

REPORT TO EXECUTIVE MAYOR: 14 NOVEMBER 2016

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Author: ACTING CITY MANAGER (NCEBA NCUNYANA)/VP

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF
THE 2016/17 BUDGET FOR THE PERIOD ENDED 31 OCTOBER 2016**

1. PURPOSE

The purpose of the report is for the Executive Mayor to consider and note the statement of financial performance and the implementation of the 2016/17 budget of the Buffalo City Metropolitan Municipality for the period ended 31 October 2016.

2. AUTHORITY

Executive Mayor

3. LEGAL / STATUTORY REQUIREMENTS

The Constitution of the Republic of South Africa, 1996

Municipal Finance Management Act No 56, 2003

Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

In terms of Section 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 2016/17 budget for the period ended 31 October 2016 including supporting documentation attached as Annexure A to F.
- (ii) The Executive Mayor notes the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.
- (iii) The Executive Mayor notes the year to date collection rate for the period ended 31 October 2016 of 84.76%.

ACTING CITY MANAGER

DATE

**6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND
THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE
PERIOD ENDED 31 OCTOBER 2016**

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 1,831,908,281	Bank Balance	R 69,865,207
Expenditure	(R 1,901,958,634)	Call investments (excl. int.)	R 2,107,930,649
Operating Deficit	(R 70,050,353)	Cash and cash equivalents	R 2,177,795,856
Transfers Recognised - Capital	R 117,878,792	<i>Account Payables</i>	<i>(R 482,521,740)</i>
Surplus After Capital Transfers	R47,828,439	<i>Unspent conditional grants</i>	<i>(R344,100,577)</i>
DEBTORS		<i>Committed to Capital budget- own funds</i>	<i>(R 673,429,491)</i>
Total debtors book	R 1,856,281,801	Therefore Cash and Cash equivalents ring fenced for assets renewal in outer years	R 677,744,048
Total debtors - Government	R 59,802,710	Total Long term loans	R 485,238,053
Total debtors - Business	R 418,854,057	SURPLUS / (DEFICIT) PER SERVICE	
Total debtors - Households	R 1,128,927,636	Water	(R 20,077,681)
Total debtors - Other	R 248,697,398	Electricity	(R 140,907,122)
Total debt written off	R 4,252,893	Refuse	R 11,592,520
REPAIRS AND MAINTENANCE		Sewerage	R 11,125,247
2015/2016: Exp. = R80.85 m, which is 22% of approved budget of R372.01m	2016/2017: Exp.= R95.05 m, which is 23% of approved budget of R414.79m		
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
2015/2016: Exp. as a % of Adjusted Budget of R1.38b: Exp. (excl. vat) = R201.34 mil % exp (Excl. vat) : 15% Exp. (incl. vat) = R219.25 mil % exp (incl. vat): 16%	2016/2017: Exp. as a % of Adjusted Budget of R1.69b: Exp. (excl. vat) = R205.65 mil % exp (Excl. vat) :12% Exp. (incl. vat) = R220.63 mil % exp (incl. vat): 13%	2015/2016: Exp. as a % of Adjusted Budget of R697.73m: Exp.(excl. vat)=R80.54 mil % exp.(excl. vat): 12% Exp.(incl. vat) = R80.72 mil % exp.(incl. vat): 12%	2016/2017: Exp. as a % of Adjusted Budget of R327.39m: Exp.(excl. vat)=R49.33 mil % exp.(excl. vat): 15% Exp.(incl. vat) = R50.61 mil % exp.(incl. vat): 15%
FINANCIAL		HUMAN RESOURCES	
Operating Deficit for the period	(R 70,050,353)	Total staff complement	5 204
Debtors collection ratio	84.76%	Staff Appointments	357
YTD Grants and subsidies	R 448,729,457	Staff Terminations	60
% of Creditors paid within terms	100%	Number of funded vacant posts	619
Current ratio	2.67:1	Total overtime paid (YTD)	R 44,769,606
Total Debt to Revenue	10.82%	Allowances and benefits - Councillors	R 17,660,949
Capital Charges to Operating Expenditure	0.64%	Salary bill - Officials	R 488,057,034
Cost coverage ratio	6.91 months	Workforce costs as a % of expenditure	26.59%

6.2 Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 2.67:1 which indicates the ability of Municipality's current assets to cover its current liabilities. Debtors constitute 28% of the current assets, inventory constitutes 1% and cash & cash equivalents comprise 66% of the current assets.

6.3 Collection Rate and Outstanding Debtors

The year to date collection rate for the month ended 31 October 2016 is 84.76% (2015/16: 88%).

Total debtors book as at 31 October 2016 amounts to R1.86 billion (2015: R1.53 billion). Households: R1.13 billion, Business: R418.85 million, Government: R59.80 million, Other: R248.70 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 R220.63 million (2015/16: R219.25million) which is 13% (2015/16: 16%) of its 2016/17 adjusted capital budget of R1.69 billion (2015/16: R1.38 billion) as at 31 October 2016. This depicts a slight improvement in rand value terms when compared to the same period in the previous financial year, however it reflects a regression in percentage terms. (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 15% (R50.61 million, inclusive of reclaimed vat) of its 2016/17 adjusted budget of R327.39 million as at 31 October 2016. This reflects an improvement in percentage terms when compared to the same period in the previous financial year where 12% (R80.72 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R697.73 million was spent. (Refer to Section 15 for further details).

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

6.6 Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent R143.61 million (2015/16: R159.12 million) which is 17% (2015/16: 20%) of its 2016/2017 conditional grants budget of R828.70 million (2015/16: R801.94 million) as at 31 October 2016. This reflects a slight regression when compared to the same period in the previous financial year. It is anticipated that the expenditure will improve as the year progresses and once the procurement processes have been undertaken. (Refer to Section 11 for further details)

6.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent R141.5 million (2015/16: R151.74 million) which is 19% (2015/16: 21%) of its 2016/17 USDG budget of R731.50 million (2015/16: R713.13 million) as at 31 October 2016. This reflects slight regression when compared to the same period in the previous financial year. It is anticipated that the expenditure will improve as the year progresses and once the procurement processes have been undertaken. (Refer to Section 11 for further details).

6.7 Cash and Cash Equivalents

The cash and cash equivalents of the City as at 31 October 2016 are R2.18 billion made up of cash and bank amounting to R69.87 million and call investment deposits of R2.11 billion. This funding is invested with various financial institutions in compliance with the MFMA. Refer to Section 7.7 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown. The cost coverage ratio of the city is 6.91 months. This indicates a strong financial health as it is above the norm of 1-3 months as per the MFMA circular 71.

6.8 Outstanding Creditors

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

6.9 Long-Term Debt Profile

The total long term borrowings of the municipality as at 31 October 2016 amounts to

R485.24 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 31 October 2016 is 0.64%, the acceptable ceiling in accordance with the MFMA circular 71 is 6-8%.

The total debt to revenue ratio is 10.82% as at 31 October 2016, this indicates that the municipality is highly solvent to meet its debt obligation. The acceptable norm in accordance with the MFMA circular 71 is a ceiling of 45%.

7. 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 - M04 October

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	1 122 920	1 122 920	80 561	383 121	402 885	(19 764)	-5%	1 122 920
Service charges	-	2 928 610	2 928 610	233 312	850 342	956 467	(106 125)	-11%	2 928 610
Investment revenue	-	143 844	143 775	12 653	53 955	48 305	5 650	12%	143 775
Transfers recognised - operational	-	1 319 728	1 318 097	12 778	448 729	276 726	172 003	62%	1 318 097
Other own revenue	-	391 937	391 737	20 503	95 762	85 854	9 907	12%	391 737
Total Revenue (excluding capital transfers and contributions)	-	5 907 039	5 905 139	359 807	1 831 908	1 770 237	61 671	3%	5 905 139
Employee costs	-	1 531 068	1 531 068	118 418	488 057	517 959	(29 902)	-6%	1 531 068
Remuneration of Councillors	-	58 099	58 099	4 511	17 661	19 366	(1 705)	-9%	58 099
Depreciation & asset impairment	-	748 339	748 339	63 310	250 394	249 446	948	0%	748 339
Finance charges	-	57 105	57 105	4 469	16 684	22 735	(6 051)	-27%	57 105
Materials and bulk purchases	-	1 521 587	1 521 587	120 441	592 087	565 583	26 504	5%	1 521 587
Transfers and grants	-	288 468	288 468	47 096	96 949	96 155	794	1%	288 468
Other expenditure	-	1 701 295	1 699 395	112 338	440 127	366 844	73 282	20%	1 699 395
Total Expenditure	-	5 905 961	5 904 061	470 584	1 901 959	1 838 089	63 869	3%	5 904 061
Surplus/(Deficit)	-	1 078	1 078	(110 777)	(70 050)	(67 852)	(2 198)	3%	1 078
Transfers recognised - capital	-	848 269	848 269	49 738	117 879	201 466	(83 587)	-41%	848 269
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	849 347	849 347	(61 039)	47 828	133 614	(85 785)	-64%	849 347
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	849 347	849 347	(61 039)	47 828	133 614	(85 785)	-64%	849 347
Capital expenditure & funds sources									
Capital expenditure	-	1 558 134	1 693 155	78 499	205 649	142 212	63 436	45%	1 693 155
Capital transfers recognised	-	848 269	862 374	49 738	117 879	72 433	45 446	63%	862 374
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	69 582	69 582	-	-	5 844	(5 844)	-100%	69 582
Internally generated funds	-	640 283	761 199	28 761	87 770	63 935	23 835	37%	761 199
Total sources of capital funds	-	1 558 134	1 693 155	78 499	205 649	142 212	63 436	45%	1 693 155
Financial position									
Total current assets	-	3 526 080	3 526 080		3 499 335				3 526 080
Total non current assets	-	14 131 021	14 239 037		13 451 408				14 239 037
Total current liabilities	-	1 131 155	1 131 155		1 122 869				1 131 155
Total non current liabilities	-	1 177 274	1 177 274		944 139				1 177 274
Community wealth/Equity	-	15 348 672	15 456 688		14 883 734				15 456 688
Cash flows									
Net cash from (used) operating	-	1 648 938	1 648 938	12 588	103 815	549 646	445 831	81%	1 648 938
Net cash from (used) investing	-	(1 558 134)	(1 693 155)	(78 499)	(205 649)	(519 378)	(313 729)	60%	(1 693 155)
Net cash from (used) financing	-	17 757	17 757	-	(11 239)	5 919	17 158	290%	17 757
Cash/cash equivalents at the month/year end	-	2 490 747	2 355 726	-	2 260 828	2 418 373	157 545	7%	2 347 440
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	255 544	93 601	63 111	87 411	67 187	44 227	255 958	989 243	1 856 282
Creditors Age Analysis									
Total Creditors	432 832	21 194	3 147	25 348	-	-	-	-	482 522

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 (standard classification) - M04 October

Description	Ref	2015/16	Budget Year 2016/17							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
Revenue - Standard										
<i>Governance and administration</i>		-	2 268 639	2 266 738	103 874	771 032	709 752	61 280	9%	2 266 738
Executive and council		-	30 796	30 796	1 843	6 277	7 053	(776)	-11%	30 796
Budget and treasury office		-	2 222 421	2 220 521	101 020	762 432	700 301	62 131	9%	2 220 521
Corporate services		-	15 421	15 421	1 010	2 323	2 398	(75)	-3%	15 421
<i>Community and public safety</i>		-	127 228	127 228	16 465	68 305	31 388	36 917	118%	127 228
Community and social services		-	19 511	19 511	1 657	4 518	7 201	(2 684)	-37%	19 511
Sport and recreation		-	6 161	6 161	(28)	497	635	(138)	-22%	6 161
Public safety		-	98 758	98 758	8 484	46 795	23 362	23 432	100%	98 758
Housing		-	-	-	6 330	16 474	-	16 474	-	-
Health		-	2 797	2 797	21	21	189	(168)	-89%	2 797
<i>Economic and environmental services</i>		-	100 222	100 222	1 481	6 288	32 507	(26 219)	-81%	100 222
Planning and development		-	26 543	26 543	1 406	6 074	6 327	(253)	-4%	26 543
Road transport		-	73 255	73 255	67	187	26 132	(25 945)	-99%	73 255
Environmental protection		-	423	423	8	27	48	(21)	-43%	423
<i>Trading services</i>		-	3 384 579	3 384 579	237 988	979 137	1 039 145	(60 008)	-6%	3 384 579
Electricity		-	1 931 170	1 931 170	141 086	522 740	675 600	(152 859)	-23%	1 931 170
Water		-	541 296	541 296	40 936	169 577	142 016	27 561	19%	541 296
Waste water management		-	446 227	446 227	28 732	149 444	106 676	42 769	40%	446 227
Waste management		-	465 885	465 885	27 233	137 375	114 852	22 522	20%	465 885
<i>Other</i>	4	-	874 641	874 641	49 738	125 025	158 912	(33 887)	-21%	874 641
Total Revenue - Standard	2	-	6 755 308	6 753 408	409 544	1 949 787	1 971 703	(21 916)	-1%	6 753 408
Expenditure - Standard										
<i>Governance and administration</i>		-	1 189 292	1 189 644	82 837	316 026	306 294	9 732	3%	1 189 644
Executive and council		-	209 046	209 397	13 512	63 681	69 160	(5 480)	-8%	209 397
Budget and treasury office		-	553 044	553 044	34 399	126 308	133 526	(7 218)	-5%	553 044
Corporate services		-	427 203	427 203	34 926	126 038	103 608	22 430	22%	427 203
<i>Community and public safety</i>		-	738 246	738 995	51 625	199 830	188 553	11 277	6%	738 995
Community and social services		-	94 309	94 309	14 054	32 292	32 632	(340)	-1%	94 309
Sport and recreation		-	77 113	77 113	2 096	24 056	25 860	(1 804)	-7%	77 113
Public safety		-	224 016	224 016	23 597	102 645	71 878	30 767	43%	224 016
Housing		-	280 019	280 768	9 157	31 293	48 131	(16 838)	-35%	280 768
Health		-	62 789	62 789	2 720	9 545	10 052	(507)	-5%	62 789
<i>Economic and environmental services</i>		-	919 523	916 523	136 170	250 705	297 979	(47 274)	-16%	916 523
Planning and development		-	270 451	267 451	17 559	72 243	69 530	2 714	4%	267 451
Road transport		-	543 263	543 263	108 791	140 516	195 639	(55 122)	-28%	543 263
Environmental protection		-	105 809	105 809	9 820	37 945	32 810	5 135	16%	105 809
<i>Trading services</i>		-	3 041 214	3 041 214	198 411	1 129 287	1 040 508	88 779	9%	3 041 214
Electricity		-	1 725 555	1 725 555	70 621	663 647	648 236	15 411	2%	1 725 555
Water		-	531 791	531 791	36 623	201 538	166 559	34 979	21%	531 791
Waste water management		-	467 437	467 437	52 726	138 319	117 247	21 072	18%	467 437
Waste management		-	316 432	316 432	38 441	125 782	108 465	17 317	16%	316 432
<i>Other</i>		-	17 685	17 685	1 542	6 110	4 756	1 355	28%	17 685
Total Expenditure - Standard	3	-	5 905 961	5 904 061	470 584	1 901 959	1 838 089	63 869	3%	5 904 061
Surplus/ (Deficit) for the year		-	849 347	849 347	(61 039)	47 828	133 614	(85 785)	-64%	849 347

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) - M04 October

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Directorate - Executive Support Services		-	145	145	-	-	46	(46)	-100.0%	145
Vote 2 - Directorate - City Manager		-	52 588	52 588	1 862	6 317	6 825	(508)	-7.4%	52 588
Vote 3 - Directorate - Human Settlements		-	362 572	362 572	25 335	61 537	36 751	24 786	67.4%	362 572
Vote 4 - Directorate - Finance		-	2 947 365	2 945 733	101 039	762 451	877 110	(114 659)	-13.1%	2 945 733
Vote 5 - Directorate - Corporate Services		-	13 036	13 036	917	1 940	1 312	628	47.9%	13 036
Vote 6 - Directorate - Infrastructure Services		-	2 744 633	2 744 633	239 591	911 274	870 411	40 863	4.7%	2 744 633
Vote 7 - Directorate - Development Planning		-	64 067	34 695	1 654	7 709	5 791	1 918	33.1%	34 695
Vote 8 - Directorate - Health / Public Safety & Emergency Services		-	162 440	162 440	8 506	46 816	48 069	(1 253)	-2.6%	162 440
Vote 9 - Directorate - Municipal Services		-	408 195	408 195	28 881	142 746	120 484	22 262	18.5%	408 195
Vote 10 - Directorate - Economic Development		-	-	29 372	1 760	8 997	4 903	4 095	83.5%	29 372
Total Revenue by Vote	2	-	6 755 039	6 753 408	409 544	1 949 787	1 971 703	(21 916)	-1.1%	6 753 408
Expenditure by Vote	1									
Vote 1 - Directorate - Executive Support Services		-	206 009	206 098	18 501	65 091	55 187	9 904	17.9%	206 098
Vote 2 - Directorate - City Manager		-	115 928	116 189	5 586	35 004	38 391	(3 387)	-8.8%	116 189
Vote 3 - Directorate - Human Settlements		-	346 542	347 560	9 958	34 144	52 219	(18 075)	-34.6%	347 560
Vote 4 - Directorate - Finance		-	551 753	551 753	34 399	126 308	133 526	(7 218)	-5.4%	551 753
Vote 5 - Directorate - Corporate Services		-	192 959	192 959	13 259	57 970	48 075	9 895	20.6%	192 959
Vote 6 - Directorate - Infrastructure Services		-	3 234 571	3 234 571	274 794	1 159 718	1 154 793	4 926	0.4%	3 234 571
Vote 7 - Directorate - Development Planning		-	333 338	246 099	16 964	69 138	59 513	9 625	16.2%	246 099
Vote 8 - Directorate - Health / Public Safety & Emergency Services		-	321 998	321 998	26 671	113 153	91 261	21 892	24.0%	321 998
Vote 9 - Directorate - Municipal Services		-	602 596	602 596	65 442	223 561	184 029	39 532	21.5%	602 596
Vote 10 - Directorate - Economic Development		-	-	84 239	5 010	17 872	21 096	(3 224)	-15.3%	84 239
Total Expenditure by Vote	2	-	5 905 692	5 904 061	470 584	1 901 959	1 838 089	63 869	3.5%	5 904 061
Surplus/ (Deficit) for the year	2	-	849 347	849 347	(61 039)	47 828	133 614	(85 785)	-64.2%	849 347

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 31 October 2016.

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

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates			1 122 920	1 122 920	80 561	383 121	402 885	(19 764)	-5%	1 122 920
Property rates - penalties & collection charges				-	-	-	-	-		-
Service charges - electricity revenue			1 815 256	1 815 256	135 469	491 072	584 599	(93 527)	-16%	1 815 256
Service charges - water revenue			444 291	444 291	40 810	134 988	142 684	(7 696)	-5%	444 291
Service charges - sanitation revenue			339 107	339 107	26 262	113 389	118 830	(5 441)	-5%	339 107
Service charges - refuse revenue			308 375	308 375	25 755	103 054	102 792	262	0%	308 375
Service charges - other			21 580	21 580	5 015	7 839	7 562	277	4%	21 580
Rental of facilities and equipment			20 045	20 045	1 109	4 480	3 490	989	28%	20 045
Interest earned - external investments			143 844	143 775	12 653	53 955	48 305	5 650	12%	143 775
Interest earned - outstanding debtors			34 651	34 651	4 187	15 577	9 898	5 679	57%	34 651
Dividends received			-	-	-	-	-	-		-
Fines			8 385	8 385	741	2 650	1 045	1 605	154%	8 385
Licences and permits			13 958	13 958	928	3 948	3 878	70	2%	13 958
Agency services			-	-	-	-	-	-		-
Transfers recognised - operational			1 319 728	1 318 097	12 778	448 729	276 726	172 003	62%	1 318 097
Other revenue			314 898	314 698	13 538	69 106	67 543	1 564	2%	314 698
Gains on disposal of PPE			-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		-	5 907 039	5 905 139	359 807	1 831 908	1 770 237	61 671	3%	5 905 139

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October

Description	Ref	2015/16	Budget Year 2016/17								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands											
Expenditure By Type	-										
Employee related costs			1 531 068	1 531 068	118 418	488 057	517 959	(29 902)	-6%	1 531 068	
Remuneration of councillors			58 099	58 099	4 511	17 661	19 366	(1 705)	-9%	58 099	
Debt impairment			303 865	303 865	25 322	101 288	101 682	(393)	0%	303 865	
Depreciation & asset impairment			748 339	748 339	63 310	250 394	249 446	948	0%	748 339	
Finance charges			57 105	57 105	4 469	16 684	22 735	(6 051)	-27%	57 105	
Bulk purchases			1 521 587	1 521 587	120 441	592 087	565 583	26 504	5%	1 521 587	
Contracted services			22 486	22 486	2 563	6 962	4 148	2 814	68%	22 486	
Transfers and grants			288 468	288 468	47 096	96 949	96 155	794	1%	288 468	
Other expenditure			1 374 944	1 373 043	84 453	331 876	261 015	70 861	27%	1 373 043	
Loss on disposal of PPE			-	-	-	-	-	-		-	
Total Expenditure			-	5 905 961	5 904 061	470 584	1 901 959	1 838 089	63 869	3%	5 904 061
Surplus/(Deficit)			-	1 078	1 078	(110 777)	(70 050)	(67 852)	(2 198)	0	1 078
Transfers recognised - capital			848 269	848 269	49 738	117 879	201 466	(83 587)	(0)	848 269	
Contributions recognised - capital			-	-	-	-	-	-		-	
Surplus/(Deficit) after capital transfers & contributions			-	849 347	849 347	(61 039)	47 828	133 614			849 347
Taxation								-			
Surplus/(Deficit) after taxation			-	849 347	849 347	(61 039)	47 828	133 614			849 347
Attributable to minorities											
Surplus/(Deficit) attributable to municipality			-	849 347	849 347	(61 039)	47 828	133 614			849 347
Share of surplus/ (deficit) of associate											
Surplus/ (Deficit) for the year			-	849 347	849 347	(61 039)	47 828	133 614			849 347

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

7.4.1.1 Service Charges – electricity revenue

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

7.4.1.2 Rental of facilities and equipment

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

7.4.1.3 Interest earned – external investments

Greater level of investments have resulted in additional interest earned at 31 October 2016.

7.4.1.4 Interest earned – outstanding debtors

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

7.4.1.5 Fines

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

7.4.1.6 Transfers recognised - operational

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

August 2016. The general fuel levy was not projected for under operational transfers recognised, however this will be corrected in the mid-year adjustment budget.

7.4.1.7 Finance charges

The year to date budget was calculated on the assumption that the institution would have obtained additional long term loan funding at the beginning of 2016/17 financial year. However, the process of sourcing the loan is still in progress.

7.4.1.8 Contracted services

Contracted services are utilised as and when required. As the year progresses the use of contracted services will stabilise. One-Man-Contract workers have been appointed to assist towards the cleanliness of the City.

7.4.1.9 Other expenditure

Other expenditure includes operating projects, operational costs as well as repairs and maintenance and these expenditure categories are overspent by 27% when compared to the year to date budget. These were not correctly projected for, however this will be corrected in the mid-year adjustment budget. Expenditure on repairs and maintenance is provided in table 6 below. Details on operating projects are provided on section 15 of the report.

7.4.1.10 Repairs and Maintenance

Table 6 below reflects that as at 31 October 2016, the repairs and maintenance expenditure is 23% of the approved budget of R414.79 million (2015/16: 22%). This is a slight improvement when compared with the prior year. Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	<u>2016/2017</u> <u>Annual</u> <u>Budget</u> <u>R</u>	<u>2016/2017</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2016/2017</u> <u>Variance</u> <u>R</u>	<u>2016/2017</u> <u>% of</u> <u>Budget</u> <u>%</u>
Directorate Of Executive Support Services	3 235 637	264 623	813 923	8%
Directorate Of The City Manager	134 478	3 902	40 924	3%
Directorate Of Corporate Services	6 540 381	835 285	1 344 842	13%
Directorate Of Development & Spatial Planning	28 357 088	4 332 219	5 120 144	15%
Directorate Of Economic Development & Agencies	1 180 627	259 264	134 279	22%
Directorate Of Finance	3 273 630	460 798	630 412	14%
Directorate Of Health / Public Safety & Emergency Services	6 195 492	853 684	1 211 480	14%
Directorate Of Human Settlement	108 421	34 106	2 034	31%
Directorate Of Infrastructure Services	328 157 794	70 768 253	38 617 678	22%
<i>Electricity</i>	126 468 926	30 529 633	11 626 676	24%
<i>Water</i>	47 248 367	17 344 781	(1 595 325)	37%
<i>Sanitation</i>	33 026 802	8 000 478	3 008 456	24%
<i>Other</i>	121 413 699	14 893 361	25 577 872	12%
Directorate Of Municipal Services	37 607 278	17 237 669	(4 701 910)	46%
TOTAL	414 790 826	95 049 803	43 213 806	23%

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

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

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

BUF Buffalo City - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding - M04 October)										
Vote Description	Ref	2015/16		Budget Year 2016/17						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Directorate - Executive Support Services		–	5 500	8 007	150	280	164	116	71%	8 007
Vote 2 - Directorate - City Manager		–	17 522	17 522	2 550	5 433	41	5 392	13230%	17 522
Vote 3 - Directorate - Human Settlements		–	202 441	211 477	19 006	45 438	12 831	32 608	254%	211 477
Vote 4 - Directorate - Finance		–	10 600	10 748	162	258	1 179	(921)	-78%	10 748
Vote 5 - Directorate - Corporate Services		–	7 100	9 034	3	180	1 392	(1 212)	-87%	9 034
Vote 6 - Directorate - Infrastructure Services		–	887 671	937 030	50 066	135 862	93 983	41 880	45%	937 030
Vote 7 - Directorate - Development Planning		–	230 290	230 417	866	4 803	7 277	(2 474)	-34%	230 417
Vote 8 - Directorate - Health / Public Safety & Emergency Services		–	30 032	46 484	42	779	4 019	(3 241)	-81%	46 484
Vote 9 - Directorate - Municipal Services		–	122 478	167 702	2 982	7 481	6 494	988	15%	167 702
Vote 10 - Directorate - Economic Development		–	44 500	54 734	2 671	5 134	14 833	(9 699)	-65%	54 734
Total Capital Multi-year expenditure	4,7	–	1 558 134	1 693 155	78 499	205 649	142 212	63 436	45%	1 693 155
Total Capital Expenditure		–	1 558 134	1 693 155	78 499	205 649	142 212	63 436	45%	1 693 155
Capital Expenditure - Standard Classification										
Governance and administration		–	40 722	80 310	2 865	6 150	6 745	(595)	-9%	80 310
Executive and council			23 022	60 529	2 701	5 712	5 084	628	12%	60 529
Budget and treasury office			10 600	10 748	162	258	903	(645)	-71%	10 748
Corporate services			7 100	9 034	3	180	759	(579)	-76%	9 034
Community and public safety		–	276 498	309 838	22 019	53 367	26 024	27 343	105%	309 838
Community and social services			23 300	30 226	(10)	2 242	2 539	(297)	-12%	30 226
Sport and recreation			20 725	21 651	2 980	4 908	1 819	3 089	170%	21 651
Public safety			30 032	46 484	42	779	3 904	(3 125)	-80%	46 484
Housing			202 441	211 477	19 006	45 438	17 762	27 676	156%	211 477
Health			–	–	–	–	–	–	–	–
Economic and environmental services		–	541 969	552 330	28 864	48 159	46 392	1 767	4%	552 330
Planning and development			274 790	285 151	3 537	9 937	23 951	(14 013)	-59%	285 151
Road transport			267 179	267 179	25 326	38 221	22 441	15 780	70%	267 179
Environmental protection			–	–	–	–	–	–	–	–
Trading services		–	680 946	732 365	24 751	89 072	61 513	27 559	45%	732 365
Electricity			143 000	143 000	7 057	18 025	12 011	6 014	50%	143 000
Water			87 500	87 500	9 096	31 976	7 349	24 627	335%	87 500
Waste water management			371 992	386 040	8 587	38 740	32 424	6 315	19%	386 040
Waste management			78 454	115 825	11	332	9 728	(9 397)	-97%	115 825
Other			18 000	18 312	–	8 900	1 538	7 362	479%	18 312
Total Capital Expenditure - Standard Classification	3	–	1 558 134	1 693 155	78 499	205 649	142 212	63 436	45%	1 693 155
Funded by:										
National Government			741 969	741 969	49 738	117 879	62 320	55 559	89%	741 969
Provincial Government			106 300	120 405	–	–	10 113	(10 113)	-100%	120 405
District Municipality			–	–	–	–	–	–	–	–
Other transfers and grants			–	–	–	–	–	–	–	–
Transfers recognised - capital		–	848 269	862 374	49 738	117 879	72 433	45 446	63%	862 374
Public contributions & donations		–	–	–	–	–	–	–	–	–
Borrowing	5		69 582	69 582	–	–	5 844	(5 844)	-100%	69 582
Internally generated funds	6		640 283	761 199	28 761	87 770	63 935	23 835	37%	761 199
Total Capital Funding		–	1 558 134	1 693 155	78 499	205 649	142 212	63 436	45%	1 693 155

7.6 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R14.88 billion.

Table 8: C6: Monthly Budget Statement – Financial Position

BUF Buffalo City - Table C6 Consolidated Monthly Budget Statement - Financial Position - M04 October

Description	Ref	2015/16	Budget Year 2016/17				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast	
R thousands	1						
ASSETS							
Current assets							
Cash			80 644	80 644	69 865	80 644	
Call investment deposits			2 410 242	2 410 242	2 107 931	2 410 242	
Consumer debtors			820 635	820 635	266 486	820 635	
Other debtors			108 064	108 064	1 013 572	108 064	
Current portion of long-term receivables			15	15	–	15	
Inventory			106 480	106 480	41 481	106 480	
Total current assets			–	3 526 080	3 526 080	3 499 335	3 526 080
Non current assets							
Long-term receivables			66	66	–	66	
Investments			–	–	–	–	
Investment property			485 540	485 540	342 030	485 540	
Investments in Associate			90 099	90 099	112 292	90 099	
Property, plant and equipment			13 447 560	13 555 576	12 842 121	13 555 576	
Agricultural			–	–	–	–	
Biological assets			–	–	–	–	
Intangible assets			25 080	25 080	85 948	25 080	
Other non-current assets			82 676	82 676	69 018	82 676	
Total non current assets			–	14 131 021	14 239 037	13 451 408	14 239 037
TOTAL ASSETS			–	17 657 101	17 765 117	16 950 743	17 765 117
LIABILITIES							
Current liabilities							
Bank overdraft			–	–	–	–	
Borrowing			51 825	51 825	50 709	51 825	
Consumer deposits			59 455	59 455	53 708	59 455	
Trade and other payables			852 917	852 917	826 622	852 917	
Provisions			166 958	166 958	191 830	166 958	
Total current liabilities			–	1 131 155	1 131 155	1 122 869	1 131 155
Non current liabilities							
Borrowing			518 175	518 175	445 768	518 175	
Provisions			659 099	659 099	498 372	659 099	
Total non current liabilities			–	1 177 274	1 177 274	944 139	1 177 274
TOTAL LIABILITIES			–	2 308 429	2 308 429	2 067 008	2 308 429
NET ASSETS	2		–	15 348 672	15 456 688	14 883 734	15 456 688
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)			12 256 811	12 364 827	10 269 793	12 364 827	
Reserves			3 091 861	3 091 861	4 613 941	3 091 861	
TOTAL COMMUNITY WEALTH/EQUITY	2		–	15 348 672	15 456 688	14 883 734	15 456 688

7.7 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net decrease of R113.07 million resulting in cash and cash equivalents closing balance of R2.26 billion as at 31 October 2016. The net decrease is as a result of a lower collection rate than projected, it is however expected to improve as the year progresses.

Table 9: C7: Monthly Budget Statement – Cash Flow

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M04 October

Description	Ref	2015/16	Budget Year 2016/17								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands	1										
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges			1 038 701	1 038 701	80 561	383 121	346 234	36 887	11%	1 038 701	
Service charges			2 708 964	2 708 964	228 297	842 503	902 988	(60 485)	-7%	2 708 964	
Other revenue			330 374	330 374	21 331	88 023	110 125	(22 102)	-20%	330 374	
Government - operating			1 319 728	1 319 728	12 778	448 729	439 909	8 820	2%	1 319 728	
Government - capital			848 269	848 269	7 430	264 980	282 756	(17 776)	-6%	848 269	
Interest			178 495	178 495	16 841	69 532	59 498	10 034	17%	178 495	
Dividends			-	-	-	-	-	-		-	
Payments											
Suppliers and employees			(4 430 013)	(4 430 013)	(303 083)	(1 879 440)	(1 476 671)	402 769	-27%	(4 430 013)	
Finance charges			(57 113)	(57 113)	(4 469)	(16 684)	(19 038)	(2 354)	12%	(57 113)	
Transfers and Grants			(288 468)	(288 468)	(47 096)	(96 949)	(96 156)	793	-1%	(288 468)	
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	1 648 938	1 648 938	12 588	103 815	549 646	445 831	81%	1 648 938
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			-	-	-	-	-	-		-	
Decrease (increase) in non-current debtors			-	-	-	-	-	-		-	
Decrease (increase) other non-current receivables			-	-	-	-	-	-		-	
Decrease (increase) in non-current investments			-	-	-	-	-	-		-	
Payments											
Capital assets			(1 558 134)	(1 693 155)	(78 499)	(205 649)	(519 378)	(313 729)	60%	(1 693 155)	
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	(1 558 134)	(1 693 155)	(78 499)	(205 649)	(519 378)	(313 729)	60%	(1 693 155)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans			-	-	-	-	-	-		-	
Borrowing long term/refinancing			69 582	69 582	-	-	23 194	(23 194)	-100%	69 582	
Increase (decrease) in consumer deposits			-	-	-	-	-	-		-	
Payments											
Repayment of borrowing			(51 825)	(51 825)	-	(11 239)	(17 275)	(6 036)	35%	(51 825)	
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	17 757	17 757	-	(11 239)	5 919	17 158	290%	17 757
NET INCREASE/ (DECREASE) IN CASH HELD			-	108 561	(26 460)	(65 910)	(113 072)	36 187			(26 460)
Cash/cash equivalents at beginning:			2 382 186	2 382 186		2 373 900	2 382 186				2 373 900
Cash/cash equivalents at month/year end:			-	2 490 747	2 355 726		2 260 828	2 418 373			2 347 440

PART 2: SUPPORTING **DOCUMENTATION**

8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

8.1 Debtors

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

Table 10: SC3 Monthly Budget Statement Aged Debtors

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October

Description	NT Code	Budget Year 2016/17										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	41 867	30 729	21 961	28 120	34 876	16 158	86 285	271 595	531 590	437 034		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	92 339	14 585	7 416	5 786	5 052	2 944	10 475	33 147	171 745	57 404		
Receivables from Non-exchange Transactions - Property Rates	1400	76 281	25 655	17 390	26 695	13 880	13 393	86 257	268 616	528 166	408 841		
Receivables from Exchange Transactions - Waste Water Management	1500	21 215	9 398	6 020	10 546	4 467	4 047	25 017	121 687	202 395	165 763		
Receivables from Exchange Transactions - Waste Management	1600	17 397	9 123	6 845	11 443	5 476	5 002	31 570	171 969	258 825	225 460		
Receivables from Exchange Transactions - Property Rental Debtors	1700	78	72	69	110	63	60	427	3 204	4 081	3 863		
Interest on Arrear Debtor Accounts	1810									-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	6 368	4 039	3 410	4 711	3 375	2 623	15 928	119 024	159 478	145 661		
Total By Income Source	2000	255 544	93 601	63 111	87 411	67 187	44 227	255 958	989 243	1 856 282	1 444 025	-	-
2015/16 - totals only		278 029	78 531	48 485	49 354	43 083	43 381	246 634	889 392	1 676 889	1 271 844		
Debtors Age Analysis By Customer Group													
Organs of State	2200	19 349	7 088	4 496	6 318	16 560	158	1 149	4 684	59 803	28 870		
Commercial	2300	126 659	24 781	13 969	19 638	12 868	10 038	57 013	153 889	418 854	253 445		
Households	2400	99 627	55 652	39 005	54 679	32 738	29 145	167 284	650 798	1 128 928	934 643		
Other	2500	9 909	6 080	5 641	6 776	5 021	4 887	30 512	179 872	248 697	227 067		
Total By Customer Group	2600	255 544	93 601	63 111	87 411	67 187	44 227	255 958	989 243	1 856 282	1 444 025	-	-

8.1.1. Additional debtors information

The debtors that are older than 30 days, which includes all charges, amounted to R1.60 billion as at 31 October 2016 which is an increase of R26.63 million over the amount of R1.57 billion as at 30 September 2016.

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

8.2. Additional debtor's information.

8.2.1. Age Analysis per Category

Table 11 below details debtors age analysis that are older than 30 days by income source as at 31 October 2016. It also provides comparison with the previous month (30 September 2016) which indicates an increase from R1.57 billion to R1.60 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR OCTOBER 2016	TOTAL FOR SEPTEMBER 2016
30 DAYS	25 654 681	9 397 670	14 585 386	30 728 736	9 123 321	4 111 430	93 601 225	88 487 510
60 DAYS	17 390 069	6 019 669	7 416 409	21 960 850	6 844 861	3 479 025	63 110 883	111 880 694
90 DAYS	26 694 967	10 546 087	5 786 057	28 120 328	11 442 697	4 821 064	87 411 200	70 432 526
120 DAYS TO 360 DAYS	113 529 782	33 530 345	18 470 740	137 318 019	42 047 631	22 474 711	367 371 228	341 226 020
YEAR 2	115 929 524	28 079 682	9 696 112	100 184 431	37 204 384	22 427 692	313 521 825	306 423 695
YEAR 3	50 628 225	25 671 429	5 680 527	50 484 628	33 369 828	25 370 550	191 205 187	183 052 359
YEAR 4	24 800 705	16 941 288	5 414 409	31 190 050	23 324 320	19 103 669	120 774 441	117 132 637
YEAR 5	20 355 782	12 795 266	5 905 972	22 271 981	17 373 026	14 333 707	93 035 733	90 547 132
YEAR 5+	56 901 526	38 199 090	6 450 301	67 464 406	60 697 885	40 992 409	270 705 615	264 928 801
TOTAL	451 885 261	181 180 525	79 405 913	489 723 431	241 427 953	157 114 255	1 600 737 337	1 574 111 376

8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type that are older than 30 days as at 31 October 2016. It also reflects the percentage split per category with domestic consumers having the highest share followed by indigent consumers. Please note that the financial system is not able to produce a collection ratio per service, however the collection ratio is reported on globally.

Table 12: Age Analysis per Category Type

CATEGORY TYPE	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	44 085 886	28 463 975	42 293 144	610 666 211	725 509 217	45.32
Indigent	11 214 244	10 392 187	12 242 450	268 592 263	302 441 145	18.89
Business	24 780 739	13 968 919	19 637 683	233 807 698	292 195 039	18.25
Government	7 088 341	4 496 081	6 318 324	22 551 235	40 453 982	2.53
Municipal Staff	352 274	148 614	143 730	705 435	1 350 054	0.08
Other	6 079 740	5 641 107	6 775 868	220 291 187	238 787 902	14.92
Total	93 601 225	63 110 883	87 411 200	1 356 614 030	1 600 737 337	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, giving the impression that current is not being paid, which is not the case as an amount is being deducted for current accounts.

8.2.3. Debt Incentive Scheme

The City has recently ended the debt incentive scheme. The scheme ran from 01 October 2014 – 30 September 2016. During this period consumers had an opportunity to pay 50% of the debt older than 120 days off as and when they could, until the end of September 2016 and for every payment made towards this debt, an amount of equal value will be written off.

As at the end date of the debt incentive scheme, a total of 4153 consumers had registered for the scheme with a total registered debt value of R84,848,210 and R27,704,971 was written off.

8.2.4. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 October 2016 amounted to R40.45 million. This indicates an decrease of R10.80 million when compared to prior month amount of R51.25 million. The breakdown of the arrears per department (excluding accounts in credit) is indicated in the table hereunder, as at 31 October 2016.

Table 13 below provides an analysis of government debtors as at 31 October 2016 and comparison with the previous month.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 OCTOBER 2016	ARREARS AS AT 30 SEPTEMBER 2016	DIFFERENCE
National Department Of Public Works	1 332 508	1 915 483	3 247 991	2 391 362	856 629
Provincial Department Of Public Works	2 981 656	2 622 035	5 603 691	20 662 701	(15 059 010)
Department Of Education		1 891 442	1 891 442	1 376 079	515 363
Department Of Health		24 026 979	24 026 979	20 780 819	3 246 160
Department Of Social Development		18	18	268 951	(268 933)
Department Of Transport		44 211	44 211	48 329	(4 118)
Department Of Agriculture		997	997	21 648	(20 651)
Department Of Nature Conservation		4 489	4 489	5 397	(908)
Department of Human Settlements		47 605	47 605	45 827	1 778
Department of Labour - UIF Services		2 333	2 333	338 481	(336 148)
Members Of Provincial Legislature		83 576	83 576	38 852	44 724
Department of Water Affairs		8 775	8 775	-	8 775
Department of Rural Development and Land Reform		578 847	578 847	478 029	100 818
Provincial RDP Houses		4 913 029	4 913 029	4 793 127	119 902
TOTAL	4 314 164	36 139 817	40 453 982	51 249 602	(10 795 620)

9. CREDITORS' ANALYSIS

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

Table 14: SC4 Monthly Budget Statement Aged Creditors

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M04 October

Description	NT Code	Budget Year 2016/17									Prior year totals for chart (same period)	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total		
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	112 857									112 857	103 981
Bulk Water	0200	16 824									16 824	18 124
PAYE deductions	0300	14 691									14 691	14 237
VAT (output less input)	0400	-									-	-
Pensions / Retirement deductions	0500	19 502									19 502	17 557
Loan repayments	0600	-									-	-
Trade Creditors	0700	154 071	21 194	3 147	25 348						203 761	154 282
Auditor General	0800	2 304									2 304	2 660
Other	0900	112 582									112 582	115 680
Total By Customer Type	1000	432 832	21 194	3 147	25 348	-	-	-	-	482 522	426 520	

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

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

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM				112 854 055	112 857 055	112 854 055
FASTMOVE ELECTRICAL CC	18 282 692				18 282 692	18 282 692
MOTHEO / MPUMALANGA JOINT VENTURE				17 641 377	17 641 377	17 641 377
AMATOLA WATER				16 824 461	16 824 461	16 824 461
MANTELLA TRADING 522 CC			2 305 415	7 492 977	9 798 392	9 798 392
CZAR CONSTRUCTION		3 147 145	3 795 477	1 265 771	8 208 394	8 208 394
XMOOR TRANSPORT (PTY) LTD			7 892 330		7 892 330	7 892 330
DOWN TOUCH INVESTMENT (PTY) LTD			7 201 250		7 201 250	7 201 250
CONSOLIDATED POWER PROJECTS (PTY) LTD	7 065 762				7 065 762	7 065 762
RUWACON (PTY) LTD				6 656 164	6 656 164	6 656 164
HAW \$ INGLIS (PTY) LTD			6 522 723		6 522 723	6 522 723
T V R CONSTRUCTION				5 574 190	5 574 190	5 574 190
BALINTULO TRADING				5 198 971	5 198 971	5 198 971
MAZIYA GENERAL SERVICES			4 981 512		4 981 512	4 981 512
EYA BANTU PROFESSIONAL SERVICES CC				4 366 630	4 366 630	4 366 630
AMANZ ABANTU SERVICES				3 883 565	3 883 565	3 883 565
GINTI CC				3 394 961	3 394 961	3 394 961
CHIPPA TRAINING ACADEMY (PTY) LTD				2 872 800	2 872 800	2 872 800
SILVERPLAAS CC				2 849 619	2 849 619	2 849 619
ELECTRICAL MOULDED COMPONENTS				2 810 834	2 810 834	2 810 834
TOTAL	25 348 454	3 147 145	32 698 708	193 686 376	254 883 683	254 880 683

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 - M04 October

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
R thousands									
Municipality									
Rand Merchant Bank X021901943		Call Account	Call Account	Call Account	267	2.2%	48 377	267	48 644
Absa 91 2884 4539		Call Account	Call Account	Call Account	4	0.0%	676	641	1 317
Standard 422 742		Call Account	Call Account	Call Account	2	0.0%	288	2	290
Absa 91 4102 2241		Call Account	Call Account	Call Account	54	0.4%	9 775	54	9 829
Absa 91 4163 6965		Call Account	Call Account	Call Account	1	0.0%	222	1	223
Absa 91 5484 1280		Call Account	Call Account	Call Account	4	0.0%	802	4	807
Rand Merchant Bank X021904910		Call Account	Call Account	Call Account	51	0.4%	9 265	(99)	9 166
Standard 76586/442740		Call Account	Call Account	Call Account	13	0.1%	2 295	13	2 308
Absa 92 0562 2137		Call Account	Call Account	Call Account	5	0.0%	826	5	830
Rand Merchant Bank X021904913		Call Account	Call Account	Call Account	84	0.7%	15 217	84	15 301
Stanlib 551 660 303		Call Account	Call Account	Call Account	294	2.4%	43 712	(129)	43 583
Nedbank 03/7881532939/000041		Call Account	Call Account	Call Account	38	0.3%	6 952	38	6 990
Nedbank 03/7881532939/000056		Call Account	Call Account	Call Account	6	0.0%	1 097	(45)	1 052
Nedbank 03/7881532939/000058		Call Account	Call Account	Call Account	14	0.1%	5 953	(5 940)	14
Nedbank 03/7881532939/000103		Call Account	Call Account	Call Account	3	0.0%	1 178	(1 175)	3
Nedbank 03/7881532939/000064		Call Account	Call Account	Call Account	47	0.4%	8 545	47	8 592
Absa 92 0559 0710		Call Account	Call Account	Call Account	0	0.0%	42	0	43
Nedbank 03/7881532939/000117		Call Account	Call Account	Call Account	23	0.2%	4 055	359	4 414
Nedbank 03/7881532939/000108		Call Account	Call Account	Call Account	1	0.0%	175	1	176
Absa 92 2975 5568		Call Account	Call Account	Call Account	0	0.0%	16	(16)	–
Absa 91 9360 7257		Call Account	Call Account	Call Account	6	0.0%	1 010	6	1 016
Nedbank 03/7881532939/000110		Call Account	Call Account	Call Account	1	0.0%	253	1	255

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M04 October

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
R thousands									
Municipality									
Rand Merchant Bank RRB1629010		Call Account	Call Account	Call Account	416	3.4%	75 388	416	75 804
Stanlib 551 989 180		Call Account	Call Account	Call Account	258	2.1%	38 153	258	38 411
Absa 92 2590 9850		Call Account	Call Account	Call Account	5	0.0%	996	5	1 001
Stanlib 551 539 764		Call Account	Call Account	Call Account	12	0.1%	1 827	53	1 881
Rand Merchant Bank RRB0324003		Call Account	Call Account	Call Account	0	0.0%	41	0	42
Stanlib 551 567 496		Call Account	Call Account	Call Account	0	0.0%	1	0	1
Stanlib 551 576 733		Call Account	Call Account	Call Account	–		88	(88)	0
Rand Merchant Bank RRB0B25020		Call Account	Call Account	Call Account	10	0.1%	1 738	(46)	1 692
Standard 76586/442743		Call Account	Call Account	Call Account	0	0.0%	91	(91)	–
Rand Merchant Bank RRB1609012		Call Account	Call Account	Call Account	1	0.0%	299	(299)	(0)
Stanlib 551 742 405		Call Account	Call Account	Call Account	2	0.0%	339	2	341
Rand Merchant Bank KLN2308011		Call Account	Call Account	Call Account	1	0.0%	323	(323)	–
Nedbank 03/7881532939/000128		Call Account	Call Account	Call Account	141	1.2%	25 489	141	25 630
Rand Merchant Bank RRB1722008		Call Account	Call Account	Call Account	192	1.6%	34 727	192	34 919
Standard 76586/442745		Call Account	Call Account	Call Account	248	2.0%	50 282	(20 752)	29 529
Absa 92 6406 3148		Call Account	Call Account	Call Account	577	4.7%	113 239	(33 159)	80 081
Rand Merchant Bank KLN2720020		Call Account	Call Account	Call Account	30	0.2%	4 206	3 537	7 743
Stanlib 551 868 235		Call Account	Call Account	Call Account	1	0.0%	138	1	139
Absa 92 0559 0891		Call Account	Call Account	Call Account	3	0.0%	526	3	529
Rand Merchant Bank VVW2B13011		Call Account	Call Account	Call Account	1	0.0%	128	298	426
Standard 76586/494573		Call Account	Call Account	Call Account	17	0.1%	4 556	(1 853)	2 704
Nedbank 03/7881532939/000133		Call Account	Call Account	Call Account	3	0.0%	515	3	518
Nedbank 03/7881532939/000134		Call Account	Call Account	Call Account	87	0.7%	13 151	7 436	20 587

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M04 October

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
R thousands									
Municipality									
Stanlib 753 72 270		Call Account	Call Account	Call Account	351	2.9%	51 955	351	52 306
Stanlib 551 353 708		Call Account	Call Account	Call Account	7	0.1%	1 055	7	1 062
Standard 76586/442736		Call Account	Call Account	Call Account	218	1.8%	39 440	218	39 658
Stanlib 753 72 271		Call Account	Call Account	Call Account	368	3.0%	69 065	(21 632)	47 433
Rand Merchant Bank X021904579		Call Account	Call Account	Call Account	157	1.3%	28 393	157	28 550
Nedbank 03/7881532939/000101		Call Account	Call Account	Call Account	23	0.2%	17 658	(14 977)	2 680
Absa 92 1120 9757		Call Account	Call Account	Call Account	1 279	10.5%	263 266	(33 721)	229 545
Absa 92 2110 3430		Call Account	Call Account	Call Account	967	7.9%	175 234	967	176 202
Standard 76586/442741		Call Account	Call Account	Call Account	178	1.5%	32 184	178	32 361
Standard 76586/442744		Call Account	Call Account	Call Account	159	1.3%	28 779	159	28 938
Rand Merchant Bank RRB0C07002		Call Account	Call Account	Call Account	287	2.4%	52 023	287	52 311
Nedbank 03/7881532939/000129		Call Account	Call Account	Call Account	256	2.1%	46 397	256	46 654
Nedbank 03/7881532939/000132		Call Account	Call Account	Call Account	2 307	18.9%	432 126	(17 693)	414 433
Rand Merchant Bank KLN3815041		Call Account	Call Account	Call Account	1 551	12.7%	293 678	(16 449)	277 228
Standard 76586/470801		Call Account	Call Account	Call Account	1 161	9.5%	210 329	1 161	211 490
Standard 76586/442738		Call Account	Call Account	Call Account	13	0.1%	2 444	13	2 458
Municipality sub-total					12 206		2 270 999	(150 865)	2 120 135
Entities									
Entities sub-total					-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2				12 206		2 270 999	(150 865)	2 120 135

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

BUF Buffalo City - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M04 October										
Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		–	1 177 431	1 177 431	5 456	436 626	392 477	44 149	11.2%	1 177 431
Local Government Equitable Share			678 197	678 197	–	282 582	226 066	56 516	25.0%	678 197
Urban Settlement Development Grant			75 445	75 445	5 276	15 357	25 148	(9 791)	-38.9%	75 445
Finance Management			1 200	1 200	–	130	400	(270)	-67.6%	1 200
EPWP Incentive			1 188	1 188	–	845	396	449	113.4%	1 188
Infrastructure Skills Development Grant			8 900	8 900	181	1 035	2 967	(1 931)	-65.1%	8 900
Water Services Operating Subsidy			–	–	–	–	–	–	–	–
Department of Public Works			2 470	2 470	–	–	823	(823)	-100.0%	2 470
Integrated City Development Grant			–	–	–	–	–	–	–	–
Municipal Human Settlement Capacity Grant			–	–	–	–	–	–	–	–
General Fuel Levy			410 031	410 031	–	136 677	136 677	–	–	410 031
Provincial Government:		–	138 802	140 081	7 574	24 048	46 694	(22 645)	-48.5%	140 081
Roads Subsidy - Provincial Roads			–	–	–	–	–	–	–	–
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT) - Greening Award			–	–	–	–	–	–	–	–
Department of Water Affairs			–	–	–	–	–	–	–	–
Local Government & Traditional Affairs			–	–	–	–	–	–	–	–
Health Subsidy - ATIC			–	–	–	–	–	–	–	–
DSRAC - Library Subsidy			15 000	15 000	–	–	5 000	(5 000)	-100.0%	15 000
Reclaim Land Claims Commission(RLCC)			–	–	–	–	–	–	–	–
Dept Sport, Recreation, Arts and Culture (DSRAC)			–	–	–	–	–	–	–	–
Independent Electoral Commission			–	262	–	–	87	(87)	-100.0%	262
Human Settlement Development Grant			123 802	124 819	7 574	24 048	41 606	(17 558)	-42.2%	124 819
Human Settlement Development Grant - MPCC			–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Health Subsidy - Environmental Health			–	–	–	–	–	–	–	–
Other grant providers:		–	3 496	586	492	1 086	195	890	456.1%	586
SETA - Skills Development			–	–	492	1 086	–	1 086	–	–
Donor Funding - Leiden & Galve			–	–	–	–	–	–	–	–
Transnet			3 000	–	–	–	–	–	–	–
Trust Funds			–	–	–	–	–	–	–	–
Umsobomvu Youth Fund			–	–	–	–	–	–	–	–
City of Oldenburg			496	496	–	–	165	(165)	-100.0%	496
Vuna Awards			–	90	–	–	30	(30)	-100.0%	90
Total operating expenditure of Transfers and Grants:		–	1 319 728	1 318 097	13 523	461 760	439 366	22 394	5.1%	1 318 097
Capital expenditure of Transfers and Grants										
National Government:		–	741 969	741 969	41 848	109 989	247 323	(137 334)	-55.5%	741 969
Urban Settlement Development Grant			656 054	656 054	41 829	109 952	218 685	(108 733)	-49.7%	656 054
Infrastructure Skills Development Grant			100	100	–	–	33	(33)	-100.0%	100
Energy Efficiency and Demand Management			–	–	–	–	–	–	–	–
Public Transport Network Grant			35 289	35 289	–	–	11 763	(11 763)	-100.0%	35 289
Neighbourhood Development Partnership			19 346	19 346	–	–	6 449	(6 449)	-100.0%	19 346
Integrated National Electrification Programme			25 000	25 000	–	18	8 333	(8 315)	-99.8%	25 000
Finance Management			100	100	19	19	33	(14)	-43.1%	100
Integrated City Development Grant			6 080	6 080	–	–	2 027	(2 027)	-100.0%	6 080
Other capital transfers/grants [insert desc]			–	–	–	–	–	–	–	–
Provincial Government:		–	106 300	119 947	7 890	7 890	39 982	(32 092)	-80.3%	119 947
Human Settlement Development Grant			106 300	106 300	7 890	7 890	35 433	(27 543)	-77.7%	106 300
Human Settlement Development Grant - MPCC			–	–	–	–	–	–	–	–
Dept Sport, Recreation, Arts and Culture (DSRAC)			–	4 411	–	–	1 470	(1 470)	-100.0%	4 411
Dept of Local Government and Traditional Affairs			–	9 036	–	–	3 012	(3 012)	-100.0%	9 036
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)			–	199	–	–	66	(66)	-100.0%	199
District Municipality:		–	–	–	–	–	–	–	–	–
Health Subsidy - Environmental Health			–	–	–	–	–	–	–	–
Other grant providers:		–	–	458	–	–	153	(153)	-100.0%	458
Public Funding			–	–	–	–	–	–	–	–
BCMETS Funding			–	–	–	–	–	–	–	–
Liedon			–	458	–	–	153	(153)	-100.0%	458
Total capital expenditure of Transfers and Grants		–	848 269	862 374	49 738	117 879	287 458	(169 579)	-59.0%	862 374
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		–	2 167 997	2 180 471	63 260	579 639	726 824	(147 185)	-20.3%	2 180 471

11.1 Expenditure On Conditional Grants (DoRA Allocation)

The total expenditure inclusive of reclaimed vat on conditional grants budget as at 31 October 2016 amounts to R143.61 million (2015/16: R159.12 million) which is 17% (2015/16: 20%) of the approved budget of R828.70 million (2015/16: R801.94 million). It is anticipated that the expenditure will improve as the year progresses and once the procurement processes have been undertaken.

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

Table 18: Spending per Conditional Grant Funding Allocation

Funding	<u>2016/2017</u> <u>Rollover</u> <u>Adjustment</u> <u>Budget</u>	<u>YTD</u> <u>Expenditure</u> <u>(incl. VAT)</u>	<u>Variance</u> <u>(incl. VAT)</u>	<u>%</u> <u>Expenditure</u> <u>(incl. VAT)</u>
Integrated National Electrification Programme Grant	25 000 000	20 558	24 979 442	0%
Finance Management Grant	1 300 000	151 372	1 148 628	12%
Infrastructure Skills Development Grant	9 000 000	1 096 529	7 903 471	12%
Neighbourhood Development Partnership Grant	19 346 000	0	19 346 000	0%
Urban Settlement Development Grant	731 499 000	141 498 768	590 000 232	19%
Integrated City Development Grant	6 080 000	0	6 080 000	0%
Expanded Public Works Programme Grant	1 188 000	844 966	343 034	71%
Public Transport Infrastructure and Systems Grant	35 289 000	0	35 289 000	0%
TOTAL CONDITIONAL GRANTS	828 702 000	143 612 193	685 089 807	17%

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

11.1.1. INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

The following contracts are planned for the 2016/17 financial year:

AREA	CONNECTIONS	STATUS
Buffer Strip Mdantsane Households	550	Approved for advertising in November
Chicken Farm Households	475	Approved for advertising in November
Fynbos/Scenery Park Households	550	Approved for advertising in November
Infills Households	50	Ongoing Contract

11.1.2. FINANCE MANAGEMENT GRANT

Spending is progressive as current six interns have been remunerated accordingly. Three more interns have been appointed upon completion of the recruitment process and started the programme on 01 November 2016.

The budget will also be utilised for the payment of the Municipal Finance Management Programme (MFMP) and also for the planned IMFO training for the newly appointed and the current interns. Furthermore, the procurement process has started in order to purchase laptops for the new interns that have recently been appointed.

11.1.3. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

The funding is only being used to pay the interns stipends as well as mentor salaries. Only eleven (11) interns are currently in the program together with 2 external mentors. A process for the in-take of 12 additional interns started during October 2016 and successful candidates are expected to start on 01 December 2016. The procurement process has started in order to purchase laptops for the interns that will be starting as soon as the recruitment process is completed. Expenditure is therefore expected to improve in December 2016.

11.1.4. INTERGRATED CITY DEVELOPMENT GRANT (ICDG)

Procurement of service provider(s) for the Oxford Street, Settlersway and Urban Roads Rehabilitation is currently at Bid Evaluation Committee (BEC).

11.1.5. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

HUMAN SETTLEMENTS

The programme is on track and 44% of the allocated funds to the directorate have been spent, however, the legal dispute at Reeston 3 stage 2 continues to reflect a negative image on the overall expenditure. Furthermore, there have been delays in payment of approximately R25 Million to ASLA due to new financial demands by the service provider, however, negotiations are ongoing to resolve the matter.

INFRASTRUCTURE SERVICES

Sanitation

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

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

Electricity

Street Lighting and Highmasts within BCMM Areas of Supply: Highmast Lighting Specification at tender stage. Project for new street lighting in Bonza Bay is progressing well.

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

DEVELOPMENT & SPATIAL PLANNING

KwaTshathsu Pedestrian Bridge

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

Needs Camp / Potsdam Bridge

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

The Land Administration Department is currently dealing with the land issues

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

Traffic calming measures

Construction of speed humps has been completed in Airport Township, Mdantsane NU 2, NU 3, NU 11, Dunoon Road and Zwelitsha Zone 2. Tender was advertised on the 02 September 2016 and Closed on 04 October 2016. Tender is currently being evaluated.

Traffic signals

Service Providers have been appointed to assess intersection controls that need improvement. Once the studies are complete, implementation can then be undertaken. Informal tenders for Uninterrupted Power Supply (UPS) Back up Batteries enclosures are being prepared.

Sidewalks

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

ECONOMIC DEVELOPMENT AND AGENCIES

The Fresh Produce Market has been experiencing unexpected delays in the procurement process. The tender for construction of cashier cubicles was returned by the Bid Adjudication Committee (BAC) to the Bid Evaluation Committee (BEC) for further inputs. The tender for the construction of cashier cubicles has successfully proceeded to the BAC and is now due to be awarded.

HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES

The Bid Adjudication Committee (BAC) withdrew the report on the Construction of King William's Town Traffic Centre at its meeting held on the 3rd of November 2016 and recommended that amendments be made by the Bid Evaluation Committee (BEC). Therefore, BEC has been requested to amend the report and resubmit to the BAC for approval.

MUNICIPAL SERVICES

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

11.1.6. PUBLIC TRANSPORT INFRASTRUCTURE AND SYSTEMS GRANT

Transport register

Tender was advertised on 01 March 2016 and awarded on 23 September 2016 and the Service Level Agreement signed on 04 October 2016. The Service Providers have commenced with the project and will submit invoices as progress is made.

Operational plan review of integrated rapid public transport network

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

Qumza Highway

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

Development and Upgrading of Public Transport Facilities in KWT

The tender was awarded on 10 October 2016. Site handover is scheduled for 10 November 2016 and implementation will improve expenditure.

11.1.7. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT

The funds are to be utilized for the Mdantsane Precinct Management Model. The Precinct Management Model will be presented to Top Management on the 14th November 2016.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and Councilors remuneration.

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

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M04 October										
Summary of Employee and Councillor remuneration	Ref	2015/16		Budget Year 2016/17						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C					D	
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages			33 999	33 999	2 615	10 243	11 333	(1 090)	-10%	33 999
Pension and UIF Contributions			3 495	3 495	283	960	1 165	(205)	-18%	3 495
Medical Aid Contributions			1 987	1 987	122	524	662	(138)	-21%	1 987
Motor Vehicle Allowance			13 412	13 412	1 058	4 111	4 471	(360)	-8%	13 412
Cellphone Allowance			2 279	2 279	180	698	760	(61)	-8%	2 279
Housing Allowances			2 927	2 927	253	1 124	976	148	15%	2 927
Other benefits and allowances			-	-	-	-	-	-	-	-
Sub Total - Councillors			58 099	58 099	4 511	17 661	19 366	(1 706)	-9%	58 099
% increase	4									
Senior Managers of the Municipality	3									
Basic Salaries and Wages			12 192	12 192	427	1 769	4 124	(2 355)	-57%	12 192
Pension and UIF Contributions			2 216	2 216	62	323	750	(426)	-57%	2 216
Medical Aid Contributions			262	262	10	41	89	(47)	-54%	262
Overtime			-	-	-	-	-	-	-	-
Performance Bonus			-	-	-	-	-	-	-	-
Motor Vehicle Allowance			2 630	2 630	94	394	890	(496)	-56%	2 630
Cellphone Allowance			414	414	9	56	140	(84)	-60%	414
Housing Allowances			-	-	-	-	-	-	-	-
Other benefits and allowances			2 202	2 202	84	470	745	(274)	-37%	2 202
Payments in lieu of leave			-	-	-	-	-	-	-	-
Long service awards			-	-	-	-	-	-	-	-
Post-retirement benefit obligations			-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality			19 916	19 916	687	3 054	6 737	(3 683)	-55%	19 916
% increase	4									
Other Municipal Staff										
Basic Salaries and Wages			913 258	913 258	71 813	282 171	308 954	(26 783)	-9%	913 258
Pension and UIF Contributions			174 823	174 823	13 206	57 904	59 143	(1 239)	-2%	174 823
Medical Aid Contributions			81 759	81 759	5 670	22 789	27 659	(4 870)	-18%	81 759
Overtime			72 218	72 218	8 739	44 770	24 431	20 338	83%	72 218
Motor Vehicle Allowance			30 051	30 051	1 927	7 747	10 166	(2 419)	-24%	30 051
Cellphone Allowance			3 884	3 884	310	1 299	1 314	(15)	-1%	3 884
Housing Allowances			14 767	14 767	850	3 343	4 996	(1 653)	-33%	14 767
Other benefits and allowances			179 077	179 077	13 086	56 200	60 581	(4 381)	-7%	179 077
Payments in lieu of leave			16 209	16 209	-	1 340	5 483	(4 144)	-76%	16 209
Long service awards			18 925	18 925	2 125	7 416	6 402	1 014	16%	18 925
Post-retirement benefit obligations			6 181	6 181	6	25	2 091	(2 067)	-99%	6 181
Sub Total - Other Municipal Staff			1 511 153	1 511 153	117 731	485 003	511 222	(26 219)	-5%	1 511 153
% increase	4									
Total Parent Municipality			1 589 167	1 589 167	122 929	505 718	537 325	(31 608)	-6%	1 589 167
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
Basic Salaries and Wages			103	103	-	-	-	-	-	103
Sub Total - Board Members of Entities	2		103	103	-	-	-	-	-	103
% increase	4									
Senior Managers of Entities										
Basic Salaries and Wages			5 580	5 580	-	-	-	-	-	5 580
Pension and UIF Contributions			198	198	-	-	-	-	-	198
Medical Aid Contributions			98	98	-	-	-	-	-	98
Performance Bonus			135	135	-	-	-	-	-	135
Motor Vehicle Allowance			333	333	-	-	-	-	-	333
Cellphone Allowance			74	74	-	-	-	-	-	74
Housing Allowances			27	27	-	-	-	-	-	27
Other benefits and allowances			111	111	-	-	-	-	-	111
Sub Total - Senior Managers of Entities			6 557	6 557	-	-	-	-	-	6 557
% increase	4									
Other Staff of Entities										
Basic Salaries and Wages			6 322	6 322	-	-	-	-	-	6 322
Pension and UIF Contributions			37	37	-	-	-	-	-	37
Medical Aid Contributions			98	98	-	-	-	-	-	98
Performance Bonus			22	22	-	-	-	-	-	22
Cellphone Allowance			91	91	-	-	-	-	-	91
Housing Allowances			18	18	-	-	-	-	-	18
Other benefits and allowances			20	20	-	-	-	-	-	20
Sub Total - Other Staff of Entities			6 608	6 608	-	-	-	-	-	6 608
% increase	4									
Total Municipal Entities			13 269	13 269	-	-	-	-	-	13 269
TOTAL SALARY, ALLOWANCES & BENEFITS			1 602 436	1 602 436	122 929	505 718	537 325	(31 608)	-6%	1 602 436
% increase	4									
TOTAL MANAGERS AND STAFF			1 544 233	1 544 233	118 418	488 057	517 959	(29 902)	-6%	1 544 233

12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 October 2016. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 October 2016.

Table 20: Overtime per Directorate

Directorate	2016/2017 Annual Budget R	2016/2017 YTD Budget R	2016/2017 YTD Expenditure R	2016/2017 Variance R	2016/2017 % of YTD Budget %
Directorate Of Executive Support Services	1 638 161	546 054	1 140 396	(594 342)	211%
Directorate Of The City Manager	310 477	103 492	106 906	(3 414)	104%
Directorate Of Corporate Services	597 129	199 043	284 875	(85 832)	118%
Directorate Of Development & Spatial Planning	623 454	207 818	118 930	88 888	63%
Directorate Of Economic Development & Agencies	468 800	156 267	67 839	88 428	36%
Directorate Of Finance	1 358 753	452 918	1 038 645	(585 727)	197%
Directorate Of Health / Public Safety & Emergency Services	29 709 079	9 903 026	15 849 587	(5 946 560)	111%
Directorate Of Human Settlement	101 931	33 977	0	33 977	0%
Directorate Of Infrastructure Services	17 131 302	5 710 434	11 707 156	(5 996 722)	190%
Electricity	7 741 181	2 580 394	3 704 362	(1 123 968)	120%
Water	3 352 141	1 117 380	4 515 526	(3 398 146)	388%
Sanitation	4 954 818	1 651 606	3 194 615	(1 543 009)	191%
Other	1 083 162	361 054	127 063	233 991	70%
Directorate Of Municipal Services	20 279 324	6 759 775	14 455 272	(7 695 498) 0	208%
Total	72 218 410	24 072 803	44 769 606	(20 696 802)	160%

Table 21: Overtime Per Cost Centre: August 2016 – October 2016

OVERTIME PER COST CENTRE

		August 2016 Amount	September 2016 Amount	October 2016 Amount
	Directorate -Executive Support Services			
105 005	Office of The Director of Executive Support	101 85.76	470 960.58	94 635.87
105 020	Public Participation & Ward Committees	9 23.62	6 344.26	333.74
105 025	Strategic Support	-	1 968.50	-
105 030	Special Programmes	-	2 305.43	-
110 005	IDP	-	1 700.03	984.78
120 010	Public Relations & International Events	-	4 620.40	7 329.44
		110 09.38	487 899.20	103 283.83
	Directorate – City Manager			
205 005	Office of The Municipal Manager & Support Services	10 93.36	31 979.65	15 896.11
215 005	Internal Audit	-	-	-
		10 93.36	31 979.65	15 896.11
	Directorate - Chief Financial Officer			
305 010	Support Services Office	3 086.91	3 781.05	3 060.85
315 005	Budget Office	-	15 279.56	-
320 010	Supply Chain Management	824.59	18 214.10	20 606.16
320 015	Expenditure Office	47 839.53	2 343.18	4 683.89
320 020	Salary Office	19 629.07	-	-
330 005	Rates & Valuations Office	1 231.23	3 150.51	-
330 010	Consolidated Billing & Miscellaneous Revenue Office	54 106.88	451.40	6 001.08
330 015	Debtors Management Office	129 021.51	159 849.63	110 182.29
330 020	Customer Care Office	7 139.71	44 920.67	33 184.85
330 025	Pre-Payment Vending Office	2 052.57	4 525.75	5 938.87
		264 932.00	252 515.85	183 657.99
	Directorate - Corporate Services			
415 005	Administrative & Council Support	5 211.80	7 601.85	4 143.05
415 010	Auxilliary & Telecommunication Services	30 164.99	32 438.27	34 882.62
415 025	Management Information Services	-	5 305.93	21 524.82
420 005	H.R. Administration	20 076.31	31 057.62	15 683.42
420 010	Occupational Risk Management	8 851.26	-	8 261.18
420 015	Labour Relations	-	-	408.66
420 020	Organisational Development	-	1 311.07	-
425 005	Research Policy & Knowledge Management Unit	3 657.47	-	3 621.26
		67 961.83	77 714.74	88 525.01

		August 2016 Amount	September 2016 Amount	October 2016 Amount
	Directorate - Infrastructure Services			
505 010	City Engineering Building	2 449.64	2 332.98	3 071.76
515 006	Night Soil Removal - Coastal	58 993.83	43 735.89	42 213.07
515 007	Night Soil Removal - Central	2 106.11	1 734.43	1 808.77
515 010	Sewerage Admin	7 165.59	3 582.81	9 660.76
515 026	Sewerage Treatment - Coastal	68 569.69	82 311.83	55 369.02
515 027	Sewerage Treatment - Central	37 541.50	90 916.95	79 993.71
515 028	Sewerage Treatment - Inland	94 301.56	95 008.18	86 490.56
515 031	Sewerage Reticulation - Coastal	221 765.65	219 223.84	197 553.26
515 032	Sewerage Reticulation - Central	109 299.69	131 732.42	102 326.58
515 033	Sewerage Reticulation - Inland	125 591.77	130 327.56	115 271.30
520 005	Water Administration	620.19	-	11 222.96
520 011	Maden Dam	12 557.11	14 046.79	25 530.57
520 012	Bridle Drift Dam	3 705.19	3 487.24	3 051.34
520 015	Bulk Pumping Stations	17 131.23	28 545.78	17 057.46
520 021	Umzonyana Water Treatment Works	49 498.46	87 345.57	82 675.05
520 023	KWT Water Treatment Works	62 333.33	133 527.75	105 840.57
520 024	Mdantsane Bulk Pumping	33 966.45	49 194.24	38 746.52
520 025	Water Ops & Maint. - Inland	126 076.11	223 294.88	143 216.80
520 026	Water Ops & Maint. - Midland	180 568.01	230 248.72	200 577.76
520 030	Water Ops & Maint. - Coastal	355 006.90	439 617.84	405 106.46
525 010	Roads Administration	2 498.67	-	2 707.11
525 025	Roads & Stormwater Drainage	4 771.32	18 389.29	56 339.79
525 035	Project Management & Implementation Branch	5 613.43	-	-
530 005	Mechanical Workshop - Westbank	12 788.72	5 598.70	6 869.56
530 015	Mechanical Workshop - Braelyn	20 791.43	20 198.26	40 734.33
535 005	Electricity Administration	2 372.35	2 035.16	2 077.25
535 010	Electricity Distribution Supervisory Staff	612 365.53	1 076 931.39	861 671.40
535 025	Electricity Planning & Design	669.00	594.66	631.83
535 040	Revenue Protection	76 660.56	78 518.94	78 450.75
		2 307 779.02	3 212 482.10	2 776 266.30
	Directorate - Development & Spatial Planning			
615 095	Building Maintenance - Coastal / Central	-	-	-
620 015	Traffic Signal Maintenance	11 844.48	13 637.16	5 731.62
625 005	Buffalo City Bus Services	17 980.66	13 928.14	17 625.61
635 010	Market	13 967.97	18 311.26	18 440.53
		43 793.11	45 876.56	41 797.76

		August 2016 Amount	September 2016 Amount	October 2016 Amount
	Directorate – Health/Public Safety & Emergency Services			
710 030	Environmental Health	1 897.78	-	2 076.51
710 040	Pollution Control	-	1 928.31	-
725 010	Fire & Rescue Services	410 554.37	488 016.76	288 888.01
725 020	Traffic Administration	93 787.44	117 100.31	85 972.20
725 025	Traffic Control	242 667.61	245 096.67	263 744.74
725 030	Criminal Process	-	-	1 665.79
725 035	Vehicle Test Station / Examination	3 349.62	8 274.82	2 065.29
725 036	Vehicle Registration	9 507.01	7 089.29	7 214.00
725 040	Drivers License Testing	4 477.57	2 096.85	11 211.27
725 045	Traffic Technical Services	4 758.38	26 177.65	24 360.54
725 050	Parking Areas / Meters	25 623.71	24 835.92	38 120.30
725 055	Disaster Management	8 123.27	5 675.86	7 229.86
		1 792 633.10	2 776 246.25	1 853 093.42
	Directorate - Municipal Services			
750 005	Office of The Director of Community Services	3 051.34	3 187.55	3 631.09
750 010	Cleansing Administration Support	2 775.08	3 171.52	2 973.30
755 005	Environmental Administration Support	-	1 953.39	-
755 010	Environmental Services	552 871.74	848 112.71	235 398.30
755 015	Environmental Conservation	188 827.67	178 915.99	167 361.91
755 025	Interments	267 112.90	286 669.78	266 593.04
760 005	Arts & Cultural Services Admin	20 921.85	21 782.93	27 822.76
760 010	Libraries	11 607.29	4 821.52	12 140.21
760 025	Halls	187 456.69	228 566.41	179 848.60
765 005	Amenities Administration Support	35 122.45	11 640.14	11 444.32
765 010	Sportsfields	165 326.45	191 487.20	183 996.87
765 015	Swimming Pools	73 307.86	11 780.20	108 445.54
765 020	Aquarium	26 138.57	81 917.87	52 244.97
765 025	Zoo	69 252.02	70 662.10	58 365.39
765 030	Beaches	204 943.78	247 669.81	202 081.84
765 035	Resorts	73 409.87	73 136.21	64 356.37
770 005	Cleansing Administration Support	25 449.21	12 024.41	5 897.17
770 010	Refuse Removal	668 524.75	898 949.16	569 969.27
770 015	Waste Disposal Sites	33 493.24	38 090.20	27 132.94
770 020	Street Sweeping	557 531.99	642 194.57	561 096.58
770 025	Public Conveniences	123 052.53	132 874.47	123 662.51
770 030	E.L Regional Waste Disposal Site & Transfer Station	77 699.49	75 575.40	64 377.25
		3 367 876.77	4 065 183.54	2 928 840.23
	TOTAL OVERTIME	7 966 678.57	10 949 897.89	7 991 360.65

12.2.1. Comments On Overtime

a) Directorate of Executive Support Services

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

b) City Managers Office

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

c) Directorate of Corporate Services

The over expenditure on overtime is as a result of the Mayoral Imbizo as well as council meetings which necessitates the drivers to deliver council agendas. The payroll section also had to work overtime in the month of October 2016 in order to finalise the payroll for the month and meet deadlines for the audit.

d) Directorate of Finance

The over expenditure is due to Financial Reporting and Supply Chain Management officials having to work overtime in order to meet the deadlines for the submission of Requests for Information (RFI's) to the Auditor General (AGSA). Furthermore, Revenue Management is undertaking roll out campaigns as to assist customers in addressing municipal billing and meter reading related matters. These roll out campaigns are time-tabled over October and November and based within the local regional area. This has resulted in three Main Regional Centers being opened to the public on Saturdays.

e) Directorate of Infrastructure Services

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

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

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

f) Directorate of Health / Public Safety & Emergency Services

The traffic services as an emergency service will always have to work overtime due to the nature of services rendered in that it has to respond to all emergencies either road accidents, unrest situations, protest marches, shortage of staff and disasters. Operational staff duties performed over the weekends include Drunk and driving campaigns, events, roadblocks etc. in order to comply with the National Rollout Enforcement Plan (NREP).

g) Directorate of Municipal Services

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

The Department of Solid Waste Management is experiencing a shortage of trucks due to mechanical problems and a shortage of staff. The department is forced to allow workers to work after hours in order to curb the backlogs in certain areas to meet service delivery expectations and some areas within the region require a seven days coverage of refuse removal due to large volumes of waste generated.

12.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past three months ended 31 October 2016. There was an increase in the total payment between August 2016 and September 2016 of R123 574 and an increase in the total payment between September 2016 and October 2016 of R13 618.

Table 22: Standby & Shift Allowance per Directorate

	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016
Directorate of Executive Support Services	7 371	7 693	3 140
Directorate of the City Manager	1 718	1 754	-
Directorate of Finance	18 908	18 585	16 981
Directorate of Corporate Services	1 180	24 575	59 474
Directorate of Infrastructure Services	545 687	593 348	581 007
Directorate of Development and Spatial Planning	13 391	14 707	7 906
Directorate of Health / Public Safety & Emergency Services	591 505	615 207	593 390
Directorate of Municipal Services	245 299	272 765	300 355
TOTAL	1 425 060	1 548 635	1 562 253

12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the past three months ended 31 October 2016 is reflected below. There was an increase in the total payment between August 2016 and September 2016 of R109 415 and a decrease in the total payment between September 2016 and October 2016 of R306 968.

Table 23: Temporary Staff per Directorate

	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016
Directorate of Executive Support Services	314 227	630 745	613 970
Directorate of the City Manager	214 524	217 436	165 079
Directorate of Human Settlements	225 000	200 340	160 054
Directorate of Finance	332 635	373 276	431 358
Directorate of Corporate Services	930 219	677 089	695 594
Directorate of Infrastructure Services	108 443	169 878	169 474
Directorate of Development and Spatial Planning	47 132	48 267	60 800
Directorate of Health / Public Safety & Emergency Services	29 396	23 280	41 486
Directorate of Municipal Services	1 829 342	1 800 022	1 495 551
TOTAL	4 030 918	4 140 333	3 833 365

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors costs. The year to date budget of R19 366 267 less the year to date expenditure of R17 660 604 leaves a variance of R1 705 663.

Table 24: Councillors Costs

Councillors Allowances and Benefits	2016/2017 Annual Budget R	2016/2017 YTD Budget R	2016/2017 YTD Expenditure R	2016/2017 Variance R	2016/2017 YTD Expenditure %
Mayoral Allowance	790 172	263 391	234 672	28 718	89%
Deputy Mayoral Allowance	638 158	212 719	193 423	19 297	91%
Mayoral Committee Allowance	6 599 489	2 199 830	1 781 815	418 015	81%
Speakers Allowance	638 158	212 719	196 892	15 827	93%
Out of Pocket Expenses	1 208 400	402 800	69 253	333 547	17%
Councillors Allowance	24 124 437	8 041 479	7 749 959	291 520	96%
Cllr Cell Phone Allowance	2 278 635	759 545	698 198	61 347	92%
Cllr Housing Subsidy	2 927 329	975 776	1 124 197	-148 421	115%
Cllr Medical Aid	1 986 812	662 271	524 389	137 881	79%
Cllr Pension Scheme	3 495 042	1 165 014	959 836	205 178	82%
Cllr Travel Allowance	13 412 169	4 470 723	4 127 969	342 754	92%
TOTAL	58 098 801	19 366 267	17 660 604	1 705 663	91%

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

The entity has started operating on its own with minimal need for daily support from the parent municipality. The Buffalo City Metropolitan Development Agency has a budget of R18.38 million and has spent R4.54 million (25%) as at 31 October 2016.

A detailed analysis of the entity's financial performance for month ended 31 October 2016 is outlined in Annexure F.

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent R220.63 million inclusive of reclaimed vat (2015/16: R219.25 million) which is 13% (2015/16: 16%) of its 2016/17 adjusted capital budget of R1.69 billion (2015/16: R1.38 billion) as at 31 October 2016. This depicts a slight improvement in rand value terms when compared to the same period in the previous

financial year, however it reflects a regression in percentage terms. Refer to Annexure A – C5 for the breakdown per municipal vote, standard classification & funding; Annexure B – SC12 for monthly expenditure trends; SC13a for breakdown of asset classification for new assets and SC13b for breakdown on asset classification on renewal of existing asset).

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

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

Table 25: Capital Expenditure per Funding Source against Budget

Funding	<u>2016/2017 Rollover Adjustment Budget</u>	<u>YTD Expenditure (incl. VAT)</u>	<u>Variance (incl. VAT)</u>	<u>% Expenditure (incl. VAT)</u>
Total Funding	830 781 135	87 769 819	743 011 315	11%
DoE(Integrated National Electrification Programme)	25 000 000	20 558	24 979 442	0%
DEDEAT	199 168	0	199 168	0%
DSRAC	4 411 277	0	4 411 277	0%
Finance Management Grant	100 000	21 628	78 372	22%
Galve	458 000	0	458 000	0%
Infrastructure Skills Development Grant	100 000	0	100 000	0%
Integrated City Development Grant	6 080 000	0	6 080 000	0%
Local Government & Traditional Affairs	9 036 112	0	9 036 112	0%
Neighbourhood Development Partnership Grant	19 346 000	0	19 346 000	0%
Urban Settlement Development Grant	656 054 030	124 924 344	531 129 687	19%
Human Settlement Development Grant	106 300 000	7 890 060	98 409 940	7%
Public Transport Infrastructure and Systems Grant	35 289 000	0	35 289 000	0%
Total Grants	862 373 587	132 856 590	729 516 998	15%
TOTAL PER FUNDING	1 693 154 722	220 626 409	1 472 528 313	13%

Table 26 below reflects capital expenditure performance per service.

Table 26: Actual Expenditure per Service against Budget

Services	<u>2016/2017 Rollover Adjustment Budget</u>	<u>YTD Expenditure (incl. VAT)</u>	<u>Variance (incl. VAT)</u>	<u>% Expenditure (incl. VAT)</u>
Water	87 500 000	33 953 155	53 546 845	39%
Waste Water	420 539 799	42 180 912	378 358 887	10%
Electricity	143 000 000	18 340 368	124 659 632	13%
Roads and Stormwater	261 098 558	41 631 308	219 467 250	16%
Housing	211 477 194	50 753 798	160 723 397	24%
Transport Planning	139 789 000	2 136 063	137 652 937	2%
Local Economic Development	54 734 025	5 389 454	49 344 571	10%
Spatial Planning	96 708 219	2 822 069	93 886 150	3%
Waste Management / Refuse	115 796 195	377 685	115 418 511	0%
Amenities	51 376 990	7 114 499	44 262 491	14%
Public Safety	46 483 912	778 966	45 704 946	2%
Support Services	46 338 808	6 247 890	40 090 918	13%
Other - BCM Fleet	18 312 022	8 900 244	9 411 778	49%
TOTAL PER SERVICE	1 693 154 722	220 626 409	1 472 528 313	13%

Table 27 below reflects capital expenditure performance per directorate.

Table 27: Actual Expenditure per Directorate against Budget

Directorate	<u>2016/2017 Rollover Adjustment Budget</u>	<u>YTD Expenditure (incl. VAT)</u>	<u>Variance (incl. VAT)</u>	<u>% Expenditure (incl. VAT)</u>
Directorate of Executive Support Services	8 007 062	279 626	7 727 436	3%
Directorate of the City Manager	17 521 500	5 435 427	12 086 073	31%
Directorate of Human Settlement	211 477 194	50 753 798	160 723 397	24%
Directorate of Finance	747 535	183 141	564 394	24%
Directorate of Corporate Services	9 033 820	179 905	8 853 915	2%
Directorate of Infrastructure Services	937 030 379	145 063 177	791 967 201	15%
Directorate of Development and Spatial Planning	230 417 219	4 958 131	225 459 088	2%
Directorate of Economic Development and Agencies	54 734 025	5 389 454	49 344 571	10%
Directorate of Health, Public Safety and Emergency Services	46 483 912	778 966	45 704 946	2%
Directorate of Municipal Services	167 702 076	7 527 443	160 174 633	4%
TOTAL DIRECTORATES	1 683 154 722	220 549 068	1 462 605 654	13%
Asset Replacement	10 000 000	77 341	9 922 659	1%
GRAND - TOTAL	1 693 154 722	220 626 409	1 472 528 313	13%

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

Table 28: SC12 Monthly budget Statement – capital expenditure trend

BUF Buffalo City - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M04 October

Month	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July		6 746	6 746	1 611	1 611	6 746	5 135	76.1%	0%
August		42 169	42 169	39 205	40 817	48 916	8 099	16.6%	3%
September		34 991	34 991	86 333	127 150	83 907	(43 243)	-51.5%	8%
October		58 305	58 305	78 499	205 649	142 212	(63 436)	-44.6%	13%
November		56 652	56 652			198 865	-		
December		69 364	69 364			268 229	-		
January		41 215	41 215			309 443	-		
February		42 842	42 842			352 285	-		
March		65 464	65 464			417 750	-		
April		89 153	89 153			506 903	-		
May		87 115	87 115			594 018	-		
June		964 116	1 099 137			1 693 155	-		
Total Capital expenditure	-	1 558 134	1 693 155	205 649					

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

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

BUF Buffalo City - Supporting Table SC13a Consolidated Monthly Budget Statement - capital expenditure on new assets by asset class - M04 October

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	417 323	434 397	17 258	26 221	36 486	10 265	28.1%	434 397
Infrastructure - Road transport		-	106 080	106 080	13 962	17 946	8 910	(9 036)	-101.4%	106 080
Roads, Pavements & Bridges			106 080	106 080	13 962	17 946	8 910	(9 036)	-101.4%	106 080
Storm water			-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	43 000	43 000	1 096	2 312	3 612	1 300	36.0%	43 000
Generation			-	-	-	-	-	-	-	-
Transmission & Reticulation			43 000	43 000	1 096	2 312	3 612	1 300	36.0%	43 000
Street Lighting			-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs			-	-	-	-	-	-	-	-
Water purification			-	-	-	-	-	-	-	-
Reticulation			-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation			-	-	-	-	-	-	-	-
Sewerage purification			-	-	-	-	-	-	-	-
Infrastructure - Other		-	268 243	285 317	2 200	5 963	23 964	18 001	75.1%	285 317
Waste Management			78 454	85 294	11	332	7 164	6 832	95.4%	85 294
Transportation			145 789	145 789	105	1 981	12 245	10 264	83.8%	145 789
Gas			-	-	-	-	-	-	-	-
Other			44 000	54 234	2 084	3 650	4 555	905	19.9%	54 234
Community		-	21 000	21 926	380	2 484	1 842	(642)	-34.9%	21 926
Parks & gardens			500	500	-	-	42	42	100.0%	500
Sportsfields & stadia			500	1 426	380	410	120	(290)	-242.0%	1 426
Swimming pools			-	-	-	-	-	-	-	-
Community halls			10 000	10 000	-	-	840	840	100.0%	10 000
Libraries			-	-	-	-	-	-	-	-
Recreational facilities			-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-
Cemeteries			10 000	10 000	-	2 074	840	(1 234)	-146.9%	10 000
Other			-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-
Investment properties		-	201 941	210 977	19 005	45 062	17 721	(27 342)	-154.3%	210 977
Housing development			201 941	210 977	19 005	45 062	17 721	(27 342)	-154.3%	210 977
Other			-	-	-	-	-	-	-	-
Other assets		-	113 570	200 053	3 275	16 640	16 803	163	1.0%	200 053
General vehicles			18 200	52 009	-	8 900	4 368	(4 532)	-103.7%	52 009
Specialised vehicles			11 000	11 532	-	-	969	969	100.0%	11 532
Plant & equipment			14 966	21 214	187	796	1 782	986	55.3%	21 214
Computers - hardware/equipment			20 700	55 700	2 499	5 362	4 678	(684)	-14.6%	55 700
Furniture and other office equipment			23 972	27 693	590	1 582	2 326	744	32.0%	27 693
Abattoirs			-	-	-	-	-	-	-	-
Markets			-	-	-	-	-	-	-	-
Civic Land and Buildings			5 286	12 458	-	-	1 046	1 046	100.0%	12 458
Surplus Assets - (Investment or Inventory)			-	-	-	-	-	-	-	-
Other			19 446	19 446	-	-	1 633	1 633	100.0%	19 446
Agricultural assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming			-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	-	753 834	867 354	39 918	90 407	72 851	(17 556)	-24.1%	867 354
Specialised vehicles		-	11 000	11 532	-	-	969	969	0	11 532
Refuse			-	-	-	-	-	-	-	-
Fire			11 000	11 532	-	-	969	969	0	11 532
Conservancy			-	-	-	-	-	-	-	-
Ambulances			-	-	-	-	-	-	-	-

The capital programme performance table 30 below provide summary of capital expenditure by asset class/sub-class for renewal of existing assets (Exclusive of VAT).

Table 30: SC13b Monthly budget Statement – capital expenditure on renewal of existing assets by asset class

BUF Buffalo City - Supporting Table SC13b Consolidated Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M04 October

Description	Ref	2015/16		Budget Year 2016/17						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	720 091	734 138	34 958	106 647	61 662	(44 985)	-73.0%	734 138
Infrastructure - Road transport		-	161 099	161 099	11 364	20 276	13 531	(6 745)	-49.8%	161 099
Roads, Pavements & Bridges			161 099	161 099	11 364	20 276	13 531	(6 745)	-49.8%	161 099
Storm water			-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	100 000	100 000	5 961	15 713	8 399	(7 314)	-87.1%	100 000
Generation			-	-	-	-	-	-	-	-
Transmission & Reticulation			100 000	100 000	5 961	15 713	8 399	(7 314)	-87.1%	100 000
Street Lighting			-	-	-	-	-	-	-	-
Infrastructure - Water		-	87 500	87 500	9 096	31 976	7 349	(24 627)	-335.1%	87 500
Dams & Reservoirs			-	-	-	-	-	-	-	-
Water purification			-	-	-	-	-	-	-	-
Reticulation			87 500	87 500	9 096	31 976	7 349	(24 627)	-335.1%	87 500
Infrastructure - Sanitation		-	371 492	385 540	8 537	38 682	32 382	(6 300)	-19.5%	385 540
Reticulation			371 492	385 540	8 537	38 682	32 382	(6 300)	-19.5%	385 540
Sewerage purification			-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-
Waste Management			-	-	-	-	-	-	-	-
Transportation			-	-	-	-	-	-	-	-
Gas			-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-
Community		-	19 855	25 805	2 563	4 328	2 167	(2 160)	-99.7%	25 805
Parks & gardens			-	-	-	-	-	-	-	-
Sportsfields & stadia			10 000	14 411	1 104	2 122	1 210	(912)	-75.3%	14 411
Swimming pools			2 500	2 500	1 081	1 607	210	(1 397)	-665.3%	2 500
Community halls			-	-	-	-	-	-	-	-
Libraries			-	-	-	-	-	-	-	-
Recreational facilities			7 355	8 894	378	598	747	149	19.9%	8 894
Other			-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-
Buildings			-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-
Housing development			-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-
Other assets		-	64 355	65 857	1 060	4 267	5 531	1 265	22.9%	65 857
General vehicles			-	-	-	-	-	-	-	-
Specialised vehicles			-	-	-	-	-	-	-	-
Plant & equipment			700	1 181	-	344	99	(245)	-247.2%	1 181
Computers - hardware/equipment			-	-	-	-	-	-	-	-
Furniture and other office equipment			-	-	-	-	-	-	-	-
Abattoirs			-	-	-	-	-	-	-	-
Markets			-	-	-	-	-	-	-	-
Civic Land and Buildings			62 655	63 676	1 060	3 904	5 348	1 444	27.0%	63 676
Other Buildings			-	-	-	-	-	-	-	-
Other Land			-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)			-	-	-	-	-	-	-	-
Other			1 000	1 000	-	18	84	66	78.8%	1 000
Agricultural assets			-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-
Computers - software & programming			-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	1	-	804 300	825 901	38 581	115 242	69 361	(45 881)	-66.1%	825 801
Specialised vehicles			-	-	-	-	-	-	-	-
Refuse			-	-	-	-	-	-	-	-
Fire			-	-	-	-	-	-	-	-
Conservancy			-	-	-	-	-	-	-	-
Ambulances			-	-	-	-	-	-	-	-

15. OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 15% (R50.61 million) inclusive of reclaimed vat of its 2016/17 adjusted budget of R327.39 million as at 31 October 2016. This reflects an improvement in percentage terms when compared to the same period in the previous financial year where 12% (R80.72 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R697.73 million was spent.

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

Tables 31 and 32 below summarise Annexure D.

Table 31: Operating Projects per Directorate

OPERATING PROJECTS PER DIRECTORATE	<u>2016/2017 Rollover Adjustment Budget</u>	<u>YTD Expenditure (incl.vat)</u>	<u>Variance (incl.vat)</u>	<u>% Expenditure (incl.vat)</u>
Directorate of Executive Support Services	6 639 858	0	6 639 858	0%
Directorate of the City Manager	27 684 535	8 171 317	19 513 218	30%
Directorate of Human Settlement	127 319 287	24 425 588	102 893 699	19%
Directorate of Finance	53 449 700	1 199 383	52 250 317	2%
Directorate of Corporate Services	8 900 000	1 096 529	7 803 471	12%
Directorate of Infrastructure Services	54 495 761	6 937 806	47 557 955	13%
Directorate of Development and Spatial Planning	1 250 000	0	1 250 000	0%
Directorate of Economic Development and Agencies	33 500 000	4 797 738	28 702 262	14%
Directorate of Health, Public Safety and Emergency Services	3 599 600	0	3 599 600	0%
Directorate of Municipal Services	10 550 000	3 981 181	6 568 819	38%
TOTAL	327 388 741	50 609 542	276 779 199	15%

Table 32: Operating Projects per Funding Source

OPERATING PROJECTS PER FUNDING SOURCE	<u>2016/2017</u> <u>Rollover</u> <u>Adjustment</u> <u>Budget</u>	<u>YTD</u> <u>Expenditure</u> <u>(incl. vat)</u>	<u>Variance</u> <u>(incl. vat)</u>	<u>%</u> <u>Expenditu</u> <u>re (incl.</u> <u>vat)</u>
Total Own Funding	112 519 700	7 915 526	104 604 174	7%
City of Oldenburg	495 761	0	495 761	0%
Department of Public Works	2 469 600	0	2 469 600	0%
Expanded Public Works Programme Incentives Grant	1 188 000	844 966	343 034	71%
Finance Management Grant	1 200 000	129 745	1 070 255	11%
Human Settlement Development Grant	124 819 287	24 048 353	100 770 934	19%
Independent Electoral Commission	261 565	0	261 565	0%
Glasgow	89 858	0	89 858	0%
Infrastructure Skills Development Grant	8 900 000	1 096 529	7 803 471	12%
Transnet	0	0	0	0%
Urban Settlement Development Grant	75 444 970	16 574 424	58 870 546	22%
Total Grants	214 869 041	42 694 017	172 175 025	20%
TOTAL PER FUNDING	327 388 741	50 609 542	276 779 199	15%

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

16.1. Health / Public Safety & Emergency Services

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

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

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	872 786	90 282	0	963 068
GM - EMERGENCY SERVICES	(29 954 229)	28 948 967	8 690 467	240 700	37 880 134
EMERGENCY SERVICES	0	737 651	154 935	15 325	907 911
DISASTER MANAGEMENT	0	751 902	270 836	17 805	1 040 543
FIRE & RESCUE	(29 954 2290)	27 459 414	8 264 696	207 569	35 931 680
GM - MUNICIPAL HEALTH SERVICES	(21 460)	8 302 161	1 196 259	46 355	9 544 775
MUNICIPAL HEALTH SERVICES	(21 460)	8 302 161	1 196 259	46 355	9 544 775
GM - PUBLIC SAFETY & PROTECTION SERVICES	(16 840 448)	60 709 446	3 488 480	566 630	64 764 556
PUBLIC SAFETY & PROTECTION SERVICES	(9 109)	6 522 355	873 657	384 541	7 780 552
LAW ENFORCEMENT SERVICES	(1 020)	38 678 314	1 063 784	124 561	39 866 659
TRAFFIC SERVICES	(16 830 319)	15 508 777	1 551 039	57 528	17 117 344
Total	(46 816 137)	98 833 360	13 465 488	853 684	113 152 533

16.2. Municipal Services

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

Table 34: Municipal Services – Cost Analysis

Community Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	0	2 190 023	433 055	2 000	2 625 079
GM - COMMUNITY AMENITIES	(1 133 730)	31 049 245	7 396 641	1 809 837	40 255 723
COMMUNITY AMENITIES	0	3 503 510	188 239	31 382	3 723 130
LIBRARIES	(95 570)	5 911 601	512 327	109 513	6 533 441
HALLS	(541 135)	4 683 320	1 126 850	132 752	5 942 922
RECREATION	(438 774)	10 291 812	2 325 706	1 081 957	13 699 475
SPORTS FACILITIES	(58 250)	6 659 003	3 243 519	454 232	10 356 754
GM - PARKS / CEMETRIES & CONSERVATION	(3 908 322)	42 739 558	10 035 232	2 123 034	54 897 824
PARKS / CEMETRIES & CONSERVATION	0	801 240	59 231	0	860 470
CEMETRIES & CREMATORIA	(3 247 921)	6 626 731	3 284 188	59 137	9 970 055
CONSERVATION	(632 915)	4 854 287	1 009 249	258 751	6 122 288
PARKS: COASTAL	(27 487)	30 457 300	5 682 565	1 805 146	37 945 011
GM - SOLID WASTE MANAGEMENT	(137 374 786)	41 679 331	70 800 136	13 302 798	125 782 266
SOLID WASTE MANAGEMENT	0	2 614 373	3 793 580	2 023 113	8 431 066
CLEANSING & REFUSE REMOVAL: COASTAL	(134 312 826)	35 595 952	55 201 497	11 279 686	102 077 135
LANDFILLS & TRANSFER STATIONS	(3 061 960)	3 469 006	11 805 059	0	15 274 065
Total	(142 416 838)	117 658 158	88 665 065	17 237 669	223 560 892

17. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

I, NCEBA NCUNYANA, the Acting City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

The monthly budget statement (Section 71 Report)

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

Print name: Nceba Ncunyana

Acting City Manager of Buffalo City Metropolitan Municipality, BUF

Signature:

Date:

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Buffalo City Development Agency Financial Performance Report