 518
Loan repayments	0600	–								**–**	–
Trade Creditors	0700	225 115	13 536							**238 651**	197 793
Auditor General	0800	911								**911**	863
Other	0900	24 636								**24 636**	68 859
Total By Customer Type	**1000**	**427 896**	**13 536**	**–**	**–**	**–**	**–**	**–**	**–**	**441 432**	433 921

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in January 2018.

Table 15: Payments made to the 20 highest paid creditors – January 2018

CREDITOR	90 DAYS	60 DAYS	30 DAYS	CURRENT	TOTAL
ESKOM				109 897 807.95	109 897 807.95
MOTHEO/ MPUMALANGA JOINT VENTURE				32 555 345.09	32 555 345.09
AMATOLA WATER				20 699 862.00	20 699 862.00
HAW & INGLIS (PTY) LTD				8 020 827.34	8 020 827.34
MANTELLA TRADING 522 CC				7 313 804.51	7 313 804.51
T V R CONSTRUCTION			6 204 039.57		6 204 039.57
UTILITIES WORLD (PTY) LTD			4 379 193.06		4 379 193.06
MTIMA PLUMBING SERVICES				3 302 878.34	3 302 878.34
RANDCIVILS			2 952 768.37		2 952 768.37
EYA BANTU PROFFESSIONAL SERVICES CC				2 928 267.70	2 928 267.70
ABERDARE CABLES (PTY) LTD				2 363 859.36	2 363 859.36
MAMLAMBO CONSTRUCTION				2 038 766.10	2 038 766.10
MAZIYA GENERAL SERVICES				1 867 513.20	1 867 513.20
C & M FASTNERS CC			1 860 859.78		1 860 859.78
MVEZO PLANT & CIVILS CC				1 636 107.90	1 636 107.90
O'G WELDING WORKS				1 546 067.60	1 546 067.60
EVALUATIONS ENHANCED PROPERTY APPRAISALS (PTY) LTD			893 760.00	508 235.66	1 401 995.66
TSHUVANE SERVICES				1 344 078.89	1 344 078.89
AQUA TRANSPORT & PLANT HIRE (PTY) LTD				1 342 122.00	1 342 122.00
LATHIZA CONSTRUCTION				1 292 760.00	1 292 760.00
TOTAL	**-**	**-**	**16 290 620.78**	**198 658 303.64**	**214 948 924.42**

10. INVESTMENT PORTFOLIO ANALYSIS

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

Table 16: SC5 Monthly Budget Statement – investment portfolio

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
Municipality									
Land Affairs - West Bank		Call Account	Call Account	Call Account	292	2.94%	52 482	292	52 774
Finance Management Grant		Call Account	Call Account	Call Account	7	0.07%	1 260	7	1 267
MD Urban Renewal (MT Ruth Node)		Call Account	Call Account	Call Account	52	0.52%	9 387	52	9 439
Workmans Compensation(COID)		Call Account	Call Account	Call Account	53	0.53%	9 478	53	9 531
Reeston Development		Call Account	Call Account	Call Account	1	0.01%	151	1	152
Human Settlement Development Grant (HSDG)		Call Account	Call Account	Call Account	92	0.92%	16 508	92	16 600
Intergrated Electrification Programme (INEP)		Call Account	Call Account	Call Account	200	2.01%	31 073	200	31 273
Trust Funds		Call Account	Call Account	Call Account	6	0.06%	1 156	6	1 163
Vuna Awards		Call Account	Call Account	Call Account	6	0.06%	1 081	6	1 087
Aids & Training Information Centre (ATIC)		Call Account	Call Account	Call Account	0	0.00%	2	(2)	–
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	0	0.00%	46	0	46
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	1	0.01%	172	1	173
City of Leiden		Call Account	Call Account	Call Account	1	0.01%	190	1	191
Needscamp Planning		Call Account	Call Account	Call Account	5	0.05%	959	5	965
Umsobomvu Youth Fund (UYF)		Call Account	Call Account	Call Account	2	0.02%	275	2	276

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

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
Municipality									
Land Affairs - East Bank		Call Account	Call Account	Call Account	455	4.58%	81 785	455	82 240
Land Affairs West Bank		Call Account	Call Account	Call Account	270	2.72%	42 005	270	42 275
European Commission		Call Account	Call Account	Call Account	6	0.06%	1 080	6	1 086
Salaida		Call Account	Call Account	Call Account	12	0.12%	1 851	12	1 863
Electricity Demand Management Grant		Call Account	Call Account	Call Account	0	0.00%	2	0	2
ADM Funding		Call Account	Call Account	Call Account	10	0.10%	1 711	10	1 720
Urban Settelement Development Grant		Call Account	Call Account	Call Account	323	3.26%	58 146	323	58 469
Urban Settelement Development Grant		Call Account	Call Account	Call Account	382	3.85%	68 736	382	69 119
Urban Settelement Development Grant		Call Account	Call Account	Call Account	452	4.55%	81 266	452	81 718
Urban Settelement Development Grant		Call Account	Call Account	Call Account	543	5.47%	98 003	543	98 546
Infrastructure Skills Development Grant		Call Account	Call Account	Call Account	35	0.35%	6 266	35	6 301
Infrastructure Development Levy		Call Account	Call Account	Call Account	1	0.01%	152	1	153
Bcmet		Call Account	Call Account	Call Account	3	0.03%	515	3	518
Expanded Public Works Programme		Call Account	Call Account	Call Account	7	0.07%	1 265	7	1 272
Intergrated City Development Grant		Call Account	Call Account	Call Account	33	0.33%	5 955	33	5 989
City of Oldenburg		Call Account	Call Account	Call Account	3	0.03%	559	3	562
Public Transport Network Grant		Call Account	Call Account	Call Account	309	3.11%	55 565	309	55 874
DEAT		Call Account	Call Account	Call Account	1	0.01%	200	1	201
Capital Replacement Reserve (CRR)		Call Account	Call Account	Call Account	368	3.71%	57 200	368	57 568
Mayoral Projects (CRR)		Call Account	Call Account	Call Account	7	0.08%	1 161	7	1 169
Own Funds		Call Account	Call Account	Call Account	62	0.63%	11 201	62	11 264
Own Funds		Call Account	Call Account	Call Account	416	4.18%	64 547	416	64 962
Own Funds		Call Account	Call Account	Call Account	255	2.57%	45 846	255	46 101

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
Municipality									
Own Funds		Call Account	Call Account	Call Account	180	1.81%	32 394	180	32 574
Own Funds		Call Account	Call Account	Call Account	732	7.37%	132 164	732	132 896
Own Funds - CRR		Call Account	Call Account	Call Account	1 053	10.60%	190 059	1 053	191 112
Own Funds - CRR		Call Account	Call Account	Call Account	194	1.96%	34 916	194	35 110
Own Funds - CRR		Call Account	Call Account	Call Account	174	1.75%	31 222	174	31 395
Own Funds - CRR		Call Account	Call Account	Call Account	314	3.16%	56 438	314	56 752
Own Funds - CRR		Call Account	Call Account	Call Account	280	2.82%	50 335	280	50 615
Own Funds (Depreciation)		Call Account	Call Account	Call Account	1 384	13.93%	248 728	1 384	250 111
Own Funds (Depreciation)		Call Account	Call Account	Call Account	568	5.72%	102 089	568	102 657
Own Funds (Depreciation)		Call Account	Call Account	Call Account	364	3.67%	65 473	364	65 837
Housing Development					15	0.15%	2 652	15	2 667
Municipality sub-total					9 930	0	1 755 707	9 928	1 765 636
Entities									
N/A									
Entities sub-total					–		–	–	–
TOTAL INVESTMENTS AND INTEREST	2				**9 930**		**1 755 707**	**9 928**	**1 765 636**

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

BUF Buffalo City - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M07 January

Description	Ref	2016/17	Budget Year 2017/18							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		**1 193 355**	**1 260 713**	**1 260 713**	**4 960**	**856 170**	**735 416**	**120 754**	**5.7%**	**1 260 713**
Local Government Equitable Share		678 191	705 277	705 277	–	528 958	411 412	117 546	28.6%	705 277
Urban Settlement Development Grant		88 745	63 044	63 044	–	–	36 776	(36 776)	-100.0%	63 044
Finance Management		1 200	1 200	1 200	–	1 200	700	500	71.4%	1 200
EPWP Incentive		1 188	4 952	4 952	–	3 466	2 889	577	20.0%	4 952
Infrastucture Skills Development Grant		9 000	10 560	10 560	4 960	10 560	6 160	4 400	71.4%	10 560
Public Transport Network Grant		5 000	7 702	7 702	–	–	4 493	(4 493)	-100.0%	7 702
General Fuel Levy		410 031	467 978	467 978	–	311 986	272 987	38 999	14.3%	467 978
Other transfers and grants [insert description]								–		
Provincial Government:		**31 315**	**105 800**	**106 154**	**2 640**	**88 129**	**61 923**	**(8 750)**	**-100.0%**	**106 154**
DSRAC - Library Subsidy		15 000	15 000	15 000	–	–	8 750	(8 750)	-100.0%	15 000
Department of Public Works			–	354	–	–	206	(206)	-100.0%	354
Human Settlement Development Grant		16 315	90 800	90 800	2 640	88 129	52 967	35 162	66.4%	90 800
Other transfers and grants [insert description]								–		
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
[insert description]								–		
Other grant providers:		**2 935**	**1 593**	**2 178**	**30**	**1 842**	**1 271**	571	#DIV/0!	**2 178**
SETA - Skills Development		2 935	–	–	–	1 812	–	1 812	#DIV/0!	–
Donor Funding - Leiden			138	138	–	–	81	(81)	-100.0%	138
Salaida / Gavle			1 455	1 544	30	30	901	(871)	-96.7%	1 544
City of Oldenburg			–	496	–	–	289	(289)	-100.0%	496
Unspecified		–	–	–	–	–	–	–		–
Total Operating Transfers and Grants	5	**1 227 605**	**1 368 106**	**1 369 045**	**7 630**	**946 141**	**798 609**	**112 575**	**14.1%**	**1 369 045**
Capital Transfers and Grants										
National Government:		704 223	795 307	795 307	13 967	514 833	463 929	50 904	**11.0%**	795 307
Urban Settlement Development Grant		642 754	705 084	705 084	–	460 876	411 299	49 577	12.1%	705 084
Public Transport Network Grant		30 289	48 167	48 167	13 967	41 901	28 097	13 804	49.1%	48 167
Neighbourhood Development Partnership		–	10 000	10 000	–	–	5 833	(5 833)	-100.0%	10 000
Integrated National Electrification Programme		25 000	25 000	25 000	–	5 000	14 583	(9 583)	-65.7%	25 000
Finance Management Grant		100	100	100	–	100	58	42	71.4%	100
Integrated City Development Grant		6 080	6 956	6 956	–	6 956	4 058	2 898	71.4%	6 956
								–		
Provincial Government:		**–**	**–**	**9 036**	**–**	**–**	**5 271**	(5 271)	-100.0%	**9 036**
Dept of Local Government and Traditional Affairs		–	–	9 036	–	–	5 271	(5 271)	-100.0%	9 036
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
[insert description]								–		
Other grant providers:		**–**	**–**	**229**	**–**	**–**	**115**	(115)	-100.0%	**229**
Salaida / Gavle		–	–	229	–	–	115	(115)	-100.0%	229
Total Capital Transfers and Grants	5	**704 223**	**795 307**	**804 572**	**13 967**	**514 833**	**469 315**	**45 518**	**9.7%**	**804 572**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	1 931 828	2 163 413	2 173 617	21 597	1 460 974	1 267 924	158 094	12.5%	2 173 617

11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 48% (R420.74 million, inclusive of reclaimed vat) of its 2017/2018 conditional grants budget of R882.77 million as at 31 January 2018. This reflects an improvement both in percentage terms and rand value terms when compared to the same period in the previous financial year where 47% (R389.01 million, inclusive of reclaimed of vat) of conditional grants budget of R828.70 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded. Refer to annexure D and E for details.

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

Table 18: Spending per Conditional Grant Funding Allocation

Funding/Grant	2017/18 Approved Budget	YTD Exp (vat) R	Variance (vat incl.) R	% Expenditure vs. Budget (vat incl.)
Integrated National Electrification Programme Grant	25 000 000	2 839 106	22 160 894	11%
Finance Management Grant	1 300 000	824 068	475 932	63%
Infrastructure Skills Development Grant	10 560 000	4 764 663	5 795 337	45%
Urban Settlement Development Grant	768 128 000	383 358 832	384 769 168	50%
Neighbourhood Development Partnership Grant	10 000 000	0	10 000 000	0%
Integrated City Development Grant	6 956 000	6 956 000	0	100%
Expanded Public Works Programme Grant	4 952 000	1 237 979	3 714 021	25%
Public Transport Infrastructure and Systems Grant	55 869 000	20 762 275	35 106 725	37%
TOTAL	**882 765 000**	**420 742 924**	**462 022 076**	**48%**

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

11.1.1. INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

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

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

AREA	CONNECTIONS	FUNDS	STAUTS
Buffer Strip Mdantsane	117(Infills)	R 818 500	On going
Fynbos/Scenery Park	197	R 2 856 500	Work in line with program
Phakamisa	250	R 3 625 000	Work commenced
TOTAL	**564**	**R 7 300 000**	

11.1.2. FINANCE MANAGEMENT GRANT

There are nine (9) interns serving on the internship programme. The interns are being remunerated accordingly. Furthermore, the grant will be utilised for the payment of additional modules on the Municipal Finance Management Programme (MFMP) for three interns and two finance officials. Expenditure is on track and will be fully utilized at year end.

11.1.3. INFRASTRUCURE SKILLS DEVELOPMENT GRANT (ISDG)

Interviews were held in the first week of February 2018 and five interns have been recommended for appointment. Recruitment process for the other five interns is still underway and will be re-advertised as no applications were received from the first advert.

11.1.4. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

INFRASTRUCTURE SERVICES

Electricity

PROGRAMME	BUDGET	STATUS	COMMENT
Tool & Equipment: • Cable Locator and Hydraulic Spiking Gun • Generator 500kVA with Trailer	R 2 000 000	0%	Awaiting cancellation letter to be signed as per SCM Policy prior to resuming tender process.
Street Lighting & Highmast within BCMM Areas of Supply: • Highmast/s Installation X 11 • Bonza Bay Road Phase 2 • Petrel Rd Gonubie • Gonubie 2nd Street	R 5 000 000	41%	- 7 Mast installed, further 4 orders to be completed in May 2018. - Petrel Rd Gonubie, complete. - Gonubie 2nd Street complete.
Building Alterations	R 1 000 000	1%	Construction was to commence in February 2018, utilizing Annual Contractors. Due to internal challenges handed to Architectural department, who will then advertise for Service Provider.
INEP Electrification Programme - Counterfunding	R 5000 000	0%	Funding allocated for Electrification within Eskom area of supply, currently awaiting feedback from BCMM legal department with reference to a MoU between BCMM and Eskom before moving forward.

SPATIAL PLANNING & DEVELOPMENT

Needs Camp / Potsdam Bridge

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

Traffic signals

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

Traffic calming measures

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

Sidewalks

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

HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES

Construction of King Williams Town Traffic Centre project is progressing well and as at end of January 2018, the roof is being erected and all outer walls & paintwork has been done. The contractor is busy with the installation of the IT network points and electrical work & plumbing installations.

MUNICIPAL SERVICES

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

11.1.6 NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT

A Precinct Plan approved in 2016 identified projects that needed to be executed to develop the Mdantsane CBD. Two projects, which are Toyana and Sandile road were selected for implementation from the Precinct Plan.

The project plans have not yet been approved by National Treasury. The issue has been communicated, it will be discussed and finalised at the meeting with National Treasury in Pretoria on the 9th of February 2018.

11.1.7 PUBLIC TRANSPORT NETWORK GRANT

Transport Register

Service providers have submitted the final document and the transport planning organization department reviewed the documents. The Department is currently preparing relevant reports for close out.

Operational plan review of integrated rapid public transport network

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

Qumza Highway

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

Development and Upgrading of Public Transport Facilities in KWT

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

11.1.7.1 EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

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

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and Councilors remuneration. The workforce costs as a percentage of total expenditure amounted to 24.72%.

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

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January

Summary of Employee and Councillor remuneration	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		32 239	36 515	36 515	2 651	18 344	20 747 402	(2 403)	-12%	36 515
Pension and UIF Contributions		3 400	3 754	3 754	332	2 275	2 132 811	142	7%	3 754
Medical Aid Contributions		1 717	2 134	2 134	160	1 150	1 212 430	(62)	-5%	2 134
Motor Vehicle Allowance		12 556	14 405	14 405	1 087	7 480	8 184 628	(704)	-9%	14 405
Cellphone Allowance		2 309	2 447	2 447	195	1 356	1 390 512	(34)	-2%	2 447
Housing Allowances		2 801	3 144	3 144	188	1 303	1 786 370	(484)	-27%	3 144
Other benefits and allowances		–	–	–	–	–	0	–		–
Sub Total - Councillors		**55 023**	**62 398**	**62 398**	**4 613**	**31 908**	**35 454**	**(3 546)**	**-10%**	**62 398**
% increase	4		**13.4%**	**13.4%**						**13.4%**
Senior Managers of the Municipality	3									
Basic Salaries and Wages		11 375	13 873	13 873	529	3 819	7 886	(4 067)	-52%	13 873
Pension and UIF Contributions		988	2 701	2 701	103	722	1 536	(813)	-53%	2 701
Medical Aid Contributions		149	255	255	17	112	145	(33)	-23%	255
Overtime			–	–	–	–	–	–		–
Performance Bonus			–	–	–	–	–	–		–
Motor Vehicle Allowance		1 214	2 974	2 974	28	832	1 691	(859)	-51%	2 974
Cellphone Allowance		133			16	116	–	116	#DIV/0!	
Housing Allowances		–	469	469	–	–	266	(266)	-100%	469
Other benefits and allowances		1 193	3 002	3 002	(1)	39	1 706	(1 667)	-98%	3 002
Payments in lieu of leave			–	–	–	–	–	–		–
Long service awards			–	–	–	–	–	–		–
Post-retirement benefit obligations	2		–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		**15 053**	**23 273**	**23 273**	**691**	**5 640**	**13 230**	**(7 590)**	**-57%**	**23 273**
% increase	4		**54.6%**	**54.6%**						**54.6%**
Other Municipal Staff										
Basic Salaries and Wages		1 028 954	1 040 488	1 040 488	89 698	634 802	591 485	43 317	7%	1 040 488
Pension and UIF Contributions		159 657	198 248	198 248	18 658	130 887	112 698	18 190	16%	198 248
Medical Aid Contributions		74 714	93 096	93 096	7 216	48 476	52 922	(4 446)	-8%	93 096
Overtime		118 999	73 819	73 819	14 140	78 854	41 964	36 890	88%	73 819
Performance Bonus		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		27 888	33 980	33 980	2 208	15 507	19 317	(3 810)	-20%	33 980
Cellphone Allowance		4 003	4 392	4 392	350	2 427	2 497	(69)	-3%	4 392
Housing Allowances		10 186	17 020	17 020	626	4 452	9 675	(5 223)	-54%	17 020
Other benefits and allowances		62 214	202 137	202 137	13 589	106 889	114 909	(8 020)	-7%	202 137
Payments in lieu of leave		38 424	18 327	18 327	18	118	10 419	(10 300)	-99%	18 327
Long service awards		20 828	21 399	21 399	1 858	13 096	12 164	932	8%	21 399
Post-retirement benefit obligations	2	75	7 143	7 143	3	41	4 060	(4 019)	-99%	7 143
Sub Total - Other Municipal Staff		**1 545 943**	**1 710 048**	**1 710 048**	**148 366**	**1 035 550**	**972 109**	**63 441**	**7%**	**1 710 048**
% increase	4		**10.6%**	**10.6%**						**10.6%**
Total Parent Municipality		**1 616 019**	**1 795 719**	**1 795 719**	**153 669**	**1 073 098**	**1 020 793**	**52 305**	**5%**	**1 795 719**
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS		**1 616 019**	**1 795 719**	**1 795 719**	**153 669**	**1 073 098**	**1 020 793**	**52 305**	**5%**	**1 795 719**
% increase	4		**11.1%**	**11.1%**						**11.1%**
TOTAL MANAGERS AND STAFF		**1 560 996**	**1 733 321**	**1 733 321**	**149 056**	**1 041 191**	**985 339**	**55 852**	**6%**	**1 733 321**

12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 January 2018. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 January 2018.

Table 20: Overtime per Directorate

Directorate Overtime	2017/2018 Annual Budget R	2017/2018 YTD Budget R	2017/2018 YTD Expenditure R	2017/2018 YTD Variance R	2017/2018 % of YTD Budget %
Directorate Of Executive Support Services	1 903 985	1 082 356	2 298 363	(1 216 008)	212%
Directorate Of The City Manager	545 438	284 839	241 244	43 595	85%
Directorate Of Corporate Services	480 814	298 553	580 074	(281 522)	194%
Directorate Of Development & Spatial Planning	704 956	400 745	169 316	231 429	42%
Directorate Of Economic Development & Agencies	530 085	301 337	136 537	164 800	45%
Directorate Of Finance	1 536 378	873 383	1 786 789	(913 407)	205%
Directorate Of Health / Public Safety & Emergency Services	27 906 579	15 864 016	22 753 545	(6 889 528)	143%
Directorate Of Human Settlement	115 256	65 519	16 385	49 135	25%
Directorate Of Infrastructure Services	19 370 795	11 011 690	25 106 073	(14 094 382)	228%
Electricity	*8 753 148*	4 975 891	*8 715 148*	(3 739 257)	*175%*
Water	*3 790 350*	2 154 695	*8 280 643*	(6 125 947)	*384%*
Sanitation	*5 602 537*	3 184 867	*7 545 684*	(4 360 817)	*237%*
Other	*1 224 760*	714 443	*564 598*	149 845	*79%*
Directorate Of Municipal Services	22 930 342	13 035 181	25 765 525	(12 730 344)	198%
Total	**76 024 628**	**43 217 621**	**78 853 851**	**(35 636 231)**	**182%**

Table 21: Overtime Per Cost Centre: November 2017 – January 2018

		November 2017 Amount	December 2017 Amount	January 2018 Amount
	DIRECTORATE EXECUTIVE SUPPORT SERVICES			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	315 620.29	247 134.58	258 221.77
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	13 310.81	25 083.75	74 789.74
0523	IDP & BUDGET INTEGRATION	2 951.91	5 955.72	0
0531	POLITICAL OFFICE ADMINISTRATION	9 642.19	29 269.10	5 111.24
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	0	27 743.42	17 199.66
0541	SPORTS SERVICES & SPECIAL PROGRAMMES	0	5 955.72	0
0542	SPECIAL PROGRAMMES	6 091.80	0	8 411.85
		347 617.00	**341 142.29**	**363 734.26**
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	19 810.26	25 793.59	24 648.48
1015	INFORMATION / TECHNOLOGY & SUPPORT	25 413.16	33 624.74	17 929.59
		45 223.42	**59 418.33**	**42 578.07**
	DIRECTORATE OF CORPORATE SERVICES			
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	2 129.00	0	0
1512	ADMINISTRATIVE & CORPORATE SUPPORT	13 441.98	6 537.58	0
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	48 504.79	36 544.38	42 158.63
1531	HUMAN RESOURCES MANAGEMENT	12 847.55	14 353.77	10 199.09
1532	ADMINISTRATIVE SUPPORT	3 243.60	13 010.94	9 730.80
1536	ORGANISATIONAL DEVELOPMENT	0	0	2 028.15
		80 166.92	**70 446.67**	**64 116.67**
	DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING			
2013	CITY & REGIONAL PLANNING	3 642.74	4 276.26	0
2023	BUILDING MAINTANANCE	0	5 190.08	15 090.70
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	1 250.64	4 992.66	5 324.81
2037	TRAFFIC MANAGEMENT & SAFETY	24 115.61	6 523.30	13 482.99
2045	TOWNSHIP REGENERATION	0	0	0
		29 008.99	**20 982.30**	**33 898.50**
	DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES			
2505	OFFICE OF THE DIRECTOR ECONOMIC DEVELOPMENT	1 833.00	0	292.41
2511	FRESH PRODUCE MARKET	15 262.26	7 813.75	8 388.64
		17 095.26	**7 813.75**	**8 681.05**

		November 2017 Amount	December 2017 Amount	January 2018 Amount
	DIRECTORATE OF FINANCE			
3031	EXPENDITURE & PAYMENTS MANAGEMENT	2 121.08	8 508.44	9 311.51
3051	REVENUE MANAGEMENT	30 360.13	0	0
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	134 628.82	116 465.27	160 739.37
3053	COASTAL REVENUE MANAGEMENT	35 482.99	8 581.05	10 683.87
3061	STRATEGY & OPERATIONS	438.75	0	0
3071	SUPPLY CHAIN MANAGEMENT	0	2 147.92	1 698.81
		203 031.77	**135 702.68**	**182 433.56**
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3505	OFFICE OF THE DIRECTOR HEALTH / PUBLIC SAFETY &EMERGENCY SERVICES	0	0	3 208.52
3512	DISASTER MANAGEMENT	15 389.42	2 046.87	21 364.86
3513	FIRE & RESCUE	320 502.04	262 709.31	1 060 013.71
3521	MUNICIPAL HEALTH SERVICES	21 380.64	11 333.87	13 241.25
3531	PUBLIC SAFETY & PROTECTION SERVICES	71 753.82	0	0
3532	LAW ENFORCEMENT SERVICES	1 540 658.10	1 124 186.86	2 476 469.84
3533	TRAFFIC SERVICES	630 153.40	557 919.45	1 051 540.31
		2 599 837.42	**1 958 196.36**	**4 625 838.49**
	DIRECTORATE OF HUMAN SETTLEMENT			
4011	HOUSING DELIVERY & IMPLEMENTATION	13 561.53	0	0
		13 561.53	**0**	**0**
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	2 692.94	2 821.17	3 597.98
4511	ELECTRICAL & ENERGY SERVICES	2 229.15	24 797.60	3 480.52
4512	CUSTOMER SERVICES & REVENUE PROTECTION	97 143.83	87 565.66	126 310.15
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	3 163.50	877.80	3 072.87
4514	ELECTRICAL DISTRIBUTION	1 226 659.15	1 136 039.73	1 087 026.06
4521	ROADS / PIU & CONSTRUCTION	3 248.07	0	0
4524	ROADS	15 306.48	8 763.37	10 648.91
4532	SANITATION	964 634.95	991 301.21	1 277 869.16
4535	WATER SERVICES	1 180 610.54	1 084 468.44	1 018 721.31
4543	WORKSHOPS	65 736.08	71 223.69	92 056.77
		3 561 424.69	**3 407 858.67**	**3 622 783.73**

		November 2017 Amount	December 2017 Amount	January 2018 Amount
	DIRECTORATE OF MUNICIPAL SERVICES			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	9 781.94	5 098.38	16 859.31
5011	COMMUNITY AMENITIES	27 746.84	26 066.43	33 517.13
5013	LIBRARIES	59 587.46	52 822.32	28 025.20
5014	HALLS	201 182.03	207 363.94	222 341.68
5015	RECREATION	413 353.10	488 172.40	1 186 652.06
5016	SPORTS FACILITIES	201 371.54	140 354.21	162 995.20
5022	CEMETRIES & CREMOTORIA	313 839.36	327 558.88	334 486.28
5023	CONSERVATION	122 185.58	123 789.08	186 233.97
5024	PARKS: COASTAL	233 398.53	799 407.53	742 849.69
5031	SOLID WASTE MANAGEMENT	9 446.41	20 384.43	10 895.68
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 283 461.14	1 564 403.19	1 331 646.05
5035	LANDFILLS & TRANSFER STATIONS	124 418.32	126 760.81	179 200.67
		2 999 772.25	**3 882 181.60**	**4 435 702.92**
	TOTAL OVERTIME	**9 896 739.25**	**9 883 742.65**	**13 379 767.25**

12.2.1. Comments On Overtime

a) Directorate of Executive Support Services

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

b) Directorate of Corporate Services

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

c) Directorate of Finance

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

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

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

d) Directorate of Infrastructure Services

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

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

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

e) Directorate of Health / Public Safety & Emergency Services

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

f) Directorate of Municipal Services

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

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

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

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

12.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past three months ended 31 January 2018. There was a decrease in the total payment between November 2017 and December 2017 of R115 036 and a decrease in the total payment between December 2017 and January 2018 of R27 995.

Table 22: Standby & Shift Allowance per Directorate

	NOVEMBER 2017	DECEMBER 2017	JANUARY 2018
Directorate of Executive Support Services	6 496	6 698	7 453
Directorate of the City Manager	37 200	21 639	54 709
Directorate of Corporate Services	1 407	1 345	1 483
Directorate of Development & Spatial Planning	25 091	12 576	13 938
Directorate Economic Development & Agencies	1 269	1 499	1 115
Directorate of Finance	19 456	9 586	8 918
Directorate of Health/Public Safety & Emergency Services	593 687	543 651	624 148
Directorate of Human Settlement	0	0	0
Directorate of Infrastructure Services	760 416	753 962	719 617
Directorate of Municipal Services	335 828	314 858	206 439
TOTAL	**1 780 850**	**1 665 814**	**1 637 819**

12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the past three months ended 31 January 2018 is reflected below. There was an increase in the total payment between November 2017 and December 2017 of R2 525 016 and a decrease in the total payment between December and January 2018 of R588 998.

Table 23: Temporary Staff per Directorate

	NOVEMBER 2017	DECEMBER 2017	JANUARY 2018
Directorate of Executive Support Services	527 533	540 284	521 259
Directorate of the City Manager	244 598	386 628	301 698
Directorate of Corporate Services	1 362 308	1 544 981	1 438 089
Directorate of Development & Spatial Planning	122 042	120 975	143 308
Directorate Economic Development & Agencies	15 850	15 850	31 402
Directorate of Finance	612 741	803 654	721 976
Directorate of Health/Public Safety & Emergency Services	253 045	291 692	348 596
Directorate of Human Settlement	145 099	164 233	182 687
Directorate of Infrastructure Services	182 593	197 684	260 917
Directorate of Municipal Services	2 031 820	3 956 664	3 483 714
TOTAL	**5 497 628**	**8 022 644**	**7 433 646**

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year to date budget of R35.45 million less the year to date expenditure of R31.91 million leaves a variance of R3.55 million.

Table 24: Councillors Costs

Councillors Allowances And Benefits	2017/2018 Annual Budget R	2017/2018 YTD Budget R	2017/2018 YTD Expenditure R	2017/2018 Variance R	2017/2018 Variance %
Councillors Allowances	44 492 267	25 280 182	19 699 931	5 580 251	22.07
Housing Allowance	0	0	1 302 810	-1 302 810	0.00
Medical Aid Allowance	1 773 192	1 007 515	1 150 059	-142 544	-14.15
Pension Allowance	3 761 772	2 137 411	2 274 799	-137 388	-6.43
Travel Allowance	12 370 884	7 029 046	7 480 241	-451 195	-6.42
Total	**62 398 115**	**35 454 155**	**31 907 840**	**3 546 314**	**10.00**

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R14.52 million (25%) of its 2017/2018 operating budget of R33.16 million. The expenditure at this point of the financial year is below target.

Table 25: Monthly Budget Statement – summary of municipal entity

BUF Buffalo City - NOT REQUIRED - municipality does not have entities or this is the parent municipality's budget - M07 January

Description	Ref	2016/17	Budget Year 2017/18							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Municipal Entity										
Buffalo City Metropolitan Development Agency SOC Ltd								–		
Interest earned - external investments		200	238	238	7	98	139	(41)	-30%	238
Transfers recognised - operational		16 882	22 138	22 138	5 066	15 197	16 603	(1 406)	-8%	22 138
Agency services			3 630	3 630	76	76	2 117	(2 041)	-96%	3 630
Other revenue		877	7 154	7 154	154	1 239	4 173	(2 934)	-70%	7 154
Total Operating Revenue	1	**17 959**	**33 160**	**33 160**	**5 303**	**16 610**	**23 033**	**(6 423)**	**-28%**	**33 160**
Expenditure By Municipal Entity										
Buffalo City Metropolitan Development Agency SOC Ltd								–		
Employee related costs		10 144	15 178	15 178	1 279	9 588	8 854	734	8%	15 178
Remuneration of Directors		459	850	850	67	477	496	(18)	-4%	850
Depreciation & asset impairment		332	471	471	71	481	275	206	75%	471
Finance charges		0	2	2	–	5	1	4	461%	2
Other expenditure		4 751	16 659	16 659	517	3 970	9 718	(5 747)	-59%	16 659
Total Operating Expenditure	2	**15 686**	**33 160**	**33 160**	**1 935**	**14 521**	**19 343**	**(4 822)**	**-25%**	**33 160**
Surplus/ (Deficit) for the yr/period		2 274	0	0	3 368	2 089	3 690	(11 245)	-305%	0
Capital Expenditure By Municipal Entity										
Buffalo City Metropolitan Development Agency SOC Ltd								–		
Transfers recognised - capital			962	–	1	191	561	(371)	-66%	962
Contributions recognised - capital								–		
Contributed assets								–		
Total Capital Expenditure	3	**–**	**962**	**–**	**1**	**191**	**561**	**(371)**	**-66%**	**962**

A detailed analysis of the entity's performance for month ended 31 January 2018 is outlined in the attached Annexure F.

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 30% (R508.84 million, inclusive of reclaimed vat) of its 2017/18 adjusted capital budget of R1.71 billion as at 31 January 2018. This depicts a regression both in percentage and rand value terms when compared to the same period in the previous financial year where 33% (R556.99 million, inclusive of reclaimed vat) of the adjusted budget of R1.69 billion was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded. Refer to Annexure A – C5 for the breakdown per municipal vote,

standard classification & funding; Annexure B – SC12 for monthly expenditure trends; SC13a for breakdown of asset classification for new assets and SC13b for breakdown on asset classification on renewal of existing asset).

A detailed schedule of the capital projects expenditure is outlined in Annexure E. Table 26 below reflects capital expenditure performance per source of funding.

Table 26: Capital Expenditure per Funding Source against Budget

Funding	2017/2018 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Total Own Funding	**908 991 209**	**156 599 554**	**752 391 655**	**17%**
DoE(Integrated National Electrification Programme)	25 000 000	2 839 106	22 160 894	11%
Finance Management Grant	100 000	0	100 000	0%
Galve c/o	229 000	0	229 000	0%
Integrated City Development Grant	6 956 000	6 956 000	0	100%
Local Government & Traditional Affairs c/o	9 036 112	0	9 036 112	0%
Neighbourhood Development Partnership Grant	10 000 000	0	10 000 000	0%
Urban Settlement Development Grant	705 084 160	323 370 413	381 713 747	46%
Public Transport Infrastructure Grant	48 167 000	19 079 471	29 087 529	40%
Total Grants	**804 572 272**	**352 244 990**	**452 327 282**	**44%**
TOTAL PER FUNDING	**1 713 563 481**	**508 844 544**	**1 204 718 937**	**30%**

Table 27 below reflects capital expenditure performance per service.

Table 27: Actual Expenditure per Service against Budget

Services	2017/2018 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Water	130 000 000	77 790 737	52 209 263	60%
Waste Water	283 698 323	115 784 076	167 914 247	41%
Electricity	148 000 000	40 002 282	107 997 718	27%
Roads and Stormwater	270 956 000	106 137 510	164 818 490	39%
Housing	185 855 000	43 769 387	142 085 613	24%
Transport Planning	142 553 112	54 724 408	87 828 704	38%
Local Economic Development	59 097 779	13 383 007	45 714 772	23%
Spatial Planning	62 704 000	5 929 233	56 774 767	9%
Waste Management / Refuse	65 821 640	371 545	65 450 095	1%
Amenities	102 458 023	22 568 326	79 889 697	22%
Public Safety	40 679 410	6 965 512	33 713 898	17%
Support Services	167 981 785	12 870 162	155 111 623	8%
Other - BCM Fleet	28 758 409	8 548 361	20 210 048	30%
BCMDA Projects	25 000 000	0	25 000 000	0%
GRAND - TOTAL	**1 713 563 481**	**508 844 544**	**1 204 718 937**	**30%**

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

Directorate	2017/2018 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
1. Executive Support Services	6 729 240	911 784	5 817 456	14%
2. Municipal Manager's Office	39 109 286	6 033 982	33 075 304	15%
3. Human Settlements	186 775 242	43 933 795	142 841 447	24%
4. Directorate of Financial Services	87 820 000	2 693 214	85 126 786	3%
5. Directorate of Corporate Services	8 337 104	298 066	8 039 038	4%
6. Directorate of Infrastructure Services	861 912 732	348 394 268	513 518 464	40%
7. Development and Spatial Planning	218 757 112	62 864 670	155 892 442	29%
8. Directorate of Economic Development	59 597 779	13 507 390	46 090 389	23%
9. Directorate of Health & Public Safety	41 245 323	7 218 592	34 026 731	18%
10.Directorate of Municipal Services	168 279 663	22 939 871	145 339 792	14%
TOTAL DIRECTORATES	**1 678 563 481**	**508 795 632**	**1 169 767 849**	**30%**
Asset Replacement	10 000 000	48 912	9 951 088	0%
BCMDA Projects	25 000 000	0	25 000 000	0%
GRAND 0 TOTAL	**1 713 563 481**	**508 844 544**	**1 204 718 937**	**30%**

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

Table 29: SC12 Monthly Budget Statement – capital expenditure trend

BUF Buffalo City - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M07 January

Month	2016/17	Budget Year 2017/18							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
Monthly expenditure performance trend									
July	1 611	3 274	3 274	2 308	2 308	3 274	966	29.5%	0%
August	39 205	17 112	17 112	40 222	42 530	20 386	(22 144)	-108.6%	3%
September	86 333	48 450	48 450	85 095	127 625	68 836	(58 789)	-85.4%	8%
October	78 499	94 083	94 083	85 567	213 192	162 919	(50 273)	-30.9%	13%
November	124 330	99 215	99 215	90 386	303 579	262 134	(41 445)	-15.8%	18%
December	161 499	147 979	147 979	123 230	426 808	410 113	(16 695)	-4.1%	26%
January	26 493	125 470	125 470	40 944	467 752	535 583	67 831	12.7%	28%
February	70 080	147 452	147 452	–		683 035	–		
March	162 725	180 770	180 770	–		863 806	–		
April	43 977	241 602	241 602	–		1 105 408	–		
May	82 891	259 708	259 708	–		1 365 116	–		
June	398 658	280 088	348 447	–		1 713 563	–		
Total Capital expenditure	**1 276 301**	**1 645 204**	**1 713 563**	**467 752**					

15. OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 49% (R146.33 million) inclusive of reclaimed vat of its 2017/18 adjusted operating projects budget of R298.17 million as at 31 January 2018. This depicts a slight improvement in percentage terms and regression in rand value terms when compared to the same period in the previous financial year where 46% (R149.62 million inclusive of reclaimed vat) of the adjusted operating projects budget of R327.39 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the second half of the financial year as procurement processes would have been concluded.

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

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

Directorate	2017/2018 Rollover Opex Opex Budget	YTD Expenditure (incl. vat)	Available Budget (incl. vat)	% Expenditure (incl. vat)
1. Executive Support Services	5 822 639	584 217	5 238 422	10%
2. Municipal Manager's Office	46 784 665	21 762 511	25 022 154	47%
3. Human Settlements	91 300 000	36 500 608	54 799 392	40%
4. Directorate of Financial Services	47 950 000	16 813 110	31 136 890	35%
5. Directorate of Corporate Services	12 566 500	5 375 924	7 190 576	43%
6. Directorate of Infrastructure Services	43 995 761	48 035 288	(4 039 527)	109%
7. Development and Spatial Planning	9 152 000	2 797 127	6 354 873	31%
8. Directorate of Economic Development	26 977 504	7 492 048	19 485 456	28%
9. Directorate of Health & Public Safety	1 860 000	82 811	1 777 189	4%
10. Directorate of Municipal Services	11 762 690	6 889 092	4 873 597	59%
TOTAL PER DIRECTORATE	**298 171 759**	**146 332 738**	**151 839 021**	**49%**

Table 31: Operating Projects per Funding Source

Funding	2017/2018 Rollover Opex Opex Budget	YTD Expenditure (incl. vat)	Available Budget (incl. vat)	% Expenditure (incl. vat)
Total Own Funding	**117 381 866**	**40 902 779**	**76 479 087**	**35%**
City of Oldenburg	495 761	0	495 761	0%
Department of Public Works	353 653	272 260	81 393	77%
Expanded Public Works Programme Incentives Grant	4 952 000	1 237 979	3 714 021	25%
Finance Management Grant	1 200 000	824 068	375 932	69%
Human Settlement Development Grant	90 800 000	36 500 608	54 299 392	40%
Infrastructure Skills Development Grant	10 560 000	4 764 663	5 795 337	45%
Leiden	138 207	58 720	79 487	42%
Public Transport Infrastructure Grant	7 702 000	1 682 804	6 019 196	22%
Salaida (Galve)	1 454 574	100 437	1 354 137	7%
Galve	89 858	0	89 858	0%
Urban Settlement Development Grant	63 043 840	59 988 419	3 055 421	95%
Total Grants	**180 789 893**	**105 429 958**	**75 359 934**	**58%**
TOTAL PER FUNDING	**298 171 759**	**146 332 738**	**151 839 021**	**49%**

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 32: Health / Public Safety & Emergency Services – Cost Analysis

Health & Public Safety	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding
OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES	0	1 482 605	97 447	1 297	1 581 349
GM - EMERGENCY SERVICES	**(56 414 132)**	**47 490 350**	**18 163 607**	**568 843**	**66 222 799**
EMERGENCY SERVICES		1 618 940	57 211	298	1 676 449
DISASTER MANAGEMENT		1 717 544	453 202	16 888	2 187 634
FIRE & RESCUE	(56 414 132)	44 153 866	17 653 193	551 657	62 358 716
GM - MUNICIPAL HEALTH SERVICES	**(34 486)**	**17 983 002**	**1 480 223**	**77 610**	**19 540 836**
MUNICIPAL HEALTH SERVICES: COASTAL REGION	(34 486)	17 983 002	1 480 223	77 610	19 540 836
GM - PUBLIC SAFETY & PROTECTION SERVICES	**(32 451 224)**	**129 061 172**	**7 469 170**	**1 324 910**	**137 855 252**
PUBLIC SAFETY & PROTECTION SERVICES	(216 195)	6 844 260	2 958 844	890 856	10 693 960
LAW ENFORCEMENT SERVICES		74 034 491	1 786 001	380 431	76 200 924
TRAFFIC SERVICES	(32 235 029)	48 182 420	2 724 325	53 623	50 960 368
	(88 899 842)	**196 017 129**	**27 210 447**	**1 972 660**	**225 200 236**

16.2. Municipal Services

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

Table 33: Municipal Services – Cost Analysis

Municipal Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES		6 106 839	978 809	26 292	7 111 940
GM - COMMUNITY AMENITIES	**(2 921 124)**	**73 110 423**	**77 371 069**	**5 659 763**	**156 141 254**
COMMUNITY AMENITIES	(94)	8 017 214	64 595 420	25 826	72 638 460
LIBRARIES & HALLS					
LIBRARIES	(327 259)	14 430 598	6 061 404	460 517	20 952 519
HALLS	(738 537)	12 082 380	987 240	1 281 525	14 351 146
RECREATION	(1 816 670)	24 284 862	2 168 910	1 861 154	28 314 926
SPORTS FACILITIES	(38 565)	14 295 368	3 558 094	2 030 740	19 884 203
					0
GM - PARKS / CEMETRIES & CONSERVATION	**(7 158 672)**	**88 205 229**	**14 651 647**	**4 564 805**	**107 421 680**
PARKS / CEMETRIES & CONSERVATION		3 469 703	138 935	0	3 608 638
CEMETRIES & CREMOTORIA	(5 963 974)	14 211 978	4 125 673	1 052 103	19 389 754
CONSERVATION	(1 128 886)	10 453 562	1 274 717	180 627	11 908 906
PARKS: COASTAL	(65 813)	60 069 985	9 026 922	3 332 075	72 428 983
PARKS: MIDLAND			85 400		85 400
GM - SOLID WASTE MANAGEMENT	**(258 520 586)**	**96 915 009**	**130 370 796**	**12 417 514**	**239 703 318**
SOLID WASTE MANAGEMENT		7 764 945	16 545 687	6 353 718	30 664 350
CLEANSING & REFUSE REMOVAL: COASTAL	(256 906 546)	81 043 205	93 333 053	6 036 308	180 412 566
CLEANSING & REFUSE REMOVAL: INLAND			4 877 223		4 877 223
CLEANSING & REFUSE REMOVAL: MIDLAND			584 526		584 526
LANDFILLS & TRANSFER STATIONS	(1 614 040)	8 106 859	15 030 307	27 487	23 164 653
Total	**(268 600 383)**	**264 337 500**	**223 372 319**	**22 668 373**	**510 378 192**

17. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

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

☐ The monthly budget statement (Section 71 Report)

for the period ending **January 2018** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print name: Andile Sihlahla

City Manager of Buffalo City Metropolitan Municipality, BUF

Signature: .....

Date: .....

ANNEXURES:

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C2 Monthly Budget Statement - Financial Performance (Std Classification)
C3 Monthly Budget Statement - Financial Performance (By Municipal Vote)
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Annexure B

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Schedule of Borrowings

Annexure D

Operating expenditure report

Annexure E

Capital expenditure report

Annexure F

Buffalo City Metropolitan Development Agency Performance Report