

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION
OF THE 2018/19 BUDGET FOR THE PERIOD ENDED 30 APRIL 2019**

1. PURPOSE

The purpose of the report is for Executive Mayor to consider and note the statement of financial performance and the implementation of the 2018/19 budget of the Buffalo City Metropolitan Municipality for the period ended 30 April 2019.

2. AUTHORITY

Executive Mayor

3. LEGAL / STATUTORY REQUIREMENTS

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

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

3.3. Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

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

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

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

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PART 1: IN-YEAR REPORT

5. RESOLUTIONS

It is recommended that:

- (i) The Executive Mayor considers and notes the report on the statement of financial performance and the implementation of the 2018/19 budget for the period ended 30 April 2019 including supporting documentation attached as Annexure A to F.

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

- (iii) The Executive Mayor notes the year to date collection rate for the period ended 30 April 2019 of 85.70%.

A. SIHLAHLA

ACTING CITY MANAGER

BUFFALO CITY METROPOLITAN MUNICIPALITY

Ntsikelelo Sigcau/ YM

DATE

**6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET
AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE
PERIOD ENDED 30 APRIL 2019**

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

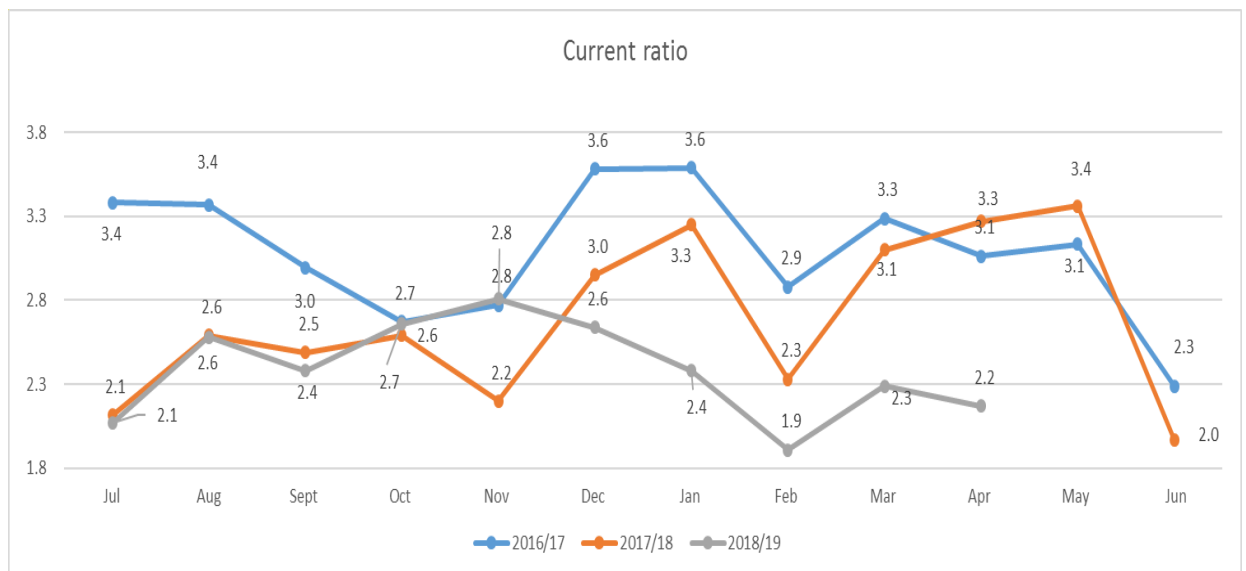
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 5,152,163,592	Bank Balance	R 326,685,914
Expenditure	(R5,535,034,382)	Call investments (excl. int.)	R 1,675,903,483
Operating Deficit	(R 382,870,789)	Cash and cash equivalents	R 2,002,589,397
Transfers and Subsidies Recognised – Capital	R 534,325,025	Account Payables	(R 547,322,128)
Surplus After Capital Transfers	R 151,454,238	Unspent conditional grants	(R 754,328,832)
DEBTORS		Committed to Capital budget-own funds	(R 433,962,111)
Total debtors book (incl. impairment)	R 2,042,753,946	Therefore, Cash and Cash equivalents ring fenced for assets renewal in outer years	R 266,976,326
Total debtors - Government	R 47,216,577	Total Long term loans	R 363,238,080
Total debtors - Business	R 720,920,793		
Total debtors - Households	R 1,274,616,576		
Total debt written off	R 189,283,901	SURPLUS / (DEFICIT) PER SERVICE	
		Water	R 104,375,785
REPAIRS AND MAINTENANCE		Electricity	(R 84,830,675)
2017/2018: Exp.= R254,78 m, which is 57% of adjusted budget of R450.64 m	2018/2019: Exp.= R328,56 m, which is 77% of adjusted budget of R428,64 m	Refuse	R 62,964,354
		Sewerage	R 175,485,512
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
2017/2018: Exp. as a % of Adjusted Budget of R1.63b: Exp. (excl. vat) = R705.55 mil % exp (Excl. vat) :43% Exp. (incl. vat) = R761.44 mil % exp (incl. vat): 47%	2018/2019: Exp. as a % of Adjusted Budget of R2.10b: Exp. (excl. vat) = R944.55 mil % exp. (Excl. vat) :45% Exp. (incl. vat) = R1.02 bil % exp. (incl. vat): 48%	2017/2018: Exp. as a % of Adjusted Budget of R309,4m: Exp. (excl. vat) = R179.76 mil % exp.(excl. vat) : 58% Exp. (incl. vat) = R186 mil % exp.(incl. vat) : 60%	2018/2019: Exp. as a % of Adjusted Budget of R349.21m: Exp. (excl. vat) = R141.44 mil % exp. (excl. vat) : 41% Exp. (incl. vat) = R143.62 mil % exp. (incl. vat) : 41%
FINANCIAL		HUMAN RESOURCES	
Operating deficit before Capital Transfers	(R 382,870,789)	Total staff complement	5 274
Debtors collection ratio	85.70%	Staff Appointments	188
YTD Grants and subsidies: recognized - Capital	R 534,325,025	Staff Terminations	18
% of Creditors paid within terms	100%	Number of funded vacant posts	781
Current ratio	2.17:1	Total overtime paid (YTD)	R 103,595,190
Total Debt to Revenue	7.17%	Allowances and benefits – Councillors (YTD)	R 52,005,732
Capital Charges to Operating Expenditure	1.21%	Salary bill – Officials	R 1,664,173,843
Cost coverage ratio	2.82 months	Workforce costs as a % of expenditure	31.01%

6.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered stable as the Current Ratio is 2.17:1 which indicates the ability of municipality's current assets to cover its current liabilities. This is above the norm of 1.5-2:1. The City has a strong cash and cash equivalent and can easily meet its immediate obligations, however, the stagnant revenue base and high rate of increase in operating costs is a threat to the City's cash position. This ratio denotes that the City can meet its short term liabilities.

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

Figure 1: Current Ratio

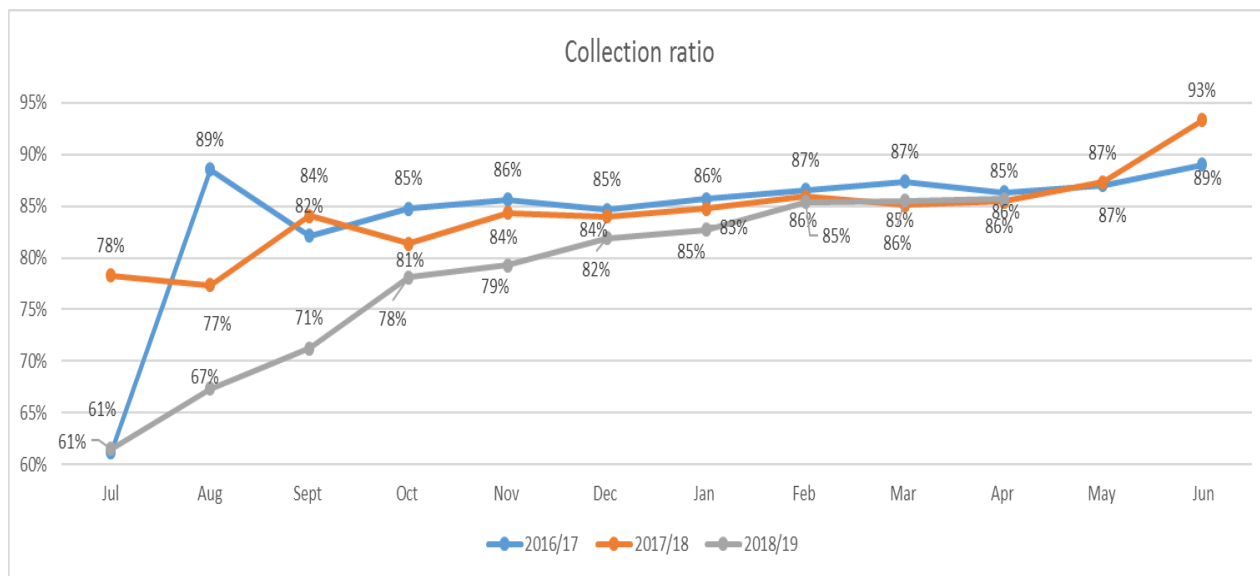


6.3. Collection Rate and Outstanding Debtors

The year to date collection rate for the month ended 30 April 2019 is 85.7% (2017/18: 85.5%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has increased by 0.2% from last month where 85.5% was achieved for the period ended 30 March 2019.

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

Figure 2: Collection Ratio



Total gross debtors book (including current accounts) as at 30 April 2019 amounts to R2.04 billion (2017/18: R2 billion). Households: R1.27 billion, Business: R720.92 million and Government: R47.22 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 48% (R1.02 billion, inclusive of reclaimed vat) of its 2018/19 adjusted capital budget of R2.1 billion as at 30 April 2019. This reflects an increase when compared to the same period in the previous financial year where 47% (R761.44 million, inclusive of reclaimed vat) of the adjusted budget of R1.63 billion was spent. (Refer to Section 14 for further details).

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

6.5. Operating Projects

The Metro has spent 41% (R143.62 million, inclusive of reclaimed vat) of its 2018/19 adjusted operating projects budget of R349.21 million as at 30 April 2019. This reflects a decline when compared to the same period in the previous financial year where 60% (R186 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R309.4 million was spent. Expenditure is expected to progressively improve during the last quarter of the financial year as procurement processes would have been concluded. (Refer to Section 15 for further details).

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

6.6. Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 56% (R621.04 million, inclusive of reclaimed vat) of its 2018/2019 conditional grants budget of R1.11 billion as at 30 April 2019. This reflects a decline when compared to the same period in the previous financial year where 65% (R581.86 million, inclusive of reclaimed of vat) of conditional grants budget of R899.69 million was spent. Expenditure is expected to progressively improve during the last quarter of the financial year as procurement processes would have been concluded. (Refer to Section 11 for further details).

6.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent 51% (R495.35 million, inclusive of reclaimed vat) of its 2018/2019 USDG budget of R962.99 million as at 30 April 2019. This reflects a decline when compared to the same period in the previous financial year where 67% (R517.38 million, inclusive of reclaimed of vat) of USDG budget of R768.13 million was spent. Expenditure is expected to progressively improve during the last quarter of the financial year as procurement processes would have been concluded. (Refer to Section 11 for further details).

6.7. Cash and Cash Equivalents

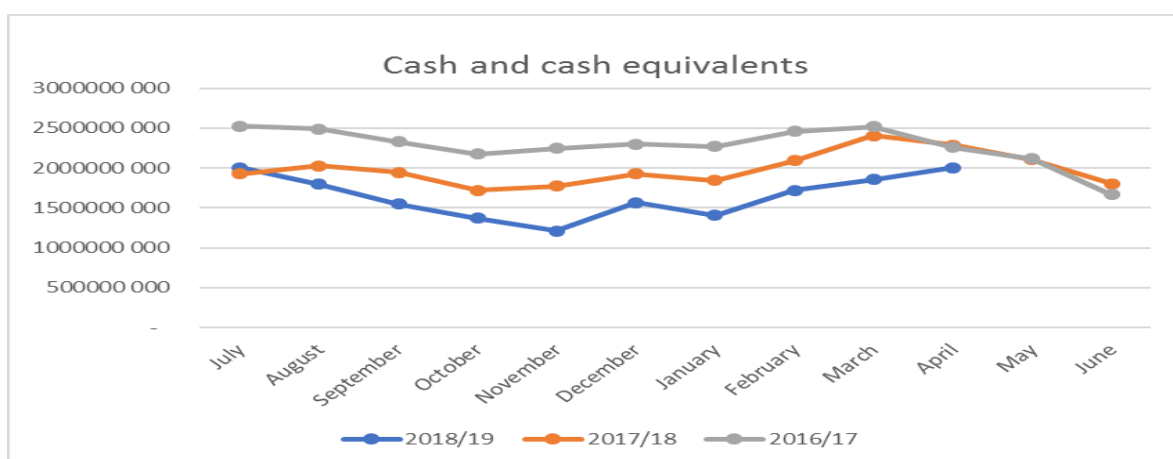
The cash and cash equivalents of the City as at 30 April 2019 are R2 billion made up of cash and bank amounting to R326.68 million and call investment deposits of R1.68 billion. This funding is invested with various financial institutions in compliance with the MFMA.

Refer to Section 7.4.5 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown.

The cost coverage ratio of the City is 2.82 months. This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue during that period. This ratio denotes that the City can meet its monthly operating commitments 2.82 times, which is within the norm of 1-3 months as per the MFMA circular 71. It is however a concern to note that the City's cash and cash equivalent reserve is decreasing due to stagnant revenue base and operating expenditure that is increasing at a high rate. There has also been high capital investment that is funded by internally generated funds.

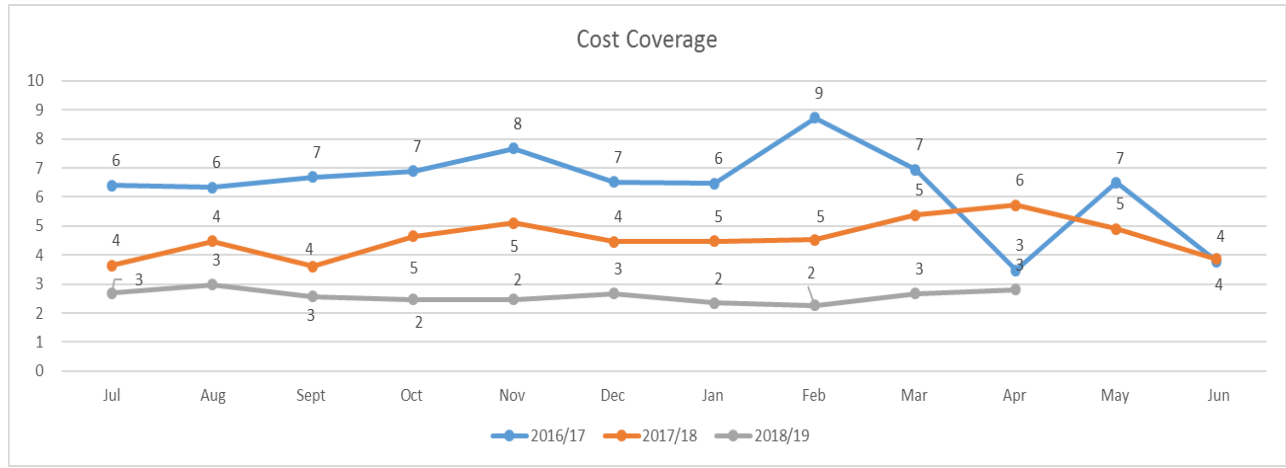
The graph below shows comparison of the monthly cash and cash equivalents over the 3-year period.

Figure 3: Cash and cash Equivalents



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

Figure 4: Cost Coverage



6.8. Outstanding Creditors

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

6.9. Long-Term Debt Profile

The total long term borrowings of the municipality as at 30 April 2019 amounts to R363 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 30 April 2019 is 1.21%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6 and 8%.

The total debt to revenue ratio is 7.17% as at 30 April 2019, this indicates the extent of total borrowings (short and long term debt financing) in relation to

total operating revenue of the municipality. The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities. The outcome is below the norm. This indicates that the municipality has capacity to take on additional financing from borrowing to invest in infrastructure projects. BCMM is in the process of considering new loan funding which will move this ratio closer to the National Treasury norm of 45%.

7. IN-YEAR BUDGET STATEMENT MAIN TABLES

7.1 Monthly Budget Statement Summary

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

Table 2:C1: Monthly Budget Statement Summary

BUF Buffalo City - Table C1 Consolidated Monthly Budget Statement Summary - M10 April									
Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	972 423	1 421 961	1 417 161	96 267	1 101 331	1 182 568	(81 236)	-7%	1 417 161
Service charges	2 723 608	3 172 285	3 151 081	240 539	2 348 896	2 626 608	(277 712)	-11%	3 151 081
Investment revenue	126 690	140 961	140 631	9 633	78 823	116 692	(37 870)	-32%	140 631
Transfers and subsidies	888 572	968 323	1 007 902	49 319	844 929	830 716	14 211	2%	1 007 902
Other own revenue	813 703	848 016	847 244	31 171	778 185	705 428	72 757	10%	847 244
Total Revenue (excluding capital transfers and contributions)	5 524 997	6 551 547	6 564 019	426 930	5 152 164	5 462 014	(309 850)	-6%	6 564 019
Employee costs	1 839 251	1 980 957	2 008 186	162 452	1 664 174	1 651 374	12 800	1%	2 008 186
Remuneration of Councilors	59 473	64 185	64 185	5 110	52 006	53 488	(1 482)	-3%	64 185
Depreciation & asset impairment	992 860	896 426	896 290	120 931	1 218 001	746 963	471 047	63%	896 290
Finance charges	43 960	59 806	39 013	3 024	32 340	32 511	(170)	-1%	39 013
Materials and bulk purchases	1 636 107	1 786 274	1 775 363	116 750	1 403 555	1 483 104	(79 549)	-5%	1 775 363
Transfers and subsidies	62 471	95 061	69 546	(13 004)	49 539	65 187	(15 648)	-24%	69 546
Other expenditure	1 471 393	1 683 303	1 707 498	109 908	1 115 419	1 414 106	(298 687)	-21%	1 707 498
Total Expenditure	6 105 514	6 546 003	6 560 061	505 171	5 535 034	5 446 723	88 311	2%	6 560 061
Surplus/(Deficit)	(580 516)	5 544	3 958	(78 241)	(382 871)	15 291	(398 161)	-2604%	3 958
Transfers and subsidies - capital (monetary allocations)	930 359	803 900	1 003 052	89 960	534 325	741 070	(206 745)	-26%	1 003 052
Contributions & Contributed assets	3 623	25 000	-	-	-	(12 500)	12 500	-100%	-
Surplus/(Deficit) after capital transfers & contributions	353 463	834 444	1 007 010	11 719	151 454	743 861	(592 407)	-80%	1 007 010
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	353 463	834 444	1 007 010	11 719	151 454	743 861	(592 407)	-80%	1 007 010
Capital expenditure & funds sources									
Capital expenditure	115 740	1 778 142	2 099 100	114 481	944 554	1 784 829	(840 275)	-47%	2 102 096
Capital transfers recognised	61	725 927	1 003 052	33 541	426 663	656 067	(229 194)	-35%	1 003 052
Borrowing	-	69 000	-	-	-	23 000	(23 000)	-100%	-
Internally generated funds	115 659	983 215	1 096 048	80 941	517 691	1 105 773	(588 081)	-53%	1 096 048
Total sources of capital funds	115 740	1 778 142	2 099 100	114 481	944 554	1 784 829	(840 275)	-47%	2 099 100
Financial position									
Total current assets	3 242 353	3 590 140	3 498 014	-	3 790 907	-	-	-	3 590 140
Total non current assets	18 808 564	20 089 293	20 248 587	-	18 532 276	-	-	-	20 089 293
Total current liabilities	1 649 095	1 394 977	1 393 284	-	1 743 761	-	-	-	1 394 977
Total non current liabilities	872 357	1 153 005	1 085 070	-	851 020	-	-	-	1 153 005
Community wealth/Equity	19 529 464	21 131 451	21 268 247	-	19 728 402	-	-	-	21 131 451
Cash flows									
Net cash from (used) operating	1 499 345	1 683 238	1 883 093	262 700	1 156 535	301 123	(855 412)	-264%	1 683 238
Net cash from (used) investing	(1 316 306)	(1 753 142)	(2 099 100)	(114 487)	(944 554)	(1 749 250)	(804 696)	46%	(1 753 142)
Net cash from (used) financing	(47 642)	9 333	(57 974)	-	(34 888)	(46 311)	(13 423)	28%	9 333
Cash/cash equivalents at the month/year end	135 395	(60 571)	(273 980)	-	177 093	(1 496 438)	(1 673 531)	112%	(60 571)
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dye-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	320 772	113 682	76 823	57 709	45 280	46 876	262 749	1 116 863	2 042 754
Creditors Age Analysis									
Total Creditors	547 322	-	-	-	-	-	-	-	547 322

7.2 Monthly Budget Statement – Financial Performance (standard classification)

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

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

BUF Buffalo City - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - M10 April										
Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		2 139 702	2 538 086	2 534 132	136 738	2 161 173	2 113 349	47 824	2%	2 534 132
Executive and council		31 030	26 940	26 940	(268)	18 207	22 450	(4 243)	-19%	26 940
Finance and administration		2 108 673	2 511 147	2 507 193	137 006	2 142 965	2 090 899	52 066	2%	2 507 193
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		437 476	355 122	503 013	39 559	238 187	366 645	(128 458)	-35%	503 013
Community and social services		27 483	29 896	29 896	79	22 306	24 914	(2 608)	-10%	29 896
Sport and recreation		45 350	5 190	5 190	284	2 771	4 325	(1 554)	-36%	5 190
Public safety		149 359	160 223	164 873	13 309	129 570	135 736	(6 167)	-5%	164 873
Housing		215 250	159 786	303 026	25 853	82 934	201 647	(118 713)	-59%	303 026
Health		35	27	27	35	606	22	584	2600%	27
Economic and environmental services		413 802	445 284	494 676	62 793	358 231	358 092	139	0%	494 676
Planning and development		139 269	259 330	258 671	52 573	200 953	193 446	7 507	4%	258 671
Road transport		273 359	182 656	232 706	10 160	156 438	161 897	(5 459)	-3%	232 706
Environmental protection		1 174	3 299	3 299	60	839	2 749	(1 909)	-69%	3 299
Trading services		3 436 783	4 014 827	4 008 124	275 631	2 907 398	3 329 893	(422 496)	-13%	4 008 124
Energy sources		1 775 553	2 069 822	2 059 618	144 852	1 514 527	1 711 555	(197 028)	-12%	2 059 618
Water management		633 119	799 770	798 270	43 941	617 664	664 308	(46 644)	-7%	798 270
Waste water management		651 301	680 364	680 364	58 452	398 263	564 970	(166 708)	-30%	680 364
Waste management		376 809	464 872	469 872	28 386	376 944	389 060	(12 116)	-3%	469 872
Other	4	31 215	27 126	27 126	2 169	21 500	22 605	(1 105)	-5%	27 126
Total Revenue - Functional	2	6 458 978	7 380 447	7 567 071	516 890	5 686 489	6 190 584	(504 095)	-8%	7 567 071
Expenditure - Functional										
Governance and administration		1 334 928	1 388 546	1 422 714	89 877	1 007 215	1 174 140	(166 925)	-14%	1 422 714
Executive and council		351 406	428 705	446 858	28 905	351 988	367 288	(15 300)	-4%	446 858
Finance and administration		973 877	944 722	960 701	60 359	644 648	794 263	(149 615)	-19%	960 701
Internal audit		9 644	15 119	15 155	613	10 579	12 589	(2 010)	-16%	15 155
Community and public safety		845 339	850 861	893 240	75 668	749 834	732 106	17 728	2%	893 240
Community and social services		99 350	98 652	100 428	8 619	92 208	82 886	9 322	11%	100 428
Sport and recreation		276 332	230 543	228 169	25 456	257 108	190 142	66 966	35%	228 169
Public safety		328 219	372 647	370 800	30 162	314 770	308 054	6 716	2%	370 800
Housing		105 092	107 401	151 834	8 379	54 297	116 182	(61 885)	-53%	151 834
Health		36 346	41 617	42 010	3 053	31 451	34 842	(3 391)	-10%	42 010
Economic and environmental services		741 035	805 719	786 711	112 607	1 181 448	655 559	525 888	80%	786 711
Planning and development		220 782	185 310	176 403	44 866	417 840	143 665	274 174	191%	176 403
Road transport		497 184	598 768	588 605	65 408	744 366	493 892	250 474	51%	588 605
Environmental protection		23 069	21 641	21 702	2 334	19 242	18 002	1 240	7%	21 702
Trading services		3 103 545	3 394 903	3 351 545	222 019	2 526 684	2 803 716	(277 032)	-10%	3 351 545
Energy sources		1 854 018	1 989 513	1 972 248	132 666	1 600 695	1 648 386	(47 691)	-3%	1 972 248
Water management		623 453	641 479	605 923	41 837	462 474	516 344	(53 870)	-10%	605 923
Waste water management		303 305	455 370	455 538	25 072	179 466	378 337	(198 871)	-53%	455 538
Waste management		322 769	308 541	317 836	22 444	284 049	260 649	23 400	9%	317 836
Other		80 109	105 975	105 851	5 000	69 854	88 133	(18 279)	-21%	105 851
Total Expenditure - Functional	3	6 104 956	6 546 003	6 560 061	505 171	5 535 034	5 453 655	81 380	1%	6 560 061
Surplus/ (Deficit) for the year		354 022	834 444	1 007 010	11 719	151 454	736 929	(585 475)	-79%	1 007 010

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

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

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

BUF Buffalo City - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - A - M10 April									
Vote Description	2017/18	Budget Year 2018/19							
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
								%	
Revenue by Vote									
Vote 01 - Directorate - Executive Support Services	1 138	-	846	114	185	677	(492)	-73%	846
Vote 02 - Directorate - Municipal Manager	30 698	26 940	26 940	(268)	18 263	22 450	(4 187)	-19%	26 940
Vote 03 - Directorate - Human Settlement	215 250	159 786	303 026	25 853	82 934	201 647	(118 713)	-59%	303 026
Vote 04 - Directorate - Chief Financial Officer	2 077 192	2 492 463	2 487 663	134 907	2 114 949	2 074 653	40 296	2%	2 487 663
Vote 05 - Directorate - Corporate Services	11 830	10 801	10 801	990	10 496	9 001	1 495	17%	10 801
Vote 06 - Directorate - Infrastructure Services	3 333 333	3 732 612	3 770 958	257 405	2 686 892	3 102 730	(415 839)	-13%	3 770 958
Vote 07 - Directorate - Spatial Planning And Development	136 083	195 565	221 001	52 637	186 627	175 667	10 961	6%	221 001
Vote 08 - Directorate - Health / Public Safety & Emergency Services	149 394	160 250	164 900	13 344	130 176	135 759	(5 583)	-4%	164 900
Vote 09 - Directorate - Municipal Services	450 816	503 257	508 257	28 809	402 860	421 047	(18 187)	-4%	508 257
Vote 10 - Directorate - Economic Development & Agencies	53 245	98 773	72 679	3 100	53 107	46 954	6 153	13%	72 679
Total Revenue by Vote	6 458 978	7 380 447	7 567 071	516 890	5 686 489	6 190 584	(504 095)	-8%	7 567 071
Expenditure by Vote									
Vote 01 - Directorate - Executive Support Services	229 773	309 737	318 883	24 307	236 767	263 455	(26 688)	-10%	318 883
Vote 02 - Directorate - Municipal Manager	176 395	191 028	205 908	11 910	173 249	166 479	6 770	4%	205 908
Vote 03 - Directorate - Human Settlement	105 092	107 401	151 834	8 379	54 297	116 182	(61 885)	-53%	151 834
Vote 04 - Directorate - Chief Financial Officer	610 017	503 480	525 430	30 676	341 479	430 392	(88 914)	-21%	525 430
Vote 05 - Directorate - Corporate Services	124 686	157 617	157 841	12 891	128 694	131 135	(2 441)	-2%	157 841
Vote 06 - Directorate - Infrastructure Services	3 348 091	3 748 890	3 683 296	269 366	3 035 203	3 088 598	(53 396)	-2%	3 683 296
Vote 07 - Directorate - Spatial Planning And Development	320 911	305 497	286 893	47 382	473 145	244 892	228 253	93%	286 893
Vote 08 - Directorate - Health / Public Safety & Emergency Services	368 787	420 235	418 791	33 510	349 447	347 865	1 582	0%	418 791
Vote 09 - Directorate - Municipal Services	717 297	653 407	662 154	58 557	649 382	546 711	102 671	19%	662 154
Vote 10 - Directorate - Economic Development & Agencies	103 906	148 711	149 032	8 193	93 373	117 946	(24 573)	-21%	149 032
Total Expenditure by Vote	6 104 956	6 546 003	6 560 061	505 171	5 535 034	5 453 655	81 380	0	6 560 061
Surplus/ (Deficit) for the year									
	354 022	834 444	1 007 010	11 719	151 454	736 929	(585 475)	(0)	1 007 010

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 30 April 2019.

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

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M10 April										
Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		972 423	1 421 961	1 417 161	96 267	1 101 331	1 182 568	(81 236)	-7%	1 417 161
Service charges - electricity revenue		1 728 377	1 992 712	1 971 508	142 827	1 462 890	1 643 630	(180 740)	-11%	1 971 508
Service charges - water revenue		440 830	563 043	563 043	41 641	393 731	469 202	(75 471)	-16%	563 043
Service charges - sanitation revenue		304 905	322 143	322 143	35 038	284 799	268 452	16 347	6%	322 143
Service charges - refuse revenue		249 497	294 388	294 388	21 034	207 476	245 323	(37 847)	-15%	294 388
Rental of facilities and equipment		16 971	17 563	17 563	1 394	15 956	14 636	1 320	9%	17 563
Interest earned - external investments		126 690	140 961	140 631	9 633	78 823	116 692	(37 870)	-32%	140 631
Interest earned - outstanding debtors		49 322	54 405	54 405	6 660	54 045	45 338	8 708	19%	54 405
Dividends received								-		
Fines, penalties and forfeits		23 698	16 591	16 591	1 526	10 051	13 826	(3 775)	-27%	16 591
Licences and permits		13 985	14 597	14 597	1 191	11 072	12 165	(1 093)	-9%	14 597
Agency services		25 806	31 270	30 528	1 977	19 829	24 862	(5 034)	-20%	30 528
Transfers and subsidies		888 572	968 323	1 007 902	49 319	844 929	830 718	14 211	2%	1 007 902
Other revenue		675 442	713 589	713 560	23 656	664 404	594 601	69 802	12%	713 560
Gains on disposal of PPE		8 478	-	-	(5 232)	2 829	-	2 829	0%	-
Total Revenue (excluding capital transfers and contributions)		5 524 997	6 551 547	6 564 019	426 930	5 152 164	5 462 014	(309 850)	-6%	6 564 019

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M10 April

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		1 839 251	1 960 957	2 008 166	162 452	1 664 174	1 651 374	12 800	1%	2 008 166
Remuneration of councillors		59 473	64 185	64 185	5 110	52 006	53 488	(1 482)	-3%	64 185
Debt impairment		310 385	343 696	343 336	(126)	159 203	286 234	(127 031)	-44%	343 336
Depreciation & asset impairment		992 860	896 426	896 290	120 931	1 218 001	746 953	471 047	63%	896 290
Finance charges		43 960	59 808	39 013	3 024	32 340	32 511	(170)	-1%	39 013
Bulk purchases		1 552 488	1 698 510	1 694 310	109 834	1 337 537	1 413 325	(75 787)	-5%	1 694 310
Other materials		83 619	87 764	81 054	6 916	66 018	69 779	(3 762)	-5%	81 054
Contracted services		681 665	869 185	818 634	57 823	526 087	698 928	(172 841)	-25%	818 634
Transfers and subsidies		62 471	95 051	69 546	(13 004)	49 539	65 187	(15 648)	-24%	69 546
Other expenditure		468 846	470 422	545 528	52 211	430 130	428 945	1 185	0%	545 528
Loss on disposal of PPE		10 496	-	-	-	-	-	-		-
Total Expenditure		6 105 514	6 546 003	6 560 061	505 171	5 535 034	5 446 723	88 311	2%	6 560 061
Surplus/(Deficit)		(580 518)	5 544	3 958	(78 241)	(382 871)	15 291	(398 161)	(0)	3 958
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		930 359	803 900	1 003 052	89 960	534 325	741 070	(206 745)	(0)	1 003 052
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		229	25 000	-	-	-	(12 500)	12 500	(0)	-
Transfers and subsidies - capital (in-kind - all)		3 394	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year		354 022	834 444	1 007 010	11 719	151 454	743 861			1 007 010

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

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

7.4.1.1 Operating Deficit

The City incurred an operating deficit (excluding capital transfers) of R382.87 million, this is mainly caused by an unfavourable variance realised on depreciation. The main contributing factor to high depreciation costs is the use of revaluation method as the basis of valuing BCMM infrastructure assets. The change of valuation method is still under consideration. Various cost containment measures are also being implemented to contain expenditure whilst revenue enhancement strategies are being explored to improve the City's revenue.

7.4.1.2 Service Charges – Electricity

In comparison with the previous financial year 17/18 & 18/19 during the same period, the billing seems to be consistent relative to the tariff increase. Anomalies (i.e. overbilling of R16m on one account in the Midland Region) that have been identified during the month of April 2019 billing have been corrected after the account run and will be effective in May 2019 Billing Month. The department is still investigating the completeness of billing to confirm the underperformance when compared to budget.

7.4.1.3 Service Charges – Water

The variance may be due to interim reversals that are occurring when an actual reading is obtained.

7.4.1.4 Service Charges – Refuse

In comparison with the previous financial year 17/18 & 18/19 during the same period, the billing is consistent relative to the tariff increase. The department is still investigating the completeness of billing to confirm the underperformance when compared to budget.

7.4.1.5 Interest earned - external investments

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

7.4.1.6 Interest earned – outstanding debtors

The variance is as a result of the debtors book that is increasing due to non-payment of debtors despite the daily credit control action that is implemented.

7.4.1.7 Fines, penalties and forfeits

The material variance in Fines & Penalties is caused by the following factors:

- a) Limited staff and resources to execute in the servicing proxies and summonses.
- b) Inclement weather prohibited operations deployment.
- c) Offenders failing to finalize their outstanding offence payments.

7.4.1.8 Agency services

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

7.4.1.9 Other Revenue

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

7.4.1.10 Debt Impairment

Debt write-offs are done periodically during the financial year. The next debt write-off is scheduled for May 2019 which will improve the variance. Debt write-off can only be implemented once a proper investigation into the probability of collection is done.

7.4.1.11 Depreciation

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

7.4.1.12 Contracted Services

The variance is mainly due to the under expenditure on operating projects. The variance is mainly due to under performance as a result of Human Settlements projects that are under litigation and no funding agreements in place.

7.4.1.13 Transfers and Subsidies

The variance is as a result of expenditure that was moved from grants and subsidies to operational cost as mSCOA requires that expenses due to exchange transactions between municipality and entity be under operating cost.

7.4.2 Repairs and maintenance

Table 6 below reflects that as at 30 April 2019, the repairs and maintenance expenditure is 77% of the adjusted budget of R428.64 million (2017/18: 57%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Repairs and Maintenance			
Directorate	<u>2018/2019</u> <u>Annual</u> <u>Budget</u> <u>R</u>	<u>2018/2019</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2018/2019</u> <u>% of</u> <u>Budget</u> <u>%</u>
Directorate Of Executive Support Services	3 497 658	951 393	27%
Directorate Of The City Manager	6 845 360	6 990 884	102%
Directorate Of Corporate Services	2 175 095	1 342 602	62%
Directorate Of Spatial Planning & Development	19 531 477	8 743 434	45%
Directorate Of Economic Development & Agencies	1 400 734	943 251	67%
Directorate Of Finance	2 941 574	1 224 003	42%
Directorate Of Health / Public Safety & Emergency Services	6 436 172	4 130 960	64%
Directorate Of Human Settlement	618 466	159 216	26%
Directorate Of Infrastructure Services	349 277 800	273 668 470	78%
<i>Electricity</i>	152 873 689	100 261 031	66%
<i>Water</i>	55 107 016	24 078 623	44%
<i>Sanitation</i>	44 428 310	28 690 976	65%
<i>Other</i>	96 868 785	120 637 840	125%
Directorate Of Municipal Services	35 919 139	30 406 486	85%
TOTAL	428 643 475	328 560 699	77%

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

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

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

BUF Buffalo City - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M10 April)										
Vote Description	Ref	Budget Year 2018/19								
		2017/18 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Directorate - Executive Support Services		2 284	3 500	5 887	73	1 358	4 826	(3 468)	-72%	5 887
Vote 02 - Directorate - Municipal Manager		2 111	51 840	94 240	15 700	110 737	65 360	45 377	69%	94 240
Vote 03 - Directorate - Human Settlement		485	104 755	205 900	5 909	62 860	130 610	(67 750)	-52%	205 900
Vote 04 - Directorate - Chief Financial Officer		328	152 538	42 442	(3 933)	2 613	133 205	(130 592)	-98%	42 442
Vote 05 - Directorate - Corporate Services		345	3 600	781	330	474	1 769	(1 295)	-73%	781
Vote 06 - Directorate - Infrastructure Services		103 195	916 280	1 172 865	65 995	513 900	942 002	(428 103)	-45%	1 172 865
Vote 07 - Directorate - Spatial Planning And Development		772	263 838	273 673	15 269	148 999	240 763	(91 764)	-38%	273 673
Vote 08 - Directorate - Health / Public Safety & Emergency Services		3 123	14 270	39 882	761	14 650	43 101	(28 450)	-66%	39 882
Vote 09 - Directorate - Municipal Services		2 247	160 829	187 823	9 025	75 328	160 224	(84 896)	-53%	187 823
Vote 10 - Directorate - Economic Development & Agencies		851	106 692	75 607	5 354	13 635	62 969	(49 334)	-78%	78 603
Total Capital Multi-year expenditure	4,7	115 740	1 778 142	2 099 100	114 481	944 554	1 784 829	(840 275)	-47%	2 102 096
Capital Expenditure - Functional Classification										
Governance and administration		101 442	292 651	260 259	16 126	141 209	290 235	(149 026)	-51%	260 259
Executive and council		4 395	55 340	100 127	15 393	110 442	67 626	42 816	63%	100 127
Finance and administration		97 047	237 311	160 132	733	30 767	222 609	(191 842)	-86%	160 132
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		5 037	197 475	326 254	15 492	114 943	262 722	(147 779)	-56%	326 254
Community and social services		80	21 820	26 920	2 972	15 389	29 518	(14 129)	-48%	26 920
Sport and recreation		1 430	57 950	76 094	5 883	23 323	63 028	(39 705)	-63%	76 094
Public safety		3 043	12 050	15 965	729	11 854	37 268	(25 414)	-68%	15 965
Housing		485	104 755	205 900	5 909	62 860	130 610	(67 750)	-52%	205 900
Health		-	900	1 376	-	1 517	2 298	(781)	-34%	1 376
Economic and environmental services		6 133	519 369	801 815	44 423	408 181	607 107	(198 926)	-33%	801 815
Planning and development		1 095	227 957	229 763	15 169	140 939	194 198	(53 259)	-27%	229 763
Road transport		5 018	286 985	567 774	29 255	266 287	407 323	(141 036)	-35%	567 774
Environmental protection		19	4 427	4 277	-	955	5 586	(4 631)	-83%	4 277
Trading services		2 601	689 248	635 164	33 179	268 144	561 140	(292 996)	-52%	635 164
Energy sources		1 802	129 450	151 095	17 253	94 669	131 284	(36 614)	-28%	151 095
Water management		-	198 451	208 222	7 552	83 071	173 734	(90 663)	-52%	208 222
Waste water management		-	283 394	194 394	8 171	53 464	190 495	(137 031)	-72%	194 394
Waste management		798	77 952	81 452	203	36 939	65 627	(28 688)	-44%	81 452
Other		527	79 400	75 607	5 261	12 077	63 626	(51 550)	-81%	75 607
Total Capital Expenditure - Functional Classification	3	115 740	1 778 142	2 099 100	114 481	944 554	1 784 829	(840 275)	-47%	2 099 100
Funded by:										
National Government		81	698 635	994 016	33 448	425 304	656 714	(231 410)	-35%	994 016
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	27 292	9 036	92	1 558	(658)	2 216	-337%	9 036
Transfers recognised - capital		81	725 927	1 003 052	33 541	426 863	656 057	(229 194)	-35%	1 003 052
Borrowing	6	-	69 000	-	-	-	23 000	(23 000)	-100%	-
Internally generated funds		115 659	983 215	1 096 048	80 941	517 691	1 105 773	(588 081)	-53%	1 096 048
Total Capital Funding		115 740	1 778 142	2 099 100	114 481	944 554	1 784 829	(840 275)	-47%	2 099 100

7.4.4 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R19.73 million as per statement of financial position. Consumer debtors and other debtors are reflected net of impairments as per the statement of financial position.

Table 8: C6: Monthly Budget Statement – Financial Position

BUF Buffalo City - Table C6 Consolidated Monthly Budget Statement - Financial Position - M10 April						
Description	Ref	2017/18	Budget Year		YearTD actual	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget		
R thousands	1					
ASSETS						
Current assets						
Cash		165 102	80 155	80 155	326 686	80 155
Call investment deposits		1 660 393	1 563 129	1 471 362	1 675 903	1 563 129
Consumer debtors		509 087	937 997	937 637	1 096 804	937 997
Other debtors		864 981	880 000	880 000	649 450	880 000
Current portion of long-term receivables		–	19	19	–	19
Inventory		42 790	128 841	128 841	42 063	128 841
Total current assets		3 242 353	3 590 140	3 498 014	3 790 907	3 590 140
Non current assets						
Long-term receivables		–	80	80	–	80
Investments		–	–	–	–	–
Investment property		427 563	486 233	486 233	430 132	486 233
Investments in Associate		121 008	109 020	109 020	121 008	109 020
Property, plant and equipment		18 190 726	19 381 893	19 541 187	17 961 485	19 381 893
Agricultural		–	–	–	–	–
Biological		–	–	–	–	–
Intangible		18 884	12 029	12 029	19 651	12 029
Other non-current assets		50 382	100 038	100 038	–	100 038
Total non current assets		18 808 564	20 089 293	20 248 587	18 532 276	20 089 293
TOTAL ASSETS		22 050 917	23 679 433	23 746 601	22 323 183	23 679 433
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		52 572	59 667	57 974	39 021	59 667
Consumer deposits		60 013	71 941	71 941	63 470	71 941
Trade and other payables		1 313 124	1 060 015	1 060 015	1 418 732	1 060 015
Provisions		223 387	203 354	203 354	222 538	203 354
Total current liabilities		1 649 095	1 394 977	1 393 284	1 743 761	1 394 977
Non current liabilities						
Borrowing		345 554	355 516	287 581	324 218	355 516
Provisions		526 803	797 489	797 489	526 803	797 489
Total non current liabilities		872 357	1 153 005	1 085 070	851 020	1 153 005
TOTAL LIABILITIES		2 521 453	2 547 982	2 478 354	2 594 782	2 547 982
NET ASSETS	2	19 529 464	21 131 451	21 268 247	19 728 402	21 131 451
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		10 479 007	17 390 299	17 527 095	10 677 944	17 390 299
Reserves		9 050 458	3 741 152	3 741 152	9 050 458	3 741 152
TOTAL COMMUNITY WEALTH/EQUITY	2	19 529 464	21 131 451	21 268 247	19 728 402	21 131 451

7.4.5 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R 0.15 million when compared to R 1.85 billion in March 2019, resulting in cash and cash equivalents closing balance of R 2 billion as at 30 April 2019.

Table 9: C7: Monthly Budget Statement – Cash Flow

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M10 April										
Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		972 680	1 315 314	1 310 874	84 511	943 841	1 092 395	(148 554)	-14%	1 315 314
Service charges		2 678 192	2 934 363	2 914 750	186 939	1 989 583	2 428 958	(439 375)	-18%	2 934 363
Other revenue		321 754	248 395	258 070	31 558	620 999	215 059	405 940	189%	248 395
Government - operating		888 572	1 471 673	1 521 746	91 710	1 411 174	-	1 411 174	0%	1 471 673
Government - capital		930 588	803 900	1 003 052	223 892	1 088 460	835 877	252 583	30%	803 900
Interest		176 012	182 768	195 036	16 293	132 868	162 530	(29 662)	-18%	182 768
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(4 385 163)	(5 152 832)	(5 210 796)	(382 551)	(4 955 563)	(4 342 330)	613 233	-14%	(5 152 832)
Finance charges		(43 960)	(59 818)	(39 013)	(3 024)	(32 340)	(32 511)	(170)	1%	(59 818)
Transfers and Grants		(39 330)	(60 526)	(70 626)	13 372	(42 487)	(58 855)	(16 368)	28%	(60 526)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 499 345	1 683 238	1 883 093	262 700	1 156 535	301 123	(855 412)	-284%	1 683 238
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		14 288	-	-	-	-	-	-		-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(1 330 596)	(1 753 142)	(2 099 100)	(114 487)	(944 554)	(1 749 250)	(804 696)	46%	(1 753 142)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 316 308)	(1 753 142)	(2 099 100)	(114 487)	(944 554)	(1 749 250)	(804 696)	46%	(1 753 142)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	69 000	-	-	-	-	-		69 000
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		(47 642)	(59 667)	(57 974)	-	(34 888)	(48 311)	(13 423)	28%	(59 667)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(47 642)	9 333	(57 974)	-	(34 888)	(48 311)	(13 423)	28%	9 333
NET INCREASE/ (DECREASE) IN CASH HELD		135 395	(60 571)	(273 980)	148 212	177 093	(1 496 438)			(60 571)
Cash/cash equivalents at beginning:		1 690 102	1 703 855	1 825 497		1 825 497	1 825 497			1 825 497
Cash/cash equivalents at month/year end:		1 825 497	1 643 284	1 551 516		2 002 589	329 058			1 764 926

PART 2: SUPPORTING **DOCUMENTATION**

8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

8.1 Debtors

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

Table 10: SC3 Monthly Budget Statement Aged Debtors

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M10 April

Description	NT Code	Budget Year 2018/19										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	59 033	31 521	18 766	11 632	10 127	10 822	67 086	240 193	449 180	339 859	96 140	2 586
Trade and Other Receivables from Exchange Transactions - Electricity	1300	95 954	16 468	9 792	7 441	3 446	3 894	16 488	46 664	200 146	77 933	9 820	4 550
Receivables from Non-exchange Transactions - Property Rates	1400	97 436	32 913	22 314	15 750	13 145	12 452	73 195	218 982	486 188	333 525	22 615	4 483
Receivables from Exchange Transactions - Waste Water Management	1500	31 040	9 591	6 123	4 586	3 893	3 794	22 303	106 843	188 173	141 419	16 460	1 979
Receivables from Exchange Transactions - Waste Management	1600	18 401	8 985	6 203	5 070	4 721	4 547	26 986	159 541	234 455	200 866	18 469	1 800
Receivables from Exchange Transactions - Property Rental Debtors	1700							39	39	39	39	-	-
Interest on Arrear Debtor Accounts	1810	6 911	6 862	6 623	6 354	5 327	5 042	28 527	169 075	234 720	214 324	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820								-	-	-	-	-
Other	1900	11 997	7 342	7 002	6 875	4 621	6 326	28 163	177 527	249 853	223 512	25 779	273
Total By Income Source	2000	320 772	113 682	76 823	57 709	45 280	46 876	262 749	1 118 863	2 042 754	1 531 477	189 284	15 671
2017/18 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	10 480	6 907	5 081	3 579	1 567	1 262	4 613	13 729	47 217	24 748		-
Commercial	2300	185 264	32 870	24 642	15 170	12 591	13 216	77 992	359 176	720 921	478 145		3 604
Households	2400	125 028	73 905	47 100	38 960	31 122	32 398	180 144	745 959	1 274 617	1 028 584	189 284	12 067
Other	2500								-	-	-		-
Total By Customer Group	2600	320 772	113 682	76 823	57 709	45 280	46 876	262 749	1 118 863	2 042 754	1 531 477	189 284	15 671

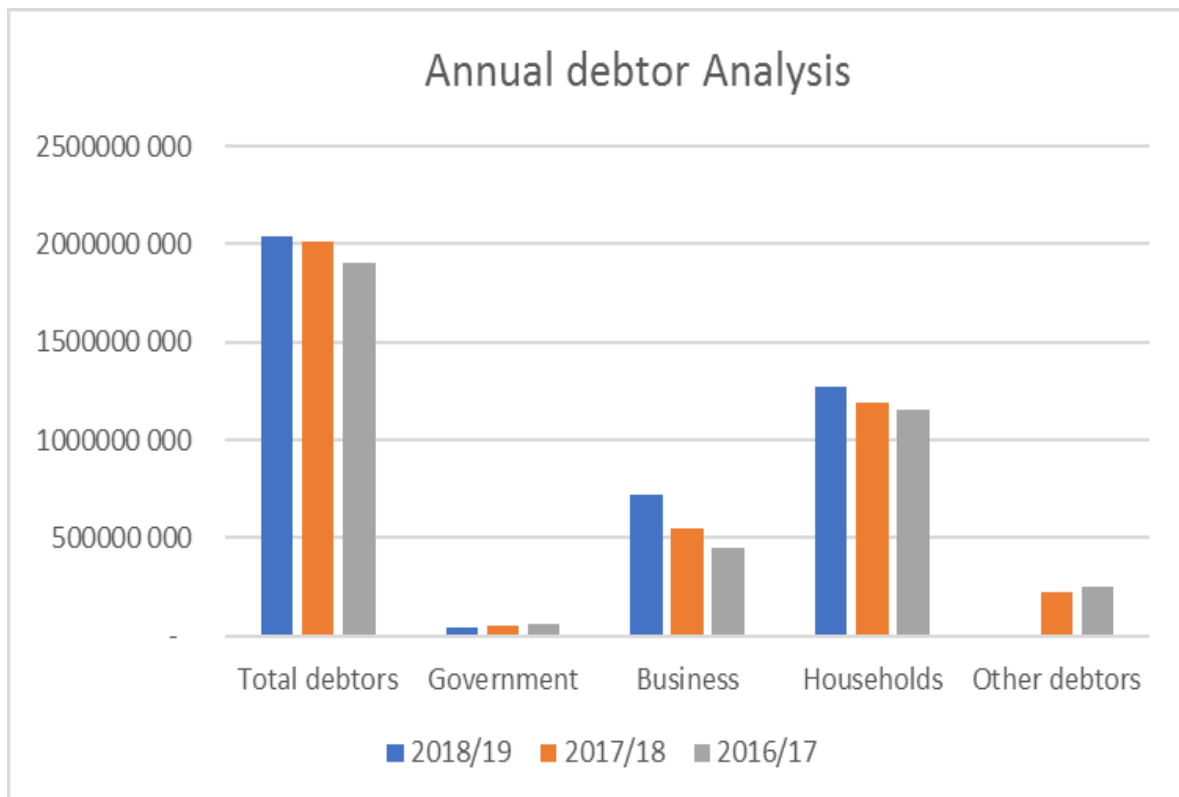
8.1.1. Additional debtors' information

The arrears in respect of 30 days and more, which includes all charges excluding VAT, amounted to R1,721,982,713 as at 30 April 2019 which is an increase of R23,008,329 over the amount of 1,698,974,384 as at 31 Marh 2019.

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

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

Figure 4: Debtors age analysis over the 3 year period



8.2. Additional debtor's information.

8.2.1. Age Analysis per Category

Table 11 below details debtors age analysis by income source as at 30 April 2019. It also provides comparison with the previous month (30 March 2019) which indicates an increase from R1.99 billion to R2.04 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR APRIL 2019	TOTAL FOR MARCH 2019
CURRENT	99,753,733.26	33,443,142.68	96,536,887.71	64,288,639.18	19,265,831.30	7,483,997.07	320,772,231	299,613,183
30 DAYS	35,180,915	11,312,549	17,030,983	35,464,214	9,857,300	4,835,640	113,681,600	118,024,766
60 DAYS	24,477,826	7,297,727	10,286,100	23,499,295	7,051,634	4,210,231	76,822,813	67,604,822
90 DAYS	17,812,944	5,392,479	7,909,424	17,151,296	5,889,607	3,553,524	57,709,274	57,601,516
120 DAYS TO 360 DAYS	117,937,765	38,753,586	29,224,594	124,040,894	45,899,185	27,772,054	383,628,078	383,861,817
YEAR 2	77,357,854	34,789,675	19,469,004	109,948,903	44,542,708	34,998,321	321,106,465	319,358,582
YEAR 3	51,466,548	23,851,074	12,615,532	71,013,044	32,147,222	20,960,423	212,053,843	207,288,465
YEAR 4	36,203,758	16,645,102	6,490,299	41,638,931	22,581,757	15,846,591	139,406,438	135,466,593
YEAR 5	26,872,922	11,961,967	4,079,170	26,188,127	17,382,648	15,695,766	102,180,600	101,115,725
YEAR 5+	71,447,213	42,247,279	8,467,797	70,961,820	67,161,176	55,107,318	315,392,603	308,652,098
TOTAL	558,511,478	225,694,581	212,109,790	584,195,162	271,779,068	190,463,866	2,042,753,946	1,998,587,568

8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type as at 30 April 2019. It also reflects the percentage split per category with domestic consumers having the highest share followed by business. Please note that the financial system is not able to produce a collection ratio per service, however the collection ratio is reported on globally.

Table 12: Age Analysis per Category Type

CATEGORY TYPE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	109,434,551.63	57,805,913	38,357,506	34,505,793	924,259,828	1,164,363,592	57.00
Indigent	12,860,523.46	14,799,283	7,614,563	3,173,173	52,775,186	91,222,729	4.47
Business	174,305,937.89	26,946,569	19,027,214	10,473,449	211,026,917	441,780,087	21.63
Government	10,480,482.57	6,906,909	5,080,833	3,578,964	21,169,389	47,216,577	2.31
Municipal Staff	1,491,839.56	465,953	267,252	161,385	1,566,101	3,952,531	0.19
Councillors	47,031.87	11,437	7,006	4,281	34,475	104,230	0.01
Other	12,151,864.22	6,745,536	6,468,440	5,812,229	262,936,131	294,114,200	14.40
Total	320,772,231.20	113,681,600	76,822,813	57,709,274	1,473,768,027	2,042,753,946	100.00

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

During the month of April 2019 a total of R1,608,779 was receipted against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 1,295,751
Arrears Receipts	R 313,028
Total Receipts	<u>R 1,608,779</u>

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

8.2.3. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 30 April 2019 amounted to R47,216,577 and this is an increase of R14,300,943 as compared to March 2019. The primary reason for the government debt is that the departments have indicated a lack of budget. Communication was also sent to National and Provincial Treasury to intervene. The breakdown of the arrears per department (excluding accounts in credit) indicated in the table hereunder as at 30 March 2019. During the month under review, the department pursued the debt owed by government departments.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 30 APRIL 2019	ARREARS AS AT 31 MARCH 2019	DIFFERENCE
National Department Of Public Works	68 612	4 819 088	4 887 700	5 157 099	(269 399)
Provincial Department Of Public Works	1 385 856	2 681 647	4 067 504	3 397 803	669 700
Department Of Education	-	7 445 594	7 445 594	3 663 870	3 781 725
Department Of Health	-	17 770 150	17 770 150	8 272 818	9 497 332
Department Of Social Development	-	69 147	69 147	-	69 147
Department Of Transport	-	51 713	51 713	3 791	47 922
Department Of Agriculture	-	39 535	39 535	6 760	32 775
Department Of Nature Conservation	-	25 922	25 922	15 901	10 021
Department of Human Settlements	-	254 624	254 624	202 972	51 651
Sport, Recreation, Arts and Culture	-	7 925	7 925	1 044	6 881
Department of Labour - UIF Services	-	241 376	241 376	241 496	(120)
Members Of Provincial Legislature	-	169 677	169 677	51 303	118 375
Department of Rural Development and Land Reform	-	990 500	990 500	934 356	56 143
Provincial RDP Houses	-	11 195 211	11 195 211	10 966 422	228 789
TOTAL	1 454 469	45 762 109	47 216 577	32 915 635	14 300 943

9. CREDITORS' ANALYSIS

The creditors' analysis as depicted in table 14 below contains an aged analysis by customer type. It reflects that creditors are paid within 30 days.

Table 14: SC4 Monthly Budget Statement Aged Creditors

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M10 April											
Description	NT Code	Budget Year 2018/19									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	107 734								107 734	
Bulk Water	0200	21 837								21 837	
PAYE deductions	0300	22 991								22 991	
VAT (output less input)	0400	-								-	
Pensions / Retirement deductions	0500	27 334								27 334	
Loan repayments	0600	-								-	
Trade Creditors	0700	142 224								142 224	
Auditor General	0800	159								159	
Other	0900	225 042								225 042	
Total By Customer Type	1000	547 322	-	-	-	-	-	-	-	547 322	-

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

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

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM				107 733 789.08	107 733 789.08	215 467 578.16
AMATOLA WATER				21 837 116.00	21 837 116.00	43 674 232.00
MANTELLA TRADING 522 CC			8 424 663.15	2 533 720.17	10 958 383.32	10 958 383.32
STEFANUTTI STOCKS ROADS & EARTHWORKS			9 933 530.83		9 933 530.83	9 933 530.83
DOWN TOUCH INVESTMENTS (PTY) LTD				8 639 842.99	8 639 842.99	8 639 842.99
NEXTEC INDUSTRIAL TECHNOLOGIES T/A EOH INTELLIGENT			6 846 896.39	708 571.61	7 555 468.00	7 555 468.00
EYA BANTU PROFESSIONAL SERVICES CC				7 350 075.22	7 350 075.22	7 350 075.22
CZAR CONSTRUCTION			6 986 331.48		6 986 331.48	6 986 331.48
MVEZO PLANT & CIVILS CC				6 671 785.89	6 671 785.89	6 671 785.89
EZULWINI CONSTRUCTION (PTY) LTD				6 208 584.50	6 208 584.50	6 208 584.50
AMANZ ABANTU SERVICES (PTY) LTD				6 111 747.85	6 111 747.85	6 111 747.85
KOJAMO CONSTRUCTION (PTY) LTD				5 296 184.44	5 296 184.44	5 296 184.44
GOROGANG PLANT HIRE				4 898 296.28	4 898 296.28	4 898 296.28
IMVUSA TRADING 595 CC				4 704 404.87	4 704 404.87	4 704 404.87
TSHUVANE SERVICES				4 325 896.37	4 325 896.37	4 325 896.37
EASTERN CAPE DEVELOPMENT CORPORATION T/A ECDC				4 000 000.00	4 000 000.00	4 000 000.00
LUQAQAMBO CIVILS CONSTRUCTION CC			3 443 387.50	541 196.05	3 984 583.55	3 984 583.55
MAKINWA MEDIA SOLUTIONS			2 635 291.26	1 180 801.77	3 816 093.03	3 816 093.03
MIHLEKUTHI TRADING				3 538 896.00	3 538 896.00	3 538 896.00
IMVUSA TRADING 415 CC				3 510 049.15	3 510 049.15	3 510 049.15
TOTAL	-	-	38 270 100.61	199 790 958.24	238 061 058.85	367 631 963.93

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 - M10 April								
Investments by maturity Name of institution & investment ID	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands	Yrs/Months							
Municipality								
Land Affairs - West Bank	Call Account	Call Account	Call Account	306	3.71%	56 842	306	57 148
Finance Management Grant	Call Account	Call Account	Call Account	4	0.05%	879	(207)	671
MD Urban Renewal (MT Ruth Node)	Call Account	Call Account	Call Account	61	0.74%	11 390	61	11 451
Workmans Compensation (COID)	Call Account	Call Account	Call Account	57	0.70%	10 646	57	10 704
Reeston Development	Call Account	Call Account	Call Account	1	0.01%	174	1	175
Human Settlement Development Grant (HSDG)	Call Account	Call Account	Call Account	96	1.17%	17 880	96	17 976
Intergrated Electrification Programme (INEP)	Call Account	Call Account	Call Account	25	0.31%	4 616	(1 199)	3 417
Trust Funds	Call Account	Call Account	Call Account	6	0.07%	1 133	6	1 139
Vuna Awards	Call Account	Call Account	Call Account	6	0.07%	1 057	6	1 063
Department of Sports, Recreation & Culture (DSARC)	Call Account	Call Account	Call Account	0	0.00%	50	0	50
Department of Sports, Recreation & Culture (DSARC)	Call Account	Call Account	Call Account	1	0.01%	186	1	187
City of Leiden	Call Account	Call Account	Call Account	0	0.01%	82	0	83
Needscamp Planning	Call Account	Call Account	Call Account	5	0.06%	984	5	989
Umsobomvu Youth Fund (UYF)	Call Account	Call Account	Call Account	2	0.02%	298	2	299
Land Affairs - East Bank	Call Account	Call Account	Call Account	477	5.78%	88 529	477	89 006
Land Affairs West Bank	Call Account	Call Account	Call Account	289	3.51%	46 090	289	46 379
European Commission	Call Account	Call Account	Call Account	6	0.08%	1 169	6	1 176
Salaida	Call Account	Call Account	Call Account	7	0.09%	1 120	7	1 127
Electricity Demand Management Grant	Call Account	Call Account	Call Account	11	0.13%	3 065	(2 925)	140
ADM Funding	Call Account	Call Account	Call Account	9	0.11%	1 728	9	1 738
Urban Settelement Dev elopment Grant	Call Account	Call Account	Call Account	460	5.58%	89 118	33 460	122 578
Urban Settelement Dev elopment Grant	Call Account	Call Account	Call Account	506	6.14%	100 783	31 506	132 289

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M10 April								
Investments by maturity Name of institution & investment ID	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands	Yrs/Months							
Municipality								
Urban Settelement Development Grant	Call Account	Call Account	Call Account	700	8.49%	138 497	32 700	171 197
Urban Settelement Development Grant	Call Account	Call Account	Call Account	634	7.70%	127 124	29 943	157 066
Infrastructure Skills Development Grant	Call Account	Call Account	Call Account	34	0.42%	8 042	(3 575)	4 467
Infrastructure Development Levy	Call Account	Call Account	Call Account	1	0.01%	167	1	168
Bcmet	Call Account	Call Account	Call Account	3	0.03%	504	3	507
Expanded Public Works Programme	Call Account	Call Account	Call Account	4	0.04%	1 246	(1 238)	8
City of Oldenburg	Call Account	Call Account	Call Account	2	0.02%	342	2	344
Public Transport Network Grant	Call Account	Call Account	Call Account	328	3.98%	68 413	6 366	74 779
DEAT	Call Account	Call Account	Call Account	1	0.02%	220	1	221
Neighbourhood Development Grant (NDP Grant)	Call Account	Call Account	Call Account	32	0.39%	6 098	(129)	5 970
Integrated City Development Grant (ICDG)	Call Account	Call Account	Call Account	8	0.09%	2 205	(1 672)	533
Municipal Emergency Housing Grant (MEHG)	Call Account	Call Account	Call Account	2	0.02%	(0)	9 045	9 045
Capital Replacement Reserve (CRR)	Call Account	Call Account	Call Account	102	1.24%	16 250	102	16 352
Mayoral Projects (CRR)	Call Account	Call Account	Call Account	8	0.10%	1 274	8	1 282
Own Funds	Call Account	Call Account	Call Account	65	0.79%	12 140	65	12 205
Own Funds	Call Account	Call Account	Call Account	513	6.22%	81 793	513	82 306
Own Funds	Call Account	Call Account	Call Account	308	3.74%	57 226	308	57 534
Own Funds	Call Account	Call Account	Call Account	447	5.42%	83 067	447	83 515
Own Funds	Call Account	Call Account	Call Account	605	7.33%	112 304	605	112 908
Own Funds	6 Months	Fixed Depos	21/09/2018	-	0.00%	-	-	-
Own Funds	6 Months	Fixed Depos	21/09/2018	-	0.00%	-	-	-
Own Funds	6 Months	Fixed Depos	27/06/2018	-	0.00%	-	-	-
Own Funds	6 Months	Fixed Depos	26/06/2018	-	0.00%	-	-	-
Own Funds - CRR	Call Account	Call Account	Call Account	695	8.44%	129 171	695	129 866
Own Funds - CRR	Call Account	Call Account	Call Account	204	2.47%	37 840	204	38 044
Own Funds - CRR	Call Account	Call Account	Call Account	182	2.21%	33 837	182	34 019
Own Funds - CRR	Call Account	Call Account	Call Account	126	1.53%	23 361	126	23 487
Own Funds - CRR	Call Account	Call Account	Call Account	141	1.71%	26 212	141	26 353
Own Funds (Depreciation)	Call Account	Call Account	Call Account	624	7.57%	115 869	624	116 492
Own Funds (Depreciation)	Call Account	Call Account	Call Account	86	1.04%	15 894	86	15 980
Own Funds (Depreciation)	Call Account	Call Account	Call Account	37	0.44%	6 791	37	6 828
Housing Development	Call Account	Call Account	Call Account	15	0.19%	2 874	15	2 890
TOTAL INVESTMENTS AND INTEREST				8 243		1 546 578	137 569	1 684 147

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

BUF Buffalo City - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M10 April										
Description	Ref	Budget Year 2018/19								
		2018/19 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		1 189 967	1 399 602	1 399 602	-	1 358 010	1 358 010	-		1 399 602
Local Government Equitable Share		705 277	778 048	778 048	-	736 456	736 456	-		778 048
General Fuel Lev y		467 978	513 844	513 844	-	513 844	513 844	-		513 844
Finance Management		1 300	1 150	1 150	-	1 150	1 150	-		1 150
EPWP Incentive		4 952	4 050	4 050	-	4 050	4 050	-		4 050
Urban Settlement Development Grant		-	77 810	77 810	-	77 810	77 810	-		77 810
Public Transport Network Grant	3	-	14 000	14 000	-	14 000	14 000	-		14 000
Infrastructure Skills Development Grant		10 460	10 700	10 700	-	10 700	10 700	-		10 700
Municipal Human Settlement Capacity Grant		-	-	-	-	-	-	-		-
Other transfers and grants [insert description]		-	-	-	-	-	-	-		-
Provincial Government:		124 905	72 071	100 911	-	50 760	79 651	(28 891)	-36.3%	72 071
Human Settlement Development Grant		109 905	56 201	85 041	-	34 137	63 781	(29 644)	-46.5%	56 201
DSRAC - Library Subsidy		15 000	15 870	15 870	-	15 870	15 870	-		15 870
Department of Public Works		-	-	-	-	-	-	-		-
Office of the Premier	4	-	-	-	-	752	-	752	#DIV/0!	-
DEDEA (BCMDA)		-	-	-	-	-	-	-		-
Other transfers/grants [insert description]		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
Other grant providers:		3 145	846	846	-	2 405	3 005	(600)	-20.0%	-
SETA - Skills Development		3 115	-	-	-	2 370	2 370	-		-
Donor Funding - Leiden		-	-	-	-	-	-	-		-
Salaïda / Gavle		30	846	846	-	35	635	(600)		-
City of Oldenburg		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
Total Operating Transfers and Grants	5	1 318 017	1 472 519	1 501 359	-	1 411 174	1 440 666	(29 491)	-2.0%	1 471 673
Capital Transfers and Grants										
National Government:		1 003 476	803 900	912 090	223 792	1 088 460	1 088 460	-		803 900
Urban Settlement Development Grant		928 128	685 182	807 372	200 000	962 992	962 992	-		685 182
Public Transport and Systems		55 868	81 165	67 165	23 792	95 165	95 165	-		81 165
Neighbourhood Development Partnership		-	13 250	13 250	-	6 000	6 000	-		13 250
Integrated National Electrification Programme		7 300	6 200	6 200	-	6 200	6 200	-		6 200
Electricity Demand Side Management		6 000	8 000	8 000	-	8 000	8 000	-		8 000
Integrated City Development Grant		6 080	10 003	10 003	-	10 003	10 003	-		10 003
Finance Management		-	-	-	-	-	-	-		-
Infrastructure Skills Development Grant		100	100	100	-	100	100	-		100
Other capital transfers [insert description]		-	-	-	-	-	-	-		-
Provincial Government:		-	9 036	9 036	-	-	6 777	(6 777)	-100.0%	9 036
Dept of Local Government and Traditional Affairs		-	9 036	9 036	-	-	6 777	(6 777)	-100.0%	9 036
Dept Sport, Recreation, Arts and Culture (DSRAC)		-	-	-	-	-	-	-		-
Department of Public Works		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
[insert description]		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
Salaïda / Gavle		-	-	-	-	-	-	-		-
Public Funding		-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	5	1 003 476	812 936	921 127	223 792	1 088 460	1 095 237	(6 777)	-0.6%	812 936
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	2 321 493	2 285 455	2 422 486	223 792	2 499 634	2 535 903	(36 269)	-1.4%	2 284 609

11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 56% (R621.04 million, inclusive of reclaimed vat) of its 2018/2019 conditional grants budget of R1.11 billion as at 30 April 2019. This reflects a decline when compared to the same period in the previous financial year where 65% (R581.86 million, inclusive of reclaimed of vat) of conditional grants budget of R899.69 million was spent. Expenditure is expected to progressively improve during the last quarter of the financial year as procurement processes would have been concluded.

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

Table 18: Spending per Conditional Grant Funding Allocation

Funding/Grant	2018/2019 Approved Budget	YTD Exp (vat incl.) R	Variance (vat incl.) R	% Expenditu re vs. Budget (vat incl.)
Integrated National Electrification Programme Grant	6 200 000	3 995 362	2 204 638	64%
EEDSM (Energy, Efficiency and Demand Side Management)	8 000 000	7 908 394	91 606	99%
Finance Management Grant	1 150 000	812 765	337 235	71%
Infrastructure Skills Development Grant	10 800 000	7 731 658	3 068 342	72%
Urban Settlement Development Grant	962 992 000	495 354 034	467 637 966	51%
Neighbourhood Development Partnership Grant	13 250 000	1 555 918	11 694 082	12%
Integrated City Development Grant	10 003 000	9 695 446	307 554	97%
Expanded Public Works Programme Grant	4 050 000	4 577 068	(527 068)	113%
Public Transport Infrastructure and Systems Grant	95 165 000	89 414 197	5 750 803	94%
TOTAL	1 111 610 000	621 044 841	490 565 159	56%

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

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

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

10.1.1. INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT (INEP)

Construction is in line with the program for the Fynbos electrification project, however construction at Mdantsane N.U 5 experienced community challenges nonetheless construction has recommenced.

10.1.2. EXPANDED PUBLIC WORKS PROGRAMME GRANT

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

10.1.3. FINANCE MANAGEMENT GANT (FMG)

There are eight (8) interns currently serving on the internship programme. The interns are being remunerated accordingly. The recruitment process to appoint one (1) additional intern was concluded on the 26 March and the intern assumed duty on 01 April 2019. Grant funding will be fully utilized by year end in line with the set targets.

10.1.4. INFRASTRUCURE SKILLS DEVELOPMENT GRANT (ISDG)

Departmental delays experienced in the recruitment of two interns and a mentor in the field of microbiology. There were also delays in the procurement of service providers to conduct training.

10.1.5. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

SPATIAL PLANNING AND DEVELOPMENT

Bridge Designs & Implementation

Nine bridge sites have been identified and design/environmental work is progressing on each one. All preliminary designs are complete however, these have to be submitted to Department of Economic Affairs, Environment and Tourism for environmental approval before implementation can commence. Expenditure will improve once approval is granted.

Guardrails

The orders have been generated, and the material is on site and waiting for the appointment of local labour.

Sleeper Site Roads

The project was awarded on 29 November 2018 and the contractor has requested BCMM to accept their withdrawal from the project. The project has since been awarded on 05 April 2019 and the new contractor will commence with construction once work permit is issued by the Department of Labour.

Bridge Designs & Implementation – Ward 8 & 14

The site has been identified through the feasibility study. Preliminary designs are complete, however, these have to be submitted to Department of Economic Affairs, Environment and Tourism for environmental approval before implementation can commence.

Traffic Calming ward 16

Speedhumps are constructed on a needs basis, expenditure will improve as more speedhumps are constructed. Funding will be fully spent at year end.

Taxi /Bus Embayment's

Five embayment's have been complete and some awaiting work orders. Expenditure will improve by end of May 2019 as all work will be completed.

INFRASTRUCTURE SERVICES

Roads

Contractors are in the process of being appointed, work is to commence on site in May and to be completed by the end of June 2019.

Water

Low expenditure is due to delays in awarding of contract for maintenance contractors. Expenditure is expected to improve as contract has been awarded. Funding will be fully by 20 June 2019.

Sanitation

The primary reason for the low expenditure is that some of the work was allocated to be performed by maintenance contractors of which the contract has recently been awarded. As a consequence, there is no expenditure on all projects that would have been performed using maintenance contractors appointed on this contract.

Similarly, contract for provision of ablution facilities was only awarded in December 2018. Contractors only established on site in late March 2019, resulting in the low expenditure. Additional funding was made available during the third budget adjustment for projects which will be performed by maintenance contractors recently appointed. Expenditure will improve by the end of the financial year.

10.1.6. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT

The Mdantsane and King Williams Town sidewalk projects are commencing on site in May, and are programmed to be complete in June 2019.

10.1.7. HUMAN SETTLEMENTS

There were some procurement delays on some of major contracts, some contracts are still under procurement process. Some projects commencement had to wait for 2nd budget adjustment following additional funding received from National Department of Human Settlement. Cluster 3 major infrastructure contract work on site was blocked after local communities forced entry into the incomplete houses and delayed construction of infrastructure in some areas of the project. In order to improve expenditure an execution order will be executed whereby all illegal invasions will be evicted allowing for installation of internal services to speed up progress.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

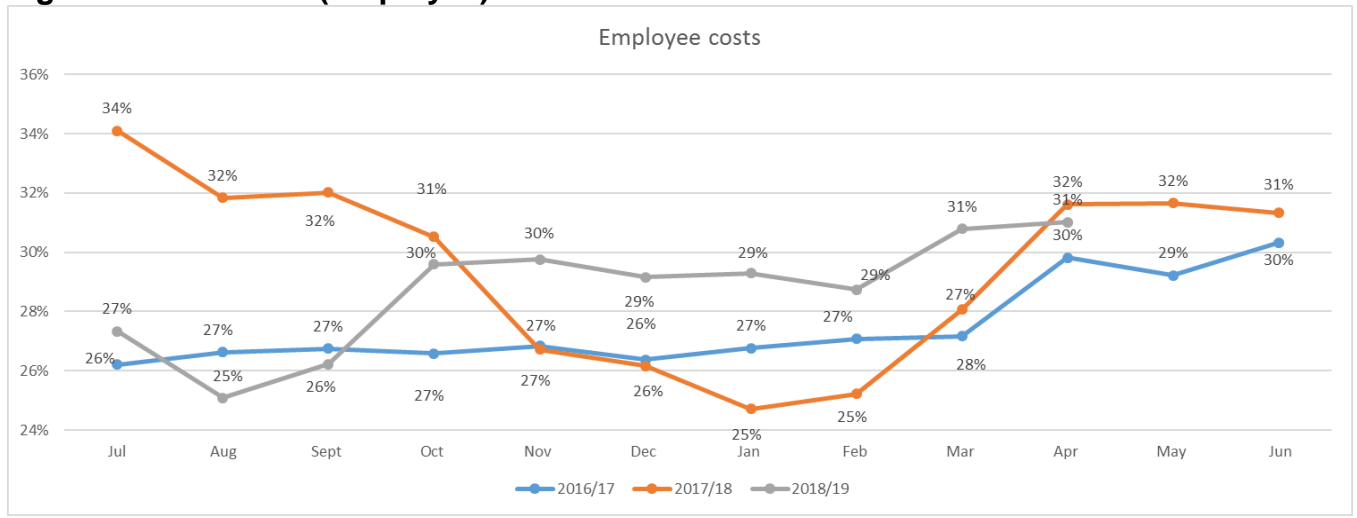
Table 19 below provides summary of employees and councillors remuneration. The workforce costs as a percentage of total expenditure amounted to 31.01%. This is within the norm of 25% - 40%.

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

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M10 April										
Summary of Employee and Councillor remuneration	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C					%	D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		33 837	40 253	40 253	2 864	29 456	33 544	(4 088)	-12%	40 253
Pension and UIF Contributions		4 136	3 999	3 999	350	3 556	3 332	223	7%	3 999
Medical Aid Contributions		2 070	1 885	1 885	194	1 879	1 571	308	20%	1 885
Motor Vehicle Allowance								-		
Cellphone Allowance		4 047	2 624	2 624	337	3 629	2 187	1 442	66%	2 624
Housing Allowances		2 261	2 274	2 274	198	1 967	1 895	72	4%	2 274
Other benefits and allowances		13 123	13 150	13 150	1 167	11 519	10 959	560	5%	13 150
Sub Total - Councillors		59 473	64 185	64 185	5 110	52 006	53 488	(1 482)	-3%	64 185
% increase	4		7.9%	7.9%						7.9%
Senior Managers of the Municipality										
Basic Salaries and Wages		7 732	15 446	15 297	769	7 056	12 752	(5 697)	-45%	15 297
Pension and UIF Contributions		1 411	2 851	2 823	107	1 206	2 353	(1 148)	-49%	2 823
Medical Aid Contributions		202	284	281	13	175	234	(59)	-25%	281
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	76	-	76	0%	-
Motor Vehicle Allowance		1 647	3 311	3 277	145	1 488	2 732	(1 243)	-46%	3 277
Cellphone Allowance		200	-	-	21	212	-	212	0%	-
Housing Allowances		1 810	520	515	343	1 888	430	1 459	340%	515
Other benefits and allowances		71	2 745	2 717	10	96	2 265	(2 169)	-96%	2 717
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		13 072	25 157	24 910	1 408	12 197	20 766	(8 569)	-41%	24 910
Other Municipal Staff										
Basic Salaries and Wages		1 090 428	1 167 270	1 207 276	40 569	1 048 377	988 732	59 645	6%	1 207 276
Pension and UIF Contributions		202 052	221 985	221 373	41 819	202 573	184 002	18 571	10%	221 373
Medical Aid Contributions		84 778	104 778	118 127	15 642	75 084	93 670	(18 586)	-20%	118 127
Overtime		140 923	85 052	75 739	21 287	103 595	65 939	37 656	57%	75 739
Performance Bonus		77 149	97 741	103 549	11 618	70 540	84 055	(13 515)	-16%	103 549
Motor Vehicle Allowance		26 621	37 813	37 448	5 043	24 314	31 219	(6 905)	-22%	37 448
Cellphone Allowance		4 149	4 903	4 855	730	3 583	4 048	(465)	-11%	4 855
Housing Allowances		7 607	19 130	19 495	1 219	6 072	16 067	(9 995)	-62%	19 495
Other benefits and allowances		94 291	123 562	122 424	16 716	83 660	102 008	(18 348)	-18%	122 424
Payments in lieu of leave		27 897	20 475	20 267	617	776	16 896	(16 120)	-95%	20 267
Long service awards		22 535	23 922	23 672	4 196	20 774	19 735	1 040	5%	23 672
Post-retirement benefit obligations	2	32 361	7 604	7 601	5	25	6 334	(6 309)	-100%	7 601
Sub Total - Other Municipal Staff		1 810 792	1 914 233	1 961 826	159 462	1 639 373	1 612 704	26 669	2%	1 961 826
% increase	4		5.7%	8.3%						8.3%
Total Parent Municipality		1 883 336	2 003 576	2 050 920	165 980	1 703 576	1 686 958	16 618	1%	2 050 920

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

Figure 5: Workforce (Employee) Costs



12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 30 April 2019. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 30 April 2019.

Table 20: Overtime per Directorate

Directorate Overtime	2018/2019 Annual Budget R	2018/2019 YTD Expenditure R	2018/2019 % of YTD Budget %
Directorate Of Executive Support Services	1 719 220	2 524 866	179%
Directorate Of The City Manager	603 240	861 600	174%
Directorate Of Corporate Services	531 768	472 518	108%
Directorate Of Spatial Planning & Development	779 665	171 968	27%
Directorate Of Economic Development & Agencies	586 261	319 194	66%
Directorate Of Finance	2 110 426	1 690 929	98%
Directorate Of Health / Public Safety & Emergency Services	22 486 503	29 301 484	159%
Directorate Of Human Settlement	127 471	11 388	11%
Directorate Of Infrastructure Services	21 433 979	32 725 040	186%
<i>Electricity</i>	9 680 766	11 478 004	145%
<i>Water</i>	4 192 032	10 578 348	308%
<i>Sanitation</i>	6 196 268	9 884 806	195%
<i>Other</i>	1 364 913	783 882	70%
Directorate Of Municipal Services	25 360 396	35 516 205	171%
Total	75 738 929	103 595 190	167%

The total overtime payment for the months of February 2019, March 2019 and April 2019 is reflected below. There was a decrease in the total payment of overtime between February 2019 and March 2019 of R1 301 124 and an increase in the total payment of overtime between March 2019 and April 2019 of R1 980 745.

Table 21: Overtime Per Cost Centre: February 2019 – April 2019

		February 2019 Amount	March 2019 Amount	April 2019 Amount
	Directorate -Executive Support Services			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	173 757,60	176 859,74	127 397,71
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	4 760,76	1 390,50	0
0523	IDP & BUDGET INTEGRATION	0	10 024,73	10 410,67
0531	POLITICAL OFFICE ADMINISTRATION	13 993,67	1 575,12	19 552,84
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	0	27 591,95	28 049,76
		192 512,03	217 442,04	185 410,98
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	44 645,94	29 088,39	41 948,58
1015	INFORMATION / TECHNOLOGY & SUPPORT	19 169,17	21 200,25	13 838,45
		63 815,11	50 288,64	55 787,03
	DIRECTORATE OF CORPORATE SERVICES			
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	0	0	138,56
1512	ADMINISTRATIVE & CORPORATE SUPPORT	5 376,28	11 611,28	20 326,27
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	14 658,21	21 364,02	33 454,33
1531	HUMAN RESOURCES MANAGEMENT	0	1 191,12	1 502,06
1532	ADMINISTRATIVE SUPPORT	3 554,00	7 108,00	10 662,00
1536	ORGANISATIONAL DEVELOPMENT	2 260,32	0	1 992,76
		25 848,81	41 274,42	67 798,86
	DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING			
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	17 268,69	5 884,38	6 140,94
2037	TRAFFIC MANAGEMENT & SAFETY	1 013,95	10 346,27	7 563,04
2045	TOWNSHIP REGENERATION	0	0	1 046,88
		18 282,64	16 230,65	14 750,86
	DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES			
2505	OFFICE OF THE DIRECTOR ECONOMIC DEVELOPMENT	0	1 478,62	10 122,66
2511	FRESH PRODUCE MARKET	18 657,86	8 286,49	5 806,01
2521	TOURISM / ARTS / CULTURE & HERITAGE	12 714,24	22 098,56	24 028,40
		31 372,10	31 863,67	39 957,07

		February 2019 Amount	March 2019 Amount	April 2019 Amount
	DIRECTORATE OF FINANCE			
3005	OFFICE OF THE DIRECTOR FINANCE	0	0	1 056,09
3011	BUDGET & TREASURY MANAGEMENT	0	0	7 933,73
3033	PAYROLL & BENEFITS	(2 475,54)	3 297,96	454,53
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	1 135,88	0	5 318,73
3053	COASTAL REVENUE MANAGEMENT	2 388,08	3 302,65	8 964,02
3054	CUSTOMER RELATIONS (CALL CENTRE)	125 554,12	111 550,28	171 942,07
3055	INLAND REVENUE MANAGEMENT	0	1 584,78	0
3056	MIDLAND REVENUE MANAGEMENT	7 086,76	4 422,01	5 428,48
3061	STRATEGY & OPERATIONS	782,38	1 706,81	0
3071	SUPPLY CHAIN MANAGEMENT	1 764,83	0	0
		136 236,51	125 864,49	201 097,65
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3505	OFFICE OF THE DIRECTOR HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES	0	0	0
3512	DISASTER MANAGEMENT	0	4 940,18	11 452,29
3513	FIRE & RESCUE	449 329,32	379 587,35	720 213,41
3521	MUNICIPAL HEALTH SERVICES	20 938,71	14 351,38	1 881,86
3532	LAW ENFORCEMENT SERVICES	1 206 193,16	938 608,84	1 446 827,93
3533	TRAFFIC SERVICES	533 358,21	423 534,75	563 889,97
		2 209 819,40	1 761 022,50	2 744 265,46
	DIRECTORATE OF HUMAN SETTLEMENT			
4005	OFFICE OF THE DIRECTOR OF HUMAN SETTLEMENT	0	0	712,42
4011	HOUSING DELIVERY & IMPLEMENTATION	0	0	2 731,20
		0	0	3 443,62
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	2 248,08	2 248,08	2 248,08
4511	ELECTRICAL & ENERGY SERVICES	2 249,15	2 171,10	1 807,48
4512	CUSTOMER SERVICES & REVENUE PROTECTION	100 021,98	94 532,03	124 106,87
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	597,77	597,77	853,95
4514	ELECTRICAL DISTRIBUTION	972 949,81	1 095 349,94	1 334 009,84
4524	ROADS	7 826,70	10 520,41	17 618,07
4532	SANITATION	957 507,07	918 613,63	1 060 733,88
4535	WATER SERVICES	1 145 827,31	974 052,74	1 141 971,63

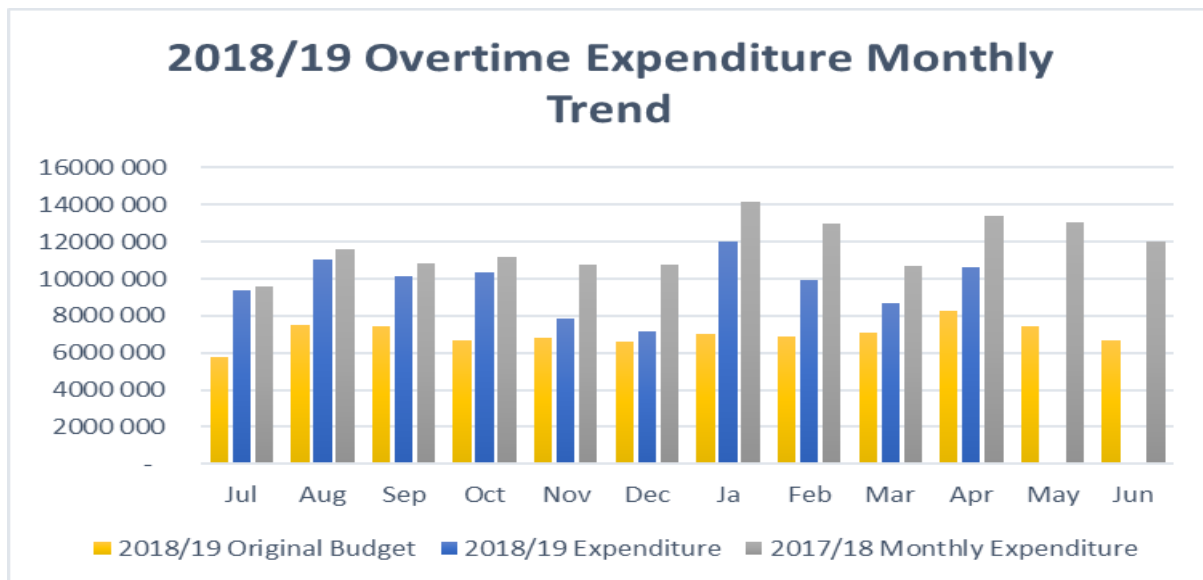
		February 2019 Amount	March 2019 Amount	April 2019 Amount
4542	FLEET SERVICES & PLANT	9 410,15	0	0
4543	WORKSHOPS	96 229,94	54 844,97	57 677,90
		3 294 867,96	3 152 930,67	3 741 027,70
	DIRECTORATE OF MUNICIPAL SERVICES			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	11 697,59	5 303,69	20 206,25
5011	COMMUNITY AMENITIES	17 182,31	21 524,63	21 306,84
5013	LIBRARIES	7 057,06	21 892,41	25 646,67
5014	HALLS	167 360,19	162 063,95	192 274,64
5015	RECREATION	757 532,93	405 645,14	493 812,44
5016	SPORTS FACILITIES	105 430,01	101 132,88	176 269,22
5022	CEMETRIES & CREMATORIA	272 713,89	307 746,54	314 409,64
5023	CONSERVATION	142 399,40	85 037,60	167 412,89
5024	PARKS: COASTAL	336 614,75	318 979,74	340 566,59
5031	SOLID WASTE MANAGEMENT	26 931,96	23 339,45	49 415,61
5032	CLEANSING & REFUSE REMOVAL: COASTAL	2 016 108,61	1 674 272,90	1 624 575,19
5035	LANDFILLS & TRANSFER STATIONS	122 039,98	130 842,98	156 008,58
		3 983 068,68	3 257 781,91	3 581 904,56
	TOTAL OVERTIME	9 955 823,24	8 654 698,99	10 635 443,79

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

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

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

Figure 6: Overtime Expenditure Monthly Trend



12.2.1. Comments On Overtime

a) Directorate of Executive Support

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

b) Directorate of City Manager

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

c) Directorate of Corporate Services

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

d) Directorate of Infrastructure Services

- i. Electricity – Overtime is due to emergency raids to eradicate illegal connections. Vandalism and theft contribute to a large percentage of overtime.

- ii. Roads – Operational requirement to attend to meeting at Bhisho with Portfolio Head. Emergency callout for the clearing of storm-water drains within the BCMM coastal areas.
- iii. Water and Sanitation - Operational requirements to attend to overflows / breakdowns after hours. Overtime is due to additional hours worked on 12hr shifts, emergency replacements of staff on leave and vacant posts.
- iv. Workshop - overtime is mainly caused by call outs by departments for either mechanical breakdown, tyre punctures, vehicles getting stuck & accidents

e) Directorate of Health, Public Safety & Emergency Services

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

Overtime is worked by security guards throughout the institution. Security guards are working longer hours due to the fact that there are many sites which require security guarding and there is insufficient staff to cover all sites.

f) Directorate of Municipal Services

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

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

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 30 April 2019. The total standby and shift payment for the months of February 2019, March 2019 and April 2019 is reflected below. There was a decrease in the total payment between February 2019 and March 2019 of R231,434 and an increase in the total payment between March 2019 and April 2019 of R171,086.

Table 22: Standby & Shift Allowance per Directorate

STANDBY & SHIFT ALLOWANCE PER DIRECTORATE	FEBRUARY 2019	MARCH 2019	APRIL 2019
Directorate of Executive Support Services	4 338	3 973	2 416
Directorate of the City Manager	75 870	47 606	52 537
Directorate of Corporate Services	942	1 779	4 01
Directorate of Spatial Planning & Development	10 718	17 679	16 609
Directorate Economic Development & Agencies	1 439	987	1 275
Directorate of Finance	10 074	8 594	10 972
Directorate of Health, Public Safety & Emergency Services	600 899	537 006	611 824
Directorate of Human Settlement	0	0	0
Directorate of Infrastructure Services	749 110	665 635	779 125
Directorate of Municipal Services	373 700	312 398	317 284
TOTAL	1 827 091	1 595 657	1 766 743

12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the months of February 2019, March 2019 and April 2019 is reflected below. There was a decrease in the total payment between February 2019 and March 2019 of R103,645 and a further decrease in the total payment between March 2019 and April 2019 of R5,498,730.

Table 23: Temporary Staff per Directorate

TEMPORARY STAFF PER DIRECTORATE	FEBRUARY 2019	MARCH 2019	APRIL 2019
Directorate of Executive Support Services	683 608	570 649	357 552
Directorate of the City Manager	327 351	212 313	134 109
Directorate of Corporate Services	1 324 210	2 348 440	1 128 522
Directorate of Spatial Planning & Development	150 651	168 671	126 293
Directorate Economic Development & Agencies	33 906	35 744	10 671
Directorate of Finance	493 450	526 948	91 107
Directorate of Health, Public Safety & Emergency Services	211 517	368 968	84 987
Directorate of Human Settlement	272 474	291 849	97 781
Directorate of Infrastructure Services	225 200	343 388	53 798
Directorate of Municipal Services	6 018 031	4 769 785	2 053 203
TOTAL	9 740 398	9 636 753	4 138 023

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year to date expenditure of R52.01 million less annual budget of R64.19 million leaves a variance of R 12.18 million.

Table 24: Councillors Costs

Councillors Allowances And Benefits	2018/2019 Annual Budget R	2018/2019 YTD Expenditure R	2018/2019 Variance R	2018/2019 Variance %
Councillors Allowances	42 877 130	33 085 456	9 791 674	77%
Housing Allowance	2 274 000	1 967 109	306 891	87%
Medical Aid Allowance	1 884 903	1 878 719	6 184	100%
Pension Allowance	3 998 763	3 555 501	443 262	89%
Travel Allowance	13 150 247	11 518 946	1 631 301	88%
Total	64 185 043	52 005 732	12 179 311	81%

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R24.12 million (55%) of its 2018/2019 approved operating budget of R43.18 million. The entity has also spent 10.8% (R1.56 million) of its 2018/19 capital budget of R14.37 million. Refer to **Annexure F** for further details.

Table 25: Monthly Budget Statement – summary of municipal entity

BUF Buffalo City - Supporting Table SC11 Monthly Budget Statement - summary of municipal entities - M10 April										
Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Revenue By Municipal Entity										
<i>Buffalo City Development Agency</i>								-		
Interest earned - external investments		145	789	459	33	403	382	20	5%	789
Agency services		-	990	248	-	-	206	(206)	-100%	990
Transfers and subsidies		21 724	32 033	31 952	-	29 847	32 033	(2 185)	-7%	32 033
Other revenue		153	10 544	10 522	898	1 356	8 768	(7 412)	-85%	10 544
Transfers and subsidies - capital (monetary allocations) (National)		-	27 292	14 372	92	1 558	11 977	(10 418)	-87%	-
Total Operating Revenue	1	22 022	71 647	57 553	1 024	33 164	53 366	(20 202)	-38%	44 355
Expenditure By Municipal Entity										
<i>Buffalo City Development Agency</i>								-		
Employee related costs		14 481	21 727	20 636	1 580	12 595	17 196	(4 601)	-27%	21 727
Remuneration of Directors		900	850	796	75	577	663	(86)	-13%	850
Depreciation & asset impairment		799	1 412	1 276	112	998	1 064	(65)	-6%	1 412
Finance charges		5	10	5	-	0	4	(4)	-100%	10
Other expenditure		8 162	20 356	20 468	1 501	9 950	17 057	(7 107)	-42%	20 356
Taxation		(558)	-	-	-	-	-	-		-
Total Operating Expenditure	2	23 789	44 355	43 181	3 268	24 121	35 984	(11 863)	-33%	44 355
Surplus/ (Deficit) for the yr/period		(1 767)	27 292	14 372	(2 244)	9 043	17 382	(32 065)	-184%	(0)
Capital Expenditure By Municipal Entity										
<i>Buffalo City Development Agency</i>		(1 767)	27 292	14 372	92	1 558	11 977	(10 418)	-87%	-
Total Capital Expenditure	3	(1 767)	27 292	14 372	92	1 558	11 977	(10 418)	-87%	-

A detailed analysis of the entity's performance for month ended 30 April 2019 is outlined in the attached **Annexure F**.

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 48% (R1.02 billion, inclusive of reclaimed vat) of its 2018/19 adjusted capital budget of R2.1 billion as at 30 April 2019. This reflects an increase when compared to the same period in the previous financial year where 47% (R761.44 million, inclusive of reclaimed vat) of the adjusted budget of R1.63 billion was spent

Refer to Annexure A – C5 for the breakdown per municipal vote, standard classification & funding; Annexure B – SC14 for monthly expenditure trends; SC13a for breakdown of asset classification for new assets and SC13b for breakdown on asset classification on renewal of existing asset). A detailed schedule of the capital projects expenditure is outlined in Annexure E.

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

Table 26: Capital Expenditure per Funding Source against Budget

2018/2019 CAPITAL BUDGET PER FUNDING SOURCE	2018/2019 THIRD ADJUSTMENT BUDGET	2018/2019 YTD EXPENDITURE INCLD. VAT	2018/2019 EXP. INCLD. VAT %
TOTAL OWN FUNDS	1 081 676 022	433 962 111	40%
Urban Settlements Grant	866 982 240	469 406 182	54%
Public Transport Network Grant	89 415 000	86 923 653	97%
Intergrated City Development Grant	10 003 000	9 695 446	97%
Infrastructure Skills Development Grant	100 000	97 644	98%
Neighbourhood Development Partnership Grant	13 250 000	1 555 918	12%
Energy Efficiency and Demand Side Management	8 000 000	7 908 394	99%
Integrated National Electrification Grant	6 200 000	3 995 362	64%
Finance Management Grant	65 720	45 716	70%
Local Government and Traditional Affairs	9 036 112	1 982 883	22%
TOTAL GRANTS	1 003 052 072	581 611 198	58%
TOTAL - FUNDING SOURCES	2 084 728 094	1 015 573 309	49%
BCMDA Projects	14 371 900	1 558 207	11%
TOTAL CONSOLIDATED CAPITAL PER FUNDING	2 099 099 994	1 017 131 516	48%

Table 27 below reflects capital expenditure performance per service

Table 27: Actual Expenditure per Service against Budget

2018/2019 CAPITAL BUDGET PER SERVICE	2018/2019 THIRD ADJUSTMENT BUDGET	2018/2019 YTD EXPENDITURE INCLD. VAT	2018/2019 EXPENDITURE INCLD. VAT %
Amenities	103 870 608	38 417 920	37%
Electricity	150 095 421	96 316 701	64%
Housing	205 454 640	71 762 013	35%
LED	60 735 322	11 818 530	19%
Other	73 000 000	16 408 107	22%
Public Safety	38 404 257	13 968 822	36%
Roads	546 152 873	290 275 053	53%
Spatial Planning	53 796 046	13 975 604	26%
Support Services	149 298 956	118 339 183	79%
Transport Planning	218 351 112	150 697 019	69%
Waste Management	82 952 360	40 589 952	49%
Waste Water	199 512 859	61 643 955	31%
Water	203 103 640	91 360 451	45%
TOTAL - PER SERVICE	2 084 728 094	1 015 573 309	49%
BCMDA Projects	14 371 900	1 558 207	11%
TOTAL CONSOLIDATED CAPITAL PER SERVICE	2 099 099 994	1 017 131 516	48%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

2018/2019 CAPITAL BUDGET PER DIRECTORATE	2018/2019 THIRD ADJUSTMENT BUDGET	2018/2019 YTD EXPENDITURE INCLD. VAT	2018/2019 EXPENDITURE INCLD. VAT %
Executive Support Services	5 886 795	1 357 737	23%
City Manager's Office	94 240 000	110 742 234	118%
Corporate Services	781 438	486 471	62%
Spatial Planning & Development	273 672 816	165 137 201	60%
Economic Development & Agencies	61 235 322	12 076 818	20%
Finance Services	32 441 696	688 429	2%
Health, Public Safety & Emergency Services	39 882 335	14 650 127	37%
Human Settlements	205 899 931	71 886 158	35%
Infrastructure Services	1 172 864 793	556 857 685	47%
Municipal Services	187 822 968	79 765 467	42%
Total Directorates	2 074 728 094	1 013 648 328	49%
Asset Replacement	10 000 000	1 924 981	19%
Total Budget Per Directorate	2 084 728 094	1 015 573 309	49%
BCMDA Projects	14 371 900	1 558 207	11%
TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE	2 099 099 994	1 017 131 516	48%

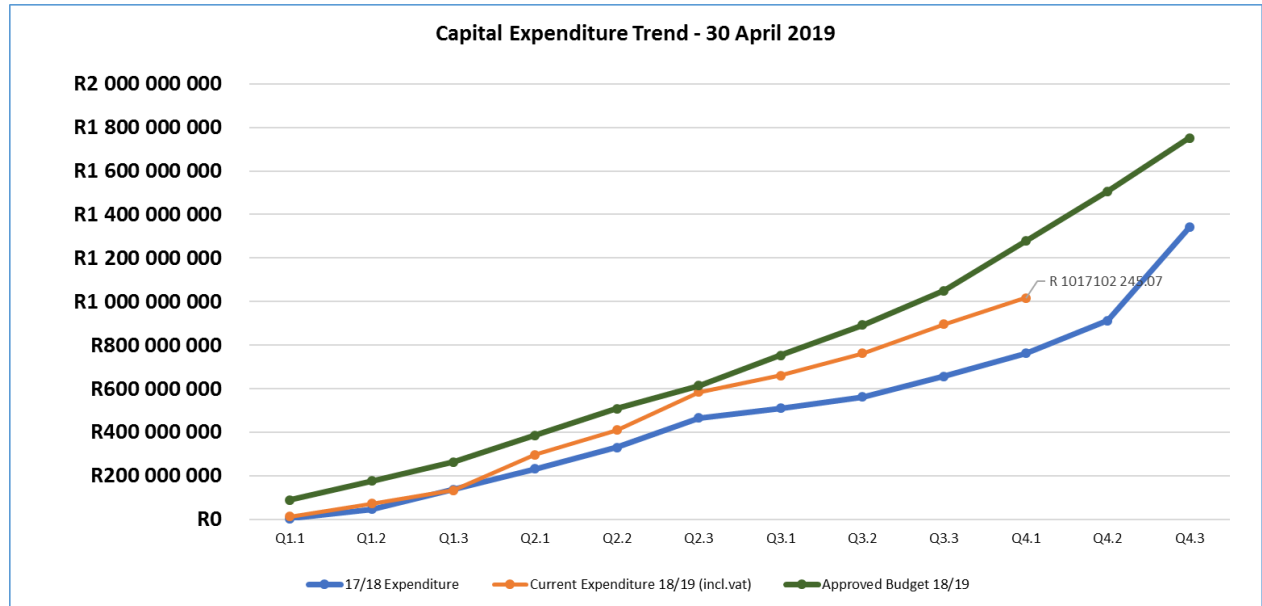
The capital programme performance by month is tabulated in table 29 below (inclusive of Vat).

Table 29: SC12 Monthly Budget Statement – capital expenditure trend

BUF Buffalo City - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M10 April									
Month	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
R thousands									%
Monthly expenditure performance trend									
July	2 308	148 178	16 599	79 865	79 865	16 599	(63 266)	-381.2%	4%
August	40 222	148 178	82 784	(14 129)		99 382	-		
September	85 095	148 178	86 382	57 137	57 137	185 765	128 628	69.2%	3%
October	85 567	148 178	227 168	151 564	151 564	412 933	261 369	63.3%	9%
November	90 386	148 178	159 303	104 066	104 066	572 236	468 170	81.8%	6%
December	123 230	148 178	238 319	158 939	158 939	810 555	651 616	80.4%	9%
January	40 944	148 178	108 780	70 648	70 648	919 335	848 687	92.3%	4%
February	50 319	148 178	76 075	97 161	97 161	995 410	898 249	90.2%	5%
March	88 730	148 178	134 311	124 822	124 822	1 129 721	1 004 899	89.0%	7%
April	98 635	148 178	149 120	114 481	114 481	1 278 841	1 164 360	91.0%	6%
May	137 819	148 178	208 361	-		1 487 202	-		
June	(727 516)	148 178	611 898	-		2 099 100	-		
Total Capital expenditure	115 740	1 778 142	2 099 100	944 554					

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

Figure 7: Capital Expenditure Trend



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

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

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

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

15. OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 41% (R143.62 million, inclusive of reclaimed vat) of its 2018/19 adjusted operating projects budget of R349.21 million as at 30 April 2019. This reflects a decline when compared to the same period in the previous financial year where 60% (R186 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R309.4 million was spent. Expenditure is expected to progressively improve during the last quarter of the financial year as procurement processes would have been concluded.

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

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

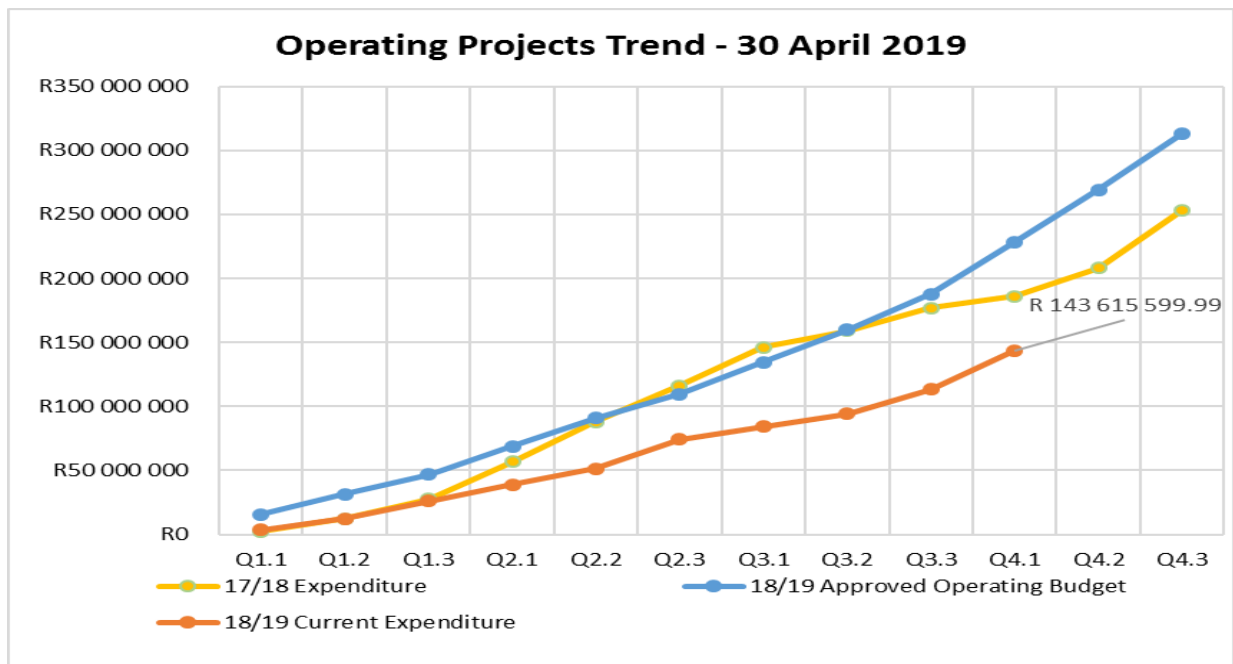
Directorate	THIRD ADJUSTMENT BUDGET	2018/2019 YTD EXPENDITURE INCLD. VAT	2018/2019 EXPENDITURE INCLD. VAT %
Executive Support Services	41 573 011	16 937 592	41%
Municipal Manager's Office	44 132 840	33 574 732	76%
Human Settlements	100 011 359	24 495 757	24%
Directorate of Financial Services	26 365 213	12 033 478	46%
Directorate of Corporate Services	20 710 375	15 615 478	75%
Directorate of Infrastructure Services	66 000 000	12 390 851	19%
Development and Spatial Planning	9 350 000	3 884 287	42%
Directorate of Economic Development	32 370 000	16 951 464	52%
Directorate of Health & Public Safety	300 000	132 952	44%
Directorate of Municipal Services	8 400 000	7 599 011	90%
TOTAL PER DIRECTORATE	349 212 798	143 615 600	41%

Table 31: Operating Projects Per Funding Source

Funding	THIRD ADJUSTMENT BUDGET	2018/2019 YTD EXPENDITURE INCLD. VAT	2018/2019 EXPENDITURE INCLD. VAT %
Total Own Funding	145 731 298	78 885 125	54%
Expanded Public Works Programme Incentives Grant	4 050 000	4 577 068	113%
Finance Management Grant	1 084 280	767 049	71%
Human Settlement Development Grant	56 201 024	9 817 397	17%
Human Settlement Development Grant c/o	19 797 040	13 259 418	67%
Infrastructure Skills Development Grant	10 700 000	7 634 014	71%
Public Transport Infrastructure Grant	5 750 000	2 490 543	43%
Salaida (Gavle)	846 101	237 134	28%
Urban Settlement Development Grant	96 009 760	25 947 852	27%
EHG	9 043 295	0	0%
TOTAL GRANTS	203 481 500	64 730 475	32%
TOTAL PER FUNDING	349 212 798	143 615 600	41%

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

Figure 8: Operating Projects Expenditure Trend



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

15.2.1 Health / Public Safety & Emergency Services

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

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

Health & Public Safety	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES	0	3 639 126	334 637	1 210	3 974 973
GM - EMERGENCY SERVICES	(48 702 427)	73 418 712	16 020 291	1 425 164	90 864 167
EMERGENCY SERVICES	0	2 190 834	58 896	143	2 249 873
DISASTER MANAGEMENT	0	2 458 973	733 423	33 776	3 226 171
FIRE & RESCUE	(48 702 427)	68 768 905	15 227 973	1 391 246	85 388 124
GM - MUNICIPAL HEALTH SERVICES	(605 953)	29 385 756	1 893 175	172 083	31 451 013
MUNICIPAL HEALTH SERVICES: COASTAL REGION	(605 953)	29 385 756	1 893 175	172 083	31 451 013
GM - PUBLIC SAFETY & PROTECTION SERVICES	(43 682 294)	204 934 668	15 689 731	2 532 504	223 156 902
PUBLIC SAFETY & PROTECTION SERVICES	(337 397)	1 757 531	3 131 958	1 479 985	6 369 475
LAW ENFORCEMENT SERVICES	(2 511 801)	117 875 692	5 069 253	553 004	123 497 948
TRAFFIC SERVICES	(40 833 097)	85 301 445	7 488 519	499 515	93 289 479
Total	(92 990 674)	311 378 261	33 937 834	4 130 960	349 447 055

15.2.2 Municipal Services

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

Table 33: Municipal Services – Cost Analysis

Municipal Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	0	6 960 112	1 167 479	23 182.85	8 150 774
GM - COMMUNITY AMENITIES	(19 696 537)	113 173 351	73 676 602	9 015 217.92	195 865 171
COMMUNITY AMENITIES	0	12 902 849	58 490 495	526 317.75	71 919 661
LIBRARIES	(16 002 867)	23 217 679	6 603 249	620 592.34	30 441 520
HALLS	(993 259)	18 677 863	2 638 677	2 614 143.43	23 930 684
RECREATION	(2 617 690)	37 960 253	2 895 180	2 825 731.30	43 681 165
SPORTS FACILITIES	(82 721)	20 414 707	3 049 001	2 428 433.10	25 892 142
GM - PARKS / CEMETRIES & CONSERVATION	(6 219 695)	136 698 810	25 345 784	7 422 763.22	169 467 357
PARKS / CEMETRIES & CONSERVATION	0	2 397 901	215 656	0	2 613 556
CEMETRIES & CREMATORIA	(5 309 524)	25 187 814	7 876 036	1 546 220.18	34 610 070
CONSERVATION	(839 490)	15 276 509	2 906 597	1 059 110.95	19 242 217
PARKS: COASTAL	(70 682)	93 836 586	14 347 495	4 817 432.09	113 001 514
GM - SOLID WASTE MANAGEMENT	(209 785 574)	157 735 982	104 217 401	13 945 321.70	275 898 705
SOLID WASTE MANAGEMENT	0	15 367 105	26 917 413	7 722 901.84	50 007 421
CLEANSING & REFUSE REMOVAL: COASTAL	(207 479 444)	129 474 106	53 419 217	6 202 589.86	189 095 913
LANDFILLS & TRANSFER STATIONS	(2 306 130)	12 894 771	23 880 770	19 830.00	36 795 372
Total	(235 701 807)	414 568 255	204 407 266	30 406 485.69	649 382 007

16. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

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

The monthly budget statement (Section 71 Report)

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

Print name: Andile Sihlahla

City Manager of Buffalo City Metropolitan Municipality

Signature:

Date:

ANNEXURES:

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

Annexure B

- SC1 Material Variance Explanation
- SC2 Performance Indicators
- SC3 Aged Debtors
- SC4 Aged Creditors
- SC5 Investment Portfolio
- SC6 Transfers and Grants Receipts
- SC7 (1) Transfers and Grants Expenditure
- SC7 (2) Expenditure against approved rollovers
- SC8 Councillor and Staff Benefits
- SC9 Actuals and Revised Targets for Cash Receipts
- SC11 Monthly Budget Statement – Summary of Municipal Entity
- SC14 Capital Expenditure trend
- SC13a Capital Expenditure on New Assets by Class
- SC13b Capital Expenditure on Renewal of Existing Assets by Class
- SC13c Expenditure on Repairs and Maintenance by Asset Class
- SC13d Depreciation by Asset Class

Annexure C

- Schedule of Borrowings

Annexure D

Operating expenditure report

Annexure E

Capital expenditure report

Annexure F

Buffalo City Metropolitan Development Agency Performance Report