

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION
OF THE 2017/18 BUDGET FOR THE PERIOD ENDED 30 NOVEMBER 2017**

1. PURPOSE

The purpose of the report is for the Executive Mayor to consider and note the statement of financial performance and the implementation of the 2017/18 budget of the Buffalo City Metropolitan Municipality for the period ended 30 November 2017.

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).

TABLE OF CONTENTS

REPORT TO EXECUTIVE MAYOR: 14 DECEMBER 2017	1
1. PURPOSE.....	1
2. AUTHORITY	1
3. LEGAL / STATUTORY REQUIREMENTS	1
4. BACKGROUND	1
LIST OF TABLES	3
PART 1: IN-YEAR REPORT	4
5. RESOLUTIONS	5
6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 30 NOVEMBER 2017	6
7. IN-YEAR BUDGET STATEMENT MAIN TABLES	11
PART 2: SUPPORTING DOCUMENTATION.....	24
8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION.....	25
9. CREDITORS' ANALYSIS.....	29
10. INVESTMENT PORTFOLIO ANALYSIS.....	31
11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE.....	34
12. COUNCILLOR AND EMPLOYEE BENEFITS.....	40
13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE	49
14. CAPITAL PROGRAMME PERFORMANCE.....	49
15. OTHER SUPPORTING DOCUMENTS.....	52
16. INCOME AND EXPENDITURE REPORTS FOR DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES AND MUNICIPAL SERVICES	54
17. MUNICIPAL MANAGER'S QUALITY CERTIFICATION.....	56
ANNEXURES:	57

LIST OF TABLES

Table 1: Performance Summary	6
Table 2:C1: Monthly Budget Statement Summary	11
Table 3: C2: Monthly Budget Statement – Financial Performance (standard classification)	12
Table 4: C3: Monthly Budget Statement – Financial Performance (Revenue and expenditure by municipal vote)	13
Table 5: C4: Monthly Budget Statement – Financial Performance (Revenue by Source and Expenditure by Type)	14
Table 6: Repairs and Maintenance per Directorate	20
Table 7: C5: Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding)	21
Table 8: C6: Monthly Budget Statement – Financial Position	22
Table 9: C7: Monthly Budget Statement – Cash Flow	23
Table 10: SC3 Monthly Budget Statement Aged Debtors	25
Table 11: Debtor’s Age Analysis by Income Source Comparison	26
Table 12: Age Analysis per Category Type	27
Table 13: Analysis of Government Debtors	28
Table 14: SC4 Monthly Budget Statement Aged Creditors	29
Table 15: Payments made to the 20 highest paid creditors – November 2017	30
Table 16: SC5 Monthly Budget Statement – investment portfolio	31
Table 17: SC7(1) Monthly Budget Statement – transfers and grants receipts	34
Table 18: Spending per Conditional Grant Funding Allocation	35
Table 19: SC8 Monthly Budget Statement – Councilor and Staff Benefits	40
Table 20: Overtime per Directorate	41
Table 21: Overtime Per Cost Centre: September 2017 – November 2017	42
Table 22: Standby & Shift Allowance per Directorate	47
Table 23: Temporary Staff per Directorate	48
Table 24: Councillors Costs	48
Table 25: Monthly Budget Statement – summary of municipal entity	49
Table 26: Capital Expenditure per Funding Source against Budget	50
Table 27: Actual Expenditure per Service against Budget	50
Table 28: Actual Expenditure per Directorate against Budget	51
Table 29: SC12 Monthly budget Statement – capital expenditure trend	51
Table 30: Operating Projects per Directorate	52
Table 31: Operating Projects per Funding Source	53
Table 32: Health / Public Safety & Emergency Services – Cost Analysis	54
Table 33: Municipal Services – Cost Analysis	55

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 2017/18 budget for the period ended 30 November 2017 including supporting documentation attached as Annexure A to F.
- (ii) The Executive Mayor notes the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.
- (iii) The Executive Mayor notes the year to date collection rate for the period ended 30 November 2017 of 84.33%.

A. SIHLAHLA

CITY MANAGER

BUFFALO CITY METROPOLITAN MUNICIPALITY

VINCENT PILLAY/ NS

DATE

6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 30 NOVEMBER 2017

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 2,421,578,539	Bank Balance	R 281,734,276
Expenditure	(R 2,862,044,684)	Call investments (excl. int.)	R 1,489,483,482
Operating Surplus / (Deficit)	(R 440,466,145)	Cash and cash equivalents	R 1,771,217,758
Transfers Recognised - Capital	R 195,016,698	<i>Account Payables</i>	<i>(R 613,963,366)</i>
Surplus / (Deficit) After Capital Transfers	(R 245,449,447)	<i>Unspent conditional grants</i>	<i>(R 604,534,209)</i>
DEBTORS		<i>Committed to Capital budget-own funds</i>	<i>(R 800,429,336)</i>
Gross debtors book (incl. impairment)	R 2,072,574,495	Possible cash deficit should there be no revenue collection made	(R 247,709,153)
Total debtors - Government	R 38,250,125	Total Long term loans	R 437,521,992
Total debtors - Business	R 507,508,926	SURPLUS / (DEFICIT) PER SERVICE	
Total debtors - Households	R 1,263,433,645	Water	R 38,000,199
Total debtors - Other	R 263,381,799	Electricity	(R 119,833,736)
Total debt written off	R 31,940	Refuse	R 7,639,600
REPAIRS AND MAINTENANCE		Sewerage	R 69,295,066
2016/2017: Exp. = R124.36 m, which is 30% of approved budget of R414.79 m	2017/2018: Exp. = R126.73 m, which is 27% of approved budget of R462.45 m		
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
2016/2017: Exp. as a % of Adjusted Budget of R1.69b: Exp. (excl. vat) = R329.98 mil % exp. (Excl. vat) : 19% Exp. (incl. vat) = R354.28 mil % exp. (incl. vat): 21%	2017/2018: Exp. as a % of Adjusted Budget of R1.71b: Exp. (excl. vat) = R303.58 mil % exp. (Excl. vat) :18% Exp. (incl. vat) = R328.72 mil % exp. (incl. vat): 19%	2016/2017: Exp. as a % of Adjusted Budget of R327.39m: Exp. (excl. vat) = R87.24 mil % exp. (excl. vat): 27% Exp. (incl. vat) = R90.05 mil % exp. (incl. vat): 28%	2017/2018: Exp. as a % of Adjusted Budget of R300.91m: Exp. (excl. vat) = R83.65 mil % exp. (excl. vat): 28% Exp. (incl. vat) = R87.95 mil % exp. (incl. vat): 29%
FINANCIAL		HUMAN RESOURCES	
Operating Deficit for the period	R 440,466,145	Total staff complement	5 165
Debtors collection ratio	84.33%	Staff Appointments	106
YTD Grants and subsidies	R 481,624,373	Staff Terminations	54
% of Creditors paid within terms	100%	Number of funded vacant posts	687
Current ratio	2.20:1	Total overtime paid (YTD)	R 53,988,316
Total Debt to Revenue	9.08%	Allowances and benefits - Councillors	R 22,715,810
Capital Charges to Operating Expenditure	0.95%	Salary bill - Officials	R 741,390,682
Cost coverage ratio	5.12 months	Workforce costs as a % of expenditure	26.7%

6.2 Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 2.20:1 which indicates the ability of Municipality's current assets to cover its current liabilities. Net debtors constitute 44% of the current assets, inventory constitutes 1% and cash & cash equivalents comprise 54% of the current assets. The City is liquid and can easily meet its immediate obligations as the ratio is above the norm of 1.5 - 2:1 as per the MFMA circular 71.

6.3 Collection Rate and Outstanding Debtors

The year to date collection rate for the month ended 30 November 2017 is 84.33% (2016/17: 85.64%). The collection rate has increased by 2.96% from last month where 81.37% was achieved for the period ended 31 October 2017. This ratio denotes the City's ability to collect the billed revenue from its consumers. The current collection rate is below the acceptable norm of 95% as informed by the MFMA circular 71. The corrective measures that are implemented to improve the collection are detailed under section 8 of the report under debtors' management.

Total gross debtors book (including current accounts) as at 30 November 2017 amounts to R2.07 billion (2016/17: R1.89 billion). Households: R1.26 billion, Business: R508 million, Government: R38.25 million, Other: R263,38 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 19% (R328.72 million, inclusive of reclaimed vat) of its 2017/18 adjusted capital budget of R1.71 billion as at 30 November 2017. This depicts regression in percentage and rand value when compared to the same period in the previous financial year where 21% (R354.28 million, inclusive of reclaimed vat) of the adjusted capital budget of R1.69 billion was spent. Based on the past performance trends, expenditure is expected to progressively

improve during the year once the procurement processes have been concluded. (Refer to Section 14 for further details).

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

6.5 Operating projects

The Metro has spent 29% (R87.95 million, inclusive of reclaimed vat) of its 2017/18 adjusted operating projects budget of R300.91 million as at 30 November 2017. This depicts a slight improvement percentage terms when compared to the same period in the previous financial year where 28% (R90.05 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R327.39 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the year once the procurement processes have been concluded. (Refer to Section 15 for further details).

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

6.6 Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 30% (R267.17 million, inclusive of reclaimed vat) of its 2017/2018 conditional grants budget of R882.77 million as at 30 November 2017. This reflects a slight improvement when compared to the same period in the previous financial year where 29% (R244.34 million, inclusive of reclaimed of vat) of conditional grants budget of R828.70 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the year once the procurement processes have been concluded. (Refer to Section 11 for further details).

6.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent 31% (R235.69 million, inclusive of reclaimed vat) of its 2017/2018 USDG budget of R768.13 million as at 30 November 2017. This reflects a regression in both percentage and rand value terms when compared to the same period in the previous financial year where 33%

(R240.21 million, inclusive of reclaimed of vat) of USDG budget of R731.5 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the year once the procurement processes have been concluded. (Refer to Section 11 for further details).

6.7 Cash and Cash Equivalents

The cash and cash equivalents of the City as at 30 November 2017 are R1.77 billion made up of cash and bank amounting to R281.73 million and call investment deposits of R1.49 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 5.12 months. This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue during that period. This ratio denotes that the City can meet its monthly operating commitments 5.12 times, which is above the norm of 1-3 months as per the MFMA circular 71. It is however a concern to note that the city's cash and cash equivalent is decreasing due to the unfavourable collection rate that is below the target as depicted in section 6.3 of the report.

6.8 Outstanding Creditors

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

6.9 Long-Term Debt Profile

The total long term borrowings of the municipality as at 30 November 2017 amounts to R437.52 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 30 November 2017 is 0.95%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6% and 8%; BCMM is below the norm and has the capacity to take on additional borrowing to invest in infrastructure projects that generate revenue. The City is currently in the process of securing additional loan funding which will result in the actual ratio moving closer to the norm.

The total debt to revenue ratio is 9.08% as at 30 November 2017, this indicates the extent of total borrowings (short and long term debt financing) in relation to total operating revenue of the municipality. The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities. The municipality is therefore highly solvent to meet its debt obligation as it is below the set ceiling of 45% in accordance with the MFMA circular 71.

7. IN-YEAR BUDGET STATEMENT MAIN TABLES

7.1 Monthly Budget Statement Summary

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

Table 2:C1: Monthly Budget Statement Summary

BUF Buffalo City - Table C1 Monthly Budget Statement Summary - M05 November									
Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	1 225 285	1 225 285	83 279	508 068	554 721	(46 653)	-8%	1 225 285
Service charges	-	3 011 895	3 011 895	210 675	1 259 555	1 260 960	(1 404)	-0%	3 011 895
Investment revenue	-	157 002	157 002	9 218	53 688	68 254	(14 566)	-21%	157 002
Transfers and subsidies	-	1 368 106	1 369 045	19 479	481 624	501 265	(19 641)	-4%	1 369 045
Other own revenue	-	426 719	426 719	25 641	118 644	156 390	(37 747)	-24%	426 719
Total Revenue (excluding capital transfers and contributions)	-	6 189 006	6 189 946	348 292	2 421 579	2 541 589	(120 011)	-5%	6 189 946
Employee costs	-	1 733 321	1 733 321	146 407	741 391	704 314	37 077	5%	1 733 321
Remuneration of Councillors	-	62 398	62 398	4 648	22 716	25 280	(2 565)	-10%	62 398
Depreciation & asset impairment	-	778 273	778 273	402 062	653 532	317 561	335 971	106%	778 273
Finance charges	-	54 318	54 318	3 703	18 997	19 140	(144)	-1%	54 318
Materials and bulk purchases	-	1 578 167	1 578 167	131 400	743 631	731 090	12 542	2%	1 578 167
Transfers and subsidies	-	328 637	328 637	33 971	145 077	99 995	45 082	45%	328 637
Other expenditure	-	1 652 966	1 653 905	129 284	536 701	672 760	(136 058)	-20%	1 653 905
Total Expenditure	-	6 188 080	6 189 019	851 475	2 862 045	2 570 140	291 905	11%	6 189 019
Surplus/(Deficit)	-	926	926	(503 182)	(440 466)	(28 551)	(411 915)	1443%	926
Transfers and subsidies - capital (monetary allocation)	-	795 307	804 572	46 829	195 017	297 918	(102 901)	-35%	804 572
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	796 234	805 499	(456 354)	(245 449)	269 367	(514 816)	-191%	805 499
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	796 234	805 499	(456 354)	(245 449)	269 367	(514 816)	-191%	805 499
Capital expenditure & funds sources									
Capital expenditure	-	1 645 204	1 713 563	90 386	303 579	262 134	41 445	16%	1 713 563
Capital transfers recognised	-	795 307	804 343	46 829	195 017	123 045	71 972	58%	804 343
Public contributions & donations	-	-	229	-	-	35	(35)	-100%	229
Borrowing	-	69 000	69 000	-	547	10 555	(10 008)	-95%	69 000
Internally generated funds	-	780 897	839 991	43 558	108 015	128 498	(20 484)	-16%	839 991
Total sources of capital funds	-	1 645 204	1 713 563	90 386	303 579	262 134	41 445	16%	1 713 563
Financial position									
Total current assets	-	3 690 664	3 690 664		3 309 132				3 690 664
Total non current assets	-	15 248 547	15 316 906		16 147 863				15 316 906
Total current liabilities	-	1 336 012	1 336 012		1 503 902				1 336 012
Total non current liabilities	-	1 146 211	1 146 211		915 192				1 146 211
Community wealth/Equity	-	16 456 988	16 525 347		17 037 901				16 525 347
Cash flows									
Net cash from (used) operating	-	1 809 846	1 819 111	(169 673)	210 118	606 370	396 252	65%	1 819 111
Net cash from (used) investing	-	(1 582 484)	(1 713 563)	(54 149)	(148 188)	(571 188)	(423 000)	74%	(1 713 563)
Net cash from (used) financing	-	20 252	20 252	-	(8 246)	6 751	14 996	222%	20 252
Cash/cash equivalents at the month/year end	-	2 539 412	2 417 597	-	1 719 639	2 333 731	614 092	26%	1 791 754
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	272 144	117 588	89 294	71 246	62 892	49 180	312 535	1 097 695	2 072 574
Creditors Age Analysis									
Total Creditors	593 659	15 330	1 146	3 828	-	-	-	-	613 963

7.2 Monthly Budget Statement – Financial Performance (standard classification)

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

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

BUF Buffalo City - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M05 November

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		–	2 447 732	2 448 051	105 070	946 048	989 347	(43 300)	-4%	2 448 051
Executive and council		–	29 589	29 907	2 178	5 966	11 347	(5 381)	-47%	29 907
Finance and administration		–	2 418 143	2 418 143	102 891	940 081	978 000	(37 919)	-4%	2 418 143
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		–	402 630	402 984	18 360	73 987	162 784	(88 797)	-55%	402 984
Community and social services		–	31 607	31 961	1 142	5 436	6 146	(710)	-12%	31 961
Sport and recreation		–	5 909	5 909	259	810	581	229	39%	5 909
Public safety		–	88 321	88 321	6 310	38 699	39 191	(491)	-1%	88 321
Housing		–	276 769	276 769	10 649	29 040	116 865	(87 825)	-75%	276 769
Health		–	24	24	–	2	2	0	16%	24
<i>Economic and environmental services</i>		–	432 207	441 243	39 529	115 601	124 724	(9 123)	-7%	441 243
Planning and development		–	45 006	45 006	16 239	30 254	18 151	12 103	67%	45 006
Road transport		–	386 748	395 784	23 197	84 429	106 233	(21 804)	-21%	395 784
Environmental protection		–	452	452	93	918	340	578	170%	452
<i>Trading services</i>		–	3 673 575	3 674 071	229 074	1 467 296	1 550 380	(83 084)	-5%	3 674 071
Energy sources		–	1 926 400	1 926 400	145 131	725 194	822 329	(97 135)	-12%	1 926 400
Water management		–	655 778	655 778	11 249	307 523	284 964	22 559	8%	655 778
Waste water management		–	639 215	639 711	44 444	258 176	256 040	2 136	1%	639 711
Waste management		–	452 182	452 182	28 250	176 404	187 048	(10 644)	-6%	452 182
<i>Other</i>	4	–	28 170	28 170	3 087	13 664	12 272	1 392	11%	28 170
Total Revenue - Functional	2	–	6 984 313	6 994 518	395 121	2 616 595	2 839 507	(222 911)	-8%	6 994 518
Expenditure - Functional										
<i>Governance and administration</i>		–	1 194 255	1 194 345	85 849	493 360	495 605	(2 245)	0%	1 194 345
Executive and council		–	296 070	296 160	24 193	148 802	116 207	32 595	28%	296 160
Finance and administration		–	884 293	884 293	61 181	341 990	373 530	(31 540)	-8%	884 293
Internal audit		–	13 892	13 892	476	2 568	5 868	(3 300)	-56%	13 892
<i>Community and public safety</i>		–	493 005	493 358	76 382	244 822	192 009	52 814	28%	493 358
Community and social services		–	124 688	125 042	9 613	38 807	45 484	(6 676)	-15%	125 042
Sport and recreation		–	68 342	68 342	51 267	124 625	32 875	91 750	279%	68 342
Public safety		–	125 282	125 282	8 060	44 613	49 768	(5 154)	-10%	125 282
Housing		–	136 025	136 025	4 582	22 851	48 727	(25 876)	-53%	136 025
Health		–	38 668	38 668	2 861	13 926	15 155	(1 229)	-8%	38 668
<i>Economic and environmental services</i>		–	1 222 744	1 222 744	422 496	681 093	468 142	212 951	45%	1 222 744
Planning and development		–	294 914	294 914	181 123	211 905	118 961	92 944	78%	294 914
Road transport		–	805 423	805 423	239 947	461 005	311 797	149 208	48%	805 423
Environmental protection		–	122 407	122 407	1 426	8 182	37 384	(29 202)	-78%	122 407
<i>Trading services</i>		–	3 247 030	3 247 526	254 533	1 410 362	1 404 763	5 599	0%	3 247 526
Energy sources		–	1 829 086	1 829 086	197 030	853 041	841 423	11 619	1%	1 829 086
Water management		–	575 132	575 132	32 973	247 352	240 901	6 452	3%	575 132
Waste water management		–	483 287	483 783	(9 582)	136 160	183 070	(46 911)	-26%	483 783
Waste management		–	359 525	359 525	34 112	173 808	139 369	34 439	25%	359 525
<i>Other</i>		–	31 046	31 046	12 214	32 408	9 621	22 787	237%	31 046
Total Expenditure - Functional	3	–	6 188 080	6 189 019	851 475	2 862 045	2 570 140	291 905	11%	6 189 019
Surplus/ (Deficit) for the year		–	796 234	805 499	(456 354)	(245 449)	269 367	(514 816)	-191%	805 499

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

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

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

BUF Buffalo City - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M05 November										
Vote Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Directorate - Executive Support Services		-	1 593	1 912	46	87	-	87	#DIV/0!	1 912
Vote 02 - Directorate - Municipal Manager		-	27 996	27 996	2 174	5 941	10 683	(4 743)	-44.4%	27 996
Vote 03 - Directorate - Human Settlement		-	276 769	276 769	10 649	29 040	76 631	(47 591)	-62.1%	276 769
Vote 04 - Directorate - Chief Financial Officer		-	2 407 345	2 407 345	100 761	931 509	1 007 899	(76 390)	-7.6%	2 407 345
Vote 05 - Directorate - Corporate Services		-	10 561	10 561	1 116	4 286	2 809	1 477	52.6%	10 561
Vote 06 - Directorate - Infrastructure Services		-	3 407 846	3 408 342	215 358	1 345 353	1 410 153	(64 800)	-4.6%	3 408 342
Vote 07 - Directorate - Spatial Planning And Development		-	148 279	157 315	17 213	34 479	47 156	(12 677)	-26.9%	157 315
Vote 08 - Directorate - Health / Public Safety & Emergency S		-	175 605	175 605	14 973	68 670	77 712	(9 042)	-11.6%	175 605
Vote 09 - Directorate - Municipal Services		-	490 150	490 503	29 745	183 567	193 253	(9 685)	-5.0%	490 503
Vote 10 - Directorate - Economic Development & Agencies		-	38 170	38 170	3 087	13 664	13 210	453	3.4%	38 170
Total Revenue by Vote	2	-	6 984 313	6 994 518	395 121	2 616 595	2 839 507	(222 911)	-7.9%	6 994 518
Expenditure by Vote	1									
Vote 01 - Directorate - Executive Support Services		-	232 296	232 386	17 641	93 269	96 023	(2 755)	-2.9%	232 086
Vote 02 - Directorate - Municipal Manager		-	154 644	154 644	10 201	73 994	78 951	(4 957)	-6.3%	154 644
Vote 03 - Directorate - Human Settlement		-	136 025	136 025	4 582	22 851	51 410	(28 559)	-55.6%	136 025
Vote 04 - Directorate - Chief Financial Officer		-	558 213	558 213	42 982	199 759	219 357	(19 598)	-8.9%	558 213
Vote 05 - Directorate - Corporate Services		-	171 518	171 518	10 465	59 134	68 963	(9 828)	-14.3%	171 518
Vote 06 - Directorate - Infrastructure Services		-	3 497 257	3 497 752	447 072	1 619 356	1 492 592	126 763	8.5%	3 497 752
Vote 07 - Directorate - Spatial Planning And Development		-	274 152	274 152	180 178	257 835	107 518	150 317	139.8%	274 152
Vote 08 - Directorate - Health / Public Safety & Emergency S		-	396 961	396 961	29 956	159 576	156 581	2 995	1.9%	396 961
Vote 09 - Directorate - Municipal Services		-	674 962	675 316	96 183	343 864	263 419	80 445	30.5%	675 316
Vote 10 - Directorate - Economic Development & Agencies		-	92 052	92 052	12 214	32 408	35 325	(2 917)	-8.3%	92 052
Total Expenditure by Vote	2	-	6 188 080	6 189 019	851 475	2 862 045	2 570 140	291 905	11.4%	6 188 719
Surplus/ (Deficit) for the year	2	-	796 234	805 499	(456 354)	(245 449)	269 367	(514 816)	-191.1%	805 799

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 30 November 2017.

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

BUF Buffalo City - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M05 November										
Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates			1 225 285	1 225 285	83 279	508 068	554 721	(46 653)	-8%	1 225 285
Service charges - electricity revenue		–	1 806 439	1 806 439	147 475	717 080	746 170	(29 089)	-4%	1 806 439
Service charges - water revenue		–	479 127	479 127	5 546	246 120	208 619	37 500	18%	479 127
Service charges - sanitation revenue		–	365 998	365 998	29 678	153 774	155 580	(1 807)	-1%	365 998
Service charges - refuse revenue		–	336 766	336 766	27 977	142 582	140 465	2 117	2%	336 766
Service charges - other		–	23 566	23 566	–	–	10 126	(10 126)	-100%	23 566
Rental of facilities and equipment		–	23 174	23 174	1 439	6 740	9 410	(2 670)	-28%	23 174
Interest earned - external investments		–	157 002	157 002	9 218	53 688	68 254	(14 566)	-21%	157 002
Interest earned - outstanding debtors		–	36 844	36 844	3 847	20 558	14 765	5 793	39%	36 844
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	9 157	9 157	978	7 041	3 473	3 569	103%	9 157
Licences and permits		–	17 556	17 556	7 132	18 020	6 993	11 027	158%	17 556
Agency services		–	49 763	49 763	–	–	19 824	(19 824)	-100%	49 763
Transfers and subsidies		–	1 368 106	1 369 045	19 479	481 624	501 265	(19 641)	-4%	1 369 045
Other revenue		–	290 226	290 226	11 853	57 511	101 926	(44 414)	-44%	290 226
Gains on disposal of PPE		–	–	–	392	8 773	–	8 773	0%	–
Total Revenue (excluding capital transfers and contributions)		–	6 189 006	6 189 946	348 292	2 421 579	2 541 589	(120 011)	-5%	6 189 946

BUF Buffalo City - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M05 November

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		–	1 733 321	1 733 321	146 407	741 391	704 314	37 077	5%	1 733 321
Remuneration of councillors		–	62 398	62 398	4 648	22 716	25 280	(2 565)	-10%	62 398
Debt impairment		–	317 788	317 788	22 979	128 909	132 412	(3 503)	-3%	317 788
Depreciation & asset impairment		–	778 273	778 273	402 062	653 532	317 561	335 971	106%	778 273
Finance charges		–	54 318	54 318	3 703	18 997	19 140	(144)	-1%	54 318
Bulk purchases		–	1 578 167	1 578 167	122 580	711 737	731 090	(19 352)	-3%	1 578 167
Other materials		–	–	–	8 821	31 894	–	31 894	0%	–
Contracted services		–	38 960	38 960	65 920	228 041	11 535	216 506	1877%	38 960
Transfers and subsidies		–	328 637	328 637	33 971	145 077	99 995	45 082	45%	328 637
Other expenditure		–	1 296 218	1 297 157	40 385	179 751	528 813	(349 061)	-66%	1 297 157
Loss on disposal of PPE		–	–	–	–	–	–	–		–
Total Expenditure		–	6 188 080	6 189 019	851 475	2 862 045	2 570 140	291 905	11%	6 189 019
Surplus/(Deficit)		–	926	926	(503 182)	(440 466)	(28 551)	(411 915)	0	926
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	795 307	804 572	46 829	195 017	297 918	(102 901)	(0)	804 572
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		–	796 234	805 499	(456 354)	(245 449)	269 367			805 499
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		–	796 234	805 499	(456 354)	(245 449)	269 367			805 499
Attributable to minorities		–	–	–	–	–	–	–		–
Surplus/(Deficit) attributable to municipality		–	796 234	805 499	(456 354)	(245 449)	269 367			805 499
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year		–	796 234	805 499	(456 354)	(245 449)	269 367			805 499

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

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

7.4.1.1 Service Charges – Water revenue

The variance is due to a billing error which will be adjusted in the month of December 2017 reporting.

7.4.1.2 Service Charges – Other

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

7.4.1.3 Rental of facilities equipment

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

- Rentals - Signage: service providers for outdoor advertising were appointed in June 2017 and contracts were effected as from 01 August 2017 with contractors given 60 days from the commencement of the contracts to deliver. This means revenue was only received from September and October 2017.
- Market Related-Property Plant & Equipment-Contingent-Other Assets: Rental of facilities is demand driven and therefore difficult to predict accurately. The situation is monitored on a monthly basis.

7.4.1.4 Interest earned – external investments

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

7.4.1.5 Interest earned – outstanding debtors

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

7.4.1.6 Fines, penalties and forfeits

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

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

7.4.1.7 Licence and Permits

Increase in revenue can be attributed to the fact that motorists tend to ensure that their vehicles are registered & licenced in order to go on holiday, new & second hand car sales generally tend to increase over this period resulting in increase in licences & permits. Car dealerships tend to also submit bulk registrations to BCMM over the festive period starting from October 2017 through to December 2017. In addition to this, the variance is also caused by the differences in classification of income source, the budget for Motor Vehicle Licences and Permits is under Agency Services, however, the actuals are reported under Licences and Permits. Engagements are underway with National Treasury on the correct mSCOA classification.

7.4.1.8 Agency services

The variance is caused by the differences in classification of income source, the actuals for Agency Services are reported under Licenses and Permits. Engagements are underway with National Treasury on the correct mSCOA classification.

7.4.1.9 Other revenue

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

7.4.1.10 Gains on disposal of PPE

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

7.4.1.11 Remuneration of councillors

The Councillors increases have not yet been implemented for 2017/18. The increases can only be implemented once they have been Gazetted and approval obtained from the MEC.

7.4.1.12 Depreciation & asset impairment

Depreciation was under budgeted and the reason for under budgeting is that, at the end of 2016/17, all infrastructure assets were revalued and that led to a significant increase in the value of assets. A request for additional budget through the budget adjustment has been requested.

7.4.1.13 Other materials

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

7.4.1.14 Contracted services

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

7.4.1.15 Transfers and grants

The variance is as a result of a budget not being allocated for free water provision to rural indigent customers (this was previously not accounted for as there were no bulk meters installed), however this will be corrected in the mid-year adjustment budget. In addition to this, the variance is also caused by the differences in classification of expenditure categories and the budget will be adjusted during the mid-year adjustment budget.

7.4.1.16 Other expenditure

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

7.4.1.17 Repairs and Maintenance

Table 6 below reflects that as at 30 November 2017, the repairs and maintenance expenditure is 27% of the approved budget of R462.45 million (2016/17: 30%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	<u>2017/2018</u> <u>Annual</u> <u>Budget</u> <u>R</u>	<u>2017/2018</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2017/2018</u> <u>-</u> <u>Variance</u> <u>R</u>	<u>2017/2018</u> <u>% of</u> <u>Budget</u> <u>%</u>
Directorate Of Executive Support Services	3 559 202	395 468	3 163 734	11%
Directorate Of The City Manager	6 681 831	977 301	5 704 530	15%
Directorate Of Corporate Services	2 640 513	429 892	2 210 621	16%
Directorate Of Development & Spatial Planning	31 192 800	8 383 019	22 809 781	27%
Directorate Of Economic Development & Agencies	1 298 690	387 098	911 592	30%
Directorate Of Finance	3 600 994	550 016	3 050 978	15%
Directorate Of Health / Public Safety & Emergency Services	6 815 045	1 344 005	5 471 040	20%
Directorate Of Human Settlement	119 263	90 490	28 773	76%
Directorate Of Infrastructure Services	365 173 717	98 543 222	266 630 495	27%
<i>Electricity</i>	139 115 819	44 246 975	94 868 844	32%
<i>Water</i>	51 973 204	27 745 895	24 227 309	53%
<i>Sanitation</i>	40 529 624	11 390 643	29 138 981	28%
<i>Other</i>	133 555 070	15 159 709	118 395 361	11%
Directorate Of Municipal Services	41 368 008	15 626 579	25 741 429	38%
TOTAL	462 450 063	126 727 090	335 722 973	27%

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

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

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

BUF Buffalo City - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M05 November										
Vote Description	Ref	2016/17		Budget Year 2017/18						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Directorate - Executive Support Services		-	3 000	6 729	53	895	643	252	39%	6 729
Vote 02 - Directorate - Municipal Manager		-	22 500	39 109	4 139	4 711	4 085	625	15%	39 109
Vote 03 - Directorate - Human Settlement		-	186 355	186 775	8 184	26 047	15 329	10 718	70%	186 775
Vote 04 - Directorate - Chief Financial Officer		-	97 820	97 820	14	2 552	2 511	42	2%	97 820
Vote 05 - Directorate - Corporate Services		-	6 000	8 337	21	197	1 494	(1 296)	-87%	8 337
Vote 06 - Directorate - Infrastructure Services		-	856 154	861 913	44 792	199 105	182 184	16 921	9%	861 913
Vote 07 - Directorate - Spatial Planning And Development		-	234 721	243 757	23 711	45 159	14 168	30 992	219%	243 757
Vote 08 - Directorate - Health / Public Safety & Emergency Services		-	30 205	41 245	783	5 128	8 976	(3 849)	-43%	41 245
Vote 09 - Directorate - Municipal Services		-	165 349	168 280	4 698	8 212	27 741	(19 529)	-70%	168 280
Vote 10 - Directorate - Economic Development & Agencies		-	43 100	59 598	3 992	11 572	5 003	6 569	131%	59 598
Total Capital Multi-year expenditure	4,7	-	1 645 204	1 713 563	90 386	303 579	262 134	41 445	16%	1 713 563
Total Capital Expenditure		-	1 645 204	1 713 563	90 386	303 579	262 134	41 445	16%	1 713 563
Capital Expenditure - Functional Classification										
Governance and administration		-	129 320	151 996	4 406	17 128	23 252	(6 123)	-26%	151 996
Executive and council		-	25 500	45 839	4 192	5 606	7 012	(1 406)	-20%	45 839
Finance and administration		-	97 820	97 820	214	11 522	14 964	(3 442)	-23%	97 820
Internal audit		-	6 000	8 337	-	-	1 275	(1 275)	-100%	8 337
Community and public safety		-	316 087	330 479	12 722	33 684	50 555	(16 871)	-33%	330 479
Community and social services		-	42 250	43 288	1 318	1 318	6 622	(5 304)	-80%	43 288
Sport and recreation		-	57 277	59 170	3 221	6 317	9 052	(2 734)	-30%	59 170
Public safety		-	30 205	41 245	-	-	6 310	(6 310)	-100%	41 245
Housing		-	186 355	186 775	8 184	26 047	28 572	(2 525)	-9%	186 775
Health		-	-	-	-	2	-	2	#DIV/0!	-
Economic and environmental services		-	548 777	574 311	39 537	107 421	87 856	19 565	22%	574 311
Planning and development		-	277 821	303 355	23 581	44 685	46 406	(1 721)	-4%	303 355
Road transport		-	270 956	270 956	15 856	62 623	41 450	21 173	51%	270 956
Environmental protection		-	-	-	100	113	-	113	#DIV/0!	-
Trading services		-	628 020	628 020	29 729	133 773	96 072	37 702	39%	628 020
Energy sources		-	148 000	148 000	14 651	24 779	22 640	2 139	9%	148 000
Water management		-	130 000	130 000	8 990	48 110	19 887	28 223	142%	130 000
Waste water management		-	284 198	284 198	6 029	60 420	43 475	16 945	39%	284 198
Waste management		-	65 822	65 822	60	464	10 069	(9 605)	-95%	65 822
Other		-	23 000	28 758	3 992	11 572	4 399	7 173	163%	28 758
Total Capital Expenditure - Functional Classification	3	-	1 645 204	1 713 563	90 386	303 579	262 134	41 445	16%	1 713 563
Funded by:										
National Government		-	795 307	795 307	46 829	195 017	121 663	73 354	60%	795 307
Provincial Government		-	-	9 036	-	-	1 382	(1 382)	-100%	9 036
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		-	795 307	804 343	46 829	195 017	123 045	71 972	58%	804 343
Public contributions & donations	5	-	-	229	-	-	35	(35)	-100%	229
Borrowing	6	-	69 000	69 000	-	547	10 555	(10 008)	-95%	69 000
Internally generated funds		-	780 897	839 991	43 558	108 015	128 498	(20 484)	-16%	839 991
Total Capital Funding		-	1 645 204	1 713 563	90 386	303 579	262 134	41 445	16%	1 713 563

7.6 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R17.04 billion. Consumer debtors and other debtors are reflected net of impairments as per the statement of financial position.

Table 8: C6: Monthly Budget Statement – Financial Position

BUF Buffalo City - Table C6 Monthly Budget Statement - Financial Position - M05 November

Description	Ref	2016/17	Budget Year 2017/18				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast	
R thousands	1						
ASSETS							
Current assets							
Cash			80 000	80 000	281 734	80 000	
Call investment deposits			2 459 412	2 459 412	1 489 483	2 459 412	
Consumer debtors			915 237	915 237	562 274	915 237	
Other debtors			118 870	118 870	934 651	118 870	
Current portion of long-term receivables			17	17	–	17	
Inventory			117 128	117 128	40 989	117 128	
Total current assets			–	3 690 664	3 690 664	3 309 132	3 690 664
Non current assets							
Long-term receivables			73	73	–	73	
Investments			–	–	–	–	
Investment property			442 030	442 030	408 315	442 030	
Investments in Associate			99 109	99 109	127 539	99 109	
Property, plant and equipment			14 556 391	14 624 751	15 531 363	14 624 751	
Agricultural			–	–	–	–	
Biological assets			–	–	–	–	
Intangible assets			60 000	60 000	8 564	60 000	
Other non-current assets			90 944	90 944	72 082	90 944	
Total non current assets			–	15 248 547	15 316 906	16 147 863	15 316 906
TOTAL ASSETS			–	18 939 211	19 007 570	19 456 995	19 007 570
LIABILITIES							
Current liabilities							
Bank overdraft			–	–	–	–	
Borrowing			48 748	48 748	39 396	48 748	
Consumer deposits			65 401	65 401	59 285	65 401	
Trade and other payables			1 038 209	1 038 209	1 218 498	1 038 209	
Provisions			183 654	183 654	186 724	183 654	
Total current liabilities			–	1 336 012	1 336 012	1 503 902	1 336 012
Non current liabilities							
Borrowing			421 212	421 212	398 126	421 212	
Provisions			724 999	724 999	517 066	724 999	
Total non current liabilities			–	1 146 211	1 146 211	915 192	1 146 211
TOTAL LIABILITIES			–	2 482 223	2 482 223	2 419 094	2 482 223
NET ASSETS	2		–	16 456 988	16 525 347	17 037 901	16 525 347
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)			13 055 940	13 124 300	10 064 996	13 124 300	
Reserves			3 401 047	3 401 047	6 972 905	3 401 047	
TOTAL COMMUNITY WEALTH/EQUITY	2		–	16 456 988	16 525 347	17 037 901	16 525 347

7.7 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R105.26 million resulting in cash and cash equivalents closing balance of R1.77 billion as at 30 November 2017.

Table 9: C7: Monthly Budget Statement – Cash Flow

BUF Buffalo City - Table C7 Monthly Budget Statement - Cash Flow - M05 November

Description	Ref	2016/17	Budget Year 2017/18								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands	1										
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates			1 133 389	1 133 389	82 816	428 467	472 245	(43 778)	-9%	1 038 701	
Service charges			2 786 003	2 786 003	202 308	1 035 150	1 160 834	(125 684)	-11%	2 708 964	
Other revenue			371 418	360 634	27 755	105 957	150 264	(44 308)	-29%	330 305	
Government - operating			1 368 106	1 369 045	22 653	540 170	570 435	(30 266)	-5%	1 356 414	
Government - capital			795 307	804 572	233 916	500 866	335 238	165 628	49%	730 249	
Interest			194 084	193 846	13 064	74 246	80 769	(6 523)	-8%	178 426	
Dividends			0	0	0	0	0	(0)	-64%	-	
Payments											
Suppliers and employees			(4 741 751)	(4 710 003)	(446 769)	(2 214 660)	(1 962 501)	252 159	-13%	(4 534 446)	
Finance charges			(54 320)	(54 318)	(3 703)	(18 997)	(22 633)	(3 636)	16%	(52 105)	
Transfers and Grants			(64 056)	(64 056)	(33 633)	(142 673)	(26 690)	115 983	-435%	(303 624)	
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	1 788 180	1 819 111	98 407	308 525	757 963	449 438	59%	1 452 884
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			(1 583 446)	(1 713 563)	(46 829)	(195 017)	(713 985)	(518 968)	73%	(1 491 448)	
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	(1 583 446)	(1 713 563)	(46 829)	(195 017)	(713 985)	(518 968)	73%	(1 491 448)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans			-	-	-	-	-	-	-	-	
Borrowing long term/refinancing			69 000	69 000	-	-	28 750	(28 750)	-100%	-	
Increase (decrease) in consumer deposits			-	-	-	-	-	-	-	-	
Payments											
Repayment of borrowing			(49 274)	(48 748)	-	(8 246)	(20 312)	(12 066)	59%	(51 825)	
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	19 726	20 252	-	(8 246)	8 438	16 684	198%	(51 825)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at beginning:			2 291 798	2 291 798		1 665 955	2 291 798			1 665 955	
Cash/cash equivalents at monthly/year end:			2 516 257	2 417 597		1 771 218	2 344 214			1 575 566	

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 - M05 November

Description	NT Code	Budget Year 2017/18									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	52 108	41 643	36 737	28 803	24 039	16 229	121 026	274 983	595 567	465 079		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	93 746	13 435	7 852	5 683	3 713	3 119	18 390	31 884	177 821	62 789		
Receivables from Non-exchange Transactions - Property Rates	1400	76 690	35 756	19 172	19 271	17 990	15 413	93 528	370 064	647 884	516 266		
Receivables from Exchange Transactions - Waste Water Management	1500	23 606	12 035	6 396	5 983	5 812	4 282	26 231	123 653	207 997	165 960		
Receivables from Exchange Transactions - Waste Management	1600	18 687	9 975	7 474	7 896	7 434	5 174	34 441	179 347	270 428	234 292		
Receivables from Exchange Transactions - Property Rental Debtors	1700	97	95	122	118	108	66	467	3 892	4 966	4 652		
Interest on Arrear Debtor Accounts	1810									-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	7 211	4 648	11 542	3 492	3 796	4 896	18 454	113 873	167 911	144 510		
Total By Income Source	2000	272 144	117 588	89 294	71 246	62 892	49 180	312 535	1 097 695	2 072 574	1 593 549	-	-
2016/17 - totals only		252 327	102 702	58 137	61 878	52 543	53 914	288 165	976 054	1 845 720	1 432 554		
Debtors Age Analysis By Customer Group													
Organs of State	2200	14 584	9 637	3 139	324	1 090	164	1 820	7 493	38 250	10 891		
Commercial	2300	131 596	24 503	15 268	16 377	12 162	12 058	75 411	220 135	507 509	336 142		
Households	2400	115 443	76 205	64 481	49 008	44 252	31 595	200 431	682 019	1 263 434	1 007 305		
Other	2500	10 521	7 244	6 406	5 538	5 387	5 364	34 874	188 048	263 382	239 211		
Total By Customer Group	2600	272 144	117 588	89 294	71 246	62 892	49 180	312 535	1 097 695	2 072 574	1 593 549	-	-

8.1.1. Additional debtors' information

The gross debtors that are older than 30 days, which includes all charges excluding VAT, amounted to R1.8 billion as at 30 November 2017 which is an increase of R58.75 million over the amount of R1.74 billion as at 31 October 2017.

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

8.2. Additional debtor's information.

8.2.1. Age Analysis per Category

Table 11 below details debtors age analysis that are older than 30 days by income source as at 30 November 2017. It also provides comparison with the previous month (31 October 2017) which indicates a slight increase from R1.74 billion to R1.8 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR NOVEMBER 2017	TOTAL FOR OCTOBER 2017
30 DAYS	35,755,576	12,035,320	13,435,029	41,643,404	9,975,088	4,743,511	117,587,928	117,880,605
60 DAYS	19,171,728	6,395,998	7,851,507	36,736,931	7,474,008	11,663,705	89,293,878	81,153,389
90 DAYS	19,271,153	5,982,530	5,683,254	28,802,619	7,896,455	3,610,248	71,246,259	67,505,992
120 DAYS TO 360 DAYS	126,931,333	36,324,727	25,221,884	161,293,963	47,048,982	27,786,836	424,607,724	402,509,708
YEAR 2	133,238,792	34,374,032	13,530,702	97,821,184	47,784,906	24,396,847	351,146,463	345,690,700
YEAR 3	102,236,449	20,334,164	6,204,872	53,257,973	26,918,908	16,658,514	225,610,880	220,919,444
YEAR 4	50,412,777	17,786,884	3,905,716	36,155,876	24,860,632	19,956,932	153,078,818	144,891,499
YEAR 5	19,991,666	12,687,421	2,014,763	23,715,025	18,663,371	15,138,771	92,211,015	90,349,572
YEAR 5+	64,184,328	38,470,654	6,227,941	64,032,619	61,118,691	41,613,456	275,647,689	270,716,905
TOTAL	571,193,802	184,391,729	84,075,668	543,459,593	251,741,042	165,568,820	1,800,430,653	1,741,617,814

8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type that are older than 30 days as at 30 November 2017. 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	61,375,300	46,375,042	37,986,159	716,409,295	862,145,796	47.89
Indigent	14,583,209	18,027,121	10,913,972	241,143,605	284,667,907	15.81
Business	24,502,749	15,267,818	16,376,598	319,765,654	375,912,819	20.88
Government	9,636,940	3,138,693	323,909	10,566,887	23,666,429	1.31
Municipal Staff	246,045	79,169	107,889	744,278	1,177,381	0.07
Other	7,243,685	6,406,035	5,537,732	233,672,869	252,860,321	14.04
Total	117,587,928	89,293,878	71,246,259	1,522,302,588	1,800,430,653	100.00

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

8.2.3. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 30 November 2017 amounted to R23.66 million. This indicates an increase of R6.61 million when compared to the previous month, in the amount of R17.05 million. The breakdown of the arrears per department (excluding accounts in credit) indicated in the table hereunder, as at 31 November 2017.

Table 13 below provides an analysis of government debtors that are older than 30 days as at 30 November 2017 and comparison with the previous month.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 30 NOVEMBER 2017	ARREARS AS AT 31 OCTOBER 2017	DIFFERENCE
National Department Of Public Works	941,500	2,782,274	3,723,774	3,463,162	260,612
Provincial Department Of Public Works	1,644,107	1,402,818	3,046,926	1,732,561	1,314,365
Department Of Education	0	2,502,977	2,502,977	2,379,459	123,518
Department Of Health	0	7,315,534	7,315,534	3,264,186	4,051,348
Department Of Social Development	0	0	0	0	0
Department Of Transport	0	53,454	53,454	0	53,454
Department Of Agriculture	0	0	0	0	0
Department Of Nature Conservation	0	0	0	1,926	(1,926)
Department of Human Settlements	0	57,565	57,565	10,842	46,723
Sport, Recreation, Arts and Culture	0	8,209	8,209	797	7,412
Department of Labour - UIF Services	0	2,717	2,717	0	2,717
Members Of Provincial Legislature	0	259,289	259,289	236,073	23,216
Department of Rural Development and Land Reform	0	277,445	277,445	92,906	184,539
Provincial RDP Houses	0	6,416,523	6,416,523	5,868,687	547,836
South African Social Security Agency	0	2,016	2,016	1,616	400
TOTAL	2,585,607	21,080,822	23,666,429	17,052,215	6,614,214

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 - M05 November

Description	NT Code	Budget Year 2017/18									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	112 849									112 849	112 935
Bulk Water	0200	20 200									20 200	19 303
PAYE deductions	0300	21 341									21 341	15 442
VAT (output less input)	0400	-									-	-
Pensions / Retirement deductions	0500	24 759									24 759	19 473
Loan repayments	0600	-									-	-
Trade Creditors	0700	373 085	15 330	1 146	3 828						393 389	258 984
Auditor General	0800	2 984									2 984	2 201
Other	0900	38 441									38 441	36 230
Total By Customer Type	1000	593 659	15 330	1 146	3 828	-	-	-	-	-	613 963	464 568

The table below (table 15) depicts actual payments made by BCMM to its top twenty (20) creditors in November 2017.

Table 15: Payments made to the 20 highest paid creditors – November 2017

CREDITOR	90 DAYS	60 DAYS	30 DAYS	CURRENT	TOTAL
ESKOM				112 849 378.06	112 849 378.06
AMOTOLA WATER				20 199 510.00	20 199 510.00
SITA (PTY) LTD	3 828 459.45	1 146 111.37		10 739 982.91	15 714 553.73
AMANZ ABANTU SERVICES				13 571 531.18	13 571 531.18
DOWN TOUCH INVESTMENT (PTY) LTD			6 418 642.80	4 421 564.15	10 840 206.95
MANTELLA TRADING 522 CC				10 172 982.22	10 172 982.22
M W P CONSTRUCTION CC				9 585 099.62	9 585 099.62
MOTHEO/ MPUMALANGA JV			8 910 991.57	0.00	8 910 991.57
DIPHATSE JV				8 289 936.82	8 289 936.82
EYA BANTU PROFESSIONAL SERVICES CC				6 191 234.59	6 191 234.59
ABERDARE CABLES (PTY) LTD				5 247 134.51	5 247 134.51
MAKINWA MEDIA SOLUTIONS (PTY) LTD				5 006 159.01	5 006 159.01
TSHUVANE SERVICES				3 993 312.71	3 993 312.71
MTIMA PLUMBING SERVICES				3 610 347.55	3 610 347.55
CDR ELECTRICAL T/A SISONKE POWER PROJECTS				3 507 103.46	3 507 103.46
SAFIKA CONSTRUCTION CC				3 465 429.00	3 465 429.00
MVEZO PLANT & CIVILS CC				3 262 005.27	3 262 005.27
MAZWAI STRATEGIC COMMUNICATIONS				3 192 000.00	3 192 000.00
TVR CONSTRUCTION				2 760 725.40	2 760 725.40
GOROGANG PLANT HIRE	2 618 634.39			0.00	2 618 634.39
TOTAL	6 447 093.84	1 146 111.37	15 329 634.37	230 065 436.46	252 988 276.04

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 - M05 November

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									
Land Affairs - West Bank		Call Account	Call Account	Call Account	279	3.28%	51 912	279	52 191
Finance Management Grant		Call Account	Call Account	Call Account	7	0.08%	1 328	(75)	1 253
MD Urban Renewal (MT Ruth Node)		Call Account	Call Account	Call Account	50	0.58%	9 286	50	9 336
Workmans Compensation(COID)		Call Account	Call Account	Call Account	50	0.59%	9 529	(104)	9 426
Reeston Development		Call Account	Call Account	Call Account	1	0.01%	886	(735)	151
Human Settlement Development Grant (HSDG)		Call Account	Call Account	Call Account	88	1.03%	16 329	88	16 417
Intergrated Electrification Programme (INEP)		Call Account	Call Account	Call Account	188	2.21%	31 237	(363)	30 874
Trust Funds		Call Account	Call Account	Call Account	6	0.07%	1 365	(215)	1 150
Vuna Awards		Call Account	Call Account	Call Account	6	0.07%	1 069	6	1 075
Aids & Training Information Centre (ATIC)		Call Account	Call Account	Call Account	2	0.02%	9 169	(9 168)	2
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	0	0.00%	46	0	46
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	1	0.01%	166	1	167
City of Leiden		Call Account	Call Account	Call Account	1	0.01%	188	1	189
Needscamp Planning		Call Account	Call Account	Call Account	5	0.06%	1 084	(130)	954
Umsobomvu Youth Fund (UYF)		Call Account	Call Account	Call Account	1	0.02%	272	1	273

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M05 November

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
Municipality									
Land Affairs - East Bank		Call Account	Call Account	Call Account	436	5.11%	80 898	436	81 333
Land Affairs West Bank		Call Account	Call Account	Call Account	255	2.99%	41 482	255	41 736
European Commission		Call Account	Call Account	Call Account	6	0.07%	1 068	6	1 074
Salaida		Call Account	Call Account	Call Account	11	0.13%	1 828	11	1 839
Electricity Demand Management Grant		Call Account	Call Account	Call Account	0	0.00%	2	0	2
ADM Funding		Call Account	Call Account	Call Account	9	0.11%	1 748	(47)	1 701
Urban Settelement Dev elopment Grant		Call Account	Call Account	Call Account	138	1.62%	25 720	138	25 858
Urban Settelement Dev elopment Grant		Call Account	Call Account	Call Account	123	1.44%	35 205	(29 782)	5 423
Urban Settelement Dev elopment Grant		Call Account	Call Account	Call Account	210	2.46%	63 684	(54 790)	8 894
Urban Settelement Dev elopment Grant		Call Account	Call Account	Call Account	294	3.45%	56 604	(22 521)	34 083
Infrastructure Skills Dev elopment Grant		Call Account	Call Account	Call Account	34	0.39%	7 715	(1 483)	6 231
Infrastructure Development Levy		Call Account	Call Account	Call Account	1	0.01%	151	1	151
Bcmet		Call Account	Call Account	Call Account	3	0.03%	510	3	512
Expanded Public Works Programme		Call Account	Call Account	Call Account	7	0.08%	1 251	7	1 258
Intergrated City Development Grant		Call Account	Call Account	Call Account	13	0.16%	3 697	(1 248)	2 448
City of Oldenburg		Call Account	Call Account	Call Account	3	0.03%	553	3	556
Public Transport Network Grant		Call Account	Call Account	Call Account	222	2.61%	47 957	(6 651)	41 306
Capital Replacement Reserve (CRR)		Call Account	Call Account	Call Account	347	4.06%	56 488	347	56 834
Mayoral Projects (CRR)		Call Account	Call Account	Call Account	7	0.08%	1 147	7	1 154
Own Funds		Call Account	Call Account	Call Account	60	0.70%	11 080	60	11 139
Own Funds		Call Account	Call Account	Call Account	391	4.59%	63 743	391	64 134

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M05 November

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
<u>Municipality</u>									
Own Funds		Call Account	Call Account	Call Account	244	2.86%	45 348	244	45 592
Own Funds		Call Account	Call Account	Call Account	172	2.02%	32 042	172	32 214
Own Funds		Call Account	Call Account	Call Account	698	8.19%	130 740	698	131 438
Own Funds - CRR		Call Account	Call Account	Call Account	1 004	11.78%	188 011	1 004	189 016
Own Funds - CRR		Call Account	Call Account	Call Account	186	2.18%	34 537	186	34 722
Own Funds - CRR		Call Account	Call Account	Call Account	166	1.95%	30 883	166	31 049
Own Funds - CRR		Call Account	Call Account	Call Account	301	3.53%	55 826	301	56 126
Own Funds - CRR		Call Account	Call Account	Call Account	268	3.14%	49 788	268	50 056
Own Funds (Depreciation)		Call Account	Call Account	Call Account	1 325	15.54%	246 027	1 325	247 352
Own Funds (Depreciation)		Call Account	Call Account	Call Account	544	6.38%	100 981	544	101 525
Own Funds (Depreciation)		Call Account	Call Account	Call Account	349	4.09%	64 762	349	65 111
Housing Development		Call Account	Call Account	Call Account	14	0.17%	2 623	14	2 637
Municipality sub-total					8 526	100.00%	1 617 960	(119 951)	1 498 009
<u>Entities</u>									
N/A									
Entities sub-total					-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2				8 526		1 617 960	(119 951)	1 498 009

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

BUF Buffalo City - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M05 November										
Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:		-	1 260 713	1 260 713	-	457 897	400 113	57 784	0	1 260 713
Local Government Equitable Share			705 277	705 277	-	293 866	235 092	58 774	25.0%	705 277
Urban Settlement Development Grant			63 044	63 044	-	-	-	-	-	63 044
Finance Management			1 200	1 200	-	1 200	1 200	-	-	1 200
EPWP Incentive			4 952	4 952	-	1 238	2 228	(990)	-	4 952
Infrastructure Skills Development Grant			10 560	10 560	-	5 600	5 600	-	-	10 560
Public Transport Network Grant			7 702	7 702	-	-	-	-	-	7 702
General Fuel Levy			467 978	467 978	-	155 993	155 993	-	-	467 978
Other transfers and grants [insert description]										
Provincial Government:		-	105 800	106 154	16 612	80 461	44 231	36 230	81.9%	105 800
DSRAC - Library Subsidy			15 000	15 000	-	-	6 250	(6 250)	-100.0%	15 000
Department of Public Works			-	354	-	-	147	(147)	-100.0%	-
Human Settlement Development Grant			90 800	90 800	16 612	80 461	37 833	42 628	112.7%	90 800
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Health Subsidy - Environmental Health			-	-	-	-	-	-	-	-
Other grant providers:		-	1 593	2 178	585	1 812	908	904	99.6%	1 593
SETA - Skills Development			-	-	585	1 812	-	-	-	-
Donor Funding - Leiden			138	138	-	-	58	(12)	-100.0%	138
Salauda / Gavle			1 455	1 544	-	-	643	(121)	-100.0%	1 455
City of Oldenburg			-	496	-	-	207	-	-	-
[insert description]			-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	-	1 368 106	1 369 045	17 197	540 170	445 251	94 919	21.3%	1 368 106
Capital Transfers and Grants										
National Government:		-	795 307	795 307	233 916	500 866	343 275	(17 445)	-5.1%	795 307
Urban Settlement Development Grant			705 084	705 084	230 438	460 876	307 252	-	-	705 084
Public Transport Network Grant			48 167	48 167	-	27 934	13 967	(13 967)	-100.0%	48 167
Neighbourhood Development Partnership			10 000	10 000	-	-	-	-	-	10 000
Integrated National Electrification Programme			25 000	25 000	-	5 000	15 000	-	-	25 000
Finance Management Grant			100	100	-	100	100	-	-	100
Integrated City Development Grant			6 956	6 956	3 478	6 956	6 956	(3 478)	-100.0%	6 956
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	9 036	-	-	3 765	(3 765)	-100.0%	-
Dept of Local Government and Traditional Affairs			-	9 036	-	-	3 765	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Health Subsidy - Environmental Health			-	-	-	-	-	-	-	-
Other grant providers:		-	1 041 036	229	-	-	95	(95)	-100.0%	-
Salauda / Gavle			-	229	-	-	95	-	-	-
			1 041 036	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	1 836 343	804 572	233 916	500 866	347 135	(21 305)	-6.1%	795 307
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	-	3 204 449	2 173 617	251 113	1 041 036	792 387	73 613	9.3%	2 163 413

11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 30% (R267.17 million, inclusive of reclaimed vat) of its 2017/2018 conditional grants budget of R882.77 million as at 31 November 2017. This reflects a slight improvement in both percentage and rand value terms when compared to the same period in the previous financial year where 29% (R244.34 million, inclusive of reclaimed of vat) of conditional grants budget of R828.70 million was spent. Based on past expenditure trends, it is anticipated that the expenditure will improve as the year progresses once the procurement processes have been concluded.

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

Table 18: Spending per Conditional Grant Funding Allocation

<u>Funding/Grant</u>	<u>2017/18 Approved Budget</u>	<u>YTD Exp (vat) R</u>	<u>Variance (vat incl.) R</u>	<u>% Expenditure vs. Budget (vat incl.)</u>
Integrated National Electrification Programme Grant	25 000 000	288 389	24 711 611	1%
Finance Management Grant	1 300 000	671 068	628 932	52%
Infrastructure Skills Development Grant	10 560 000	2 780 681	7 779 319	26%
Urban Settlement Development Grant	768 128 000	235 690 125	532 437 875	31%
Neighbourhood Development Partnership Grant	10 000 000	0	10 000 000	0%
Integrated City Development Grant	6 956 000	6 956 000	0	100%
Expanded Public Works Programme Grant	4 952 000	535 250	4 416 751	11%
Public Transport Infrastructure and Systems Grant	55 869 000	20 249 568	35 619 432	36%
TOTAL CONDITIONAL GRANTS	882 765 000	267 171 081	615 593 919	30%

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

11.1.1. INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

The following projects are planned for the 2017/18 financial year:

The Electricity department received an approved allocation of R 25 million for the 2017/2018 financial year as published in the DoRA. The Electricity Department will be using the annual tender to complete these projects.

AREA	CONNECTIONS APPROVED	AVAILABLE DWELLINGS	STATUS
ED39 Buffer Strip Mdantsane	825	+ - 117 infills	On Site Verification
ED397 Fynbos/Scenery Park	900	+ - 197	On Site Verification

Due to housing construction project delays the planned number of dwellings for electrification is far below the projected estimate provided at the time of application to the Department of Energy (DoE). A site visit was conducted by representatives of both the DoE and BCMM in the two approved areas, the Department of Energy re-allocated an amount of R17.7 million of the R25 million. Therefore, the Buffalo City Metropolitan Municipality grant for the 2017/2018 financial year will be reduced to R 7.3 million. This will be adjusted in the mid-year adjustment budget.

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

AREA	CONNECTIONS	FUNDS
Buffer Strip Mdantsane	117(Infills)	R 818 500
Fynbos/Scenery Park	197	R 2 856 500
Phakamisa	250	R 3 625 000
TOTAL	564	R 7 300 000

11.1.2. FINANCE MANAGEMENT GRANT

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

11.1.3. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

The funding is being used to pay the interns stipends as well as mentor salaries. Ten (10) additional interns will be appointed in the current financial

year, upon completion of the recruitment process which is planned to be on 01 December 2017.

11.1.4. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

INFRASTRUCTURE SERVICES

Sanitation

Numerous projects are multi-year and on-going and expenditure is as per contractors' performance. Eastern Beach Gravity Sewer Upgrade - Blind River to City Pump Station awaiting outcome of litigation. Gqozo Village project is at adjudication stage. Mdantsane Waste Water Treatment Works will be re-advertised due to no responsive bidders.

Electricity

PROGRAMME	BUDGET	STATUS	COMMENT
Tool & Equipment: <ul style="list-style-type: none"> • Cable Locator and Hydraulic Spiking Gun • Generator 500kVA with Trailer 	R 2 000 000	0%	Specification for both cable locator and hydraulic spiking gun, 500kVA generator with trailer is being drafted. Procurement is underway.
Street Lighting & Highmast within BCMM Areas of Supply: <ul style="list-style-type: none"> • Highmast/s Installation X 11 • Bonza Bay Road Phase 2 • Petrel Rd Gonubie • Gonubie 2nd Street 	R 5 000 000	92%	The project is performing in line with the program.
Building Alterations	R 1 000 000	0%	Draft plans have been prepared for the alterations to the Beacon Bay Civic Centre.
INEP Electrification Programme - Counterfunding	R 5000 000	0%	Two Electrification projects have been identified and installation has commenced.

SPATIAL PLANNING & DEVELOPMENT

Needs Camp / Potsdam Bridge

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

Traffic signals

The notice of termination due to poor performance has been sent to the service provider and the termination of the contract has been implemented. New procurement process has been initiated and the bid document has been submitted to supply chain management.

Traffic calming measures

The orders cannot be generated as the contractor is currently not tax compliant. The contractor submitted the outstanding information to SARS on the 2nd of October 2017. Contract will be terminated if the the contractor is not submitting the tax information to the municipality by the end of December 2017.

Sidewalks

The transport planning and operations department is busy completing bid document which will be completed by not later than the 2nd quarter.

HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES

Construction is progressing well. Contractors currently busy with the concrete part of the roofing structure. Construction is eight weeks ahead of schedule & total of 60% completed to date.

MUNICIPAL SERVICES

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

11.1.6 PUBLIC TRANSPORT NETWORK GRANT

Transport Register

Project is proceeding as scheduled and is scheduled to be completed not later than the end December 2017.

Operational plan review of integrated rapid public transport network

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

Qumza Highway

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

Development and Upgrading of Public Transport Facilities in KWT

Construction of the City Taxi Rank is progressing well, paving of loading island has been completed and steel structures for canopies are being installed. Contractor is progressing well on the allocated sections and additional resources are on site to assist with the implementation of the project.

11.1.6.1 EXPANDED PUBLIC WORKS PROGRAMME

Recruitment of new participants was delayed as ward councilors had to deal with community challenges on areas of recruitment criteria. The recruitment process has been finalised and expenditure will improve from the month of December 2017 onwards.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and Councillors remuneration. The workforce costs as a percentage of total expenditure amounted to 26.7%.

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

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M05 November										
Summary of Employee and Councillor remuneration	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		–	36 515	36 515	2 686	13 059	14 794	(1 735)	-12%	36 515
Pension and UIF Contributions		–	3 754	3 754	319	1 568	1 521	47	3%	3 754
Medical Aid Contributions		–	2 134	2 134	174	872	865	7	1%	2 134
Motor Vehicle Allowance		–	14 405	14 405	1 085	5 342	5 836	(494)	-8%	14 405
Cellphone Allowance		–	2 447	2 447	194	950	992	(41)	-4%	2 447
Housing Allowances		–	3 144	3 144	190	925	1 274	(349)	-27%	3 144
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		–	62 398	62 398	4 648	22 716	25 280	(2 565)	-10%	62 398
% increase	4		#DIV/0!	#DIV/0!						#DIV/0!
Senior Managers of the Municipality										
Basic Salaries and Wages	3	–	13 873	13 873	529	2 761	5 637	(2 876)	-51%	13 873
Pension and UIF Contributions		–	2 701	2 701	103	517	1 098	(581)	-53%	2 701
Medical Aid Contributions		–	255	255	14	69	104	(35)	-33%	255
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	2 974	2 974	163	683	1 208	(525)	-43%	2 974
Cellphone Allowance		–	–	–	16	85	–	85	#DIV/0!	–
Housing Allowances		–	469	469	–	–	190	(190)	-100%	469
Other benefits and allowances		–	3 002	3 002	(4)	31	1 220	(1 188)	-97%	3 002
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		–	23 273	23 273	820	4 147	9 457	(5 310)	-56%	23 273
% increase	4		#DIV/0!	#DIV/0!						#DIV/0!
Other Municipal Staff										
Basic Salaries and Wages		–	1 040 488	1 040 488	90 139	456 740	432 247	24 494	6%	1 040 488
Pension and UIF Contributions		–	198 248	198 248	17 165	92 005	80 556	11 449	14%	198 248
Medical Aid Contributions		–	93 096	93 096	6 875	34 382	37 828	(3 447)	-9%	93 096
Overtime		–	73 819	73 819	10 778	53 987	29 996	23 992	80%	73 819
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	33 980	33 980	2 247	11 078	13 807	(2 729)	-20%	33 980
Cellphone Allowance		–	4 392	4 392	351	1 732	1 785	(53)	-3%	4 392
Housing Allowances		–	17 020	17 020	639	3 195	6 916	(3 720)	-54%	17 020
Other benefits and allowances		–	202 137	202 137	16 284	78 798	82 136	(3 338)	-4%	202 137
Payments in lieu of leave		–	18 327	18 327	15	76	7 447	(7 371)	-99%	18 327
Long service awards		–	21 399	21 399	1 908	9 365	8 695	670	8%	21 399
Post-retirement benefit obligations	2	–	7 143	7 143	6	32	2 902	(2 870)	-99%	7 143
Sub Total - Other Municipal Staff		–	1 710 048	1 710 048	146 407	741 391	704 314	37 077	5%	1 710 048
% increase	4		#DIV/0!	#DIV/0!						#DIV/0!
Total Parent Municipality		–	1 795 719	1 795 719	151 874	768 253	739 051	29 202	4%	1 795 719
			#DIV/0!	#DIV/0!						#DIV/0!
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS										
		–	1 795 719	1 795 719	151 874	768 253	739 051	29 202	4%	1 795 719
% increase	4		#DIV/0!	#DIV/0!						#DIV/0!
TOTAL MANAGERS AND STAFF		–	1 733 321	1 733 321	147 227	745 537	713 771	31 766	4%	1 733 321

12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 30 November 2017. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 30 November 2017.

Table 20: Overtime per Directorate

Directorate Overtime	2017/18 Annual Budget R	2017/18 YTD Budget R	2017/18 YTD Expenditure R	2016/2017 Variance R	2017/18 % of YTD Budget %
Directorate Of Executive Support Services	1 903 985	793 327	1 568 415	(775 088)	198%
Directorate Of The City Manager	501 064	208 777	184 890	23 887	89%
Directorate Of Corporate Services	525 188	218 828	400 749	(181 921)	183%
Directorate Of Development & Spatial Planning	704 956	293 732	111 826	181 906	38%
Directorate Of Economic Development & Agencies	530 085	220 869	117 428	103 440	53%
Directorate Of Finance	1 536 378	640 158	1 444 507	(804 349)	226%
Directorate Of Health / Public Safety & Emergency Services	27 906 579	11 627 741	15 266 408	(3 638 667)	131%
Directorate Of Human Settlement	115 256	48 023	16 385	31 639	34%
Directorate Of Infrastructure Services	19 370 795	8 071 165	17 749 899	(9 678 735)	220%
<i>Electricity</i>	8 753 148	3 647 145	6 175 156	(2 528 011)	169%
<i>Water</i>	3 790 350	1 579 313	6 084 085	(4 504 773)	385%
<i>Sanitation</i>	5 602 537	2 334 390	5 116 323	(2 781 933)	219%
<i>Other</i>	1 224 760	510 317	374 335	135 982	73%
Directorate Of Municipal Services	22 930 342	9 554 309	17 127 809	(7 573 500)	179%
Total	76 024 628	31 676 928	53 988 316	(22 311 388)	170%

Table 21: Overtime Per Cost Centre: September 2017 – November 2017

OVERTIME PER COST CENTRE

		September 2017 Amount	October 2017 Amount	November 2017 Amount
	Directorate -Executive Support Services			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	274 056.77	289 411.78	315 620.29
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	33 856.72	22 451.82	13 310.81
0523	IDP & BUDGET INTEGRATION	889.80	0	2 951.91
0526	IEMP & SUSTAINABLE DEVELOPMENT	679.68	0	0
0531	POLITICAL OFFICE ADMINISTRATION	981.65	0	9 642.19
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	1 420.72	9 448.51	0
0542	SPECIAL PROGRAMMES	6 091.80	5 538.00	6 091.80
		317 977.14	326 850.11	347 617.00
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	25 113.43	34 805.07	19 810.26
1015	INFORMATION / TECHNOLOGY & SUPPORT	23 615.88	33 494.89	25 413.16
		48 729.31	68 299.96	45 223.42
	DIRECTORATE OF CORPORATE SERVICES			
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	1 001.88	0	2 129.00
1512	ADMINISTRATIVE & CORPORATE SUPPORT	7 175.66	0	13 441.98
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	37 638.23	0	48 504.79
1531	HUMAN RESOURCES MANAGEMENT	6 803.96	2 480.98	12 847.55
1532	ADMINISTRATIVE SUPPORT	3 243.60	3 243.60	3 243.60
		55 863.33	5 724.58	80 166.92
	DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING			
2013	CITY & REGIONAL PLANNING	5 622.49	8 077.38	3 642.74
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	0	8 054.62	1 250.64
2037	TRAFFIC MANAGEMENT & SAFETY	10 018.95	0	24 115.61
2045	TOWNSHIP REGENERATION	0	1 161.99	0
		15 641.44	17 293.99	29 008.99
	DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES			
2505	OFFICE OF THE DIRECTOR ECONOMIC DEVELOPMENT	0	0	1 833.00
2511	FRESH PRODUCE MARKET	30 364.22	26 669.53	15 262.26
		30 364.22	26 669.53	17 095.26

		September 2017 Amount	October 2017 Amount	November 2017 Amount
	DIRECTORATE OF FINANCE			
3011	BUDGET & TREASURY MANAGEMENT	0	7 743.34	0
3031	EXPENDITURE & PAYMENTS MANAGEMENT	26 554.47	20 594.18	2 121.08
3033	PAYROLL & BENEFITS	5 238.29	0	0
3034	VAT / LEASES & PAYMENTS	6 138.90	2 576.28	0
3051	REVENUE MANAGEMENT	17 395.15	5 436.99	30 360.13
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	127 013.00	127 552.02	134 628.82
3053	COASTAL REVENUE MANAGEMENT	31 674.16	22 678.83	35 482.99
3061	STRATEGY & OPERATIONS	1 159.80	1 739.70	438.75
		215 173.77	188 321.34	203 031.77
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	7 761.35	8 865.42	15 389.42
3513	FIRE & RESCUE	370 906.28	584 315.78	320 502.04
3521	MUNICIPAL HEALTH SERVICES	8 611.02	13 655.76	21 380.64
3530	GM - PUBLIC SAFETY & PROTECTION SERVICES	64 197.61	0	0
3531	PUBLIC SAFETY & PROTECTION SERVICES	0	66 511.66	71 753.82
3532	LAW ENFORCEMENT SERVICES	1 532 438.74	1 736 491.62	1 540 658.10
3533	TRAFFIC SERVICES	653 440.97	582 587.86	630 153.40
		2 637 355.97	2 992 428.10	2 599 837.42
	DIRECTORATE OF HUMAN SETTLEMENT			
4005	OFFICE OF THE DIRECTOR OF HUMAN SETTLEMENT	0	2 823.00	0
4011	HOUSING DELIVERY & IMPLEMENTATION	0	0	13 561.53
		0	2 823.00	13 561.53
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	2 821.17	2 051.76	2 692.94
4511	ELECTRICAL & ENERGY SERVICES	2 149.35	2 069.55	2 229.15
4512	CUSTOMER SERVICES & REVENUE PROTECTION	99 723.79	103 795.41	97 143.83
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	2 740.85	2 661.05	3 163.50
4514	ELECTRICAL DISTRIBUTION	1 064 806.27	1 152 865.98	1 226 659.15
4521	ROADS / PIU & CONSTRUCTION	0	0	3 248.07
4522	CONSTRUCTION	0	12 402.92	0
4524	ROADS	14 230.14	17 373.85	15 306.48
4532	SANITATION	951 119.61	971 838.12	964 634.95
4535	WATER SERVICES	1 127 996.77	1 182 850.60	1 180 610.54
4543	WORKSHOPS	53 004.64	53 177.12	65 736.08
		3 318 592.59	3 501 086.36	3 561 424.69

		September 2017 Amount	October 2017 Amount	November 2017 Amount
	DIRECTORATE OF MUNICIPAL SERVICES			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	5 414.31	6 836.13	9 781.94
5011	COMMUNITY AMENITIES	23 059.90	28 556.09	27 746.84
5013	LIBRARIES	78 613.26	67 927.72	59 587.46
5014	HALLS	189 779.56	245 652.38	201 182.03
5015	RECREATION	362 632.84	375 977.36	413 353.10
5016	SPORTS FACILITIES	165 718.33	181 055.95	201 371.54
5022	CEMETRIES & CREMATORIA	266 452.14	325 625.77	313 839.36
5023	CONSERVATION	125 895.66	141 101.84	122 185.58
5024	PARKS: COASTAL	690 932.85	244 019.47	233 398.53
5031	SOLID WASTE MANAGEMENT	11 451.76	11 654.55	9 446.41
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 272 895.18	1 444 749.85	1 283 461.14
5035	LANDFILLS & TRANSFER STATIONS	118 231.46	131 750.48	124 418.32
		3 311 077.25	3 204 907.59	2 999 772.25
	TOTAL OVERTIME	9 950 775.02	10 334 404.56	9 896 739.25

12.2.1. Comments On Overtime

a) Directorate of Executive Support Services

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

b) Directorate of Corporate Services

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

c) Directorate of Finance

The over expenditure is due to the preparations of year end activities by Finance officials. Furthermore, there were delays in the ledger run due to finalisation of year-end processes and integration of systems into SOLAR and the budget office

staff was required to work overtime in order to complete the monthly reporting timeously in order to adhere to the deadlines as per the Municipal Finance Management Act (MFMA).

Revenue Management: The bulk of the expenditure is related to the overtime that was worked on the Revenue Enhancement Initiative that was undertaken during July 2017 whereby Revenue Management staff assisted the public over 3 weekends in resolving accounts related matters. The overtime worked emanated from the request by the Mayoral Committee to assist the public over the weekends during July 2017. The expenditure related to this Revenue Enhancement Initiative will be allocated to the Revenue Enhancement project during the month of December 2017.

d) Directorate of Infrastructure Services

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

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

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

e) Directorate of Health / Public Safety & Emergency Services

Directorate of Health, Public Safety & Emergency Services officials (Health, Fire, Traffic, Law Enforcement, Disaster Management & Emergency Services) work over weekends, evenings and public holidays attending to various events held within the jurisdiction of BCMM (response to emergencies), safety operations, speed enforcement operations, protest actions, accidents and ensuring safekeeping of municipal assets to ensure compliance in terms of the legislation which control these activities.

f) Directorate of Municipal Services

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

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

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

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

12.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past three months ended 30 November 2017. There was a decrease in the total payment between September 2017 and October 2017 of R102 669 and an increase in the total payment between October 2017 and November 2017 of R37 344.

Table 22: Standby & Shift Allowance per Directorate

	SEPTEMBER 2017	OCTOBER 2017	NOVEMBER 2017
Directorate of Executive Support Services	4 603	9 005	6 496
Directorate of the City Manager	35 643	38 605	37 200
Directorate of Corporate Services	1 504	96	1 407
Directorate of Development & Spatial Planning	10 710	7 504	25 091
Directorate Economic Development & Agencies	1 461	1 576	1 269
Directorate of Finance	19 985	18 483	19 456
Directorate of Health/Public Safety & Emergency Services	703 427	682 956	593 687
Directorate of Human Settlement	-	-	-
Directorate of Infrastructure Services	716 640	695 052	760 416
Directorate of Municipal Services	352 202	290 230	335 828
TOTAL	1 846 175	1 743 506	1 780 850

12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the past three months ended 30 November 2017 is reflected below. There was an increase in the total payment between September and October of R120 829 and decrease in the total payment between October and November 2017 of R764 025.

Table 23: Temporary Staff per Directorate

	SEPTEMBER 2017	OCTOBER 2017	NOVEMBER 2017
Directorate of Executive Support Services	488 477	549 606	527 533
Directorate of the City Manager	262 237	215 555	244 598
Directorate of Corporate Services	1 374 826	1 453 357	1 362 308
Directorate of Development & Spatial Planning	144 351	189 202	122 042
Directorate Economic Development & Agencies	17 767	15 850	15 850
Directorate of Finance	698 399	643 901	612 741
Directorate of Health/Public Safety & Emergency Services	217 009	345 061	253 045
Directorate of Human Settlement	146 351	150 914	145 099
Directorate of Infrastructure Services	251 390	189 244	182 593
Directorate of Municipal Services	2 540 016	2 508 964	2 031 820
TOTAL	6 140 824	6 261 653	5 497 628

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year to date budget of R26 million less the year to date expenditure of R22.72 million leaves a variance of R3.28 million.

Table 24: Councillors Costs

Councillors Allowances And Benefits	2017/2018 Annual Budget R	2017/2018 YTD Budget R	2017/2018 YTD Expenditure R	2017/2018 Variance R	2017/2018 Variance %
Councillors Allowances	44 492 267	18 538 445	14 009 151	4 529 294	24.43
Housing Allowance	0	0	925 152	(925 152)	0
Medical Aid Allowance	1 773 192	738 830	871 535	(132 705)	-17.96
Pension Allowance	3 761 772	1 567 405	1 567 746	(341)	-0.02
Travel Allowance	12 370 884	5 154 535	5 342 226	(187 691)	-3.64
Total	62 398 115	25 999 215	22 715 810	3 283 404	12.63

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R10.71 million (32%) of its 2017/2018 operating budget of R33.16 million. The expenditure at this point of the financial year is below target.

Table 25: Monthly Budget Statement – summary of municipal entity

BUF Buffalo City - NOT REQUIRED - municipality does not have entities or this is the parent municipality's budget - M05 November

Description	Ref	Budget Year 2017/18								
		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 Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Interest earned - external investments			238	238	20	84	99	(16)	-16%	238
Transfers recognised - operational			22 138	22 138	-	10 132	11 069	(937)	-8%	22 138
Agency services			3 630	3 630	-	-	1 512	(1 512)	-100%	3 630
Other revenue			7 154	7 154	157	908	2 981	(2 073)	-70%	7 154
Total Operating Revenue	1	-	33 160	33 160	177	11 124	15 661	(4 538)	-29%	33 160
Expenditure By Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Employee related costs			15 178	15 178	1 303	6 931	6 324	606	10%	15 178
Remuneration of Directors			850	850	131	314	354	(40)	-11%	850
Depreciation & asset impairment			471	471	69	338	196	142	72%	471
Finance charges			2	2	-	5	1	4	685%	2
Other expenditure			16 659	16 659	1 099	3 120	6 941	(3 821)	-55%	16 659
Total Operating Expenditure	2	-	33 160	33 160	2 602	10 708	13 817	(3 109)	-23%	33 160
Surplus/ (Deficit) for the yr/period		-	0	0	(2 425)	416	1 845	(7 647)	-414%	0
Capital Expenditure By Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Transfers recognised - capital			962	-	-	190	401	(211)	-53%	962
Contributions recognised - capital										
Contributed assets										
Total Capital Expenditure	3	-	962	-	-	190	401	(211)	-53%	962

A detailed analysis of the entity's performance for month ended 30 November 2017 is outlined in the attached Annexure F.

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 19% (R328.72 million, inclusive of reclaimed vat) of its 2017/18 adjusted capital budget of R1.71 billion as at 30 November 2017. This depicts a regression both in percentage terms and rand value when compared to the same period in the previous financial year where 21% (R354.28 million, inclusive of reclaimed vat) of the adjusted budget of R1.69 billion was spent. Based on the past performance trends, expenditure is expected to progressively improve during the year once the procurement processes have been concluded. Refer to Annexure A – C5 for the breakdown per municipal vote, standard classification & funding; Annexure B – SC12 for monthly expenditure trends; SC13a for breakdown of asset classification for new assets and SC13b for breakdown on asset classification on renewal of existing asset).

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

Table 26: Capital Expenditure per Funding Source against Budget

Funding	2017/2018 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Total Own Funding	908 991 209	108 561 873	800 429 336	12%
DoE(Integrated National Electrification Programme)	25 000 000	288 389	24 711 611	1%
Finance Management Grant	100 000	0	100 000	0%
Galve c/o	229 000	0	229 000	0%
Integrated City Development Grant	6 956 000	6 956 000	0	100%
Local Government & Traditional Affairs c/o	9 036 112	0	9 036 112	0%
Neighbourhood Development Partnership Grant	10 000 000	0	10 000 000	0%
Urban Settlement Development Grant	705 084 160	193 835 912	511 248 248	27%
Public Transport Infrastructure Grant	48 167 000	19 079 471	29 087 529	40%
Total Grants	804 572 272	220 159 772	584 412 500	27%
TOTAL PER FUNDING	1 713 563 481	328 721 645	1 384 841 836	19%

Table 27 below reflects capital expenditure performance per service.

Table 27: Actual Expenditure per Service against Budget

Services	2017/2018 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Water	130 000 000	51 900 144	78 099 856	40%
Waste Water	283 698 323	67 455 980	216 242 343	24%
Electricity	148 000 000	24 798 437	123 201 563	17%
Roads and Stormwater	270 956 000	63 890 494	207 065 506	24%
Housing	185 855 000	29 569 697	156 285 303	16%
Transport Planning	142 553 112	44 054 454	98 498 658	31%
Local Economic Development	59 097 779	11 955 405	47 142 374	20%
Spatial Planning	62 704 000	3 223 144	59 480 856	5%
Waste Management / Refuse	65 821 640	263 909	65 557 731	0%
Amenities	102 458 023	7 947 937	94 510 086	8%
Public Safety	40 679 410	5 533 620	35 145 790	14%
Support Services	167 981 785	9 830 454	158 151 331	6%
Other - BCM Fleet	28 758 409	8 297 971	20 460 438	29%
BCMDA - Water World project	25 000 000	0	25 000 000	0%
GRAND - TOTAL	1 713 563 481	328 721 645	1 384 841 836	19%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

Directorate	2017/2018 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
1. Executive Support Services	6 729 240	895 312	5 833 928	13%
2. Municipal Manager's Office	39 109 286	4 710 664	34 398 622	12%
3. Human Settlements	186 775 242	29 659 209	157 116 033	16%
4. Directorate of Financial Services	87 820 000	2 533 422	85 286 578	3%
5. Directorate of Corporate Services	8 337 104	197 325	8 139 779	2%
6. Directorate of Infrastructure Services	861 912 732	216 416 878	645 495 854	25%
7. Development and Spatial Planning	218 757 112	48 360 728	170 396 384	22%
8. Directorate of Economic Development	59 597 779	12 058 947	47 538 832	20%
9. Directorate of Health & Public Safety	41 245 323	5 658 337	35 586 986	14%
10. Directorate of Municipal Services	168 279 663	8 211 846	160 067 817	5%
TOTAL DIRECTORATES	1 678 563 481	328 702 668	1 349 860 812	20%
Asset Replacement	10 000 000	18 976	9 981 024	0%
BCMDA - Water World project	25 000 000	0	25 000 000	0%
GRAND - TOTAL	1 713 563 481	328 721 645	1 384 841 836	19%

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

Table 29: SC12 Monthly Budget Statement – capital expenditure trend

BUF Buffalo City - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M05 November

Month	2016/17	Budget Year 2017/18							% spend of Original Budget
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands									
Monthly expenditure performance trend									
July	-	3 274	3 274	2 308	2 308	3 274	966	29.5%	0%
August	-	17 112	17 112	40 222	42 530	20 386	(22 144)	-108.6%	3%
September	-	48 450	48 450	85 095	127 625	68 836	(58 789)	-85.4%	8%
October	-	94 083	94 083	85 567	213 192	162 919	(50 273)	-30.9%	13%
November	-	99 215	99 215	90 386	303 579	262 134	(41 445)	-15.8%	18%
December	-	147 979	147 979	-	-	410 113	-	-	-
January	-	125 470	125 470	-	-	535 583	-	-	-
February	-	147 452	147 452	-	-	683 035	-	-	-
March	-	180 770	180 770	-	-	863 806	-	-	-
April	-	241 602	241 602	-	-	1 105 408	-	-	-
May	-	259 708	259 708	-	-	1 365 116	-	-	-
June	-	280 088	348 447	-	-	1 713 563	-	-	-
Total Capital expenditure	-	1 645 204	1 713 563	303 579					

15. OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 29% (R87.95 million) inclusive of reclaimed vat of its 2017/18 adjusted operating projects budget of R300.91 million as at 30 November 2017. This depicts a slight improvement in percentage terms when compared to the same period in the previous financial year where 28% (R90.5 million inclusive of reclaimed vat) of the adjusted operating projects budget of R327.39 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the year once the procurement processes have been concluded.

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

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

Directorate	<u>2017/2018</u> <u>Rollover</u> <u>Opex Opex</u> <u>Budget</u>	<u>YTD</u> <u>Expenditure</u> <u>(incl. vat)</u>	<u>Available</u> <u>Budget</u> <u>(incl. vat)</u>	<u>%</u> <u>Expenditure</u> <u>(incl. vat)</u>
1. Executive Support Services	5 822 639	591 832	5 230 807	10%
2. Municipal Manager's Office	46 784 665	14 605 629	32 179 036	31%
3. Human Settlements	91 300 000	7 502 536	83 797 464	8%
4. Directorate of Financial Services	47 950 000	13 454 853	34 495 147	28%
5. Directorate of Corporate Services	12 566 500	2 780 681	9 785 819	22%
6. Directorate of Infrastructure Services	43 995 761	34 709 757	9 286 004	79%
7. Development and Spatial Planning	9 152 000	2 062 822	7 089 178	23%
8. Directorate of Economic Development	26 977 504	5 723 664	21 253 840	21%
9. Directorate of Health & Public Safety	1 860 000	83 183	1 776 817	4%
10. Directorate of Municipal Services	14 503 653	6 436 146	8 067 507	44%
TOTAL PER DIRECTORATE	300 912 722	87 951 103	212 961 619	29%

Table 31: Operating Projects per Funding Source

Funding	2017/2018 Rollover Opex Opex Budget	YTD Expenditure (incl. vat)	Available Budget (incl. vat)	% Expenditure (incl. vat)
Total Own Funding	120 122 829	33 293 017	86 829 812	28%
City of Oldenburg	495 761	0	495 761	0%
Department of Public Works	353 653	0	353 653	0%
Expanded Public Works Programme Incentives Grant	4 952 000	535 250	4 416 751	11%
Finance Management Grant	1 200 000	671 068	528 932	56%
Human Settlement Development Grant	90 800 000	7 502 536	83 297 464	8%
Infrastructure Skills Development Grant	10 560 000	2 780 681	7 779 319	26%
Leiden	138 207	58 720	79 487	42%
Public Transport Infrastructure Grant	7 702 000	1 170 098	6 531 903	15%
Salaida (Galve)	1 454 574	85 520	1 369 054	6%
Galve	89 858	0	89 858	0%
Urban Settlement Development Grant	63 043 840	41 854 213	21 189 627	66%
Total Grants	180 789 893	54 658 086	126 131 807	30%
TOTAL PER FUNDING	300 912 722	87 951 103	212 961 619	29%

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

16.1. Health / Public Safety & Emergency Services

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

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

Health & Public Safety	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES	0	1 066 868	48 997	0	1 115 865
GM - EMERGENCY SERVICES	(38 699 136)	33 529 104	12 273 782	369 033	46 171 919
EMERGENCY SERVICES	0	1 156 755	36 956	2 468	1 196 178
DISASTER MANAGEMENT	0	1 187 547	354 351	16 580	1 558 478
FIRE & RESCUE	(38 699 136)	31 184 803	11 882 476	349 985	43 417 264
GM - MUNICIPAL HEALTH SERVICES	(2 020)	12 856 703	1 023 357	45 609	13 925 669
MUNICIPAL HEALTH SERVICES	(2 020)	12 856 703	1 023 357	45 609	13 925 669
GM - PUBLIC SAFETY & PROTECTION SERVICES	(26 177 615)	92 153 550	5 279 206	929 363	98 362 119
PUBLIC SAFETY & PROTECTION SERVICES	(180 941)	6 776 273	1 888 367	613 034	9 277 674
LAW ENFORCEMENT SERVICES	0	53 027 506	1 210 426	313 496	54 551 429
TRAFFIC SERVICES	(25 996 673)	32 349 771	2 180 412	2 832	34 533 016
TOTAL	(64 878 770)	139 606 225	18 625 343	1 344 005	159 575 572

16.2. Municipal Services

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

Table 33: Municipal Services – Cost Analysis

Municipal Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	0	4 489 059	546 579	8 692	5 044 330
GM - COMMUNITY AMENITIES	(1 629 094)	50 369 507	41 359 584	3 107 674	94 836 765
COMMUNITY AMENITIES	(67)	5 552 131	33 454 205	14 249	39 020 585
LIBRARIES	(294 666)	10 099 281	3 568 077	334 413	14 001 771
HALLS	(579 640)	8 368 156	630 153	497 066	9 495 376
RECREATION	(725 737)	16 035 827	1 096 940	709 898	17 842 665
SPORTS FACILITIES	(28 984)	10 314 111	2 610 209	1 552 048	14 476 369
GM - PARKS / CEMETRIES & CONSERVATION	(5 534 428)	62 532 861	9 456 103	3 229 777	75 218 741
PARKS / CEMETRIES & CONSERVATION	0	2 401 849	72 959	0	2 474 809
CEMETRIES & CREMATORIA	(4 561 500)	10 118 256	2 774 054	859 546	13 751 856
CONSERVATION	(918 181)	7 430 305	696 119	55 464	8 181 888
PARKS: COASTAL	(54 746)	42 582 450	5 827 570	2 314 767	50 724 788
PARKS: MIDLAND	0	0	85 400	0	85 400
GM - SOLID WASTE MANAGEMENT	(176 403 612)	68 825 432	90 658 144	9 280 436	168 764 012
SOLID WASTE MANAGEMENT		5 585 647	12 065 951	4 420 658	22 072 256
CLEANSING & REFUSE REMOVAL: COASTAL	(175 089 324)	57 518 638	62 915 178	4 839 090	125 272 906
CLEANSING & REFUSE REMOVAL: INLAND	0	0	4 470 768	0	4 470 768
CLEANSING & REFUSE REMOVAL: MIDLAND	0	0	582 587	0	582 587
LANDFILLS & TRANSFER STATIONS	(1 314 288)	5 721 148	10 623 660	20 687	16 365 495
Total	(183 567 133)	186 216 859	142 020 410	15 626 579	343 863 848

17.MUNICIPAL MANAGER’S QUALITY CERTIFICATION

QUALITY CERTIFICATE

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

The monthly budget statement (Section 71 Report)

for the period ending **November 2017** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print name: Andile Sihlahla

City Manager of Buffalo City Metropolitan Municipality, BUF

Signature:

Date:

ANNEXURES:

Annexure A

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

Annexure B

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

Annexure C

Schedule of Borrowings

Annexure D

Operating expenditure report

Annexure E

Capital expenditure report

Annexure F

Buffalo City Metropolitan Development Agency Performance Report