

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION
OF THE 2018/19 BUDGET FOR THE PERIOD ENDED 31 MAY 2019**

1. PURPOSE

The purpose of the report is for Executive Mayor to consider and note the statement of financial performance and the implementation of the 2018/19 budget of the Buffalo City Metropolitan Municipality for the period ended 31 May 2019.

2. AUTHORITY

Executive Mayor.

3. LEGAL / STATUTORY REQUIREMENTS

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

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

3.3. Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

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

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

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

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PART 1: IN-YEAR REPORT

5. RESOLUTIONS

It is recommended that:

- (i) The Executive Mayor considers and notes the report on the statement of financial performance and the implementation of the 2018/19 budget for the period ended 31 May 2019 including supporting documentation attached as Annexure A to F.

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

- (iii) The Executive Mayor notes the year to date collection rate for the period ended 31 May 2019 of 86.98%.

A. SIHLAHLA
CITY MANAGER

BUFFALO CITY METROPOLITAN MUNICIPALITY

Ntsikelelo Sigcau/ YM

DATE

6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 31 MAY 2019

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

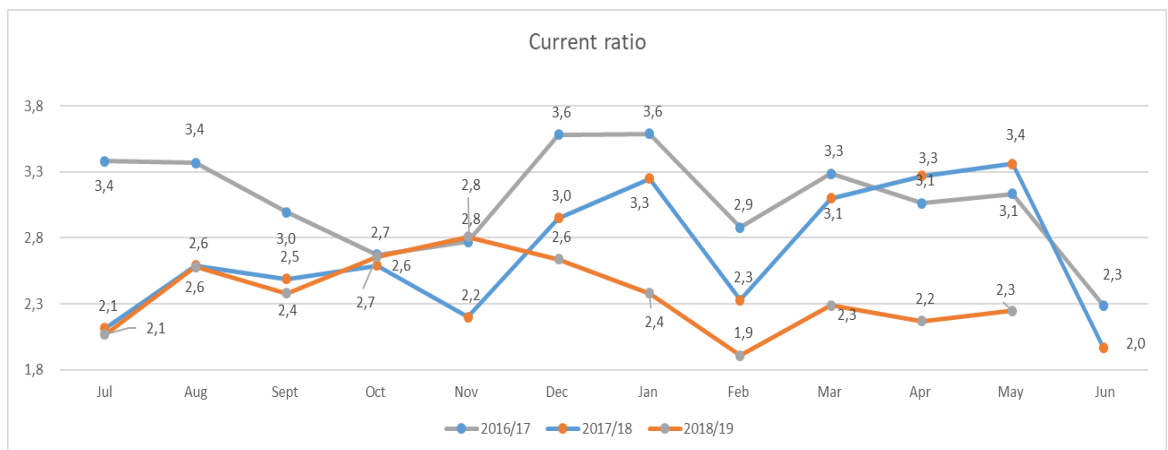
OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 5,504,821,285	Bank Balance	R 202,461,852
Expenditure	(R6,051,470,977)	Call investments (excl. int.)	R 1,551,750,016
Operating Deficit	(R546,649,692)	Cash and cash equivalents	R 1,754,211,868
Transfers and Subsidies Recognised – Capital	R592 180 778	<i>Account Payables</i>	<i>(R 517,047,225)</i>
Surplus After Capital Transfers	R45 531 086	<i>Unspent conditional grants</i>	<i>(R 613,584,573)</i>
DEBTORS		<i>Committed to Capital budget-own funds</i>	<i>(R 555,345,690)</i>
Total debtors book (incl. impairment)	R 2,035,570,229	Therefore, Cash and Cash equivalents ring fenced for assets renewal in outer years	R 68,234,380
Total debtors - Government	R 39,873,407		
Total debtors - Business	R 710,246,374	Total Long term loans	R 363,238,080
Total debtors - Households	R 1,285,450,448		
Total debt written off	R 155,962,636	SURPLUS / (DEFICIT) PER SERVICE	
		Water	R82 144 360
REPAIRS AND MAINTENANCE		Electricity	(R 89 525 198)
2017/2018: Exp.= R280.58 m, which is 62% of the adjusted budget of R450.64 m	2018/2019: Exp.= R350,06 m, which is 82% of adjusted budget of R425,14 m	Refuse	R 65,793,439
		Sewerage	R 161,906,415
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
<u>2017/2018: Exp. as a % of Adjusted Budget of R1.77b:</u> Exp. (excl. vat) = R843.37 mil % exp. (Excl. vat) :48% Exp. (incl. vat) = R911.97 mil % exp. (incl. vat): 51%	<u>2018/2019: Exp. as a % of Adjusted Budget of R2.10b:</u> Exp. (excl. vat) = R1.10 bil % exp. (Excl. vat) :53% Exp. (incl. vat) = R1.18 bil % exp. (incl. vat): 56%	<u>2017/2018: Exp. as a % of Adjusted Budget of R314.40m:</u> Exp. (excl. vat) = R201.81 mil % exp. (excl. vat): 64% Exp. (incl. vat) = R208.12 mil % exp. (incl. vat): 66%	<u>2018/2019: Exp. as a % of Adjusted Budget of R349.21m:</u> Exp. (excl. vat) = R171.62 mil % exp. (excl. vat): 49% Exp. (incl. vat) = R175.84 mil % exp. (incl. vat): 50%
FINANCIAL		HUMAN RESOURCES	
Operating deficit before Capital Transfers	(R 546,649,692)	Total staff complement	5 282
Debtors collection ratio	86.98%	Staff Appointments	50
YTD Grants and subsidies: recognized - Capital	R 592,180,778	Staff Terminations	12
% of Creditors paid within terms	100%	Number of funded vacant posts	799
Current ratio	2.25:1	Total overtime paid (YTD)	R 115,222,121
Total Debt to Revenue	7.18%	Allowances and benefits – Councillors (YTD)	R 57,197,867
Capital Charges to Operating Expenditure	1.16%	Salary bill – Officials	R 1,829,665,239
Cost coverage ratio	2.57 months	Workforce costs as a % of expenditure	31.18%.

6.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered stable as the Current Ratio is 2.25:1 which indicates the ability of municipality's current assets to cover its current liabilities. This is above the norm of 1.5-2:1. The City has a strong cash and cash equivalent and can easily meet its immediate obligations, however, the stagnant revenue base and high rate of increase in operating costs is a threat to the City's cash position. This ratio denotes that the City can meet its short term liabilities.

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

Figure 1: Current Ratio

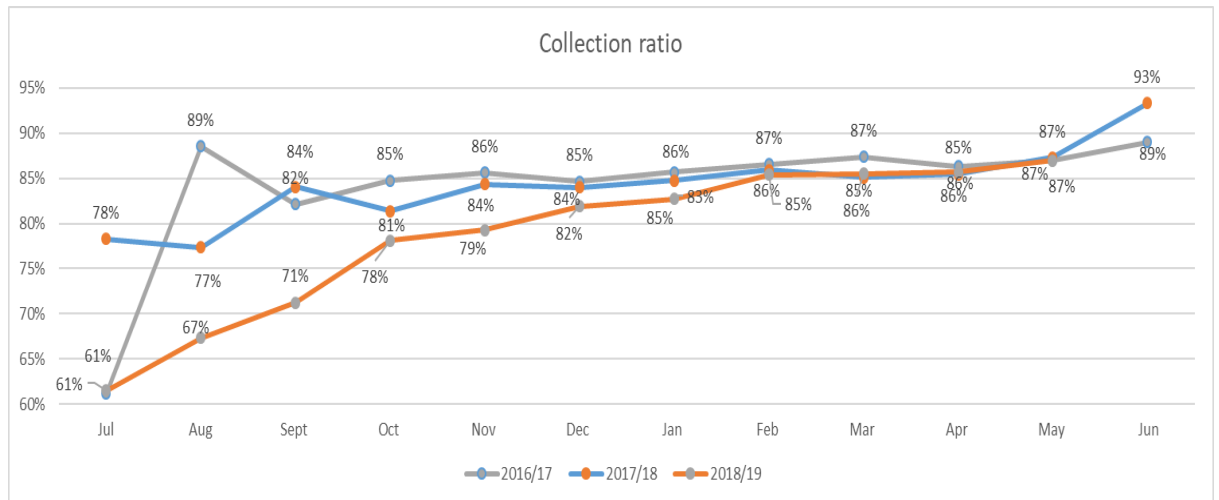


6.3. Collection Rate and Outstanding Debtors

The year to date collection rate for the month ended 31 May 2019 is 86.98% (2017/18: 87.3%). This ratio denotes the City's ability to collect the billed revenue from its consumers. The collection rate has increased by 1.28% from last month where 85.70% was achieved for the period ended 30 April 2019.

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

Figure 2: Collection Ratio



Total gross debtors book (including current accounts) as at 31 May 2019 amounts to R2.03 billion (2017/18: R1.76 billion). Households: R1.28 billion, Business: R710.24 million and Government: R39.87 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 56% (R1.18 billion, inclusive of reclaimed vat) of its 2018/19 adjusted capital budget of R2.1 billion as at 31 May 2019. This reflects an increase when compared to the same period in the previous financial year where 51% (R911.97 million, inclusive of reclaimed vat) of the adjusted budget of R1.77 billion was spent. Based on past performance trends, expenditure is expected to progressively improve during the last month of the financial year as major projects have passed procurement to implementation stage.(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 50% (R175.84 million, inclusive of reclaimed vat) of its 2018/19 adjusted operating projects budget of R349.21 million as at 31 May 2019. This reflects a decline when compared to the same period in the previous financial year where 66% (R208.12 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R314.40 million was spent. Based on past performance trends, expenditure is expected to progressively improve during the last month of the financial year as major projects have passed procurement to implementation stage. (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 64% (R711.48 million, inclusive of reclaimed vat) of its 2018/2019 conditional grants budget of R1.11 billion as at 31 May 2019. This reflects a decline when compared to the same period in the previous financial year where 66% (R701.52 million, inclusive of reclaimed of vat) of conditional grants budget of R1.06 billion was spent. Based on past performance trends, expenditure is expected to progressively improve during the last month of the financial year as major projects have passed procurement to implementation stage. (Refer to Section 11 for further details).

6.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent 60% (R578.90 million, inclusive of reclaimed vat) of its 2018/2019 USDG budget of R962.99 million as at 31 May 2019. This reflects a decline when compared to the same period in the previous financial year where 68% (R633.85 million, inclusive of reclaimed of vat) of USDG budget of R928.13 million was spent. Based on past performance trends, expenditure is expected to progressively improve during the last month of the financial year as major projects have passed procurement to implementation stage. (Refer to Section 11 for further details).

6.7. Cash and Cash Equivalents

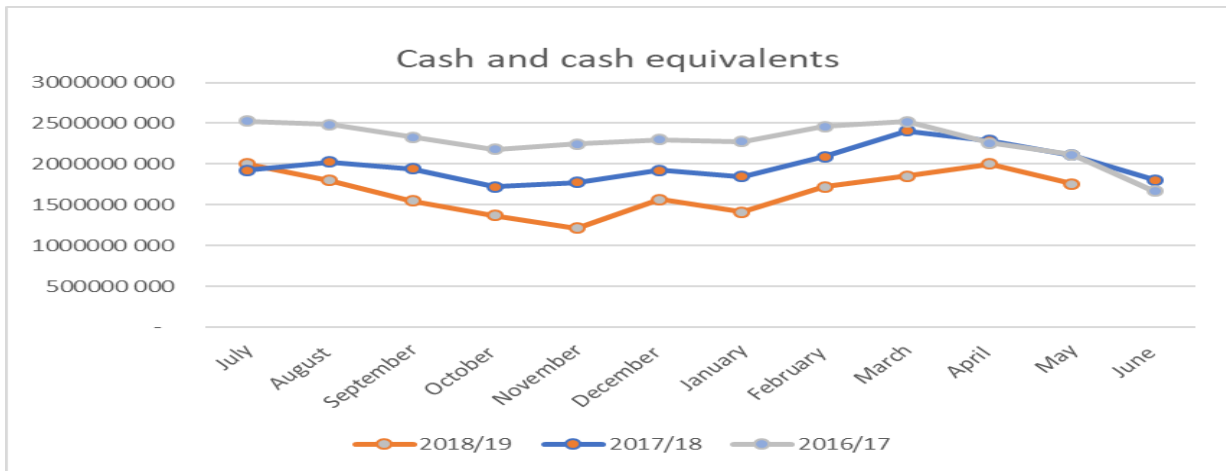
The cash and cash equivalents of the City as at 31 May 2019 are R1.75 billion made up of cash and bank amounting to R202.46 million and call investment deposits of R1.55 billion. This funding is invested with various financial institutions in compliance with the MFMA.

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

The cost coverage ratio of the City is 2.57 months. This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue during that period. This ratio denotes that the City can meet its monthly operating commitments 2.57 times, which is within the norm of 1-3 months as per the MFMA circular 71. It is however a concern to note that the City's cash and cash equivalent reserve is decreasing due to stagnant revenue base and operating expenditure that is increasing at a high rate. There has also been high capital investment that is funded by internally generated funds.

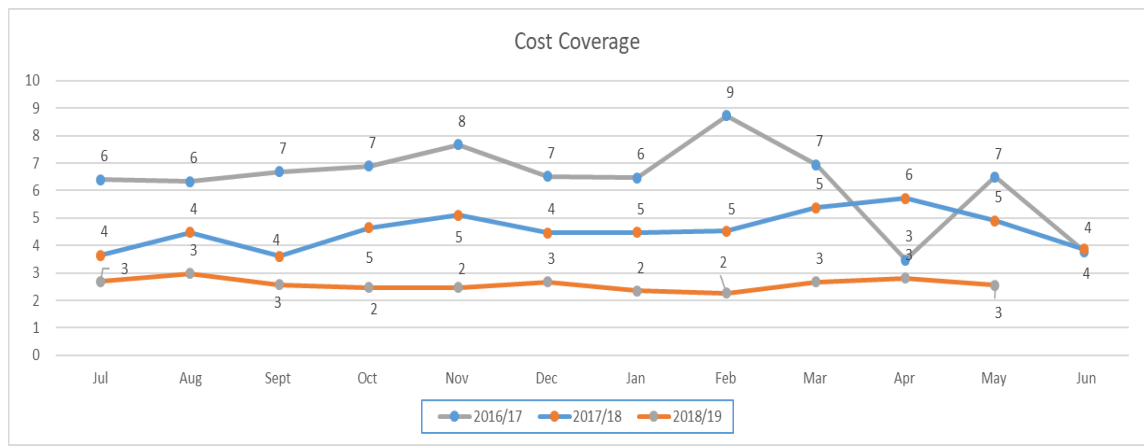
The graph below shows comparison of the monthly cash and cash equivalents over the 3-year period.

Figure 3: Cash and cash Equivalents



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

Figure 4: Cost Coverage



6.8. Outstanding Creditors

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

6.9. Long-Term Debt Profile

The total long term borrowings of the municipality as at 31 May 2019 amounts to R363 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 31 May 2019 is 1.16%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6 and 8%.

The total debt to revenue ratio is 7.18% as at 31 May 2019, this indicates the extent of total borrowings (short and long term debt financing) in relation to total operating revenue of the municipality. The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities. The outcome is below the norm. This indicates that the municipality has capacity to take on additional financing from borrowing to invest in infrastructure projects. BCMM is in the process of considering new loan funding which will move this ratio closer to the National Treasury norm of 45%.

7. IN-YEAR BUDGET STATEMENT MAIN TABLES

7.1 Monthly Budget Statement Summary

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

Table 2:C1: Monthly Budget Statement Summary

BUF Buffalo City - Table C1 Consolidated Monthly Budget Statement Summary - M11 May									
Description	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	972 423	1 421 961	1 417 161	98 677	1 200 008	1 299 865	(99 857)	-8%	1 417 161
Service charges	2 723 608	3 172 285	3 151 081	198 504	2 547 400	2 888 844	(341 444)	-12%	3 151 081
Investment revenue	126 690	140 961	140 631	8 636	87 458	128 912	(41 453)	-32%	140 631
Transfers and subsidies	888 572	968 323	1 007 902	20 104	865 033	919 310	(54 277)	-6%	1 007 902
Other own revenue	813 703	848 016	847 244	26 737	804 922	776 639	28 283	4%	847 244
Total Revenue (excluding capital transfers and contributions)	5 524 997	6 551 547	6 564 019	352 658	5 504 821	6 013 569	(508 748)	-8%	6 564 019
Employee costs	1 839 251	1 960 957	2 008 166	165 491	1 829 665	1 829 770	(105)	-0%	2 008 166
Remuneration of Councillors	59 473	64 185	64 185	5 192	57 198	58 836	(1 638)	-3%	64 185
Depreciation & asset impairment	992 860	896 426	896 290	124 972	1 342 973	821 622	521 351	63%	896 290
Finance charges	43 960	59 808	39 013	3 107	35 448	35 762	(314)	-1%	39 013
Materials and bulk purchases	1 636 107	1 786 274	1 775 363	128 825	1 532 380	1 629 234	(96 854)	-6%	1 775 363
Transfers and subsidies	62 471	95 051	69 546	2 087	51 626	67 408	(15 782)	-23%	69 546
Other expenditure	1 471 393	1 683 303	1 707 498	86 762	1 202 181	1 563 594	(361 412)	-23%	1 707 498
Total Expenditure	6 105 514	6 546 003	6 560 061	516 437	6 051 471	6 006 226	45 245	1%	6 560 061
Surplus/(Deficit)	(580 518)	5 544	3 958	(163 779)	(546 650)	7 344	(553 993)	-7544%	3 958
Transfers and subsidies - capital (monetary allocations) (National Government)	930 359	803 900	1 003 052	57 856	592 181	872 061	(279 880)	-32%	1 003 052
Contributions & Contributed assets	3 623	25 000	-	-	-	(278)	278	-100%	-
Surplus/(Deficit) after capital transfers & contributions	353 463	834 444	1 007 010	(105 923)	45 531	879 127	(833 596)	-95%	1 007 010
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	353 463	834 444	1 007 010	(105 923)	45 531	879 127	(833 596)	-95%	1 007 010
Capital expenditure & funds sources									
Capital expenditure	115 740	1 778 142	2 099 100	158 523	1 103 077	1 886 595	(783 518)	-42%	2 099 100
Capital transfers recognised	81	725 927	912 807	60 155	487 018	788 718	(301 700)	-38%	912 807
Borrowing	-	69 000	-	-	-	11 500	(11 500)	-100%	-
Internally generated funds	115 659	983 215	1 186 293	98 368	616 059	1 086 377	(470 318)	-43%	1 186 293
Total sources of capital funds	115 740	1 778 142	2 099 100	158 523	1 103 077	1 886 595	(783 518)	-42%	2 099 100
Financial position									
Total current assets	3 242 353	3 590 140	3 498 014		3 490 659				3 590 140
Total non current assets	18 808 564	20 089 293	20 248 587		18 565 914				20 089 293
Total current liabilities	1 649 095	1 394 977	1 393 284		1 554 103				1 394 977
Total non current liabilities	872 357	1 153 005	1 085 070		851 020				1 153 005
Community wealth/Equity	19 529 464	21 131 451	21 268 247		19 651 449				21 131 451
Cash flows									
Net cash from (used) operating	1 499 345	1 683 238	1 883 093	(89 854)	1 066 680	1 726 169	659 488	38%	1 883 093
Net cash from (used) investing	(1 316 308)	(1 753 142)	(2 099 100)	(158 523)	(1 103 077)	(1 924 175)	(821 098)	43%	(2 099 100)
Net cash from (used) financing	(47 642)	9 333	(57 974)	-	(34 888)	(53 142)	(18 254)	34%	(57 974)
Cash/cash equivalents at the month/year end	1 825 497	1 643 284	1 551 516	-	1 754 212	1 574 348	(179 864)	-11%	1 551 516
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	285 095	107 703	76 356	61 913	51 031	41 732	261 995	1 149 746	2 035 570
Creditors Age Analysis									
Total Creditors	517 047	-	-	-	-	-	-	-	517 047

7.2 Monthly Budget Statement – Financial Performance (standard classification)

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

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

BUF Buffalo City - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - M11 May

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		2 139 702	2 538 086	2 534 132	131 816	2 292 988	2 323 741	(30 752)	-1%	2 534 132
Executive and council		31 030	26 940	26 940	10 984	29 191	24 695	4 496	18%	26 940
Finance and administration		2 108 673	2 511 147	2 507 193	120 832	2 263 797	2 299 046	(35 249)	-2%	2 507 193
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		437 476	355 122	503 013	27 207	265 394	434 829	(169 435)	-39%	503 013
Community and social services		27 483	29 896	29 896	557	22 863	27 405	(4 542)	-17%	29 896
Sport and recreation		45 350	5 190	5 190	237	3 008	4 758	(1 749)	-37%	5 190
Public safety		149 359	160 223	164 873	12 028	141 597	150 305	(8 708)	-6%	164 873
Housing		215 250	159 786	303 026	14 155	97 090	252 337	(155 247)	-62%	303 026
Health		35	27	27	230	836	25	811	3286%	27
<i>Economic and environmental services</i>		413 802	445 284	494 676	31 495	389 727	432 909	(43 182)	-10%	494 676
Planning and development		139 269	259 330	258 671	19 126	220 079	232 584	(12 505)	-5%	258 671
Road transport		273 359	182 656	232 706	12 312	168 750	197 302	(28 551)	-14%	232 706
Environmental protection		1 174	3 299	3 299	58	897	3 024	(2 126)	-70%	3 299
<i>Trading services</i>		3 436 783	4 014 827	4 008 124	217 932	3 125 330	3 669 008	(543 679)	-15%	4 008 124
Energy sources		1 775 553	2 069 822	2 059 618	147 915	1 662 442	1 885 587	(223 144)	-12%	2 059 618
Water management		633 119	799 770	798 270	23 232	640 896	731 289	(90 393)	-12%	798 270
Waste water management		651 301	680 364	680 364	26 851	425 114	622 667	(197 553)	-32%	680 364
Waste management		376 809	464 872	469 872	19 933	396 877	429 466	(32 589)	-8%	469 872
<i>Other</i>	4	31 215	27 126	27 126	2 064	23 564	24 866	(1 302)	-5%	27 126
Total Revenue - Functional	2	6 458 978	7 380 447	7 567 071	410 513	6 097 002	6 885 352	(788 350)	-11%	7 567 071
Expenditure - Functional										
<i>Governance and administration</i>		1 334 928	1 388 546	1 426 214	85 859	1 093 074	1 300 177	(207 104)	-16%	1 426 214
Executive and council		351 406	428 705	446 858	25 186	377 174	407 073	(29 899)	-7%	446 858
Finance and administration		973 877	944 722	964 201	63 310	707 958	879 232	(171 274)	-19%	964 201
Internal audit		9 644	15 119	15 155	(2 637)	7 942	13 872	(5 930)	-43%	15 155
<i>Community and public safety</i>		845 339	850 861	893 240	75 581	825 415	812 673	12 742	2%	893 240
Community and social services		99 350	98 652	100 428	10 003	102 212	91 657	10 554	12%	100 428
Sport and recreation		276 332	230 543	228 169	25 878	282 986	209 155	73 830	35%	228 169
Public safety		328 219	372 647	370 800	28 663	343 433	339 427	4 006	1%	370 800
Housing		105 092	107 401	151 834	8 034	62 331	134 008	(71 677)	-53%	151 834
Health		36 346	41 617	42 010	3 003	34 454	38 426	(3 972)	-10%	42 010
<i>Economic and environmental services</i>		741 035	805 719	786 711	109 174	1 290 622	723 968	566 654	78%	786 711
Planning and development		220 782	185 310	176 403	43 279	461 118	162 868	298 250	183%	176 403
Road transport		497 184	598 768	588 605	62 979	807 345	541 249	266 096	49%	588 605
Environmental protection		23 069	21 641	21 702	2 917	22 159	19 852	2 307	12%	21 702
<i>Trading services</i>		3 103 545	3 394 903	3 348 045	239 359	2 766 043	3 075 881	(309 838)	-10%	3 348 045
Energy sources		1 854 018	1 989 513	1 972 248	152 378	1 753 073	1 810 317	(57 244)	-3%	1 972 248
Water management		623 453	641 479	605 923	36 525	498 999	561 133	(62 134)	-11%	605 923
Waste water management		303 305	455 370	455 538	32 493	211 958	416 937	(204 979)	-49%	455 538
Waste management		322 769	308 541	314 336	17 964	302 013	287 493	14 520	5%	314 336
<i>Other</i>		80 109	105 975	105 851	6 464	76 318	96 992	(20 674)	-21%	105 851
Total Expenditure - Functional	3	6 104 956	6 546 003	6 560 061	516 437	6 051 471	6 009 691	41 780	1%	6 560 061
Surplus/ (Deficit) for the year		354 022	834 444	1 007 010	(105 923)	45 531	875 661	(830 130)	-95%	1 007 010

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

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

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

BUF Buffalo City - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M11 May										
Vote Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Directorate - Executive Support Services		1 138	-	846	49	234	761	(527)	-69,2%	846
Vote 02 - Directorate - Municipal Manager		30 698	26 940	26 940	10 984	29 247	24 695	4 552	18,4%	26 940
Vote 03 - Directorate - Human Settlement		215 250	159 786	303 026	14 155	97 090	252 337	(155 247)	-61,5%	303 026
Vote 04 - Directorate - Chief Financial Officer		2 077 192	2 492 463	2 487 663	118 836	2 233 786	2 281 158	(47 372)	-2,1%	2 487 663
Vote 05 - Directorate - Corporate Services		11 830	10 801	10 801	1 558	12 054	9 901	2 153	21,7%	10 801
Vote 06 - Directorate - Infrastructure Services		3 333 333	3 732 612	3 770 958	210 311	2 897 203	3 436 844	(539 641)	-15,7%	3 770 958
Vote 07 - Directorate - Spatial Planning And Development		136 083	195 565	221 001	18 764	205 392	198 334	7 058	3,6%	221 001
Vote 08 - Directorate - Health / Public Safety & Emergency Services		149 394	160 250	164 900	12 258	142 433	150 330	(7 896)	-5,3%	164 900
Vote 09 - Directorate - Municipal Services		450 816	503 257	508 257	20 785	423 645	464 652	(41 007)	-8,8%	508 257
Vote 10 - Directorate - Economic Development & Agencies		53 245	98 773	72 679	2 812	55 919	66 341	(10 422)	-15,7%	72 679
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	6 458 978	7 380 447	7 567 071	410 513	6 097 002	6 885 352	(788 350)	-11,4%	7 567 071
Expenditure by Vote	1									
Vote 01 - Directorate - Executive Support Services		229 773	309 737	318 883	22 960	259 727	291 169	(31 442)	-10,8%	318 883
Vote 02 - Directorate - Municipal Manager		176 395	191 028	205 908	8 731	181 980	186 194	(4 214)	-2,3%	205 908
Vote 03 - Directorate - Human Settlement		105 092	107 401	151 834	8 034	62 331	134 008	(71 677)	-53,5%	151 834
Vote 04 - Directorate - Chief Financial Officer		610 017	503 480	528 930	28 356	369 834	479 661	(109 827)	-22,9%	528 930
Vote 05 - Directorate - Corporate Services		124 686	157 617	157 841	12 489	141 183	144 488	(3 305)	-2,3%	157 841
Vote 06 - Directorate - Infrastructure Services		3 348 091	3 748 890	3 683 296	289 482	3 324 684	3 385 947	(61 263)	-1,8%	3 683 296
Vote 07 - Directorate - Spatial Planning And Development		320 911	305 497	286 893	48 734	521 879	265 893	255 986	96,3%	286 893
Vote 08 - Directorate - Health / Public Safety & Emergency Services		368 787	420 235	418 791	32 362	381 809	383 328	(1 518)	-0,4%	418 791
Vote 09 - Directorate - Municipal Services		717 297	653 407	658 654	56 065	705 447	602 683	102 764	17,1%	658 654
Vote 10 - Directorate - Economic Development & Agencies		103 906	148 711	149 032	9 224	102 597	136 322	(33 725)	-24,7%	149 032
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	6 104 956	6 546 003	6 560 061	516 437	6 051 471	6 009 691	41 780	0,7%	6 560 061
Surplus/ (Deficit) for the year	2	354 022	834 444	1 007 010	(105 923)	45 531	875 661	(830 130)	-94,8%	1 007 010

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 31 May 2019.

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

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M11 May										
Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		972 423	1 421 961	1 417 161	98 677	1 200 008	1 299 865	(99 857)	-8%	1 417 161
Service charges - electricity revenue		1 728 377	1 992 712	1 971 508	148 275	1 611 165	1 807 569	(196 404)	-11%	1 971 508
Service charges - water revenue		440 830	563 043	563 043	13 068	406 799	516 122	(109 323)	-21%	563 043
Service charges - sanitation revenue		304 905	322 143	322 143	17 501	302 300	295 298	7 002	2%	322 143
Service charges - refuse revenue		249 497	294 388	294 388	19 661	227 136	269 855	(42 719)	-16%	294 388
Rental of facilities and equipment		16 971	17 563	17 563	944	16 900	16 099	800	5%	17 563
Interest earned - external investments		126 690	140 961	140 631	8 636	87 458	128 912	(41 453)	-32%	140 631
Interest earned - outstanding debtors		49 322	54 405	54 405	6 642	60 687	49 871	10 816	22%	54 405
Dividends received								-		
Fines, penalties and forfeits		23 698	16 591	16 591	1 972	12 024	15 209	(3 185)	-21%	16 591
Licences and permits		13 985	14 597	14 597	1 073	12 145	13 381	(1 236)	-9%	14 597
Agency services		25 806	31 270	30 528	4 180	24 008	27 984	(3 976)	-14%	30 528
Transfers and subsidies		888 572	968 323	1 007 902	20 104	865 033	919 310	(54 277)	-6%	1 007 902
Other revenue		675 442	713 589	713 560	11 926	676 330	654 095	22 236	3%	713 560
Gains on disposal of PPE		8 478	-	-	-	2 829	-	2 829	0%	-
Total Revenue (excluding capital transfers and contributions)		5 524 997	6 551 547	6 564 019	352 658	5 504 821	6 013 569	(508 748)	-8%	6 564 019

BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M11 May										
Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		1 839 251	1 960 957	2 008 166	165 491	1 829 665	1 829 770	(105)	0%	2 008 166
Remuneration of councillors		59 473	64 185	64 185	5 192	57 198	58 836	(1 638)	-3%	64 185
Debt impairment		310 385	343 696	343 336	(3 240)	155 963	314 785	(158 822)	-50%	343 336
Depreciation & asset impairment		992 860	896 426	896 290	124 972	1 342 973	821 622	521 351	63%	896 290
Finance charges		43 960	59 808	39 013	3 107	35 448	35 762	(314)	-1%	39 013
Bulk purchases		1 552 488	1 698 510	1 694 310	125 830	1 463 368	1 553 817	(90 450)	-6%	1 694 310
Other materials		83 619	87 764	81 054	2 995	69 013	75 417	(6 404)	-8%	81 054
Contracted services		681 665	869 185	815 134	53 364	579 451	759 128	(179 677)	-24%	815 134
Transfers and subsidies		62 471	95 051	69 546	2 087	51 626	67 408	(15 782)	-23%	69 546
Other expenditure		468 846	470 422	549 028	36 638	466 768	489 681	(22 913)	-5%	549 028
Loss on disposal of PPE		10 496	-	-	-	-	-	-		-
Total Expenditure		6 105 514	6 546 003	6 560 061	516 437	6 051 471	6 006 226	45 245	1%	6 560 061
Surplus/(Deficit)		(580 518)	5 544	3 958	(163 779)	(546 650)	7 344	(553 993)	(0)	3 958
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		930 359	803 900	1 003 052	57 856	592 181	872 061	(279 880)	(0)	1 003 052
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		229	25 000	-	-	-	(278)	278	(0)	-
Transfers and subsidies - capital (in-kind - all)		3 394	-	-	-	-	-	-		-
Surplus/(Deficit) for the year		354 022	834 444	1 007 010	(105 923)	45 531	879 127			1 007 010

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

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

7.4.1.1 Operating Deficit

The City incurred an operating deficit (excluding capital transfers) of R546.65 million, this is mainly caused by an unfavourable variance realised on depreciation. The main contributing factor to high depreciation costs is the use of revaluation method as the basis of valuing BCMM infrastructure assets. The change of valuation method is still under consideration. Various cost containment measures are also being implemented to contain expenditure whilst revenue enhancement strategies are being explored to improve the City's revenue.

7.4.1.2 Service Charges – Electricity

The consumption registered from the smart metered sites have indicated that the monthly billing is consistent with previous periods. Factors that contributed to the variance between budget and actual performance are, but not limited to the following:

- i. The imposition of intensified load-shedding at the beginning of 2019.
- ii. The continued drive from ESKOM to reduce electricity consumption.
- iii. The move by more affluent consumers to off grid or alternative energy sources.
- iv. Increase in meter tampering and illegal connections into the BCMM Electrical Grid.

7.4.1.3 Service Charges – Water

The variance are due to the following:

- v. issues relating to the meter reading system and non functional devices.
- vi. areas where there is community unrest whereby meters could not be read
- vii. labour disputes within meter reading staff.

7.4.1.4 Service Charges – Refuse

This service has remained consistent in the monthly billing per month for the financial year, however the extension of service that was anticipated did not materialise.

7.4.1.5 Interest earned - external investments

The decrease in cash reserves that is mainly caused by the low collection rate when compared to the set targets, is having a negative impact on interest earned on external investments.

7.4.1.6 Interest earned – outstanding debtors

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

7.4.1.7 Fines, penalties and forfeits

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

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

7.4.1.8 Agency services

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

7.4.1.9 Debt Impairment

Debt write-offs are done periodically during the financial year. Debt write-off can only be implemented once a proper investigation into the probability of collection is done.

7.4.1.10 Depreciation

The variance is due to the fact that the City is using revaluation model to value its infrastructure assets. The change of valuation model is still under consideration.

7.4.1.11 Contracted Services

The variance is mainly due to the under expenditure on operating projects. The two operating projects with significant low expenditure are:

a) Human Settlements projects – some projects were delayed after local communities forced entry into the incomplete houses and delayed construction. An execution order will be executed whereby all illegal invasions will be evicted.

b) Rural Sanitation Backlog: Contractors are on site, project is targeted for completion by end June 2019.

7.4.1.12 Transfers and Subsidies

The actual expenditure is below the projected expenditure for the period under review due to delays in the implementation of Trade, Industry & Rural Agrarian programme.

7.4.2 Repairs and maintenance

Table 6 below reflects that as at 31 May 2019, the repairs and maintenance expenditure is 82% of the adjusted budget of R425.14 million (2017/18: 62%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Repairs and Maintenance			
Directorate	<u>2018/2019</u> <u>Annual</u> <u>Budget</u> <u>R</u>	<u>2018/2019</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2018/2019</u> <u>% of</u> <u>Budget</u> <u>%</u>
Directorate Of Executive Support Services	3 497 658	1 108 156	31%
Directorate Of The City Manager	6 845 360	6 998 154	102%
Directorate Of Corporate Services	2 175 095	1 494 306	68%
Directorate Of Spatial Planning & Development	19 531 477	10 857 145	55%
Directorate Of Economic Development & Agencies	1 400 734	1 185 719	84%
Directorate Of Finance	2 941 574	1 280 325	43%
Directorate Of Health / Public Safety & Emergency Services	6 436 172	4 602 816	71%
Directorate Of Human Settlement	618 466	281 096	45%
Directorate Of Infrastructure Services	349 277 800	292 859 420	83%
<i>Electricity</i>	152 873 689	100 261 032	65%
<i>Water</i>	55 107 016	24 078 623	43%
<i>Sanitation</i>	44 428 310	28 690 976	64%
<i>Other</i>	96 868 785	139 828 790	143%
Directorate Of Municipal Services	32 419 139	29 390 445	90%
TOTAL	425 143 475	350 057 582	82%

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

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

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

BUF Buffalo City - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M11 May)										
Vote Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Directorate - Executive Support Services		2 284	3 500	5 887	619	1 976	5 356	(3 380)	-63%	5 887
Vote 02 - Directorate - Municipal Manager		2 111	51 840	94 240	6 104	116 842	79 800	37 042	46%	94 240
Vote 03 - Directorate - Human Settlement		485	104 755	205 900	34 945	97 804	168 093	(70 289)	-42%	205 900
Vote 04 - Directorate - Chief Financial Officer		328	152 538	42 442	290	2 903	66 753	(63 850)	-96%	42 442
Vote 05 - Directorate - Corporate Services		345	3 600	781	82	556	1 213	(657)	-54%	781
Vote 06 - Directorate - Infrastructure Services		103 195	916 280	1 172 865	62 609	576 509	1 035 211	(458 703)	-44%	1 172 865
Vote 07 - Directorate - Spatial Planning And Development		772	263 838	273 673	27 084	176 083	252 522	(76 439)	-30%	273 673
Vote 08 - Directorate - Health / Public Safety & Emergency Services		3 123	14 270	39 882	5 939	20 589	35 392	(14 803)	-42%	39 882
Vote 09 - Directorate - Municipal Services		2 247	160 829	187 823	17 359	92 687	169 905	(77 219)	-45%	187 823
Vote 10 - Directorate - Economic Development & Agencies		851	106 692	75 607	3 493	17 128	72 349	(55 220)	-76%	75 607
Total Capital Multi-year expenditure	4,7	115 740	1 778 142	2 099 100	158 523	1 103 077	1 886 595	(783 518)	-42%	2 099 100
Capital Expenditure - Functional Classification										
Governance and administration		101 442	292 651	260 259	15 326	156 536	253 656	(97 121)	-38%	260 259
Executive and council		4 395	55 340	96 927	6 686	117 128	82 276	34 852	42%	96 927
Finance and administration		97 047	237 311	163 332	8 640	39 407	171 380	(131 973)	-77%	163 332
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		5 037	197 475	347 157	48 416	163 360	295 059	(131 699)	-45%	347 157
Community and social services		80	21 820	27 560	2 766	18 155	25 634	(7 479)	-29%	27 560
Sport and recreation		1 430	57 950	75 375	4 904	28 227	67 832	(39 605)	-58%	75 375
Public safety		3 043	12 050	36 539	5 766	17 620	31 863	(14 243)	-45%	36 539
Housing		485	104 755	205 900	34 945	97 804	168 093	(70 289)	-42%	205 900
Health		-	900	1 784	36	1 553	1 636	(83)	-5%	1 784
Economic and environmental services		6 133	519 369	795 784	58 910	467 092	685 837	(218 746)	-32%	795 784
Planning and development		1 095	227 957	244 135	24 008	164 946	219 215	(54 269)	-25%	244 135
Road transport		5 018	286 985	546 153	34 899	301 186	461 579	(160 394)	-35%	546 153
Environmental protection		19	4 427	5 496	4	960	5 042	(4 082)	-81%	5 496
Trading services		2 601	689 248	634 664	32 418	300 562	590 838	(290 276)	-49%	634 664
Energysources		1 802	129 450	151 095	11 862	106 531	135 914	(29 383)	-22%	151 095
Water management		-	198 451	208 222	6 739	89 809	189 189	(99 380)	-53%	208 222
Waste water management		-	283 394	194 394	3 996	57 460	192 445	(134 985)	-70%	194 394
Waste management		798	77 952	80 952	9 822	46 761	73 290	(26 529)	-36%	80 952
Other		527	79 400	61 235	3 452	15 529	61 205	(45 676)	-75%	61 235
Total Capital Expenditure - Functional Classification	3	115 740	1 778 142	2 099 100	158 523	1 103 077	1 886 595	(783 518)	-42%	2 099 100
Funded by:										
National Government		81	698 635	898 435	60 114	485 418	777 575	(292 156)	-38%	898 435
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	27 292	14 372	41	1 600	11 143	(9 544)	-86%	14 372
Transfers recognised - capital		81	725 927	912 807	60 155	487 018	788 718	(301 700)	-38%	912 807
Borrowing	6	-	69 000	-	-	-	11 500	(11 500)	-100%	-
Internally generated funds		115 659	983 215	1 186 293	98 368	616 059	1 086 377	(470 318)	-43%	1 186 293
Total Capital Funding		115 740	1 778 142	2 099 100	158 523	1 103 077	1 886 595	(783 518)	-42%	2 099 100

7.4.4 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R19.65 billion as per statement of financial position. Consumer debtors and other debtors are reflected net of impairments as per the statement of financial position.

Table 8: C6: Monthly Budget Statement – Financial Position

BUF Buffalo City - Table C6 Consolidated Monthly Budget Statement - Financial Position - M11 May

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		165 102	80 155	80 155	202 462	80 155
Call investment deposits		1 660 393	1 563 129	1 471 362	1 551 750	1 563 129
Consumer debtors		509 087	937 997	937 637	1 080 280	937 997
Other debtors		864 981	880 000	880 000	616 886	880 000
Current portion of long-term receivables		–	19	19	–	19
Inventory		42 790	128 841	128 841	39 281	128 841
Total current assets		3 242 353	3 590 140	3 498 014	3 490 659	3 590 140
Non current assets						
Long-term receivables		–	80	80	–	80
Investments						
Investment property		427 563	486 233	486 233	431 668	486 233
Investments in Associate		121 008	109 020	109 020	121 008	109 020
Property, plant and equipment		18 190 726	19 381 893	19 541 187	17 992 827	19 381 893
Biological		–	–	–	–	–
Intangible		18 884	12 029	12 029	20 410	12 029
Other non-current assets		50 382	100 038	100 038	–	100 038
Total non current assets		18 808 564	20 089 293	20 248 587	18 565 914	20 089 293
TOTAL ASSETS		22 050 917	23 679 433	23 746 601	22 056 573	23 679 433
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		52 572	59 667	57 974	39 021	59 667
Consumer deposits		60 013	71 941	71 941	63 965	71 941
Trade and other payables		1 313 124	1 060 015	1 060 015	1 228 579	1 060 015
Provisions		223 387	203 354	203 354	222 538	203 354
Total current liabilities		1 649 095	1 394 977	1 393 284	1 554 103	1 394 977
Non current liabilities						
Borrowing		345 554	355 516	287 581	324 218	355 516
Provisions		526 803	797 489	797 489	526 803	797 489
Total non current liabilities		872 357	1 153 005	1 085 070	851 020	1 153 005
TOTAL LIABILITIES		2 521 453	2 547 982	2 478 354	2 405 123	2 547 982
NET ASSETS	2	19 529 464	21 131 451	21 268 247	19 651 449	21 131 451
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		10 479 007	17 390 299	17 527 095	10 600 992	17 390 299
Reserves		9 050 458	3 741 152	3 741 152	9 050 458	3 741 152
TOTAL COMMUNITY WEALTH/EQUITY	2	19 529 464	21 131 451	21 268 247	19 651 449	21 131 451

7.4.5 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net decrease of R0.07 billion, resulting in cash and cash equivalents closing balance of R1.75 billion as at 31 May 2019.

Table 9: C7: Monthly Budget Statement – Cash Flow

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M11 May

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		972 680	1 315 314	1 310 874	99 926	1 043 767	1 201 635	(157 868)	-13%	1 310 874
Service charges		2 678 192	2 934 363	2 914 750	200 188	2 189 772	2 671 854	(482 083)	-18%	2 914 750
Other revenue		321 754	248 395	258 070	17 819	638 818	236 565	402 254	170%	258 070
Government - operating		888 572	1 471 673	1 521 746	1 201	1 412 375	1 394 933	17 442	1%	1 521 746
Government - capital		930 588	803 900	1 003 052	-	1 088 460	919 464	168 996	18%	1 003 052
Interest		176 012	182 768	195 036	15 278	148 146	178 783	(30 638)	-17%	195 036
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(4 385 163)	(5 152 832)	(5 210 796)	(419 635)	(5 375 198)	(4 776 563)	598 635	-13%	(5 210 796)
Finance charges		(43 960)	(59 818)	(39 013)	(3 107)	(35 448)	(35 762)	(314)	1%	(39 013)
Transfers and Grants		(39 330)	(60 526)	(70 626)	(1 524)	(44 011)	(64 741)	(20 729)	32%	(70 626)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 499 345	1 683 238	1 883 093	(89 854)	1 066 680	1 726 169	659 488	38%	1 883 093
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		14 288	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		(1 330 596)	(1 753 142)	(2 099 100)	(158 523)	(1 103 077)	(1 924 175)	(821 098)	43%	(2 099 100)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 316 308)	(1 753 142)	(2 099 100)	(158 523)	(1 103 077)	(1 924 175)	(821 098)	43%	(2 099 100)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		69 000	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		(47 642)	(59 667)	(57 974)	-	(34 888)	(53 142)	(18 254)	34%	(57 974)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(47 642)	9 333	(57 974)	-	(34 888)	(53 142)	(18 254)	34%	(57 974)
NET INCREASE/ (DECREASE) IN CASH HELD		135 395	(60 571)	(273 980)	(248 378)	(71 285)	(251 149)			(273 980)
Cash/cash equivalents at beginning:		1 690 102	1 703 855	1 825 497		1 825 497	1 825 497			1 825 497
Cash/cash equivalents at month/year end:		1 825 497	1 643 284	1 551 516		1 754 212	1 574 348			1 551 516

PART 2: SUPPORTING **DOCUMENTATION**

8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

8.1 Debtors

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

Table 10: SC3 Monthly Budget Statement Aged Debtors

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M11 May

Description	NT Code	Budget Year 2018/19										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	34 558	25 464	23 863	15 597	10 169	8 928	66 818	247 742	433 138	349 254	62 819	2 586
Trade and Other Receivables from Exchange Transactions - Electricity	1300	96 187	17 948	7 278	6 139	5 151	3 072	17 536	47 138	200 449	79 036	9 820	4 550
Receivables from Non-exchange Transactions - Property Rates	1400	94 674	32 125	20 742	17 182	14 175	12 089	71 304	228 639	490 930	343 389	22 615	4 483
Receivables from Exchange Transactions - Waste Water Management	1500	22 641	9 017	5 963	4 785	3 951	3 555	22 276	109 096	181 284	143 663	16 460	1 979
Receivables from Exchange Transactions - Waste Management	1600	18 821	8 604	6 241	5 397	4 704	4 460	26 754	162 938	237 918	204 253	18 469	1 800
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	39	39	39	-	-
Interest on Arrear Debtor Accounts	1810	7 149	6 823	6 747	6 526	6 277	5 265	28 827	172 704	240 319	219 599	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	11 065	7 723	5 522	6 286	6 603	4 364	28 481	181 450	251 494	227 184	25 779	273
Total By Income Source	2000	285 095	107 703	76 356	61 913	51 031	41 732	261 995	1 149 746	2 035 570	1 566 416	155 963	15 671
2017/18 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	10 837	6 331	1 826	1 024	550	692	4 685	13 928	39 873	20 879		
Commercial	2300	157 636	36 461	21 558	19 670	13 991	11 893	75 799	373 238	710 246	494 591	-	3 604
Households	2400	116 622	64 910	52 972	41 219	36 490	29 147	181 511	762 580	1 285 450	1 050 946	155 963	12 067
Other	2500									-	-		
Total By Customer Group	2600	285 095	107 703	76 356	61 913	51 031	41 732	261 995	1 149 746	2 035 570	1 566 416	155 963	15 671

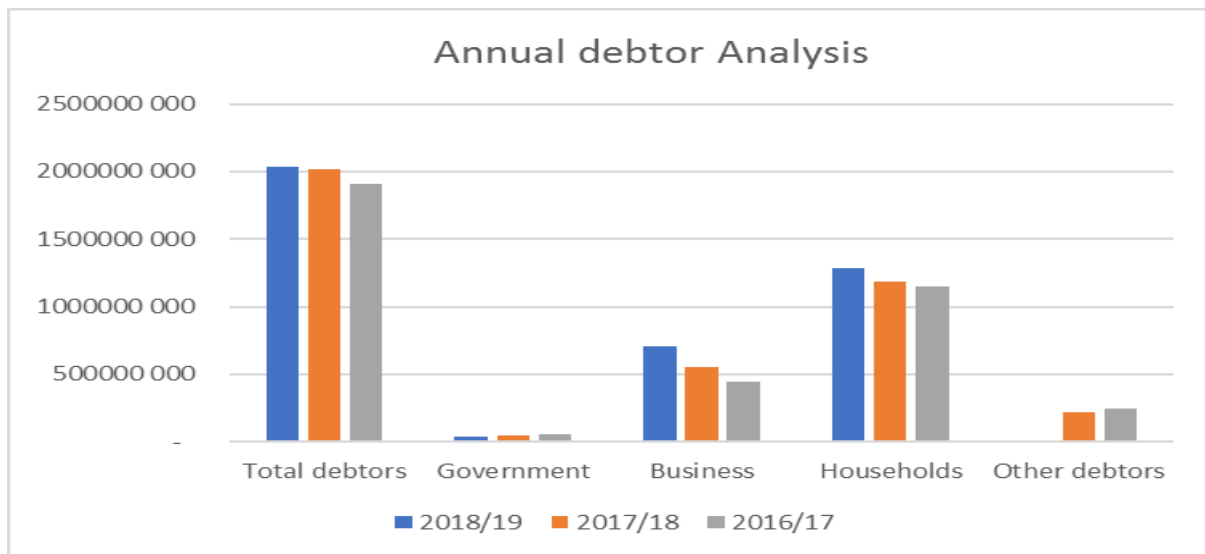
8.1.1. Additional debtors' information

The arrears which includes all charges excluding VAT, amounted to R2,035,570,229 as at 31 May 2019 which is a decrease of R7,183,717 over the amount of R2,042,753,946 as at 30 April 2019.

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

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

Figure 4: Debtors age analysis over the 3 year period



8.2. Additional debtor's information.

8.2.1. Age Analysis per Category

Table 11 below details debtors age analysis by income source as at 31 May 2019. It also provides comparison with the previous month (30 April 2019) which indicates a decrease from R2.04 billion to R2.03 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR MAY 2019	TOTAL FOR APRIL 2019
CURRENT	97 055 872	24 919 866	97 317 093	38 293 934	19 745 301	7 763 001	285 095 066	320 772 231
30 DAYS	34 397 219	10 281 389	18 485 592	30 633 042	9 462 180	4 443 172	107 702 595	113 681 600
60 DAYS	22 964 821	6 834 473	7 814 810	27 610 428	7 104 035	4 027 527	76 356 092	76 822 813
90 DAYS	19 303 576	5 620 526	6 620 327	20 166 331	6 237 854	3 964 444	61 913 058	57 709 274
120 DAYS TO 360 DAYS	123 347 818	38 967 151	30 563 380	127 229 880	46 153 727	27 682 351	393 944 307	383 628 078
YEAR 2	78 382 845	35 518 499	19 898 772	110 467 690	45 551 492	34 952 220	324 771 517	321 106 465
YEAR 3	52 607 170	24 408 135	12 887 823	73 582 213	32 834 393	21 488 769	217 808 503	212 053 843
YEAR 4	36 680 600	16 866 599	6 821 432	42 452 999	23 077 345	16 149 583	142 048 557	139 406 438
YEAR 5	27 624 621	11 947 780	4 318 639	27 296 050	17 452 320	15 270 963	103 910 373	102 180 600
YEAR 5+	72 810 645	43 111 072	8 631 992	72 645 313	68 392 034	56 429 103	322 020 159	315 392 603
TOTAL	565 175 186	218 475 490	213 359 859	570 377 879	276 010 682	192 171 133	2 035 570 229	2 042 753 946

8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type as at 31 May 2019. It also reflects the percentage split per category with domestic consumers having the highest share followed by business. Please note that the financial system is not able to produce a collection ratio per category, however the collection ratio is reported on total debtors.

Table 12: Age Analysis per Category Type

CATEGORY TYPE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	103 956 349.24	51 440 188	38 885 248	33 316 393	942 035 754	1 169 633 932	57.46
Indigent	10 120 810.24	11 650 166	13 216 142	6 910 160	57 159 863	99 057 142	4.87
Business	144 869 816.87	31 175 057	15 886 813	14 068 699	213 494 466	419 494 852	20.61
Government	10 837 007.32	6 331 121	1 826 095	1 024 357	19 854 832	39 873 412	1.96
Municipal Staff*	1 427 675.27	399 293	266 654	226 005	1 569 359	3 888 986	0.19
Councillors*	42 812.52	6 386	4 047	2 989	34 321	90 555	0.00
Other	13 840 594.92	6 700 385	6 271 093	6 364 456	270 354 822	303 531 350	14.91
Total	285 095 066.38	107 702 595	76 356 092	61 913 058	1 504 503 417	2 035 570 229	100.00

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

During the month of May 2019 a total of R1,708,955 was receipted against staff and councillors accounts. The amount was allocated as follows:

Current Billing Receipts	R 1,378,956
Arrears Receipts	<u>R 329,999</u>
Total Receipts	<u>R 1,708,955</u>

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

8.2.3. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 May 2019 amounted to R39,873,412 and this is a decrease of R7,343,165 as compared to 30 April 2019.

The government departments have been informed accordingly of the change in banking details and have commenced with the payment of the accounts. The breakdown of the arrears per department (excluding accounts in credit) are indicated in the table hereunder, as at 31 May 2019. During the month, the Department pursued the collection of debt owned by Government Departments.

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 MAY 2019	ARREARS AS AT 30 APRIL 2019	DIFFERENCE
National Department Of Public Works	133 791	6 599 328	6 733 119	4 887 700	1 845 419
Provincial Department Of Public Works	885 855	3 160 127	4 045 982	4 067 504	(21 521)
Department Of Education	0	7 707 876	7 707 876	7 445 594	262 282
Department Of Health	0	8 784 230	8 784 230	17 770 150	(8 985 920)
Department Of Social Development	0	136 492	136 492	69 147	67 345
Department Of Transport	0	57 673	57 673	51 713	5 960
Department Of Agriculture	0	48 216	48 216	39 535	8 681
Department Of Nature Conservation	0	31 486	31 486	25 922	5 564
Department of Human Settlements	0	278 084	278 084	254 624	23 460
Sport, Recreation, Arts and Culture	0	78 318	78 318	7 925	70 393
Department of Labour - UIF Services	0	248 425	248 425	241 376	7 048
Members Of Provincial Legislature	0	157 586	157 586	169 677	(12 091)
Department of Rural Development and Land Reform	0	1 017 035	1 017 035	990 500	26 535
Provincial RDP Houses	0	10 548 891	10 548 891	11 195 211	(646 320)
TOTAL	1 019 646	38 853 766	39 873 412	47 216 577	(7 343 165)

9. CREDITORS' ANALYSIS

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

Table 14: SC4 Monthly Budget Statement Aged Creditors

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M11 May												
Description	NT Code	Budget Year 2018/19									Prior year totals for chart	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total		
R thousands												
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	107 587									107 587	
Bulk Water	0200	17 726									17 726	
PAYE deductions	0300	23 232									23 232	
VAT (output less input)	0400	0									0	
Pensions / Retirement deductions	0500	27 211									27 211	
Loan repayments	0600	0									0	
Trade Creditors	0700	137 688									137 688	
Auditor General	0800	1 130									1 130	
Other	0900	202 473									202 473	
Total By Customer Type	1000	517 047	-	-	-	-	-	-	-	-	517 047	-

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

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

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

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM			0	107 586 581	107 586 581	107 586 581
AMATOLA WATER			0	17 725 927	17 725 927	17 725 927
MANTELLA TRADING 522 CC			673 364	15 271 723	15 945 088	15 945 088
EASTERN CAPE DEPARTMENT OF HUMAN SETTLEMENTS			8 815 240	6 770 140	15 585 380	15 585 380
STEFANUTTI STOCKS ROADS & EARTHWORKS			13 674 761	0	13 674 761	13 674 761
MOTHEO/ MPUMALANGA JOINT VENTURE			0	11 506 369	11 506 369	11 506 369
EYA BANTU PROFESSIONAL SERVICES CC			5 269 006	5 610 374	10 879 380	10 879 380
MVEZO PLANT & CIVILS CC			4 746 943	5 075 375	9 822 318	9 822 318
EZULUWENI CONSTRUCTION (PTY) LTD			2 617 179	7 135 710	9 752 889	9 752 889
DOWN TOUCH INVESTMENTS (PTY) LTD			6 843 966	1 345 849	8 189 815	8 189 815
IMVUSA TRADING 415CC			5 660 571	1 890 978	7 551 549	7 551 549
MIHLEKUTHI TRADING			2 599 664	4 316 785	6 916 449	6 916 449
TOYOTA SOUTH AFRICA (PTY) LTD			0	5 708 121	5 708 121	5 708 121
CZAR CONSTRUCTION			711 624	4 314 791	5 026 415	5 026 415
TSHUVANE SERVICES			0	4 567 353	4 567 353	4 567 353
ROYAL HASKONINGDHV (PTY) LTD			2 926 131	1 631 443	4 557 574	4 557 574
LIFETIME CONNECTION MANUFACTURING SUPPLY CC			3 349 456	935 601	4 285 057	4 285 057
SAKHEKHAYA ENTERPRISE (PTY) LTD			3 898 627	0	3 898 627	3 898 627
MAKALI PLANT AND CONSTRUCTION (PTY) LTD			502 515	3 248 535	3 751 051	3 751 051
MAKINWA MEDIA SOLUTIONS			173	3 533 357	3 533 529	3 533 529
TOTAL	-	-	62 289 221	208 175 012	270 464 233	270 464 233

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 - M11 May

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	318	3.38%	57 148	318	57 465
Finance Management Grant		Call Account	Call Account	Call Account	4	0.04%	671	(284)	388
MD Urban Renewal (MT Ruth Node)		Call Account	Call Account	Call Account	64	0.68%	11 451	64	11 515
Workmans Compensation (COID)		Call Account	Call Account	Call Account	62	0.66%	10 704	7 859	18 562
Reeston Development		Call Account	Call Account	Call Account	1	0.01%	175	1	176
Human Settlement Development Grant (HSDG)		Call Account	Call Account	Call Account	100	1.06%	17 976	100	18 076
Intergrated Electrification Programme (INEP)		Call Account	Call Account	Call Account	21	0.23%	3 417	(1 131)	2 286
Trust Funds		Call Account	Call Account	Call Account	6	0.07%	1 139	6	1 145
Vuna Awards		Call Account	Call Account	Call Account	6	0.06%	1 063	6	1 069
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	0	0.00%	50	0	50
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	1	0.01%	187	1	188
City of Leiden		Call Account	Call Account	Call Account	0	0.00%	83	0	83
Needscamp Planning		Call Account	Call Account	Call Account	5	0.06%	989	(46)	943
Umsobomvu Youth Fund (UYF)		Call Account	Call Account	Call Account	2	0.02%	299	2	301
Land Affairs - East Bank		Call Account	Call Account	Call Account	495	5.26%	89 006	495	89 501
Land Affairs West Bank		Call Account	Call Account	Call Account	299	3.18%	46 379	299	46 678
European Commission		Call Account	Call Account	Call Account	7	0.07%	1 176	7	1 182
Salaida		Call Account	Call Account	Call Account	7	0.08%	1 127	(195)	931
Electricity Demand Management Grant		Call Account	Call Account	Call Account	1	0.01%	140	1	141
ADM Funding		Call Account	Call Account	Call Account	10	0.10%	1 738	(55)	1 683
Urban Settelement Development Grant		Call Account	Call Account	Call Account	682	7.25%	122 578	682	123 259
Urban Settelement Development Grant		Call Account	Call Account	Call Account	721	7.67%	132 289	(19 792)	112 497

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M11 May

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									
Urban Settelement Dev elopment Grant		Call Account	Call Account	Call Account	927	9.86%	171 197	(34 073)	137 124
Urban Settelement Dev elopment Grant		Call Account	Call Account	Call Account	864	9.18%	157 066	(13 136)	143 930
Infrastructure Skills Dev elopment Grant		Call Account	Call Account	Call Account	24	0.25%	4 467	(1 351)	3 116
Infrastructure Dev elopment Lev y		Call Account	Call Account	Call Account	1	0.01%	168	1	169
Bcmet		Call Account	Call Account	Call Account	3	0.03%	507	3	509
Expanded Public Works Programme		Call Account	Call Account	Call Account	0	0.00%	8	0	8
City of Oldenburg		Call Account	Call Account	Call Account	2	0.02%	344	2	346
Public Transport Netw ork Grant		Call Account	Call Account	Call Account	369	3.92%	74 779	(65 618)	9 161
DEAT		Call Account	Call Account	Call Account	1	0.02%	221	1	222
Neighbourhood Dev elopment Grant (NDP Grant)		Call Account	Call Account	Call Account	32	0.34%	5 970	(1 303)	4 667
Integrated City Dev elopment Grant (ICDG)		Call Account	Call Account	Call Account	3	0.03%	533	(222)	310
Municipal Emergency Housing Grant (MEHG)		Call Account	Call Account	Call Account	50	0.53%	9 045	50	9 095
Capital Replacement Reserve (CRR)		Call Account	Call Account	Call Account	106	1.12%	16 352	106	16 458
Mayoral Projects (CRR)		Call Account	Call Account	Call Account	8	0.09%	1 282	8	1 291
Own Funds		Call Account	Call Account	Call Account	68	0.72%	12 205	68	12 273
Own Funds		Call Account	Call Account	Call Account	531	5.65%	82 306	531	82 837
Own Funds		Call Account	Call Account	Call Account	320	3.40%	57 534	320	57 854
Own Funds		Call Account	Call Account	Call Account	465	4.94%	83 515	465	83 979
Own Funds		Call Account	Call Account	Call Account	628	6.68%	112 908	628	113 537
Own Funds		6 Months	Fixed Deposi	21/09/2018	-	0.00%	-	-	-
Own Funds		6 Months	Fixed Deposi	21/09/2018	-	0.00%	-	-	-
Own Funds		6 Months	Fixed Deposi	27/06/2018	-	0.00%	-	-	-
Own Funds		6 Months	Fixed Deposi	26/06/2018	-	0.00%	-	-	-
Own Funds - CRR		Call Account	Call Account	Call Account	722	7.68%	129 866	722	130 588
Own Funds - CRR		Call Account	Call Account	Call Account	212	2.25%	38 044	212	38 256
Own Funds - CRR		Call Account	Call Account	Call Account	189	2.01%	34 019	189	34 208
Own Funds - CRR		Call Account	Call Account	Call Account	131	1.39%	23 487	131	23 618
Own Funds - CRR		Call Account	Call Account	Call Account	147	1.56%	26 353	147	26 499
Own Funds (Depreciation)		Call Account	Call Account	Call Account	648	6.89%	116 492	648	117 140
Own Funds (Depreciation)		Call Account	Call Account	Call Account	89	0.95%	15 980	89	16 069
Own Funds (Depreciation)		Call Account	Call Account	Call Account	38	0.40%	6 828	38	6 866
Housing Dev elopment		Call Account	Call Account	Call Account	16	0.17%	2 890	16	2 906
TOTAL INVESTMENTS AND INTEREST	2				9 406		1 684 147	(122 991)	1 561 156

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

BUF Buffalo City - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M11 May

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:		1 189 967	1 399 602	1 399 602	–	1 358 010	1 358 010	–	0,0%	1 399 602
Local Government Equitable Share		705 277	778 048	778 048	–	736 456	736 456	–	0,0%	778 048
General Fuel Levy		467 978	513 844	513 844	–	513 844	513 844	–	0,0%	513 844
Finance Management		1 300	1 150	1 150	–	1 150	1 150	–	0,0%	1 150
EPWP Incentive		4 952	4 050	4 050	–	4 050	4 050	–	0,0%	4 050
Urban Settlement Development Grant		–	77 810	77 810	–	77 810	77 810	–	0,0%	77 810
Public Transport Network Grant		–	14 000	14 000	–	14 000	14 000	–	0,0%	14 000
Infrastructure Skills Development Grant		10 460	10 700	10 700	–	10 700	10 700	–	0,0%	10 700
Municipal Human Settlement Capacity Grant		–	–	–	–	–	–	–	–	–
Other transfers and grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		124 905	72 071	100 911	–	50 760	93 825	(43 065)	-45,9%	72 071
Human Settlement Development Grant		109 905	56 201	85 041	–	34 137	77 955	(43 817)	-56,2%	56 201
DSRAC - Library Subsidy		15 000	15 870	15 870	–	15 870	15 870	–	0,0%	15 870
Department of Public Works		–	–	–	–	–	–	–	–	–
Office of the Premier		–	–	–	–	752	–	752	–	–
DEDEA (BCMDA)		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		3 145	846	846	1 201	3 606	3 146	460	14,6%	–
SETA - Skills Development		3 115	–	–	1 201	3 572	2 370	1 201	50,7%	–
Donor Funding - Leiden		–	–	–	–	–	–	–	–	–
Salaida / Gavle		30	846	846	–	35	776	(741)	-95,6%	–
City of Oldenburg		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	1 318 017	1 472 519	1 501 359	1 201	1 412 375	1 454 980	(42 605)	-2,9%	1 471 673
Capital Transfers and Grants										
National Government:		1 003 476	803 900	912 090	–	1 088 460	1 088 460	–	0,0%	803 900
Urban Settlement Development Grant		928 128	685 182	807 372	–	962 992	962 992	–	0,0%	685 182
Public Transport and Systems		55 868	81 165	67 165	–	95 165	95 165	–	0,0%	81 165
Neighbourhood Development Partnership		–	13 250	13 250	–	6 000	6 000	–	0,0%	13 250
Integrated National Electrification Programme		7 300	6 200	6 200	–	6 200	6 200	–	0,0%	6 200
Electricity Demand Side Management		6 000	8 000	8 000	–	8 000	8 000	–	0,0%	8 000
Integrated City Development Grant		6 080	10 003	10 003	–	10 003	10 003	–	0,0%	10 003
Finance Management		–	–	–	–	–	–	–	–	–
Infrastructure Skills Development Grant		100	100	100	–	100	100	–	0,0%	100
Provincial Government:		–	9 036	9 036	–	–	8 283	(8 283)	-100,0%	9 036
Dept of Local Government and Traditional Affairs		–	9 036	9 036	–	–	8 283	(8 283)	-100,0%	9 036
Dept Sport, Recreation, Arts and Culture (DSRAC)		–	–	–	–	–	–	–	–	–
Department of Public Works		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Salaida / Gavle		–	–	–	–	–	–	–	–	–
Public Funding		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	1 003 476	812 936	921 127	–	1 088 460	1 096 743	(8 283)	-0,8%	812 936
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	2 321 493	2 285 455	2 422 486	1 201	2 500 835	2 551 723	(50 888)	-2,0%	2 284 609

11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 64% (R711.48 million, inclusive of reclaimed vat) of its 2018/2019 conditional grants budget of R1.11 billion as at 31 May 2019. This reflects a slight decline in terms of percentage and an improvement in rand value when compared to the same period in the previous financial year where 66% (R701.52 million, inclusive of reclaimed of vat) of conditional grants budget of R1.06 billion was spent. Based on past performance trends, expenditure is expected to progressively improve during the last month of the financial year as major projects have passed procurement to implementation stage. Based on past performance trends, expenditure is expected to progressively improve during the last month of the financial year as major projects have passed procurement to implementation stage.

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

Table 18: Spending per Conditional Grant Funding Allocation

Funding/Grant	2018/2019 Approved Budget	YTD Exp (vat incl.) R	Variance (vat incl.) R	% Expenditu re vs. Budget (vat incl.)
Integrated National Electrification Programme Grant	6 200 000	4 102 889	2 097 111	66%
EEDSM (Energy, Efficiency and Demand Side Management)	8 000 000	8 905 704	(905 704)	111%
Finance Management Grant	1 150 000	911 372	238 628	79%
Infrastructure Skills Development Grant	10 800 000	8 511 942	2 288 058	79%
Urban Settlement Development Grant	962 992 000	578 910 190	384 081 810	60%
Neighbourhood Development Partnership Grant	13 250 000	1 555 918	11 694 082	12%
Integrated City Development Grant	10 003 000	9 695 446	307 554	97%
Expanded Public Works Programme Grant	4 050 000	4 050 696	(696)	100%
Public Transport Infrastructure and Systems Grant	95 165 000	94 840 428	324 572	100%
TOTAL	1 111 610 000	711 484 586	400 125 414	64%

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

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

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

11.1.1. INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT (INEP)

Construction for the Fynbos electrification project is complete, final tests have been carried out, however construction at Mdantsane N.U 5 experienced community challenges nonetheless the project is nearing completion and the budget will be fully spent by June 2019.

11.1.2. FINANCE MANAGEMENT GRANT (FMG)

There are eight (7) interns currently serving on the internship programme. The interns are being remunerated accordingly. Grant funding will be fully utilized by year end in line with the set targets.

11.1.3. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

Mentor salary claims for the month of May 2019 arrived late for processing and will be reflected at the end of June. Four Informal Tenders are awaiting award prior to implementation. There is a halt on the recruitment of additional interns as per National Treasury directive pending some interns completing the program by end of June 2019.

11.1.4. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

SPATIAL PLANNING AND DEVELOPMENT

Bridge Designs & Implementation

Nine bridge sites have been identified and design/environmental work is progressing on each one. All preliminary designs are complete however, these have to be submitted to Department of Economic Affairs,

Environment and Tourism for environmental approval before implementation can commence. For the Cambridge Township Pedestrian Bridge, an exemption was received for the environmental compliance.

Guardrails

The contractor for Mdantsane NU 8 and NU 14 is scheduled to start work during the week of 10 June 2019. Appointment of two contractors to install guard rails in Mdantsane NU 15 and in Sweetwaters is anticipated to be completed by mid June 2019 and work will be completed by end June 2019.

Sleeper Site Roads

The project was awarded on the 05 April 2019 and construction will start once work permit is issued by the Department of Labour. It anticipated to be received in June 2019.

Bridge Designs & Implementation – Ward 8 & 14

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

Guidance Signage

Procurement of a consultant had to be redone and is anticipated to be awarded not later than end June 2019.

Traffic Signals

The civil works were delayed and only commenced during the month of May 2019 and works to be completed by end June 2019.

Taxi Rank Infrastructure (Roads & Ablution Facilities)

Detailed Designs are scheduled to be completed by end June 2019 and a claim for work done will be submitted thereafter.

Taxi /Bus Embayment's

Five embayment's have been complete. An additional 3 embayment's are targeted to be completed by end June 2019. They are currently under procurement.

INFRASTRUCTURE SERVICES

Roads

Contractors have been appointed. Work has commenced on site and additional order are awaiting to be generated at supply chain.

Water

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

Sanitation

Additional funding was made available during the third budget adjustment for projects which will be performed by maintenance contractors recently appointed. Expenditure will improve by the end of the financial year.

For Bhisho, King Williams Town to Zwelitsha Bulk Infrastructure Upgrade, there were delays due to non-performance of the contractor. The contract has since been terminated. A new contractor has been appointed and is currently establishing on site.

11.1.5. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT

A contractor that had been appointed could not meet the programme requirements causing delays. Another contractor has since been identified and appointment is in progress.

11.1.6. HUMAN SETTLEMENTS

There were some procurement delays on some of major contracts, some contracts are still under procurement process. Some projects commencement had to wait for 3rd budget adjustment following additional

funding received from National Department of Human Settlement. Cluster 3 major infrastructure contract work on site was blocked after local communities forced entry into the incomplete houses and delayed construction of infrastructure in some areas of the project. In order to improve expenditure an execution order will be executed whereby all illegal invasions will be evicted allowing for installation of internal services to speed up progress.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and councillors remuneration. The workforce costs as a percentage of total expenditure amounted to 31.18%. This is within the norm of 25% - 40%.

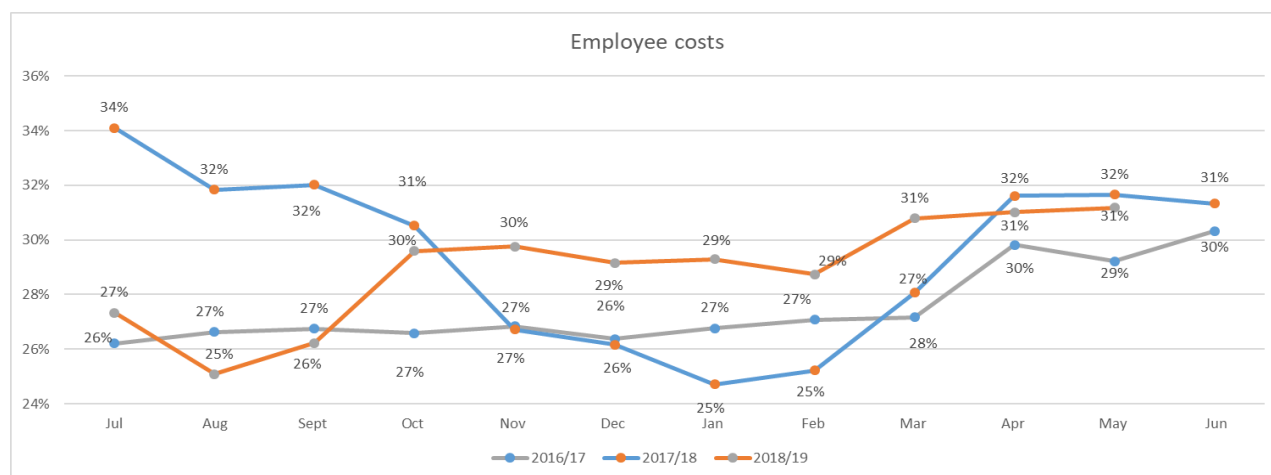
Table 19: SC8 Monthly Budget Statement – Councillor, Board Members and Staff Benefits

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M11 May

Summary of Employee and Councillor remuneration	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		33 837	40 253	40 253	2 912	32 368	36 899	(4 530)	-12%	40 253
Pension and UIF Contributions		4 136	3 999	3 999	356	3 912	3 666	246	7%	3 999
Medical Aid Contributions		2 070	1 885	1 885	196	2 074	1 728	347	20%	1 885
Motor Vehicle Allowance										
Cellphone Allowance		4 047	2 624	2 624	343	3 972	2 405	1 567	65%	2 624
Housing Allowances		2 261	2 274	2 274	200	2 167	2 084	83	4%	2 274
Other benefits and allowances		13 123	13 150	13 150	1 185	12 704	12 054	650	5%	13 150
Sub Total - Councillors		59 473	64 185	64 185	5 192	57 198	58 836	(1 638)	-3%	64 185
% increase	4		7,9%	7,9%						7,9%
Senior Managers of the Municipality										
Basic Salaries and Wages		7 732	15 446	15 297	–	7 056	14 024	(6 969)	-50%	15 297
Pension and UIF Contributions		1 411	2 851	2 823	–	1 206	2 588	(1 382)	-53%	2 823
Medical Aid Contributions		202	284	281	–	175	257	(82)	-32%	281
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	–	–	–	76	–	76	#DIV/0!	–
Motor Vehicle Allowance		1 647	3 311	3 277	–	1 488	3 004	(1 516)	-50%	3 277
Cellphone Allowance		200	–	–	–	212	–	212	#DIV/0!	–
Housing Allowances		1 810	520	515	–	1 888	472	1 416	300%	515
Other benefits and allowances		71	2 745	2 717	–	96	2 491	(2 395)	-96%	2 717
Payments in lieu of leave		–	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		13 072	25 157	24 910	–	12 197	22 838	(10 641)	-47%	24 910
% increase	4		92,5%	90,6%						90,6%
Other Municipal Staff										
Basic Salaries and Wages		1 090 428	1 167 270	1 207 276	100 760	1 149 137	1 098 004	51 133	5%	1 207 276
Pension and UIF Contributions		202 052	221 985	221 373	20 502	223 075	202 687	20 388	10%	221 373
Medical Aid Contributions		84 778	104 778	118 127	7 895	82 979	105 899	(22 920)	-22%	118 127
Overtime		140 923	85 052	75 739	11 627	115 222	70 839	44 383	63%	75 739
Performance Bonus		77 149	97 741	103 549	8 798	79 338	93 802	(14 464)	-15%	103 549
Motor Vehicle Allowance		26 621	37 813	37 448	2 696	27 010	34 334	(7 323)	-21%	37 448
Cellphone Allowance		4 149	4 903	4 855	385	3 967	4 451	(484)	-11%	4 855
Housing Allowances		7 607	19 130	19 495	606	6 678	17 781	(11 103)	-62%	19 495
Other benefits and allowances		94 291	123 562	122 424	8 426	92 086	112 216	(20 130)	-18%	122 424
Payments in lieu of leave		27 897	20 475	20 267	2	779	18 581	(17 803)	-96%	20 267
Long service awards		22 535	23 922	23 672	2 099	22 874	21 703	1 170	5%	23 672
Post-retirement benefit obligations	2	32 361	7 604	7 601	3	28	6 967	(6 939)	-100%	7 601
Sub Total - Other Municipal Staff		1 810 792	1 914 233	1 961 826	163 800	1 803 173	1 787 265	15 908	1%	1 961 826
% increase	4		5,7%	8,3%						8,3%
Total Parent Municipality		1 883 336	2 003 576	2 050 920	168 992	1 872 568	1 868 939	3 629	0%	2 050 920

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

Figure 5: Workforce (Employee) Costs



12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 May 2019. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 May 2019.

Table 20: Overtime per Directorate

Directorate Overtime	2018/2019 Annual Budget R	2018/2019 YTD Budget R	2018/2019 YTD Expenditure R	2018/2019 YTD Variance R	2018/2019 % of YTD Budget %
Directorate Of Executive Support Services	1 719 220	1 548 722	2 816 792	(1 268 070)	182%
Directorate Of The City Manager	603 240	543 416	941 072	(397 656)	173%
Directorate Of Corporate Services	531 768	479 032	475 422	3 610	99%
Directorate Of Development & Spatial Planning	779 665	702 344	193 635	508 709	28%
Directorate Of Economic Development & Agencies	586 261	528 121	353 316	174 804	67%
Directorate Of Finance	2 110 426	1 901 132	1 947 890	(46 758)	102%
Directorate Of Health / Public Safety & Emergency Services	22 486 503	20 256 480	32 716 805	(12 460 325)	162%
Directorate Of Human Settlement	127 471	114 829	11 388	103 442	10%
Directorate Of Infrastructure Services	21 433 979	19 308 337	36 446 946	(17 138 609)	189%
<i>Electricity</i>	9 680 766	8 720 709	12 267 559	(3 546 851)	141%
<i>Water</i>	4 192 032	3 776 301	11 815 333	(8 039 031)	313%
<i>Sanitation</i>	6 196 268	5 581 774	11 043 716	(5 461 942)	198%
<i>Other</i>	1 364 913	1 229 552	1 320 338	(90 785)	107%
Directorate Of Municipal Services	25 360 396	22 845 365	39 318 854	(16 473 489)	172%
Total	75 738 929	68 227 778	115 222 121	(46 994 343)	169%

The total overtime payment for the months March 2019, April 2019 and May 2019 is reflected below. There was an increase in the total payment of overtime between March 2019 and April 2019 of R1 980 745 and an increase in the total payment of overtime between April 2019 and May 2019 of R63 086.

Table 21: Overtime Per Cost Centre: March 2019 – May 2019

		March 2019 Amount	April 2019 Amount	May 2019 Amount
	DIRECTORATE -EXECUTIVE SUPPORT SERVICES			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	176 859.74	127 397.71	198 369.86
0511	COMM/MARKETING/INTERNAT & INTERGOV RELATIONS	0	0	927.00
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	1 390.50	0	4 057.23
0523	IDP & BUDGET INTEGRATION	10 024.73	10 410.67	33 515.34
0531	POLITICAL OFFICE ADMINISTRATION	1 575.12	19 552.84	61 750.52
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	27 591.95	28 049.76	0
		217 442.04	185 410.98	298 619.95
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	29 088.39	41 948.58	61 834.38
1015	INFORMATION / TECHNOLOGY & SUPPORT	21 200.25	13 838.45	13 274.21
		50 288.64	55 787.03	75 108.59
	DIRECTORATE OF CORPORATE SERVICES			
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	0	(138.56)	(138.56)
1512	ADMINISTRATIVE & CORPORATE SUPPORT	11 611.28	20 326.27	6 752.86
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	21 364.02	33 454.33	10 946.08
1531	HUMAN RESOURCES MANAGEMENT	1 191.12	1 502.06	0
1532	ADMINISTRATIVE SUPPORT	7 108.00	10 662.00	0
1536	ORGANISATIONAL DEVELOPMENT	0	1 992.76	(500.00)
		41 274.42	67 798.86	17 060.38
	DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING			
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	5 884.38	6 140.94	11 602.30
2037	TRAFFIC MANAGEMENT & SAFETY	10 346.27	7 563.04	9 191.53
2045	TOWNSHIP REGENERATION	0	1 046.88	0
		16 230.65	14 750.86	20 793.83

		March 2019 Amount	April 2019 Amount	May 2019 Amount
	DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES			
2505	OFFICE OF THE DIRECTOR ECONOMIC DEVELOPMENT	1 478.62	10 122.66	(1 082.90)
2511	FRESH PRODUCE MARKET	8 286.49	5 806.01	8 676.34
2521	TOURISM / ARTS / CULTURE & HERITAGE	22 098.56	24 028.40	25 089.65
		31 863.67	39 957.07	32 683.09
	DIRECTORATE OF FINANCE			
3005	OFFICE OF THE DIRECTOR FINANCE	0	1 056.09	528.05
3011	BUDGET & TREASURY MANAGEMENT	0	7 933.73	0
3031	EXPENDITURE & PAYMENTS MANAGEMENT	0	0	4 896.36
3033	PAYROLL & BENEFITS	3 297.96	454.53	1 904.12
3034	VAT / LEASES & PAYMENTS	0	0	3 324.72
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	0	5 318.73	0
3053	COASTAL REVENUE MANAGEMENT	3 302.65	8 964.02	3 665.64
3054	CUSTOMER RELATIONS (CALL CENTRE)	111 550.28	171 942.07	142 029.52
3055	INLAND REVENUE MANAGEMENT	1 584.78	0	1 732.08
3056	MIDLAND REVENUE MANAGEMENT	4 422.01	5 428.48	7 613.05
3061	STRATEGY & OPERATIONS	1 706.81	0	260.91
3071	SUPPLY CHAIN MANAGEMENT	0	0	80 294.91
		125 864.49	201 097.65	246 249.36
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	4 940.18	11 452.29	2 431.23
3513	FIRE & RESCUE	379 587.35	720 213.41	797 569.21
3521	MUNICIPAL HEALTH SERVICES	14 351.38	1 881.86	15 181.73
3532	LAW ENFORCEMENT SERVICES	938 608.84	1 446 827.93	1 591 722.75
3533	TRAFFIC SERVICES	423 534.75	563 889.97	476 487.02
		1 761 022.50	2 744 265.46	2 883 391.94
	DIRECTORATE OF HUMAN SETTLEMENT			
4005	OFFICE OF THE DIRECTOR OF HUMAN SETTLEMENT	0	712.42	0
4011	HOUSING DELIVERY & IMPLEMENTATION	0	2 731.20	0
		0	3 443.62	0

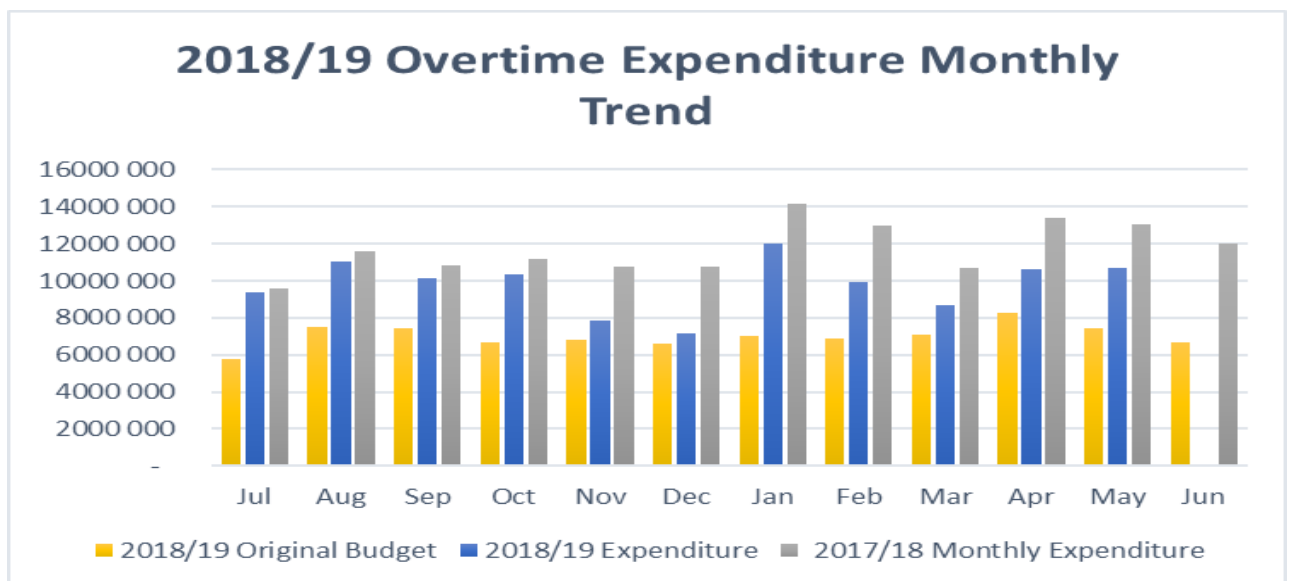
		March 2019 Amount	April 2019 Amount	May 2019 Amount
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	2 248.08	2 248.08	2 248.08
4511	ELECTRICAL & ENERGY SERVICES	2 171.10	1 807.48	2 202.77
4512	CUSTOMER SERVICES & REVENUE PROTECTION	94 532.03	124 106.87	115 308.91
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	597.77	853.95	768.56
4514	ELECTRICAL DISTRIBUTION	1 095 349.94	1 334 009.84	1 077 757.61
4523	PROJECT IMPLEMENTATION UNIT	0	0	10 318.73
4524	ROADS	10 520.41	17 618.07	22 157.48
4532	SANITATION	918 613.63	1 060 733.88	1 075 410.77
4535	WATER SERVICES	974 052.74	1 141 971.63	1 191 639.53
4542	FLEET SERVICES & PLANT	0	0	0
4543	WORKSHOPS	54 844.97	57 677.90	64 650.78
		3 152 930.67	3 741 027.70	3 562 463.22
	DIRECTORATE OF MUNICIPAL SERVICES			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	5 303.69	20 206.25	20 030.94
5011	COMMUNITY AMENITIES	21 524.63	21 306.84	19 161.02
5013	LIBRARIES	21 892.41	25 646.67	55 420.01
5014	HALLS	162 063.95	192 274.64	232 399.11
5015	RECREATION	405 645.14	493 812.44	446 803.88
5016	SPORTS FACILITIES	101 132.88	176 269.22	160 865.18
5022	CEMETRIES & CREMATORIA	307 746.54	314 409.64	352 345.58
5023	CONSERVATION	85 037.60	167 412.89	134 518.38
5024	PARKS: COASTAL	318 979.74	340 566.59	461 225.80
5031	SOLID WASTE MANAGEMENT	23 339.45	49 415.61	18 536.68
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 674 272.90	1 624 575.19	1 530 327.59
5035	LANDFILLS & TRANSFER STATIONS	130 842.98	156 008.58	130 525.63
		3 257 781.91	3 581 904.56	3 562 159.80
	TOTAL OVERTIME	8 654 698.99	10 635 443.79	10 698 530.16

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

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

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

Figure 6: Overtime Expenditure Monthly Trend



12.2.1. Comments On Overtime

a) Directorate of Finance

The Call Centre is required to be operational 365 day a year, which includes weekends and public holidays. The staff are 5 day workers and as such need to be paid overtime for workdone on a weekend and public holidays in order to keep the Call Centre operational. Meetings have been held with Senior staff at Human Resources and a process plan has been drafted for the implementation of the conditions of service of the staff, from 5 day to 6 day workers. The follow up

meeting was set to resume in March but due to unavailability of the key stakeholders, the meeting has been rescheduled for mid June.

b) Directorate of Executive Support

The clustering of IDP budget hearings in May 2019 and meetings held over weekends had an impact on overtime for Public Participation Practitioners as they were expected to loudhail after working hours and during weekends.

c) Directorate of City Manager

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

d) Directorate of Corporate Services

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

e) Directorate of Infrastructure Services

- i. Electricity – Overtime is due to emergency raids to eradicate illegal connections. Vandalism and theft contribute to a large percentage of overtime.
- ii. Roads – Emergency callout for the clearing of storm-water drains in Bisho and King Williams Town.
- iii. Water and Sanitation - Operational requirements to attend to overflows / breakdowns after hours. Overtime is due to additional hours worked on 12hr shifts, emergency replacements of staff on leave and vacant posts.
- iv. Mechanical Workshop - Overtime is mainly caused by call outs by departments for either mechanical breakdown, tyre punctures, vehicles getting stuck & accidents.

f) Directorate of Health, Public Safety & Emergency Services

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

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

g) Directorate of Municipal Services

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

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

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

12.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past three months ended 31 May 2019. The total standby and shift payment for the months of March 2019, April 2019 and May 2019 is reflected below. There was an increase in the total payment between March 2019 and April 2019 of R201, 086 and an increase in the total payment between April 2019 and May 2019 of R229 663.

Table 22: Standby & Shift Allowance per Directorate

	MARCH	APRIL	MAY
	2019	2019	2019
Directorate of Executive Support Services	3 973	2 416	5 181
Directorate of the City Manager	47 606	52 537	51 779
Directorate of Corporate Services	1 779	4 701	486
Directorate of Development & Spatial Planning	17 679	16 609	11 844
Directorate Economic Development & Agencies	987	1 275	1 439
Directorate of Finance	8 594	10 972	11 278
Directorate of Health/Public Safety & Emergency Services	537 006	611 824	599 452
Directorate of Human Settlement	0	0	0
Directorate of Infrastructure Services	665 635	779 125	1 007 484
Directorate of Municipal Services	312 398	317 284	337 462
TOTAL	1 595 657	1 796 743	2 026 406

12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the months of March 2019, April 2019 and May 2019, is reflected below. There was a decrease in the total payment between March 2019 and April 2019 of R5 498 730 and an increase in the total payment between April 2019 and May 2019 of R1 276 369.

Table 23: Temporary Staff per Directorate

	MARCH 2019	APRIL 2019	MAY 2019
Directorate of Executive Support Services	570 649	357 552	253 191
Directorate of the City Manager	212 313	134 109	269 949
Directorate of Corporate Services	2 348 440	1 128 522	1 303 796
Directorate of Development & Spatial Planning	168 671	126 293	106 266
Directorate Economic Development & Agencies	35 744	10 671	0
Directorate of Finance	526 948	91 107	193 524
Directorate of Health/Public Safety & Emergency Services	368 968	84 987	74 126
Directorate of Human Settlement	291 849	97 781	86 205
Directorate of Infrastructure Services	343 388	53 798	53 162
Directorate of Municipal Services	4 769 785	2 053 203	3 074 174
TOTAL	9 636 753	4 138 023	5 414 392

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year to date expenditure of R57.20 million less annual budget of R64.19 million leaves a variance of R 1.99 million.

Table 24: Councillors Costs

Councillors Allowances and Benefits				
Councillors Allowances And Benefits	2018/2019 Annual Budget R	2018/2019 YTD Expenditure R	2018/2019 Variance R	2018/2019 Variance %
Councillors Allowances	42 877 130	2 167 282	37 372 862	94,52
Housing Allowance	2 274 000	2 074 462	22 560	0,00
Medical Aid Allowance	1 884 903	3 911 669	(2 173 462)	(125,04)
Pension Allowance	3 998 763	12 704 384	(9 016 832)	(244,52)
Travel Allowance	13 150 247	36 340 070	(24 213 264)	(199,67)
Total	64 185 043	57 197 867	1 991 865	3,37

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R26.93 million (62%) of its 2018/2019 approved operating budget of R43.18 million. The entity has also spent 11.13% (R1.60 million) of its 2018/19 capital budget of R14.37 million. A detailed analysis of the entity's performance for month ended 31 May 2019 is outlined in the attached **Annexure F**.

Table 25: Monthly Budget Statement – summary of municipal entity

BUF Buffalo City - Supporting Table SC11 Monthly Budget Statement - summary of municipal entities - M11 May										
Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									%	
Revenue By Municipal Entity										
<i>Buffalo City Development Agency</i>								0		
Interest earned - external investments		145	789	459	24	426	420	6	1%	789
Agency services		0	990	248	0	0	227	(227)	-100%	990
Transfers and subsidies		21 724	32 033	31 952	0	29 847	32 033	(2 185)	-7%	32 033
Other revenue		153	10 544	10 522	725	2 048	9 645	(7 598)	-79%	10 544
Total Operating Revenue	1	22 022	44 355	43 181	749	32 321	42 325	(10 004)	-24%	44 355
Expenditure By Municipal Entity										
<i>Buffalo City Development Agency</i>								-		
Employee related costs		14 481	21 727	20 636	1 691	14 287	18 916	(4 629)	-24%	21 727
Remuneration of Directors		900	850	796	76	653	729	(76)	-10%	850
Depreciation & asset impairment		799	1 412	1 276	118	1 092	1 170	(78)	-7%	1 412
Finance charges		5	10	5	0	0	5	(5)	-100%	10
Other expenditure		8 162	20 356	20 468	951	10 901	18 763	(7 862)	-42%	20 356
Total Operating Expenditure	2	24 347	44 355	43 181	2 836	26 933	39 582	(12 649)	-32%	44 355
Surplus/ (Deficit) for the yr/period		(2 325)	(0)	(0)	(2 088)	5 388	2 743	(22 653)	-826%	(0)
Capital Expenditure By Municipal Entity										
<i>Buffalo City Development Agency</i>			27 292	14 372	41	1 600	13 174	(11 575)	-88%	14 372
Total Capital Expenditure	3	0	27 292	14 372	41	1 600	13 174	(11 575)	-88%	14 372

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 56% (R1.18 billion, inclusive of reclaimed vat) of its 2018/19 adjusted capital budget of R2.1 billion as at 31 May 2019. This reflects an increase when compared to the same period in the previous financial year where 51% (R911.97 million, inclusive of reclaimed vat) of the adjusted budget of R1.77 billion was spent. Based on past performance trends, expenditure is expected to progressively improve during the last month of the financial year as major projects have passed procurement to implementation stage.

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

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

Table 26: Capital Expenditure per Funding Source against Budget

2018/2019 CAPITAL BUDGET PER FUNDING SOURCE	2018/2019 THIRD ADJUSTMENT BUDGET	2018/2019 YTD EXPENDITURE INCLD. VAT	2018/2019 EXP. INCLD. VAT %
TOTAL OWN FUNDS	1 081 676 022	526 330 332	49%
Urban Settlements Grant	866 982 240	534 954 088	62%
Public Transport Network Grant	89 415 000	92 349 884	103%
Intergrated City Development Grant	10 003 000	9 695 446	97%
Infrastructure Skills Development Grant	100 000	97 644	98%
Neighbourhood Development Partnership Grant	13 250 000	1 555 918	12%
Energy Efficiency and Demand Side Management	8 000 000	8 905 704	111%
Integrated National Electrification Grant	6 200 000	4 102 889	66%
Finance Management Grant	65 720	67 768	103%
Local Government and Traditional Affairs	9 036 112	2 348 225	26%
TOTAL GRANTS	1 003 052 072	654 077 567	65%
TOTAL - FUNDING SOURCES	2 084 728 094	1 180 407 899	57%
BCMDA Projects	14 371 900	1 558 207	11%
TOTAL CONSOLIDATED CAPITAL PER FUNDING	2 099 099 994	1 181 966 106	56%

Table 27 below reflects capital expenditure performance per service

Table 27: Actual Expenditure per Service against Budget

2018/2019 CAPITAL BUDGET PER SERVICE	2018/2019 THIRD ADJUSTMENT BUDGET	2018/2019 YTD EXPENDITURE INCLD. VAT	2018/2019 EXPENDITURE INCLD. VAT %
Amenities	103 870 608	45 925 807	44%
Electricity	150 095 421	108 478 977	72%
Housing	205 454 640	108 835 699	53%
Local Economic Development	60 735 322	15 177 551	25%
Other	73 000 000	21 522 064	29%
Public Safety	38 404 257	19 746 998	51%
Roads	546 152 873	325 234 798	60%
Spatial Planning	53 796 046	17 133 712	32%
Support Services	149 298 956	126 251 958	85%
Transport Planning	218 351 112	177 536 219	81%
Waste Management	82 952 360	50 228 668	61%
Waste Water	199 512 859	65 812 934	33%
Water	203 103 640	98 522 515	49%
TOTAL - PER SERVICE	2 084 728 094	1 180 407 899	57%
BCMDA Projects	14 371 900	1 558 207	11%
TOTAL CONSOLIDATED CAPITAL PER SERVICE	2 099 099 994	1 181 966 106	56%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

2018/2019 CAPITAL BUDGET PER DIRECTORATE	2018/2019 THIRD ADJUSTMENT BUDGET	2018/2019 YTD EXPENDITURE INCLD. VAT	2018/2019 EXPENDITURE INCLD. VAT %
Executive Support Services	5 886 795	1 976 463	34%
City Manager's Office	94 240 000	116 846 527	124%
Corporate Services	781 438	568 787	73%
Spatial Planning & Development	273 672 816	195 371 276	71%
Economic Development & Agencies	61 235 322	15 528 695	25%
Finance Services	32 441 696	951 538	3%
Health, Public Safety & Emergency Services	39 882 335	20 636 795	52%
Human Settlements	205 899 931	108 964 859	53%
Infrastructure Services	1 172 864 793	620 513 620	53%
Municipal Services	187 822 968	97 094 860	52%
Total Directorates	2 074 728 094	1 178 453 420	57%
Asset Replacement	10 000 000	1 954 480	20%
Total Budget Per Directorate	2 084 728 094	1 180 407 899	57%
BCMDA Projects	14 371 900	1 558 207	11%
TOTAL CONSOLIDATED CAPITAL PER DIRECTORATE	2 099 099 994	1 181 966 106	56%

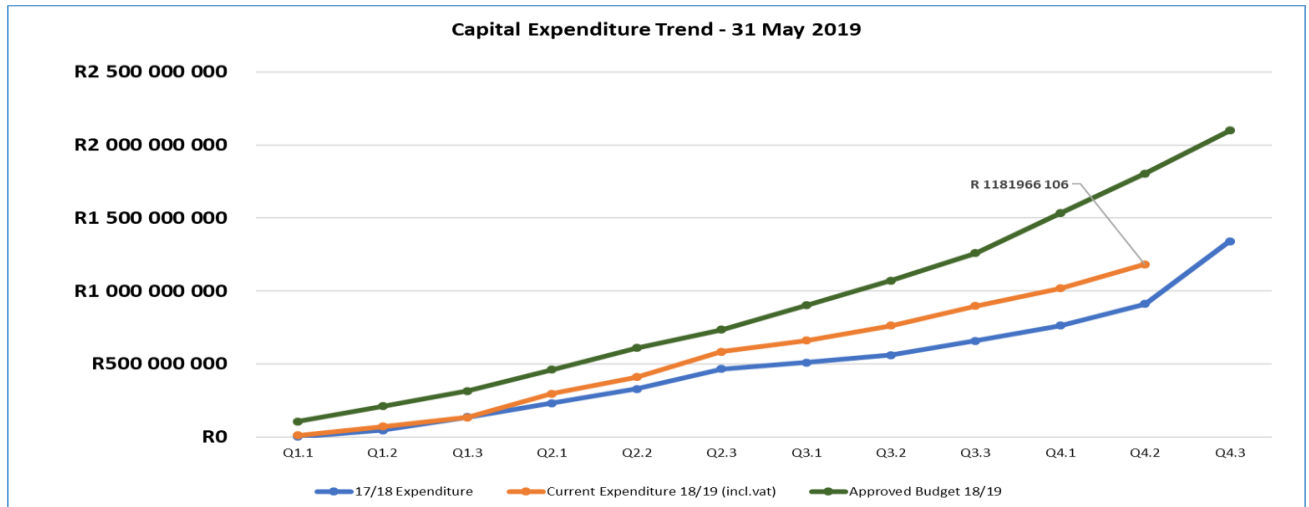
The capital programme performance by month is tabulated in table 29 below (inclusive of Vat).

Table 29: SC12 Monthly Budget Statement – capital expenditure trend

BUF Buffalo City - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M11 May									
Month	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
R thousands								%	
Monthly expenditure performance trend									
July	2 308	148 178	146 091	79 865	79 865	146 091	66 226	45,3%	4%
August	40 222	148 178	146 091	(14 129)		292 181	-		
September	85 095	148 178	169 867	57 137	57 137	462 048	404 911	87,6%	3%
October	85 567	148 178	169 867	151 564	151 564	631 915	480 352	76,0%	9%
November	90 386	148 178	169 867	104 066	104 066	801 782	697 717	87,0%	6%
December	123 230	148 178	169 867	158 939	158 939	971 649	812 710	83,6%	9%
January	40 944	148 178	169 867	70 648	70 648	1 141 516	1 070 868	93,8%	4%
February	50 319	148 178	169 867	97 161	97 161	1 311 383	1 214 222	92,6%	5%
March	88 730	148 178	150 226	124 822	124 822	1 461 609	1 336 788	91,5%	7%
April	98 635	148 178	212 493	114 481	114 481	1 674 102	1 559 621	93,2%	
May	137 819	148 178	212 493	158 523	158 523	1 886 595	1 728 072	91,6%	
June	(727 516)	148 178	212 505	-		2 099 100	-		
Total Capital expenditure	115 740	1 778 142	2 099 100	1 103 077					

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

Figure 7: Capital Expenditure Trend



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

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

- a) All bid committees were restructured in December 2018 to ensure effectiveness and efficiency.
- b) With the new restructured committees, it is envisaged that the target of taking an average period of three months from initiation to the award of an open bid; whereas in the past it used to take an average of about six months.
- c) A Selection Committee has been established to ensure fair distribution of work, promote competition, realise value for money, ensure rotational system which is cost effective and transparent in the management of awarded annual contracts.
- d) Reconfiguration of processes at the Supply Chain Management unit are also underway to improve all procurement related activities.

15. OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 50% (R175.84 million, inclusive of reclaimed vat) of its 2018/19 adjusted operating projects budget of R349.21 million as at 31 May 2019. This reflects a decline when compared to the same period in the previous financial year where 64% (R208.12 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R314.40 million was spent. Based on past performance trends, expenditure is expected to progressively improve during the last month of the financial year as major projects have passed procurement to implementation stage.

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

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

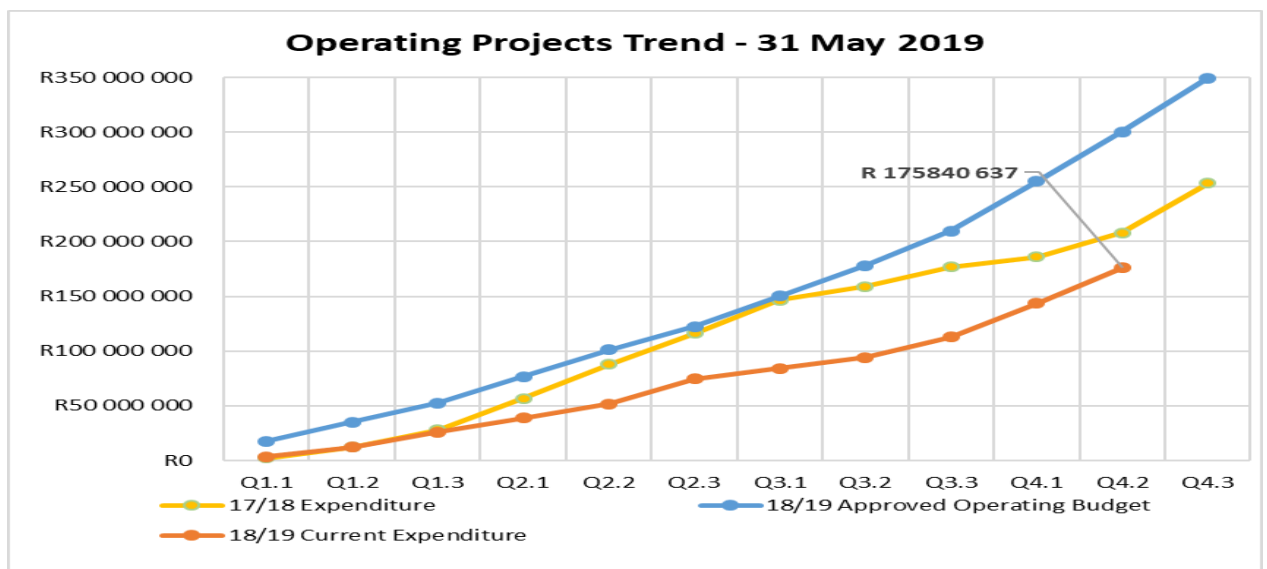
Directorate	THIRD ADJUSTMENT BUDGET	2018/2019 YTD EXPENDITURE INCLD. VAT	2018/2019 EXPENDITURE INCLD. VAT %
Executive Support Services	41 573 011	21 324 819	51%
Municipal Manager's Office	44 132 840	36 501 754	83%
Human Settlements	100 011 359	28 596 647	29%
Directorate of Financial Services	26 365 213	12 688 587	48%
Directorate of Corporate Services	20 710 375	17 422 859	84%
Directorate of Infrastructure Services	66 000 000	29 331 083	44%
Development and Spatial Planning	9 350 000	3 884 287	42%
Directorate of Economic Development	32 370 000	19 176 719	59%
Directorate of Health & Public Safety	300 000	132 952	44%
Directorate of Municipal Services	8 400 000	6 780 930	81%
TOTAL PER DIRECTORATE	349 212 798	175 840 637	50%

Table 31: Operating Projects Per Funding Source

<u>Funding</u>	THIRD ADJUSTMENT BUDGET	2018/2019 YTD EXPENDITURE INCL. VAT	2018/2019 EXPENDITURE INCL. VAT %
Total Own Funding	145 731 298	88 571 494	61%
Expanded Public Works Programme Incentives Grant	4 050 000	4 050 697	100%
Finance Management Grant	1 084 280	843 604	78%
Human Settlement Development Grant	56 201 024	9 817 397	17%
Human Settlement Development Grant c/o	19 797 040	13 970 197	71%
Infrastructure Skills Development Grant	10 700 000	8 414 298	79%
Public Transport Infrastructure Grant	5 750 000	2 490 543	43%
Salaida (Gavle)	846 101	336 195	40%
Urban Settlement Development Grant	96 009 760	43 956 102	46%
Municipal Emergency Housing Grant	9 043 295	3 390 111	37%
TOTAL GRANTS	203 481 500	87 269 142	43%
TOTAL PER FUNDING	349 212 798	175 840 637	50%

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

Figure 8: Operating Projects Expenditure Trend



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

15.2.1 Health / Public Safety & Emergency Services

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

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

Health & Public Safety	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES	0	3 989 501	363 655	1 210	4 354 366
GM - EMERGENCY SERVICES	(53 505 996)	80 860 437	16 764 327	1 558 813	99 183 576
EMERGENCY SERVICES	0	2 401 531	64 428	143	2 466 101
DISASTER MANAGEMENT	0	2 722 977	1 165 305	33 776	3 922 058
FIRE & RESCUE	(53 505 996)	75 735 929	15 534 594	1 524 894	92 795 417
GM - MUNICIPAL HEALTH SERVICES	(835 953)	32 109 478	2 019 684	324 992	34 454 153
MUNICIPAL HEALTH SERVICES: COASTAL REGION	(835 953)	32 109 478	2 019 684	324 992	34 454 153
GM - PUBLIC SAFETY & PROTECTION SERVICES	(50 938 688)	224 853 037	16 246 233	2 717 801	243 817 071
PUBLIC SAFETY & PROTECTION SERVICES	(381 820)	1 935 485	3 354 908	1 534 606	6 824 998
LAW ENFORCEMENT SERVICES	(2 512 717)	129 226 991	5 213 730	553 030	134 993 751
TRAFFIC SERVICES	(48 044 151)	93 690 562	7 677 595	630 165	101 998 323
Total	(92 990 674)	311 378 261	33 937 834	4 130 960	349 447 055

15.2.2 Municipal Services

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

Table 33: Municipal Services – Cost Analysis

Municipal Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	0	7 682 786	1 304 401	23 183	9 010 370
GM - COMMUNITY AMENITIES	(20 049 397)	124 357 323	81 552 429	9 081 178	214 990 930
COMMUNITY AMENITIES	0	13 975 770	65 091 216	546 932	79 613 918
LIBRARIES	(16 015 606)	25 746 018	7 230 652	653 999	33 630 669
HALLS	(1 102 811)	20 614 754	2 836 351	2 626 018	26 077 123
RECREATION	(2 822 436)	41 671 423	3 049 424	2 825 731	47 546 578
SPORTS FACILITIES	(108 544)	22 349 358	3 344 786	2 428 498	28 122 642
GM - PARKS / CEMETRIES & CONSERVATION	(6 718 762)	152 678 886	27 220 897	8 543 510	188 443 292
PARKS / CEMETRIES & CONSERVATION	0	2 633 493	238 278	0	2 871 771
CEMETRIES & CREMATORIA	(5 744 212)	28 233 032	8 796 862	1 551 885	38 581 779
CONSERVATION	(897 262)	17 824 678	3 171 780	1 162 525	22 158 983
PARKS: COASTAL	(77 288)	103 987 683	15 013 976	5 829 100	124 830 759
GM - SOLID WASTE MANAGEMENT	(229 718 590)	172 387 177	108 872 885	11 742 575	293 002 636
SOLID WASTE MANAGEMENT	0	16 665 937	27 163 790	7 917 765	51 747 493
CLEANSING & REFUSE REMOVAL: COASTAL	(227 140 867)	141 562 621	55 552 349	3 804 980	200 919 950
LANDFILLS & TRANSFER STATIONS	(2 577 723)	14 158 618	26 156 745	19 830	40 335 193
Total	(235 701 807)	414 568 255	204 407 266	30 406 486	649 382 007

16. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

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

The monthly budget statement (Section 71 Report)

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

Print name: Andile Sihlahla

City Manager of Buffalo City Metropolitan Municipality

Signature:

Date:

ANNEXURES:

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
- SC14 Capital Expenditure trend
- SC13a Capital Expenditure on New Assets by Class
- SC13b Capital Expenditure on Renewal of Existing Assets by Class
- SC13c Expenditure on Repairs and Maintenance by Asset Class
- SC13d Depreciation by Asset Class

Annexure C

Schedule of Borrowings

Annexure D

Operating expenditure report

Annexure E

Capital expenditure report

Annexure F

Buffalo City Metropolitan Development Agency Performance Report