

REPORT TO EXECUTIVE MAYOR: 18 JANUARY 2016

File No.:5/1/1/1[15/16]

Author: ACTING CITY MANAGER (NCEBA NCUNYANA)/VP

2015/16 MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT

1. PURPOSE

The purpose of the report is for the Executive Mayor to consider and note the mid-year budget and performance assessment of Buffalo City Metropolitan Municipality for the 2015/16 financial year.

2. AUTHORITY

Executive Mayor

3. LEGAL / STATUTORY REQUIREMENTS

The Constitution of the Republic of South Africa, 1996

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

Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

In terms of Section 72, of the Municipal Finance Management Act No. 56, 2003, Chapter 8, the accounting officer of the municipality must, by 25 January of each year, submit a mid-year performance assessment report of the municipality to the mayor of the municipality.

In terms of the Section 54 (1), (2) and (3) of the Municipal Finance Management Act No. 56, 2003 Chapter 7, the following applies: -

“(1) on receipt of a statement or report submitted by the accounting officer of the Municipality

In terms of section 54 (1), the mayor must –

- (a) consider the statement or report;*
- (b) check whether the municipality’s approved budget is implemented in accordance with the service delivery and budget implementation plan;*

- (c) *consider and ,if necessary make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustment budget;*
- (d) *issue any appropriate instructions to the accounting officer to ensure –*
 - (i) *that the budget is implemented in accordance with the service delivery and budget implementation plan; and*
 - (ii) *that spending of funds and revenue collection proceed in accordance with the budget;*
- (e) *Identify any financial problems facing the municipality , including any emerging or impending financial problems ; and*
- (f) *In the case of a section 72 report , submit the report to the council by 31 January of each year.*

In terms of Section 52 (d) of the Municipal Finance Management Act No 56, 2003 Chapter 7, *“the Mayor must within 30 (thirty) days of the end of each quarter, submit a report to Council on the implementation of the budget and the financial state of affairs of the Municipality”.*

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 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. EXECUTIVE MAYOR'S REPORT/COMMENTS

In terms of the legislative requirements placed on myself as an Executive Mayor , in terms of S54 (1):

- (i) I have considered the report and found it to be a fair reflection of the financial affairs of the institution.
- (ii)The approved budget has been implemented in accordance with the service delivery and budget implementation plan.
- (iii)There are currently no changes to the service delivery and budget implementation plan; however the changes will be considered during the mid-year adjustment budget period.
- (iv)The monthly budget statements (S71 reports) are prepared by the Accounting Officer and submitted to the office of the Executive Mayor within 10 working days of the new month.
- (v)The S71 reports for the first six months of this financial year have been considered in the preparation of this assessment report.

In terms of the mid-year performance report the city finds itself in a healthy financial state of affairs.

6. RESOLUTIONS

It is recommended that:

- (i) Executive Mayor considers and notes 2015/16 Mid-Year Budget and Performance Assessment Report of BCMM for the 2015/16 financial year in terms of Section 72 of the MFMA including supporting documentation attached as Annexure A to F.
- (ii) Executive Mayor notes the financial state of affairs of the Municipality as reflected in this report and take note of the year to date collection rate for the period ending 31 December 2015 of 88% and the twelve (12) months average of 90%.
- (iii) Executive Mayor notes the spending rate on DoRA allocation conditional grants, capital projects and operating projects, as well as reasons and remedial actions for such as indicated in section 12, 16 and 17 respectively of this report.

N. NCUNYANA
ACTING CITY MANAGER

DATE

7. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDING 31 DECEMBER 2015

7.1. Dashboard / Performance Summary

Table 1: Performance Summary

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 2,971,378,195	Bank Balance	R 223,150,647
Expenditure	R 2,571,649,307	Call investment deposits (excl. int.)	R 2,496,422,576
Operating Surplus	R 399,728,888	Cash and cash equivalents	R 2,719,573,223
		<i>Account Payables</i>	<i>(R 632,867,256)</i>
		<i>Unspent conditional grants</i>	<i>(R 413,392,898)</i>
		<i>Committed to Capital budget-own funds</i>	<i>(R 430,592,211)</i>
		Therefore uncommitted cash and cash equivalents	R 1,242,720,858
		Total Long term loans	R 526,412,379
DEBTORS		SURPLUS / DEFICIT PER SERVICE	
Total debtors book	R 1,472,868,630	Water	R 32,898,550
Total debtors - Government	R 27,250,851	Electricity	R 126,487,051
Total debtors - Business	R 325,358,002	Refuse	R 67,183,123
Total debtors - Households	R 919,782,721	Sewerage	R 48,867,164
Total debtors - Other	R 200,477,056		
Total debt written off	R 28,529,249		
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
<u>2014/2015: Capital Expenditure as a % of Adjusted Budget of R1.06 billion:</u>	<u>2015/2016: Capital Expenditure as a % of Adjusted Budget of R1.38 billion:</u>	<u>2014/2015: Operating Expenditure as a % of Adjusted Budget of R288.44 million:</u>	<u>2015/2016: Operating Expenditure as a % of Adjusted Budget of R697.73 million:</u>
Exp.(excl. vat) = R363.83 mil % expenditure (excl. vat): 34%	Exp. (excl. vat) = R398.12 mil % exp (Excl. vat) :29%	Exp.(excl. vat) = R113.64 mil % expenditure (excl. vat): 39%	Exp.(excl. vat)=R145.85 mil % exp.(excl. vat): 21%
Exp.(incl. vat) = R397.76 mil % expenditure (incl. vat): 38%	Exp. (incl. vat) = R431.26 mil % exp (incl. vat): 31%	Exp.(incl. vat) = R114.10 mil % exp. (incl. vat): 40%	Exp.(incl. vat) = R146.07 mil % exp.(incl. vat): 21%
FINANCIAL		HUMAN RESOURCES	
Operating Surplus for the period	R 399,728,888	Total staff complement	4 918
12 months average collection ratio	90%	Staff Appointments	603
YTD Grants and subsidies	R 589,760,883	Staff Terminations	138
Debtors to Revenue	16.53%	Number of funded vacant posts	848
Percentage of Creditors paid within terms	100%	Total overtime paid (YTD)	R 56,733,335
Current ratio	3.05:1	Allowances and benefits - Councillors	R 25,594,634
Total Debt to Revenue	11.71%	Salary bill - Officials	R 669,560,369
Capital Charges to Operating Expenditure	1.96%	Workforce costs as a % of income	23%
Cost coverage ratio	6.57 months		

7.2. Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 3.05:1 which indicates the ability of Municipality's current assets to cover its current liabilities. Debtors constitute 24% of the current assets, inventory constitutes 1% and cash & cash equivalents comprise 68% of the current assets.

7.3. Collection Rate and Outstanding Debtors

The debtor's collection rate for the average twelve months ending 31 December 2015 is 90% (2014/15: 92%) and the year to date collection rate for the six (6) months is 88% (2014/15: 92%).

The main contributing factor which contributed to the reduction in collection rate is the unprotected action taken by staff at the Munifin building which includes not addressing the needs of customers. This is currently being addressed by management.

Total debtors book as at 31 December 2015 amounts to R1.47 billion (2015: R1.33 billion). Households: R919.78 million, Business: R325.36 million, Government: R27.25 million, Other: R200.48 million. The ratio of debtors to revenue is 16.53%. The debtors' age analysis report is reflected on Annexure B – SC3.

7.4. Capital Expenditure

BCMM has spent R431.26 million inclusive of reclaimed vat (2014/15: R397.76 million) which is 31% (2014/15: 38%) of its 2015/16 adjusted capital budget of R1.38 billion (2014/15: R1.06 billion) as at 31 December 2015. This depicts a slight regression when compared to the same period in the previous financial year. The expenditure is showing improvement in the second quarter when compared to the first quarter performance. (Refer to Section 14 for further details)

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

7.5. Operating projects

The Metro has spent 21% (R146.07 million, inclusive of reclaimed vat) of its 2015/16 adjusted budget of R697.73 million as at 31 December 2015. This reflects a regression when compared to the same period in the previous financial year where 40% (R114.10 million) of the adjusted operating projects budget of R288.44 million was spent. It is anticipated that the expenditure will improve once the procurement processes have been undertaken. The HSDG budget was overstated due to late confirmation of available funding by the Eastern Cape Provincial Department of Human Settlement, the budget will be reduced in the mid year adjustment budget. Should the HSDG allocation that is on the 2015/16 approved DoRA be taken into consideration then the total budget allocated for operating projects will reduce to R521.94 million, therefore resulting in the total operating projects expenditure percentage to increase to 28%. (Refer to Section 15 for further details)

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

7.6. Expenditure on DoRA Current Allocation

The Metro has spent R326.38 million inclusive of reclaimed vat (2014/15: R304.89 million) which is 41% (2014/15: 43%) of its 2015/2016 DoRA allocation of R801.94 million (2014/15: R714.18 million) as at 31 December 2015. This reflects a slight regression when compared to the same period in the previous financial year. (Refer to Section 11 for further details)

7.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent R296.47 million inclusive of reclaimed vat (2014/15: R278.19 million) which is 42% (2014/15: 41%) of its 2015/16 USDG budget of R713.13 million (2014/15: R673.29 million) as at 31 December 2015. This reflects a slight improvement when compared to the same period in the previous financial year. (Refer to Section 11 for further details)

7.7. Cash and Cash Equivalents

The cash and cash equivalents of the City as at 31 December 2015 are R2.72 billion made up of cash and bank amounting to R223.15 million and call investment deposits of R2.50 billion. This funding is invested with various financial institutions in compliance with the MFMA. Refer to Section 7.7 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown. The cost coverage ratio of the city is 6.57 months.

7.8. Outstanding Creditors

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

7.9. Long-Term Debt Profile

The total long term borrowings of the municipality as at 31 December 2015 amounts to R526.41 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure is 1.96% and the total debt to revenue ratio is 11.71% as at 31 December 2015.

8.2. 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)

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue - Standard										
<i>Governance and administration</i>		1 886 925	1 974 740	1 974 740	338 654	1 137 747	1 117 888	19 859	2%	1 974 740
Executive and council		28 536	37 902	37 902	2 504	12 876	8 271	4 605	56%	37 902
Budget and treasury office	1 846 004	1 922 818	1 922 818	1 922 818	335 320	1 121 904	1 106 524	15 380	1%	1 922 818
Corporate services		12 385	14 019	14 019	830	2 967	3 092	(126)	-4%	14 019
<i>Community and public safety</i>		286 920	651 123	653 618	44 259	168 100	85 020	83 080	98%	653 618
Community and social services		9 404	17 738	17 738	10 694	15 239	6 470	8 769	136%	17 738
Sport and recreation		3 346	5 601	5 601	357	1 155	1 104	52	5%	5 601
Public safety		79 741	90 035	90 035	11 567	68 545	37 832	30 714	81%	90 035
Housing		193 400	535 206	537 702	21 641	83 152	39 204	43 948	112%	537 702
Health		1 029	2 542	2 542	–	8	410	(402)	-98%	2 542
<i>Economic and environmental services</i>		79 188	97 752	97 883	4 142	13 776	41 434	(27 658)	-67%	97 883
Planning and development		25 472	21 272	21 403	4 098	13 347	11 445	1 901	17%	21 403
Road transport		49 859	76 096	76 096	37	356	29 900	(29 544)	-99%	76 096
Environmental protection		3 857	385	385	7	73	89	(16)	-18%	385
<i>Trading services</i>		2 701 728	2 972 019	2 974 519	282 327	1 644 274	1 474 940	169 334	11%	2 974 519
Electricity		1 534 229	1 726 439	1 726 439	170 434	965 283	798 329	166 954	21%	1 726 439
Water		461 672	492 088	492 088	16 485	265 137	242 578	22 559	9%	492 088
Waste water management		369 759	392 460	392 460	47 907	216 180	238 101	(21 921)	-9%	392 460
Waste management		336 068	361 032	363 532	47 501	197 674	195 931	1 742	1%	363 532
<i>Other</i>	4	633 245	874 327	874 327	85 297	306 401	218 784	87 617	40%	874 327
Total Revenue - Standard	2	5 588 007	6 569 960	6 575 087	754 678	3 270 298	2 938 065	332 233	11%	6 575 087
Expenditure - Standard										
<i>Governance and administration</i>		1 074 718	1 087 762	1 103 479	78 729	473 352	409 789	63 563	16%	1 103 479
Executive and council		154 500	194 037	194 037	16 159	90 446	86 532	3 914	5%	194 037
Budget and treasury office		622 050	466 958	470 923	33 265	204 372	187 732	16 641	9%	470 923
Corporate services		298 168	426 767	438 519	29 305	178 533	135 525	43 009	32%	438 519
<i>Community and public safety</i>		612 695	989 070	991 566	69 009	349 944	255 490	94 454	37%	991 566
Community and social services		88 098	93 320	93 320	8 440	46 301	36 277	10 025	28%	93 320
Sport and recreation		78 789	74 147	74 147	6 675	36 052	29 405	6 646	23%	74 147
Public safety		209 992	219 275	219 275	23 494	135 296	108 552	26 744	25%	219 275
Housing		207 474	571 731	574 226	27 748	117 333	68 925	48 408	70%	574 226
Health		28 342	30 598	30 598	2 653	14 962	12 331	2 631	21%	30 598
<i>Economic and environmental services</i>		775 123	843 333	822 181	65 115	356 515	323 636	32 879	10%	822 181
Planning and development		221 953	213 708	213 840	16 479	97 271	101 837	(4 566)	-4%	213 840
Road transport		453 960	527 886	506 602	39 347	206 248	182 541	23 706	13%	506 602
Environmental protection		99 210	101 739	101 739	9 289	52 997	39 258	13 739	35%	101 739
<i>Trading services</i>		2 740 479	2 781 669	2 789 735	216 893	1 384 520	1 552 756	(168 236)	-11%	2 789 735
Electricity		1 481 918	1 625 904	1 625 904	116 890	838 796	989 891	(151 095)	-15%	1 625 904
Water		586 655	503 337	503 337	46 807	247 921	230 519	17 402	8%	503 337
Waste water management		371 722	362 232	362 232	27 221	167 313	162 793	4 520	3%	362 232
Waste management		300 184	290 196	298 262	25 975	130 900	169 553	(39 062)	-23%	298 262
<i>Other</i>		13 509	17 005	16 851	1 354	7 319	5 045	2 275	45%	16 851
Total Expenditure - Standard	3	5 216 523	5 718 839	5 723 812	431 100	2 571 649	2 546 715	24 934	1%	5 723 812
Surplus/ (Deficit) for the year		371 483	851 121	851 275	323 578	698 649	391 350	307 299	79%	851 275

8.3. 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)

Vote Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Directorate - Executive Support Services		733	-	131	5	5	131	(127)	-96.6%	131
Vote 2 - Directorate - City Manager		28 536	37 902	37 902	2 504	12 876	6 682	6 195	92.7%	37 902
Vote 3 - Directorate - Human Settlements		196 494	535 206	537 702	21 641	83 188	39 244	43 944	112.0%	537 702
Vote 4 - Directorate - Finance		1 846 004	1 922 818	1 922 818	335 320	1 121 904	1 219 665	(97 761)	-8.0%	1 922 818
Vote 5 - Directorate - Corporate Services		7 832	11 851	11 851	715	2 254	1 240	1 014	81.8%	11 851
Vote 6 - Directorate - Infrastructure Services		2 369 496	2 614 132	2 614 132	234 848	1 446 673	1 152 437	294 237	25.5%	2 614 132
Vote 7 - Directorate - Development Planning		44 568	55 515	55 515	5 815	21 783	18 204	3 580	19.7%	55 515
Vote 8 - Directorate - Health / Public Safety & Emergency Services		126 175	157 427	157 427	11 567	68 554	72 941	(4 387)	-6.0%	157 427
Vote 9 - Directorate - Municipal Services		352 676	384 756	387 256	58 559	214 141	213 402	739	0.3%	387 256
Vote 10 - Directorate - Miscellaneous		615 492	850 353	850 353	83 705	298 920	214 120	84 800	39.6%	850 353
Total Revenue by Vote	2	5 588 007	6 569 960	6 575 087	754 678	3 270 298	2 938 065	332 233	11.3%	6 575 087
Expenditure by Vote	1									
Vote 1 - Directorate - Executive Support Services		158 483	164 414	181 433	16 254	92 672	87 114	5 558	6.4%	181 433
Vote 2 - Directorate - City Manager		79 494	102 124	102 124	5 891	44 614	44 610	4	0.0%	102 124
Vote 3 - Directorate - Human Settlements		218 348	582 205	584 701	28 190	119 664	61 705	57 959	93.9%	584 701
Vote 4 - Directorate - Finance		622 050	466 958	470 923	33 265	204 372	175 039	29 333	16.8%	470 923
Vote 5 - Directorate - Corporate Services		123 906	214 533	222 205	13 099	79 004	62 524	16 481	26.4%	222 205
Vote 6 - Directorate - Infrastructure Services		2 921 502	3 046 354	3 025 070	233 937	1 479 396	1 622 555	(143 160)	-8.8%	3 025 070
Vote 7 - Directorate - Development Planning		255 196	274 508	274 508	22 983	130 732	102 947	27 785	27.0%	274 508
Vote 8 - Directorate - Health / Public Safety & Emergency Services		264 371	283 787	283 787	26 342	151 360	130 304	21 056	16.2%	283 787
Vote 9 - Directorate - Municipal Services		573 172	582 239	577 497	51 139	269 835	259 918	9 917	3.8%	577 497
Vote 10 - Directorate - Miscellaneous		-	1 565	1 565	-	-	-			1 565
Total Expenditure by Vote	2	5 216 523	5 717 121	5 722 248	431 100	2 571 649	2 546 715	24 934	1.0%	5 722 248
Surplus/ (Deficit) for the year	2	371 483	852 840	852 840	323 578	698 649	391 350	307 299	78.5%	852 840

Surplus/(Deficit) after capital transfers & contributions	349 124	851 275	851 275	323 578	698 649	391 350			851 275
Taxation	-	-	-	-	-	-	-		-
Surplus/(Deficit) after taxation	349 124	851 275	851 275	323 578	698 649	391 350			851 275
Attributable to minorities	-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality	349 124	851 275	851 275	323 578	698 649	391 350			851 275
Share of surplus/ (deficit) of associate	22 359	-	-	-	-	-			-
Surplus/ (Deficit) for the year	371 483	851 275	851 275	323 578	698 649	391 350			851 275

8.4.1. ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

8.4.1.1. Service Charges – Electricity Revenue

The over-recovery of 11% is a combination of the non-alignment of the period budget with the actual trend of consumption and the influences of seasonal consumption trends.

8.4.1.2. Rental of Facilities & Equipment

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

8.4.1.3. Interest earned – External Investments

The variance of 51% is due to high interest earned on investments than what was projected. The trend is expected to become linear as the year progresses.

8.4.1.4. Fines

The Magistrates Court has backdated their payments to BCMM for about three months as they have not been paying BCMM's portion of the fines/warrants paid in at the Magistrates Court.

8.4.1.5. Licenses and Permits

Applicants are not restricted to apply for drivers and learners licenses in their area of residence and tend to apply at more convenient testing stations. This results in reduction in income generated by BCMM on this service.

8.4.1.6. Transfers Recognised – Operational

The transfers recognised relate to grants and subsidies received as well as revenue recognised on grant funded operating projects. Revenue from grant funded projects is recognised as the expenditure is incurred and to date R98.40 million has been recognised. Total Grants and Subsidies received amounts to R491.36 million.

8.4.1.7. Other Revenue

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

8.4.1.8. Contracted Services

Contracted services are utilised as and when required. As the year progresses the use of contracted services will stabilise.

8.4.1.9. Other expenditure

Other expenditure includes operating projects, operational costs as well as repairs and maintenance. Expenditure on repairs and maintenance is provided in table 6 below.

8.4.1.10. Repairs and Maintenance

Table 6 below reflects that as at 31 December 2015, the repairs and maintenance expenditure is 37% of the approved budget of R372.01 million (2014/15: 49%). This reflects a regression when compared with the prior year and is anticipated to improve as the year progresses. Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	<u>2015/2016</u> <u>Annual</u> <u>Budget</u> <u>R</u>	<u>2015/2016</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2015/2016</u> <u>Variance</u> <u>R</u>	<u>2015/2016</u> <u>% of</u> <u>Budget</u>
Directorate of Executive Support	2 901 917	353 138	2 548 779	12%
Directorate of The City Manager	120 609	4 372	116 237	4%
Directorate of Corporate Services	5 865 813	1 471 522	4 394 291	25%
Directorate of Development & Spatial Planning	25 432 367	12 918 371	12 513 996	51%
Directorate of Economic Development & Agencies	1 058 859	127 141	931 718	12%
Directorate of Finance	2 935 990	679 173	2 256 817	23%
Directorate of Health / Public Safety & Emergency Services	5 956 496	1 266 967	4 689 529	21%
Directorate of Human Settlement	97 239	50 647	46 592	52%
Directorate of Infrastructure Services	293 911 912	111 245 834	182 666 078	38%
<i>Electricity</i>	112 549 555	45 667 354	66 882 201	41%
<i>Water</i>	42 435 218	23 832 625	18 602 593	56%
<i>Sanitation</i>	26 813 164	15 184 118	11 629 046	57%
<i>Other</i>	112 113 975	26 561 738	85 552 237	24%
Directorate of Municipal Services	33 728 503	10 354 690	23 373 813	31%
TOTAL	372 009 705	138 471 856	233 537 849	37%

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

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

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

Vote Description	Ref	Budget Year 2015/16								
		2014/15 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Directorate - Executive Support Services		1 321	6 200	7 439	–	463	2 926	(2 463)	-84%	7 439
Vote 2 - Directorate - City Manager		5 452	21 500	21 500	–	–	37	(37)	-100%	21 500
Vote 3 - Directorate - Human Settlements		144 783	211 424	211 785	242	78 630	17 220	61 410	357%	211 785
Vote 4 - Directorate - Finance		3 282	10 000	10 632	1	366	3 063	(2 698)	-88%	10 632
Vote 5 - Directorate - Corporate Services		4 863	21 600	39 538	537	3 242	1 577	1 665	106%	39 538
Vote 6 - Directorate - Infrastructure Services		671 827	820 556	859 352	91 152	259 596	149 660	109 936	73%	859 352
Vote 7 - Directorate - Development Planning		37 437	68 221	69 653	4 471	16 770	19 053	(2 283)	-12%	69 653
Vote 8 - Directorate - Health / Public Safety & Emergency Services		3 751	21 650	32 265	2 085	4 052	14 215	(10 163)	-71%	32 265
Vote 9 - Directorate - Municipal Services		57 333	94 204	127 986	13 079	35 005	6 368	28 637	450%	127 986
Total Capital Multi-year expenditure	4,7	930 050	1 275 354	1 380 149	111 569	398 125	214 120	184 004	86%	1 380 149
Single Year expenditure appropriation	2									
Vote 1 - Directorate - Executive Support Services		–	–	–	–	–	–	–	–	–
Vote 2 - Directorate - City Manager		–	–	–	–	–	–	–	–	–
Vote 3 - Directorate - Human Settlements		–	–	–	–	–	–	–	–	–
Vote 4 - Directorate - Finance		–	–	–	–	–	–	–	–	–
Vote 5 - Directorate - Corporate Services		–	–	–	–	–	–	–	–	–
Vote 6 - Directorate - Infrastructure Services		–	–	–	–	–	–	–	–	–
Vote 7 - Directorate - Development Planning		–	–	–	–	–	–	–	–	–
Vote 8 - Directorate - Health / Public Safety & Emergency Services		–	–	–	–	–	–	–	–	–
Vote 9 - Directorate - Municipal Services		–	–	–	–	–	–	–	–	–
Total Capital single-year expenditure	4	–	–	–	–	–	–	–	–	–
Total Capital Expenditure		930 050	1 275 354	1 380 149	111 569	398 125	214 120	184 004	86%	1 380 149
Capital Expenditure - Standard Classification										
Expenditure - Standard		14 918	59 300	79 110	539	4 071	12 273	(8 202)	-67%	79 110
Governance and administration		6 773	27 700	28 939	–	463	4 490	(4 026)	-90%	28 939
Executive and council		3 282	10 000	10 632	1	366	1 649	(1 284)	-78%	10 632
Budget and treasury office		4 863	21 600	39 538	537	3 242	6 134	(2 892)	-47%	39 538
Corporate services		165 241	305 568	317 533	9 834	98 813	49 263	49 550	101%	317 533
Community and public safety		11 918	40 269	40 269	4 092	10 122	6 247	3 875	62%	40 269
Community and social services		4 788	32 225	33 215	3 414	6 009	5 153	856	17%	33 215
Sport and recreation		3 751	21 650	32 265	2 085	4 052	5 006	(954)	-19%	32 265
Public safety		144 783	211 424	211 785	242	78 630	32 857	45 773	139%	211 785
Housing		–	–	–	–	–	–	–	–	–
Health		369 799	333 221	334 653	32 019	86 123	51 919	34 204	66%	334 653
Economic and environmental services		37 437	68 221	69 653	4 471	16 770	10 806	5 964	55%	69 653
Planning and development		322 624	265 000	265 000	27 548	69 353	41 113	28 240	69%	265 000
Road transport		9 738	–	–	–	–	–	–	–	–
Environmental protection		379 734	529 266	600 854	69 177	209 117	93 218	115 899	124%	600 854
Trading services		150 386	158 500	158 500	28 572	75 807	24 590	51 217	208%	158 500
Electricity		91 521	91 000	91 000	10 900	44 855	14 118	30 737	218%	91 000
Water		106 938	258 056	296 852	24 132	69 582	46 054	23 527	51%	296 852
Waste water management		30 889	21 710	54 502	5 573	18 874	8 456	10 418	123%	54 502
Waste management		358	48 000	48 000	–	–	7 447	(7 447)	-100%	48 000
Total Capital Expenditure - Standard Classification	3	930 050	1 275 354	1 380 149	111 569	398 125	214 120	184 004	86%	1 380 149
Funded by:										
National Government		565 914	742 884	742 884	83 705	274 801	115 253	159 548	138%	742 884
Provincial Government		49 578	107 469	107 469	–	24 119	16 673	7 446	45%	107 469
District Municipality		–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–
Transfers recognised - capital		615 492	850 353	850 353	83 705	298 920	131 926	166 994	127%	850 353
Public contributions & donations	5	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		314 558	425 002	529 797	27 864	99 205	82 194	17 011	21%	529 797
Total Capital Funding		930 050	1 275 354	1 380 149	111 569	398 125	214 120	184 004	86%	1 380 149

8.6. Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having high assets over liabilities resulting into the net worth of R14.31 billion.

Table 8: C6: Monthly Budget Statement – Financial Position

Description	Ref	2014/15	Budget Year 2015/16			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		62 873	80 000	80 000	223 151	80 000
Call investment deposits		2 135 924	2 303 434	2 303 434	2 496 423	2 303 434
Consumer debtors		481 141	671 945	671 946	591 270	671 946
Other debtors		362 538	98 188	98 188	654 231	98 188
Current portion of long-term receivables		–	14	14	–	14
Inventory		44 878	96 800	96 800	47 321	96 800
Total current assets		3 087 354	3 250 381	3 250 382	4 012 396	3 250 382
Non current assets						
Long-term receivables		–	60	60	–	60
Investments		–	–	–	–	–
Investment property		328 302	411 400	411 400	328 302	411 400
Investments in Associate		81 908	–	–	81 908	–
Property, plant and equipment		12 036 600	11 197 291	11 197 292	12 089 260	11 197 292
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		98 374	22 800	22 800	98 374	22 800
Other non-current assets		–	75 160	75 160	–	75 160
Total non current assets		12 545 184	11 706 711	11 706 712	12 597 844	11 706 712
TOTAL ASSETS		15 632 539	14 957 092	14 957 094	16 610 240	14 957 094
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		48 835	46 097	46 097	48 835	46 097
Consumer deposits		48 505	54 050	54 050	53 147	54 050
Trade and other payables		736 525	774 300	774 300	1 046 260	774 300
Provisions		166 234	151 780	151 780	166 234	151 780
Total current liabilities		1 000 100	1 026 227	1 026 227	1 314 477	1 026 227
Non current liabilities						
Borrowing		497 244	500 418	500 418	474 798	500 418
Provisions		465 341	599 090	599 090	513 856	599 090
Total non current liabilities		962 585	1 099 508	1 099 508	988 654	1 099 508
TOTAL LIABILITIES		1 962 685	2 125 735	2 125 735	2 303 131	2 125 735
NET ASSETS	2	13 669 854	12 831 357	12 831 359	14 307 109	12 831 359
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		9 433 191	10 020 574	10 020 575	10 070 447	10 020 575
Reserves		4 236 663	2 810 783	2 810 783	4 236 663	2 810 783
TOTAL COMMUNITY WEALTH/EQUITY	2	13 669 854	12 831 357	12 831 358	14 307 109	12 831 358

8.7. Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R555.14 million resulting in cash and cash equivalents closing balance of R2.72 billion as at 31 December 2015.

Table 9: C7: Monthly Budget Statement – Cash Flow

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		794 519	831 140	831 140	69 379	492 347	415 570	76 777	18%	831 140
Service charges		2 424 753	2 471 802	2 471 802	191 890	1 414 381	1 235 901	178 481	14%	2 471 802
Other revenue		84 777	657 180	657 180	153 154	390 872	328 590	62 283	19%	657 180
Government - operating		948 263	1 149 387	1 154 104	243 256	589 761	574 693	15 068	3%	1 154 104
Government - capital		615 492	850 353	850 353	(0)	319 252	425 176	(105 924)	-25%	850 353
Interest		159 221	152 531	152 531	13 295	84 017	76 265	7 751	10%	152 531
Dividends		-	-	0	-	-	-	-		0
Payments										
Suppliers and employees		(3 718 728)	(4 448 581)	(4 474 992)	(136 661)	(2 170 605)	(2 224 291)	(53 686)	2%	(4 474 992)
Finance charges		(60 674)	(54 313)	(54 313)	(4 923)	(27 853)	(27 157)	697	-3%	(54 313)
Transfers and Grants		(234 175)	(258 568)	(258 568)	(19 986)	(116 461)	(129 284)	(12 823)	10%	(258 568)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 013 447	1 350 929	1 329 235	509 402	975 711	675 464	(300 246)	-44%	1 329 235
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		6 254	-	-	-	-	-	-		-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		16	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(929 939)	(1 275 354)	(1 380 149)	(111 569)	(398 125)	(637 677)	(239 553)	38%	(1 380 149)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(923 670)	(1 275 354)	(1 380 149)	(111 569)	(398 125)	(637 677)	(239 553)	38%	(1 380 149)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		3 667	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		(57 336)	(46 097)	(46 097)	(12 076)	(22 446)	(23 049)	(603)	3%	(46 097)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(53 669)	(46 097)	(46 097)	(12 076)	(22 446)	(23 049)	(603)	3%	(46 097)
NET INCREASE/ (DECREASE) IN CASH HELD		36 108	29 477	(97 012)	385 758	555 140	14 739			(97 012)
Cash/cash equivalents at beginning:		2 164 433	2 353 956	2 353 956		2 164 433	2 353 956			2 164 433
Cash/cash equivalents at month/year end:		2 200 541	2 383 434	2 256 945		2 719 573	2 368 695			2 067 421

PART 2: SUPPORTING **DOCUMENTATION**

9. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

9.1. Debtors

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

Table 10: SC3 Monthly Budget Statement Aged Debtors

Description	NT Code	Budget Year 2015/16								Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr				
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	35 856	14 099	16 931	14 794	13 636	16 143	81 525	203 824	396 808	329 922		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	84 489	10 526	7 190	2 860	2 512	2 314	8 518	28 104	146 513	44 308		
Receivables from Non-exchange Transactions - Property Rates	1400	64 684	26 218	15 751	15 855	12 386	16 279	68 718	182 862	402 754	296 101		
Receivables from Exchange Transactions - Waste Water Management	1500	18 974	7 360	8 013	4 229	3 810	3 978	18 253	102 249	166 864	132 518		
Receivables from Exchange Transactions - Waste Management	1600	16 064	7 918	5 923	5 331	5 097	5 196	23 224	144 930	213 684	183 778		
Receivables from Exchange Transactions - Property Rental Debtors	1700	69	68	68	61	61	67	407	2 659	3 459	3 254		
Interest on Arrear Debtor Accounts	1810									-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	9 971	3 573	2 675	2 457	2 401	3 903	13 384	104 423	142 787	126 568		
Total By Income Source	2000	230 107	69 762	56 551	45 587	39 904	47 879	214 029	769 050	1 472 869	1 116 449	-	-
2014/15 - totals only		188 707	51 323	36 295	32 134	37 322	42 005	146 747	566 722	1 101 256	824 930		
Debtors Age Analysis By Customer Group													
Organs of State	2200	11 766	4 219	4 142	1 563	507	1 389	735	2 929	27 251	7 124		
Commercial	2300	118 720	19 652	13 200	10 057	9 413	11 128	51 864	91 323	325 358	173 786		
Households	2400	90 169	40 211	34 434	29 344	26 060	28 960	136 163	534 441	919 783	754 968		
Other	2500	9 451	5 680	4 774	4 623	3 924	6 402	25 266	140 357	200 477	180 572		
Total By Customer Group	2600	230 107	69 762	56 551	45 587	39 904	47 879	214 029	769 050	1 472 869	1 116 449	-	-

9.1.1. Additional debtors information

The debtors that are older than 30 days, which includes all charges, amounted to R1,242,762,039 at 31 December 2015 which is an increase of R20,076,187 over the amount of R1,223,692,395 at 30 November 2015.

9.2. Additional debtor's information.

9.2.1. Age Analysis per Category

Table 11 below details debtors age analysis that are older than 30 days by income source as at 31 December 2015. It also provides comparison with the previous month (30 November 2015) which indicates an increase from R1.22 billion to R1.24 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR DECEMBER 2015	TOTAL FOR NOVEMBER 2015
DAYS	26,218,348	7,359,657	10,526,490	14,099,020	7,917,883	3,640,271	69,761,670	78,542,901
60 DAYS	15,751,232	8,013,060	7,189,744	16,931,221	5,923,295	2,742,583	56,551,135	53,280,883
90 DAYS	15,855,308	4,228,654	2,859,944	14,794,241	5,330,978	2,517,816	45,586,942	44,455,940
120 DAYS TO 360 DAYS	97,383,722	26,040,581	13,343,887	111,303,682	33,517,405	20,223,129	301,812,407	272,395,105
YEAR 2	70,582,175	28,636,710	8,151,007	67,586,006	36,276,473	26,481,013	237,713,385	241,048,194
YEAR 3	27,827,379	18,648,085	6,219,709	37,542,837	25,709,742	21,283,079	137,230,831	138,394,019
YEAR 4	22,144,293	13,922,298	5,592,781	24,980,769	18,946,967	14,628,735	100,215,843	100,795,032
YEAR 5	17,434,884	9,465,688	3,186,955	16,712,641	12,615,495	10,536,488	69,952,152	
YEAR 5+	44,873,474	31,575,720	4,953,260	57,001,908	51,381,362	34,151,949	223,937,673	294,780,320
TOTAL	338,070,816	147,890,452	62,023,777	360,952,327	197,619,601	136,205,065	1,242,762,039	1,223,692,395

9.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type that are older than 30 days as at 31 December 2015. It also reflects the percentage split per category with domestic consumers having the highest share followed by indigent consumers.

Table 12: Age Analysis per Category Type

CATEGORY TYPE	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	30,301,111	22,044,991	17,445,961	470,657,044	540,449,107	43.49
Indigent	9,625,813	12,228,040	11,746,071	254,212,565	287,812,488	23.16
Business	19,651,648	13,200,477	10,057,222	163,728,366	206,637,713	16.63
Government	4,219,116	4,142,361	1,563,248	5,560,514	15,485,239	1.25
Municipal Staff	278,685	160,182	150,335	716,604	1,305,806	0.11
Councillors	5,566	1,146	1,189	38,120	46,022	0.00
Other	5,679,732	4,773,938	4,622,916	175,949,078	191,025,664	15.37
Total	69,761,670	56,551,135	45,586,942	1,070,862,292	1,242,762,039	100.00

Note*: A stop order deduction is implemented for all municipal staff and councillors in arrears. When new staff join the employ of the municipality in many instances there is services debt, and therefore the arrears will be liquidated over an acceptable period of time, in terms of the Credit Control Policy. The reason why the debt reflects in the 30/60/90 day columns relating to staff and councillors is due to the fact that when the stop orders are receipted the payment is allocated to the oldest ageing category, giving the impression that current is not being paid, which is not the case as an amount is being deducted for current accounts.

9.2.3. Billing, Receipts and Debtors Collection Rate

Table 13 below reflects the twelve monthly amounts billed, collected / received and collection rate for the current financial year and previous financial year.

Table 13: Cumulative Nett Billing, Receipts and Debtors Collection Ratio per month from 2014/15 to 2015/16 financial year

Month	2013/2014			2014/2015			2015/2016		
	Billing	Receipts	Collection Rate	Billing	Receipts	Collection Rate	Billing	Receipts	Collection Rate
July	2,325,509,002	-2,153,249,916	92.59	2,602,264,135	-2,371,903,619	91.00	2,786,019,633	-2,557,423,910	91.79
August	2,360,722,274	-2,184,105,932	92.52	2,568,699,884	-2,383,877,074	93.00	2 836 283 594	-2 574 980 622	90.79
September	2,362,100,818	-2,201,573,537	93.20	2,589,585,746	-2,403,569,317	93.00	2,868,564,850	-2,601,967,874	90.71
October	2,390,760,330	-2,214,093,193	92.61	2,625,227,643	-2,450,270,791	93.00	2,923,155,470	-2,577,805,127	88.19
November	2,413,236,105	-2,237,227,839	92.71	2,652,206,738	-2,440,158,405	92.00	3,044,458,510	-2,648,249,116	86.99
December	2,451,423,493	-2,277,540,737	92.91	2,662,628,366	-2,446,012,486	92.00	2,971,154,524	-2,673,255,470	89.97
January	2,473,521,774	-2,288,389,311	92.52	2,712,272,987	-2,461,342,745	91.00			
February	2,489,423,294	-2,286,023,845	91.83	2,712,530,485	-2,497,487,079	92.00			
March	2,508,588,241	-2,317,244,720	92.37	2,733,798,105	-2,521,003,323	92.00			
April	2,533,810,040	-2,313,671,267	91.31	2,760,426,654	-2,550,439,243	92.39			
May	2,563,282,383	-2,324,079,609	90.67	2,821,295,806	-2,563,487,111	90.86			
June	2,565,798,810	-2,350,536,518	91.61	2,738,540,795	-2,562,718,785	93.58			

9.2.4. Debt Incentive Scheme

The City is currently undertaking a debt incentive scheme to encourage consumers to pay its long outstanding debts. Any debt that was 120 days or older as at November 2014 qualifies for a write off of 50% provided that the remaining 50% plus the debt in the current to 90 days ageing categories is paid. This debt can be paid once-off, or in monthly instalment arrangements; or as a rand-for-rand option, whereby the consumer has an opportunity to pay 50% of the debt older than 120 days off as and when they can, until the end of June 2016 and for every payment made towards this debt, an amount of equal value is written off.

As at 31 December 2015 a total of three thousand and fifty-six (3056) consumers have registered for the scheme. The total registered debt value is R62,156,416.71 to date, debt payments received amount to R65,295,115.60 and debt write-offs total to R17,058,461.24.

9.2.5. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality that are older than 30 days as at 31 December 2015 amounted to R15,485,239. This indicates a decrease of R551,821 when compared to prior month amount of R16,037,060.

A total payment of R10,544,309.45 was received from Government Departments in December 2015. The breakdown of the arrears per department (excluding accounts in credit) is indicated in the table hereunder, as at 31 December 2015.

Table 14 below provides an analysis of government debtors as at 31 December 2015 and comparison with the previous month.

Table 14: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 DECEMBER 2015	ARREARS AS AT 30 NOVEMBER 2015	DIFFERENCE
National Department Of Public Works	546,969	96,885	643,854	1,419,504	(775,651)
Provincial Department Of Public Works	889,581	271,794	1,161,374	3,213,168	(2,051,794)
Department Of Education		2,293,320	2,293,320	1,689,365	603,955
Department Of Health		6,215,880	6,215,880	4,601,816	1,614,064
Department Of Social Development		513,945	513,945	249,735	264,211
Department Of Transport		41,387	41,387	-	41,387
Department Of Agriculture		922,252	922,252	903,085	19,167
Department Of Nature Conservation		9,974	9,974	9,974	-
Department of Human Settlements		-	-	2,776	(2,776)
Department of Labour - UIF Services		-	-	327,642	(327,642)
Members Of Provincial Legislature		34,583	34,583	34,133	450
Provincial RDP Houses		3,632,755	3,632,755	3,585,860	46,895
TOTAL	1,436,550	14,048,689	15,485,239	16,037,060	(551,821)

10. CREDITORS' ANALYSIS

The creditors' analysis as depicted in table 15 below contains an aged analysis by customer type. It reflects that creditors are paid within 30 days, except when there are disputes on invoices received.

Table 15: SC4 Monthly Budget Statement Aged Creditors

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2015/16								Total	Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year		
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	93 491	-							93 491	77 486
Bulk Water	0200	17 677	-							17 677	16 031
PAYE deductions	0300	14 955	-							14 955	13 420
VAT (output less input)	0400	-	-							-	-
Pensions / Retirement deductions	0500	17 458	-							17 458	15 545
Loan repayments	0600	26 846	-							26 846	27 007
Trade Creditors	0700	278 469	5 066							283 535	153 156
Auditor General	0800	2 762	-							2 762	2 871
Other	0900	176 143	-							176 143	550 300
Total By Customer Type	1000	627 802	5 066	-	-	-	-	-	-	632 867	855 818

The table below (table 16) depicts actual payments made by BCMM to its top twenty (20) creditors in December 2015.

Table 16: Payments made to the 20 highest paid creditors – December 2015

<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				93 491 306	93 491 306	93 491 306
MANTELLA TRADING 522 CC				23 405 414	23 405 414	23 405 414
AMATOLA WATER				17 676 989	17 676 989	17 676 989
AMANZ ABANTU SERVICES (PTY) LTD				13 998 359	13 998 359	13 998 359
RUWACON (PTY) LTD				8 365 879	8 365 879	8 365 879
LUQAQAMBO CIVILS CONSTRUCTION CC				8 290 652	8 290 652	8 290 652
ACTOM MV SWITCHGEAR				7 478 152	7 478 152	7 478 152
MAZIYA GENERAL SERVICES				7 459 141	7 459 141	7 459 141
RANDCIVILS				7 177 516	7 177 516	7 177 516
INTERWASTE				6 332 826	6 332 826	6 332 826
EYA BANTU PROFESSIONAL SERVICES CC				5 976 314	5 976 314	5 976 314
MOTHEO/MPUMALANGA JOINT VENTURE				5 273 980	5 273 980	5 273 980
GOBA PTY LTD			5 065 623		5 065 623	5 065 623
MAMLAMBO CONSTRUCTION				4 826 565	4 826 565	4 826 565
LIFETIME CONNECTION MANUFACTURING SUPPLY CC				4 123 586	4 123 586	4 123 586
SHONE'S ELECTRICAL				4 048 271	4 048 271	4 048 271
GINTI CC				3 959 171	3 959 171	3 959 171
PLATINUM AFRICA				3 157 741	3 157 741	3 157 741
IMVUSA TRADING 454 CC T/A DON CIVILS				3 135 644	3 135 644	3 135 644
MAKINWA MEDIA MANAGEMENT				2 975 669	2 975 669	2 975 669
TOTAL	-	-	5 065 623	231 153 174	236 218 797	236 218 797

11. INVESTMENT PORTFOLIO ANALYSIS

The investment portfolio analysis detailed in table 17 below includes information of the institution where funds are invested, period of investment, type of investment and accrued interest for the month.

Table 17: SC5 Monthly Budget Statement – investment portfolio

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
Municipality									
Rand Merchant Bank X021901943		Call Account	Call Account	Call Account	224	1.8%	45 896	224	46 121
Absa 91 2884 4539		Call Account	Call Account	Call Account	6	0.0%	1 188	6	1 193
Standard 422 742		Call Account	Call Account	Call Account	6	0.0%	1 223	6	1 229
Absa 91 4102 2241		Call Account	Call Account	Call Account	45	0.4%	9 280	45	9 325
Absa 91 4163 6965		Call Account	Call Account	Call Account	1	0.0%	210	1	211
Absa 91 5484 1280		Call Account	Call Account	Call Account	0	0.0%	8	0	8
Rand Merchant Bank X021904910		Call Account	Call Account	Call Account	43	0.4%	8 834	43	8 877
Standard 76586/442740		Call Account	Call Account	Call Account	11	0.1%	2 178	11	2 188
Absa 92 0562 2137		Call Account	Call Account	Call Account	4	0.0%	784	4	787
Rand Merchant Bank X021904913		Call Account	Call Account	Call Account	71	0.6%	14 437	71	14 507
Rand Merchant Bank X021903300		Call Account	Call Account	Call Account	–		–	–	–
Stanlib 551 557 338		Call Account	Call Account	Call Account	–		–	–	–
Absa 92 4434 8061		Call Account	Call Account	Call Account	–		0	–	0
Nedbank 03/7881532939/000126		Call Account	Call Account	Call Account	–		–	–	–
Standard 76586/442739		Call Account	Call Account	Call Account	28	0.2%	5 667	28	5 694
Stanlib 551 660 303		Call Account	Call Account	Call Account	156	1.3%	27 508	156	27 664
Nedbank 03/7881532939/000041		Call Account	Call Account	Call Account	32	0.3%	6 596	32	6 628
Nedbank 03/7881532939/000056		Call Account	Call Account	Call Account	5	0.0%	1 092	5	1 097
Nedbank 03/7881532939/000058		Call Account	Call Account	Call Account	29	0.2%	5 928	29	5 957
Nedbank 03/7881532939/000103		Call Account	Call Account	Call Account	6	0.0%	1 170	6	1 175

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
Municipality									
Nedbank 03/7881532939/000064		Call Account	Call Account	Call Account	40	0.3%	8 107	40	8 146
Absa 92 0559 0710		Call Account	Call Account	Call Account	0	0.0%	40	0	40
Nedbank 03/7881532939/000117		Call Account	Call Account	Call Account	39	0.3%	8 085	39	8 125
Nedbank 03/7881532939/000108		Call Account	Call Account	Call Account	1	0.0%	166	1	167
Absa 92 2975 5568		Call Account	Call Account	Call Account	0	0.0%	15	0	15
Absa 91 9360 7257		Call Account	Call Account	Call Account	5	0.0%	959	5	964
Nedbank 03/7881532939/000112		Call Account	Call Account	Call Account	-		(0)	-	(0)
Standard 76586/442737		Call Account	Call Account	Call Account	-		0	-	0
Nedbank 03/7881532939/000110		Call Account	Call Account	Call Account	2	0.0%	313	2	314
Nedbank 03/7881532939/000123		Call Account	Call Account	Call Account	-		-	-	-
Rand Merchant Bank RRB1629010		Call Account	Call Account	Call Account	349	2.9%	71 523	349	71 872
Stanlib 551 989 180		Call Account	Call Account	Call Account	203	1.7%	35 880	203	36 083
Absa 92 2590 9850		Call Account	Call Account	Call Account	5	0.0%	945	5	950
Stanlib 551 539 764		Call Account	Call Account	Call Account	8	0.1%	1 500	8	1 509
Rand Merchant Bank RRB0324003		Call Account	Call Account	Call Account	0	0.0%	39	0	39
Stanlib 551 567 496		Call Account	Call Account	Call Account	23	0.2%	4 022	25	4 047
Stanlib 551 576 733		Call Account	Call Account	Call Account	0	0.0%	83	0	84
Rand Merchant Bank RRB0B25020		Call Account	Call Account	Call Account	8	0.1%	1 714	8	1 723
Standard 76586/442743		Call Account	Call Account	Call Account	0	0.0%	86	0	86
Rand Merchant Bank RRB1609012		Call Account	Call Account	Call Account	1	0.0%	284	1	285
Stanlib 551 742 405		Call Account	Call Account	Call Account	2	0.0%	369	2	371
Rand Merchant Bank KLN2308011		Call Account	Call Account	Call Account	2	0.0%	360	2	362
Nedbank 03/7881532939/000128		Call Account	Call Account	Call Account	258	2.1%	19 448	37 258	56 706
Rand Merchant Bank RRB1722008		Call Account	Call Account	Call Account	293	2.4%	32 506	30 293	62 799
Standard 76586/442745		Call Account	Call Account	Call Account	437	3.6%	61 566	31 789	93 355
Absa 92 6406 3148		Call Account	Call Account	Call Account	602	5.0%	100 480	24 602	125 082
Rand Merchant Bank KLN2720020		Call Account	Call Account	Call Account	9	0.1%	1 871	9	1 880

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
Municipality									
Stanlib 551 868 235		Call Account	Call Account	Call Account	1	0.0%	130	1	131
Absa 92 0559 0891		Call Account	Call Account	Call Account	2	0.0%	499	2	502
Rand Merchant Bank VVW2B13011		Call Account	Call Account	Call Account	3	0.0%	642	3	645
Standard 76586/494573		Call Account	Call Account	Call Account	23	0.2%	2 817	2 825	5 642
Nedbank Refer to Confirmation		Refer to Confirmation	Refer to Confirmation	Refer to Confirmation	–		–	–	–
Stanlib 753 72 270		Call Account	Call Account	Call Account	233	1.9%	24 903	24 233	49 136
Stanlib 551 353 708		Call Account	Call Account	Call Account	6	0.0%	992	6	998
Standard 76586/442736		Call Account	Call Account	Call Account	221	1.8%	33 783	17 221	51 004
Stanlib 753 72 271		Call Account	Call Account	Call Account	281	2.3%	47 314	(11 719)	35 595
Rand Merchant Bank X021904579		Call Account	Call Account	Call Account	148	1.2%	15 337	22 148	37 484
Nedbank 03/7881532939/000101		Call Account	Call Account	Call Account	128	1.0%	13 922	18 128	32 049
Absa 92 1120 9757		Call Account	Call Account	Call Account	1 490	12.2%	299 848	(18 510)	281 338
Absa 92 2110 3430		Call Account	Call Account	Call Account	766	6.3%	140 395	26 766	167 161
Standard 76586/442741		Call Account	Call Account	Call Account	116	1.0%	9 567	21 116	30 683
Standard 76586/442744		Call Account	Call Account	Call Account	133	1.1%	27 303	133	27 437
Rand Merchant Bank RRB0C07002		Call Account	Call Account	Call Account	178	1.5%	9 419	40 178	49 597
Nedbank 03/7881532939/000129		Call Account	Call Account	Call Account	179	1.5%	21 055	23 179	44 234
Nedbank 03/7881532939/000125		Call Account	Call Account	Call Account	2	0.0%	482	2	484
Stanlib 551 748 914		Call Account	Call Account	Call Account	154	1.3%	27 154	154	27 308
Absa 92 6406 3407		Call Account	Call Account	Call Account	9	0.1%	1 770	9	1 779
Nedbank 03/7881532939/000132		Call Account	Call Account	Call Account	2 333	19.2%	477 807	2 333	480 140
Rand Merchant Bank KLN3815041		Call Account	Call Account	Call Account	1 718	14.1%	351 736	1 718	353 454
Standard 76586/470801		Call Account	Call Account	Call Account	1 078	8.9%	220 715	1 078	221 793
Standard 76586/442738		Call Account	Call Account	Call Account	11	0.1%	2 319	11	2 330
Municipality sub-total					12 167		2 212 266	296 323	2 508 589
Entities									
Entities sub-total					–		–	–	–
TOTAL INVESTMENTS AND INTEREST	2				12 167		2 212 266	296 323	2 508 589

12.ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Transfers and grants expenditure (excluding vat) per allocation or grant is provided in the table below. Further details on grants expenditure performance is detailed in section 12.1 below.

Table 18: SC7 Monthly Budget Statement – transfers and grants expenditure

Description	Ref	2014/15	Budget Year 2015/16							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		36 709	714 196	714 196	2 964	18 222	357 098	(338 876)	-94.9%	714 196
Local Government Equitable Share			655 141	655 141	-	-	327 571	(327 571)	-100.0%	655 141
Urban Settlement Development Grant		28 272	33 348	33 348	2 368	14 301	16 674	(2 373)	-14.2%	33 348
Finance Management		1 465	1 300	1 300	-	123	650	(527)		1 300
EPWP Incentive		1 596	1 149	1 149	87	1 030	575	455		1 149
Infrastructure Skills Development Grant		5 376	8 400	8 400	475	2 729	4 200	(1 471)		8 400
Integrated City Development Grant			5 605	5 605	-	-	2 803	(2 803)		5 605
Municipal Human Settlement Capacity Grant			9 253	9 253	34	39	4 627	(4 588)	-99.2%	9 253
Provincial Government:		178 126	531 687	536 682	21 944	102 668	276 160	(173 492)	-62.8%	536 682
Roads Subsidy - Provincial Roads		-	1 871	1 871	-	-	935	(935)	-100.0%	1 871
Dept of Economic Dev, Environmental Affairs & Tourism		3 419	-	2 500	-	-	1 250	(1 250)	-100.0%	2 500
Local Government & Traditional Affairs		5 549	2 000	3 494	525	1 550	1 747	(197)	-11.3%	3 494
Health Subsidy - ATIC		-	2 522	2 522	-	-	1 261	(1 261)	-100.0%	2 522
Library Subsidy		-	3 638	3 638	-	-	9 638	(9 638)	-100.0%	3 638
Reclaim Land Claims Commission(RLCC)		63	-	-	-	-	-	-		-
Dept of Land Affairs		19	-	-	-	-	-	-		-
Human Settlement Development Grant		169 076	521 656	522 658	21 418	101 118	261 329	(160 210)	-61.3%	522 658
District Municipality:		-	-	-	-	-	-	-		-
Health Subsidy - Environmental Health		-	-	-	-	-	-	-		-
Other grant providers:		2 264	3 329	3 460	-	-	1 730	(1 730)	-100.0%	3 460
SETA - Skills Development		1 243	2 989	2 989	-	-	1 494	(1 494)	-100.0%	2 989
Donor Funding - Leiden & Galve		41	-	-	-	-	-	-		-
Trust Funds		522	-	-	-	-	-	-		-
Umsobomvu Youth Fund		458	-	131	-	-	66	(66)	-100.0%	131
Donor Funding - European Commission		-	340	340	-	-	170	(170)	-100.0%	340
Vuna Award		1	-	-	-	-	-	-		-
Total operating expenditure of Transfers and Grants:		217 099	1 249 211	1 254 338	24 908	120 890	634 988	(514 098)	-81.0%	1 254 338
Capital expenditure of Transfers and Grants										
National Government:		554 565	742 884	742 884	92 434	274 801	368 942	(94 141)	-25.5%	742 884
Urban Settlement Development Grant		529 103	679 784	679 784	80 658	252 088	339 892	(87 804)	-25.8%	679 784
Infrastructure Skills Development Grant		-	100	100	-	-	50	(50)	-100.0%	100
Energy Efficiency and Demand Management		-	13 000	13 000	9 296	12 196	6 500	5 696	87.6%	13 000
Neighbourhood Development Partnership		4 885	20 000	20 000	-	-	10 000	(10 000)	-100.0%	20 000
Integrated National Electrification Programme		20 577	30 000	30 000	2 480	10 517	12 500	(1 983)	-15.9%	30 000
Provincial Government:		49 395	107 469	107 469	-	24 119	53 734	(29 616)	-55.1%	107 469
Human Settlement Development Grant		46 985	94 400	94 400	-	24 119	47 200	(23 081)	-48.9%	94 400
Human Settlement Development Grant - MPCC		665	13 069	13 069	-	-	6 534	(6 534)	-100.0%	13 069
Dept Sport, Recreation, Arts and Culture (DSRAC)		1 377	-	-	-	-	-	-		-
Dept of Local Government and Traditional Affairs		179	-	-	-	-	-	-		-
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)		189	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
Health Subsidy - Environmental Health		-	-	-	-	-	-	-		-
Other grant providers:		256	-	-	-	-	-	-		-
BCMET Funding		256	-	-	-	-	-	-		-
Public Funding		-	-	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants		604 216	850 353	850 353	92 434	298 920	422 676	(123 756)	-29.3%	850 353
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		821 314	2 099 564	2 104 691	117 342	419 810	1 057 664	(637 855)	-60.3%	2 104 691

12.1. Expenditure On Conditional Grant Allocations

The Metro has spent R326.38 million inclusive of reclaimed vat (2014/15: R304.89 million) which is 41% (2014/15: 43%) of its 2015/2016 DoRA allocation of R801.94 million (2014/15: R714.18 million) as at 31 December 2015. This reflects a slight regression when compared to the same period in the previous financial year.

Table 19 below reflects the year to date expenditure on 2015/16 total conditional grants.

Table 19: Spending per Conditional Grant Funding Allocation

Funding/Grant	2015/2016 Approved Budget	YTD Expenditure (incl. vat)	Variance	% Exp vs. Budget
Integrated National Electrification Programme Grant	30 000 000	11 989 641	18 010 359	40%
Energy Efficiency & Demand Side Management Grant	13 000 000	13 903 313	-903 313	107%
Finance Management Grant	1 300 000	122 782	1 177 218	9%
Infrastructure Skills Development Grant	8 500 000	2 817 236	5 682 764	33%
Neighbourhood Development Partnership Grant	20 000 000	0	20 000 000	0%
Urban Settlement Development Grant	713 132 000	296 472 411	416 659 589	42%
Integrated City Development Grant	5 605 000	0	5 605 000	0%
Municipal Human Settlement Capacity Grant	9 253 000	44 108	9 208 892	0%
Expanded Public Works Programme Grant	1 149 000	1 029 875	119 125	90%
TOTAL	801 939 000	326 379 365	475 559 635	41%

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

12.1.1. INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

Some of the contracts are currently awaiting assessment date, expenditure to commence at appointment stage. The grant funding is going to be used to service connections to RDP houses detailed below:

AREA	CONNECTIONS	STATUS
Mdantsane – Mount Ruth	168	Awaiting assessment date
Mdantsane Buffer Strip	563	Awaiting assessment date
Potsdam Unit P(Extension 2)	400	Awaiting assessment date
Quenera (Mzamomhle PH 1)	311	Awaiting assessment date
Reeston Phase 3 (Stage1)	400	Awaiting assessment date

12.1.2. FINANCE MANAGEMENT GRANT (FMG)

The contracts of the prior intake of interns came to an end at 30 June 2015. Six (6) new interns have started their internship programme on 04 January 2016 and this will increase the expenditure. The funding will be fully utilised at year end.

12.1.3. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

There is no further training scheduled for the current interns as the program is nearing completion; funding is only being used to pay the interns stipends. An application has been submitted to National Treasury, requesting an appointment of new interns.

12.1.4. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

Reasons for the Low Expenditure

Approval of the Concept Plans for the Mdantsane Urban Hub was only obtained on 08 December 2015 from NDP Unit at National Treasury. Projects to be implemented must still be approved by National Treasury. Capital expenditure cannot commence until such a time that the project to be implemented has been approved. Public and Political consultation process has been delayed.

Corrective Measures to improve expenditure

BCMM has advised National Treasury that the full capital allocation for 2015/2016 should be reduced and funds be allocated to the outer year in order to complete the project planning and design phase in this financial year.

12.1.5. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

HUMAN SETTLEMENTS

Reasons for the Low Expenditure

The programme is on track and 52% of the allocated funds have been spent, however,

the department has a challenge of slow progressing service providers in some of the projects and also technical timeframe delays in finalisation, submission and processing of invoices which impact in expenditure at the time of reporting.

Corrective Measures to improve expenditure

The matters are being addressed with the concerned service providers to find suitable solution. In addition, the department is redeveloping the payment process timeframes to ensure that the practices do not impact much on expenditure. The department is also devoted to advance project monitoring in order to ensure that the service providers deliver as per required milestones.

INFRASTRUCTURE SERVICES

Sanitation Capital Projects

Awaiting the award for the Zwelitsha Wastewater Treatment Works. Zwelitsha Wastewater Treatment Works construction to commence in January 2016.

DEVELOPMENT & SPATIAL PLANNING

Reasons for the Low Expenditure

KwaTshatshu Pedestrian Bridge

Consultants were appointed in July 2014. The detail designs and tender document phase has been completed. An Environmental Authorisation was issued in July 2015. The Water Use Licence Application (WULA) has been submitted to the Department of Water & Sanitation and confirmation has been given that it is undergoing the finalisation stage. The land requirements are currently being dealt, valuations have been obtained and the Land Administration Department is in the process of dealing with the land owner. Construction tender documentation has been approved by the Bid Specification Committee and will be advertised in January 2016.

Needs Camp / Potsdam Bridge

Consultants were appointed in December 2013. The detail designs and tender document phase has been completed. Environmental Authorisation has been delayed until written confirmation regarding knowledge of the proposed project has been

received from the community leader or households affected by the proposed roadway. The Land Administration Department is currently dealing with the land issues regarding ownership and transfer to Council for the roadway. The Water Use Licence Application (WULA) has been approved and received from the Department of Water & Sanitation. Construction tender documentation has been approved by the Bid Specification Committee and will be advertised in January 2016.

Sidewalks

Sidewalks have been identified in Scenery Park and Sweetwaters, procurement process is underway.

Traffic calming measures

The following areas have been earmarked for the construction of speed humps: Beacon Bay, Nahoon Valley and Braelyn. Speed humps have been completed in the following areas: Duncan Village, Sweetwaters, Zwelitsha, Mdantsane and Amalinda.

Guardrails

The order for Guardrails has been created and the contractor is already on site in Mdantsane.

Traffic Signals

Sites for traffic signals have been identified on North East Expressway (NEX), Potters Pass, Caxton, Terminus and Gullsway. The installation of traffic signals have been completed at NEX/Thornburn Terrace, Buffalo/Caxton Streets and Buffalo/Terminus Streets.

Guidance Signage

The order for Guidance Signage has been opened and the installation will continue in January 2016 from Cambridge to Berlin.

Taxi/ Bus stops, Scenery Park Taxi Loading Area and Bonza Bay Taxi Loading Area Ablution Facility

Taxi/Bus stops in Reeston Amalinda and Mdantsane areas are 95% complete. Feasibility study and Design Bid Document for Scenery Park Taxi Loading area is currently at SCM for Price & HDI point scoring. Construction of Ablution Facility at the

Bonza Bay Taxi Loading area is complete. Work on the kerbing of the existing taxi rank will commence in January 2016.

ECONOMIC DEVELOPMENT AND AGENCIES

The Directorate of Economic Development and Agencies has an approved allocation of R10 million from the USDG in the 2015/16 financial year. The Market Upgrade programme has various projects i.e. roads maintenance, building capital works and refurbishment and roofing. Already the service provider for the roads projects is onsite and working, an amount of R4 million has been committed to the roads projects. Fifty-nine percent (59%) of the allocated USDG funds on this programme has been spent.

HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES

The project for King Williams Town Traffic Building is on track in terms of project milestones with Professional Team. Bill of quantities and specifications for building contractor has been finalized – awaiting specifications approval in order for the tender to be advertised.

MUNICIPAL SERVICES

LIBRARIES & HALLS SECTION

Development and Upgrading of Community Halls

Work is in Progress and contractors are on site to carry out refurbishment and upgrade of nine (9) community halls (Carnegie Hall, 5 Mdantsane community halls, Billy Francis, Needs Camp Community Hall, King Williams Town Hall).

Construction of Nompumelelo Hall

The tender was advertised on the 13th of November 2015 and closed on the 15th of December 2015. The responsive bids will only be evaluated towards the end of January 2016.

THE AMENITIES DIVISION

Reasons for the Low Expenditure

The department is experiencing challenges with the majority of the annual contractors in terms of their capacity to execute the works or to provide quotations that correlate

with their tender documents/appointments. Some projects are at the evaluation stage such as the Refurbishment of Swimming Pools and Upgrading of the Zoo, and appointment of assessors has been approved for the department so that Bid Evaluation Committee (BEC) may consider the items. The Redevelopment of Mdantsane NU2 swimming pool project scope has been changed to that of the NU2 Sports precinct. The methodology for executing the project has also been changed on numerous occasions which led to delays.

Corrective Measures to improve expenditure

Project leaders and Enterprise Project Management Office (EPMO) are engaging with the respective annual contractors to speed up the execution of projects. The report for the appointment of the department assessors for the BEC has been approved by the Acting City Manager and the specification document for the NU2 Sports precinct was finalized and then will be submitted to BSC.

12.1.6. INTEGRATED CITY DEVELOPMENT GRANT (ICDG)

The delayed adoption and approval by Council of the Sleeper Site Best Use Concept Plan has an indirect implication for the Bid Specifications for the ICDG. The ICDG is intended for the detailed design of the East London CBD. Bid Specification to be approved and then advertised to commence the procurement of the professional design team.

12.1.7. MUNICIPAL HUMAN SETTLEMENT CAPACITY GRANT (MHSCG)

None of the targets have been realized because the disbursement of the grant was uncertain. The transfer of funds to BCMM was only done at end of October 2015 and this resulted in delayed planning and implementation of plans. The funding is meant to assist the department with enhancing the current personnel capacity; the department has appointed three project managers and two project assistants as additions to existing capacity.

12.1.8. EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The municipality has an allocation of R1 149 000 for the 2015/16 financial year from the National Department of Public Works as per approved payment schedule by

National treasury. A business plan has been approved for the following projects: Operations and Maintenance of public ablution facilities (R574 500); Maintenance of Eco Parks (R287 250) & Maintenance of roads within BCMM clusters (R287 250). These projects are on track, 90% of the funds have been spent.

13. COUNCILLOR AND EMPLOYEE BENEFITS

13.1. Councillor and Employees Benefits Summary

Table 20 below provides summary of employees and Councillors remuneration.

Table 20: SC8 Monthly Budget Statement – Councilor and Staff Benefits

Summary of Employee and Councillor remuneration	Ref	Budget Year 2015/16								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		29 335	31 903	31 903	2 498	14 581	15 821	(1 239)	-8%	31 903
Pension and UIF Contributions		3 047	3 328	3 328	259	1 550	1 670	(120)	-7%	3 328
Medical Aid Contributions		1 539	1 856	1 856	144	853	538	314	58%	1 856
Motor Vehicle Allowance		11 247	12 944	12 944	992	4 987	6 592	(1 605)	-24%	12 944
Cellphone Allowance		—	—	—	181	1 076	—	1 076	#DIV/0!	—
Housing Allowances		2 515	2 879	2 879	212	1 274	1 835	(561)	-31%	2 879
Other benefits and allowances		—	—	—	—	1 274	—	1 274	#DIV/0!	—
Sub Total - Councillors		47 682	52 910	52 910	4 287	25 595	26 455	(860)	-3%	52 910
% increase	4		11.0%	11.0%						11.0%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		5 482	15 026	15 026	491	3 053	7 400	(4 348)	-59%	15 026
Pension and UIF Contributions		985	2 734	2 734	95	593	1 405	(812)	-58%	2 734
Medical Aid Contributions		122	266	266	11	64	237	(173)	-73%	266
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		1 071	2 738	2 738	86	518	1 581	(1 063)	-67%	2 738
Cellphone Allowance		—	—	—	16	94	—	94	#DIV/0!	—
Housing Allowances		6	83	83	—	1	169	(168)	-99%	83
Other benefits and allowances		2 038	2 273	2 273	168	924	1 317	(392)	-30%	2 273
Payments in lieu of leave		—	—	—	19	106	—	106	#DIV/0!	—
Long service awards		24	36	36	—	(1)	—	(1)	#DIV/0!	36
Post-retirement benefit obligations	2	—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality		9 728	23 157	23 157	887	5 353	12 110	(6 757)	-56%	23 157
% increase	4		138.1%	138.1%						138.1%
Other Municipal Staff										
Basic Salaries and Wages		704 205	851 398	851 398	62 793	374 007	437 811	(63 803)	-15%	851 398
Pension and UIF Contributions		134 398	155 271	155 271	12 269	75 316	81 382	(6 066)	-7%	155 271
Medical Aid Contributions		52 791	96 719	96 719	4 764	28 216	30 400	(2 184)	-7%	96 719
Overtime		107 200	60 348	60 348	10 156	55 411	33 821	21 591	64%	60 348
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		19 402	26 800	26 800	1 709	10 318	13 971	(3 653)	-26%	26 800
Cellphone Allowance		—	—	—	333	1 981	—	1 981	#DIV/0!	—
Housing Allowances		3 502	10 185	10 185	1 008	6 091	4 119	1 972	48%	10 185
Other benefits and allowances		115 629	139 402	139 402	13 672	83 450	62 416	21 034	34%	139 402
Payments in lieu of leave		29 230	7 307	7 307	5 519	17 803	9 130	8 673	95%	7 307
Long service awards		16 246	17 033	17 033	1 473	8 876	8 650	226	3%	17 033
Post-retirement benefit obligations	2	—	—	—	1 370	2 738	—	2 738	#DIV/0!	—
Sub Total - Other Municipal Staff		1 182 603	1 364 462	1 364 462	115 065	664 208	681 699	(17 492)	-3%	1 364 462
% increase	4		15.4%	15.4%						15.4%
Total Parent Municipality		1 240 013	1 440 529	1 440 529	120 238	695 155	720 265	(25 109)	-3%	1 440 529
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
Basic Salaries and Wages		—	96	96	—	—	—	—	—	96
Sub Total - Board Members of Entities	2	—	96	96	—	—	—	—	—	96
% increase	4		#DIV/0!	#DIV/0!						#DIV/0!
Senior Managers of Entities										
Basic Salaries and Wages		—	1 004	1 004	—	—	—	—	—	1 004
Pension and UIF Contributions		—	184	184	—	—	—	—	—	184
Medical Aid Contributions		—	91	91	—	—	—	—	—	91
Motor Vehicle Allowance		—	310	310	—	—	—	—	—	310
Housing Allowances		—	25	25	—	—	—	—	—	25
Other benefits and allowances		—	104	104	—	—	—	—	—	104
Sub Total - Senior Managers of Entities		—	1 718	1 718	—	—	—	—	—	1 718
% increase	4		#DIV/0!	#DIV/0!						#DIV/0!
Other Staff of Entities										
Basic Salaries and Wages		—	180	180	—	—	—	—	—	180
Pension and UIF Contributions		—	34	34	—	—	—	—	—	34
Medical Aid Contributions		—	91	91	—	—	—	—	—	91
Housing Allowances		—	16	16	—	—	—	—	—	16
Other benefits and allowances		—	19	19	—	—	—	—	—	19
Sub Total - Other Staff of Entities		—	341	341	—	—	—	—	—	341
% increase	4		#DIV/0!	#DIV/0!						#DIV/0!
Total Municipal Entities		—	2 155	2 155	—	—	—	—	—	2 155
TOTAL SALARY, ALLOWANCES & BENEFITS		1 240 013	1 442 684	1 442 684	120 238	695 155	720 265	(25 109)	-3%	1 442 684
% increase	4		16.3%	16.3%						16.3%
TOTAL MANAGERS AND STAFF		1 192 331	1 389 678	1 389 678	115 952	669 561	693 809	(24 249)	-3%	1 389 678

13.2. Overtime Analysis

Table 21 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 December 2015. Table 22 below details overtime expenditure incurred per cost centre for the past three months ended 31 December 2015.

Table 21: Overtime per Directorate

Directorate	2015/2016 Annual Budget R	2015/2016 YTD Budget R	2015/2016 YTD Expenditure R	2015/2016 YTD Variance R	2015/2016 % of YTD Budget %
Directorate Of Executive Support Services	1 476 325	738 163	2 061 696	-1 323 533	279%
Directorate Of The City Manager	280 035	140 018	305 518	-165 501	218%
Directorate Of Corporate Services	552 836	276 418	356 315	-79 897	129%
Directorate Of Development & Spatial Planning	565 537	282 769	278 877	3 892	99%
Directorate Of Economic Development & Agencies	386 138	193 069	313 957	-120 888	163%
Directorate Of Finance	1 235 667	617 834	673 553	-55 719	109%
Directorate Of Health / Public Safety & Emergency Services	23 003 966	11 501 983	13 464 484	-1 962 501	117%
Directorate Of Human Settlement	96 161	48 081	15 531	32 550	32%
Directorate Of Infrastructure Services	15 159 129	7 579 565	15 768 368	-8 188 803	208%
<i>Electricity</i>	7 120 580	3 560 290	4 748 626	-1 188 336	133%
<i>Water</i>	2 764 285	1 382 143	6 023 534	-4 641 391	436%
<i>Sanitation</i>	4 257 654	2 128 827	4 598 152	-2 469 325	216%
<i>Other</i>	1 016 610	508 305	398 055	110 250	78%
Directorate Of Municipal Services	17 592 591	8 796 296	23 495 037	-14 698 742	267%
Total	60 348 385	30 174 193	56 733 335	-26 559 143	188%

Table 22: Overtime Per Cost Centre: October 2015 – December 2015

		October 2015 Amount	November 2015 Amount	December 2015 Amount
Directorate -Executive Support Services				
105 005	Office of The Director of Executive Support	190 973.01	296 844.70	357 203.38
105 020	Public Participation & Ward Committees	3 694.88	17 819.04	5 741.52
105 030	Special Programmes	2 302.89	-	-
110 005	IDP	-	2 482.31	-
120 010	Public Relations & International Events	42 571.81	46 735.83	72 985.98
		239 542.59	363 881.88	435 930.88
Directorate - City Manager				
205 005	Office of The Municipal Manager & Support Services	49 274.81	42 974.98	23 111.52
225 010	Municipal Public Accounts Committee	-	16 988.23	2 102.10
		49 274.81	59 963.21	25 213.62
Directorate - Chief Financial Officer				
305 005	Office of The Director of Finance	-	-	1 335.77
305 010	Support Services Office	13 158.65	-	-
315 005	Budget Office	-	-	450.74
320 010	Supply Chain Management	12 944.98	18 292.25	9 261.93
320 015	Expenditure Office	7 898.31	7 985.79	3 183.36
320 020	Salary Office	2 217.70	-	-
330 005	Rates & Valuations Office	11 180.59	-	2 323.09
330 010	Consolidated Billing & Miscellaneous Revenue Office	22 641.37	1 070.00	-
330 015	Debtors Management Office	18 348.64	38 559.46	32 519.59
330 020	Customer Care Office	7 745.66	-	7 942.10
		96 135.90	65 907.50	57 016.58
Directorate - Corporate Services				
415 005	Administrative & Council Support	3 698.24	861.95	18 138.72
415 010	Auxilliary & Telecommunication Services	28 981.51	26 983.50	34 630.42
415 015	General Admin & Telecomm Services	-	-	9 417.53
415 025	Management Information Services	11 665.41	9 755.19	8 311.23
420 005	H.R. Administration	3 508.21	8 258.31	7 610.84
420 010	Occupational Risk Management	7 474.94	4 892.68	18 138.72
420 015	Labour Relations	1 582.39	904.22	-
		56 910.70	51 655.85	78 108.74

		October 2015 Amount	November 2015 Amount	December 2015 Amount
Directorate - Infrastructure Services				
505 010	City Engineering Building	2 041.89	1 934.42	2 041.89
515 006	Night Soil Removal - Coastal	89 817.94	81 732.16	69 781.31
515 007	Night Soil Removal - Central	841.50	2 033.63	4 265.95
515 026	Sewerage Treatment - Coastal	35 696.64	27 205.26	27 614.45
515 027	Sewerage Treatment - Central	35 607.93	42 658.09	34 036.90
515 028	Sewerage Treatment - Inland	106 944.84	108 005.34	96 207.08
515 031	Sewerage Reticulation - Coastal	242 975.41	244 951.93	243 863.45
515 032	Sewerage Reticulation - Central	102 794.76	122 957.17	122 645.92
515 033	Sewerage Reticulation - Inland	96 315.04	65 386.83	92 935.27
520 005	Water Administration	12 210.92	18 279.11	13 438.14
520 011	Maden Dam	13 188.68	19 795.68	14 590.91
520 012	Bridle Drift Dam	-	2 811.03	8 433.11
520 015	Bulk Pumping Stations	16 959.83	18 704.40	22 260.30
520 021	Umzonyana Water Treatment Works	62 710.90	77 640.91	61 851.43
520 023	KWT Water Treatment Works	93 416.74	106 297.92	106 243.97
520 024	Mdantsane Bulk Pumping	38 120.53	29 180.33	34 603.99
520 025	Water Ops & Maint. - Inland	145 812.32	182 527.58	213 536.01
520 026	Water Ops & Maint. - Midland	244 856.39	241 506.07	216 940.00
520 030	Water Ops & Maint. - Coastal	262 767.31	288 743.55	314 593.49
525 005	Construction Distribution	1 659.42	-	-
525 010	Roads Administration	583.26	-	-
525 025	Roads & Stormwater Drainage	33 486.67	2 654.85	-
530 015	Mechanical Workshop - Braelyn	23 486.45	29 394.89	28 615.09
535 005	Electricity Administration	6 010.79	11 015.46	1 367.45
535 010	Electricity Distribution Supervisory Staff	379 221.09	770 367.96	828 623.33
535 025	Electricity Planning & Design	666.20	701.25	455.82
535 040	Revenue Protection	78 203.87	73 908.27	89 359.73
		2 126 397.32	2 570 394.09	2 648 304.99
Directorate - Development & Spatial Planning and Economic Development & Agencies				
615 095	Building Maintenance - Coastal / Central	4 019.41	10 826.10	48 063.45
620 015	Traffic Signal Maintenance	8 060.09	15 583.81	17 637.31
625 005	Buffalo City Bus Services	10 771.34	16 215.28	11 754.02
630 005	BCMET	-	-	7 986.51
635 005	Local Economic Development	2 626.57	11 995.45	3 667.01
635 010	Market	34 998.62	47 395.93	69 673.77
		60 476.03	102 016.57	155 115.06

		October 2015 Amount	November 2015 Amount	December 2015 Amount
Directorate - Health / Public Safety & Emergency Services				
710 030	Environmental Health	1 877.99	-	-
725 010	Fire & Rescue Services	291 941.85	254 266.82	287 529.68
725 015	Law Enforcement Services	956 898.41	1 107 667.01	1 288 138.57
725 020	Traffic Administration	81 383.36	90 694.78	115 194.94
725 025	Traffic Control	270 059.19	304 844.13	279 201.21
725 030	Criminal Process	3 231.83	3 231.83	-
725 035	Vehicle Test Station / Examination	8 512.43	7 525.05	17 731.62
725 036	Vehicle Registration	-	-	4 186.74
725 040	Drivers License Testing	-	-	18 043.05
725 045	Traffic Technical Services	23 407.66	25 402.86	36 560.75
725 050	Parking Areas / Meters	66 774.38	52 156.72	86 883.05
725 055	Disaster Management	11 623.24	13 441.79	17 374.72
		1 715 710.34	1 859 230.99	2 150 844.33
Directorate - Municipal Services				
750 005	Office of The Director of Community Services	2 544.50	4 317.93	1 069.46
750 010	Cleansing Administration Support	8 667.71	2 074.40	6 688.41
755 005	Environmental Administration Support	-	1 850.55	1 850.55
755 010	Environmental Services	230 144.25	487 865.42	437 956.89
755 015	Environmental Conservation	116 287.86	130 412.94	137 279.65
755 025	Interments	230 139.57	320 431.52	254 161.50
760 005	Arts & Cultural Services Admin	38 269.19	38 329.16	50 242.01
760 010	Libraries	6 245.49	9 729.49	6 234.37
760 025	Halls	178 170.12	185 807.26	187 246.35
765 005	Amenities Administration Support	21 723.88	25 349.08	40 284.04
765 010	Sportsfields	149 870.37	176 039.68	176 580.34
765 015	Swimming Pools	104 479.55	228 123.23	184 613.94
765 020	Aquarium	38 884.61	63 758.05	47 403.80
765 025	Zoo	63 818.15	54 665.36	66 464.22
765 030	Beaches	177 144.32	170 807.96	203 560.03
765 035	Resorts	53 018.34	83 541.50	81 104.94
770 005	Cleansing Administration Support	29 130.68	36 771.60	21 659.23
770 010	Refuse Removal	950 350.99	1 062,015.70	979 183.65
770 015	Waste Disposal Sites	26 480.51	31 489.19	34 093.53
770 020	Street Sweeping	623 542.73	781 326.42	728 111.47
770 025	Public Conveniences	126 923.32	133 572.32	131 905.86
770 030	E.L Regional Waste Disposal Site & Transfer Station	43 369.06	50 735.10	60 831.06
		3 219 205.20	4 079 013.86	3 838 525.30
	TOTAL OVERTIME	7 563 652.89	9 152 063.95	9 389 059.50

13.2.1. Comments On Overtime

a) Directorate of Executive Support Services

The planned and emergency nature of tasks within the Executive Mayor and the Speakers Office contribute to excessive hours of work. Overtime incurred is also due to ward committee meetings held after business hours, loudhailing done after business hours and on weekends; attending public participation programmes on weekends.

b) City Managers Office

The overtime expenditure is due to joint operations committee meetings that are taking place on a daily basis, staff in the City Manager's office are expected to remain behind to provide the managers with any adhoc assistance that might be needed.

c) Directorate of Finance

The over expenditure on overtime is as a result of staff members in Debt Control Section. The overtime was requested in order to attend to backlog of queries which was to unflag expired or resolved queries in order to proceed with debt collection. The unflagging process is a manual process and multiple accounts were identified with queries that have age old expiry dates that needed to be urgently unflagged in order to implement debt collection.

d) Directorate of Corporate Services

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

e) Directorate of Infrastructure Services

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

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

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

f) Directorate of Health / Public Safety & Emergency Services

Over expenditure is due to security guards being paid overtime. Number of events on public roads has also impacted on overtime due to events taking place on weekends and public holidays.

g) Directorate of Municipal Services

Overtime is mostly due to halls usage, high volume of burials especially over weekends and the emergency overtime for grass cutting and vegetation control.

The Amenities functions are of such a nature that certain staff must be available seven days a week including public holidays. Services provided include emergency work, swimming pools (inland/ coastal), sportsfields (inland/ coastal), resorts, aquarium, beaches, coastal conservation, nature reserves and the zoo.

The Department of Solid Waste Management is trying its level best to manage overtime but challenges amongst others like refuse removal truck shortages and high rate of absenteeism force overtime to be worked.

13.3. Standby and Shift Allowance Analysis

Table 23 below reflects standby and shift allowance expenditure incurred per directorate for the past six (6) months ended 31 December 2015. There was an increase in the total payment between October 2015 and November 2015 of R201 622 and a decrease in the total payment between November 2015 and December 2015 of R17 829.

Table 23: Standby & Shift Allowance per Directorate

	OCTOBER 2015	NOVEMBER 2015	DECEMBER 2015
Directorate – Executive Support Services	8 385	12 073	14 574
Directorate – City Manager	2 979	481	557
Directorate – Chief Financial Officer	6 383	6 743	6 366
Directorate – Corporate Services	22 924	21 309	21 024
Directorate – Infrastructure Services	442 641	492 907	489 146
Directorate – Economic & Development Planning	13 141	12 993	14 794
Directorate – Health / Public Safety & Emergency Services	438 547	548 089	519 331
Directorate – Municipal Services	215 073	257 101	268 073
TOTAL	1 150 074	1 351 696	1 333 867

13.4. Cost of Temporary Staff

The total payment of Temporary Staff for the past six (6) months ended 31 December 2015 is reflected below. There was a decrease in the total payment between October 2015 and November 2015 of R210 945 and an increase in the total payment between November 2015 and December 2015 of R2 519 38. The reason for an increase in cost of temporary staff in December 2015 is due to an intake of seasonal staff during the festive season.

Table 24: Temporary Staff Per Directorate

	OCTOBER 2015	NOVEMBER 2015	DECEMBER 2015
Directorate – Executive Support Services	1 314 924	638 697	1 438 935
Directorate – City Manager	284 392	292 678	228 278
Directorate – Chief Financial Officer	256 668	178 941	346 517
Directorate – Corporate Services	503 539	534 964	596 209
Directorate – Infrastructure Services	729 284	688 286	858 909
Directorate – Economic & Development Planning	114 643	128 097	166 261
Directorate – Health / Public Safety & Emergency Services	56 038	99 937	118 665
Directorate – Municipal Services	95 730	30 647	35 305
Directorate – Executive Support Services	1 134 253	1 686 279	3 008 827
TOTAL	4 489 470	4 278 525	6 797 906

13.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors costs. The year to date budget less the year to date expenditure of R25 594 634 leaves a Variance of R860 462. The budget for out of pocket expenses and Councillor cell phone allowance will be realigned in the mid-year adjustment budget.

Table 25: Councillors Costs

	ANNUAL BUDGET	YTD BUDGET	YTD EXPEND	YTD VARIANCE	% VARIANCE
Mayoral Allowance	770 445	385 223	294 410	90 813	76%
Deputy Mayoral Allowance	616 356	308 178	237 771	70 407	77%
Mayoral Committee Allowance	5 778 333	2 889 167	2 047 800	841 367	71%
Speakers Allowance	616 356	308 178	237 771	70 407	77%
Out of Pocket Expenses	-	-	369 877	-369 877	-
Councillors Allowance	24 121 244	12 060 622	11 614 958	445 664	96%
Cllr Cell Phone Allowance	-	-	1 076 462	-1 076 462	-
Cllr Housing Subsidy	2 879 407	1 439 704	1 273 555	166 149	88%
Cllr Medical Aid	1 855 623	927 812	852 842	74 970	92%
Cllr Pension Scheme	3 328 325	1 664 163	1 549 785	114 378	93%
Cllr Travel Allowance	12 944 103	6 472 052	6 039 403	432 649	93%
TOTAL	52 910 192	26 455 096	25 594 634	860 462	97%

14. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

The parent municipality Buffalo City Metropolitan Municipality has constituted the board members for Buffalo City Development Agency (BCDA). The board is currently recruiting staff for the running of the agency. The Project Manager has been appointed and commenced work on 01 August 2015. The CEO and the office administrator have been appointed and commenced work on 02 November 2015 and 01 December 2015 respectively. The Chief Financial Officer position was advertised on 11 December 2015.

The Buffalo City Development Agency has a budget of R7.58 million within the Executive Support Services Directorate of BCMM and has spent R903,983 (12%) as at 31 December 2015.

15.SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The SDBIP is a management, implementation and monitoring tool which assists the Executive Mayor, Councillors, Accounting Officer, Senior Managers and the community with the realisation of Municipality's strategic objectives as contained in the Integrated Development Plan. It also seeks to ensure monitoring and execution of the budget, performance of senior management and the achievement of the service delivery objectives set by Council. SDBIP enhances the principle of democratic and accountable local government as enshrined in section 152 of the Constitution. The SDBIP should therefore contain information that pertains to performance indicators, service delivery targets as well as measurement source. The SDBIP for the 2015/2016 financial year per vote is informed by Council resolutions to improve the quality of life of residents and citizens of BCMM. In doing so, Council is renewing its pledge to create "a City that grows with you".

The BCMM 2015/16 Service Delivery Targets and Performance Indicators as well as actual performance achieved are attached as Annexure F.

Below is the summary of the first six months SDBIP performance per directorate.

SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS - SECOND QUARTER 2015/16 PER DIRECTORATE

Executive Support Services

The Executive Support Services Directorate has set 14 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 9, not achieved is 3, and not for reporting is 2. Therefore, the overall 2nd Quarter Performance for Executive Support Services is standing at 75%.

Human Settlements

The Human Settlements Directorate has set 7 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 4, not achieved is 3. Therefore, the overall 2nd Quarter Performance for Human Settlements is standing at 57%.

Chief Financial Officer

The Chief Financial Officer Directorate has set 10 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 8, not achieved is 2. Therefore, the overall 2nd Quarter Performance for CFO is standing at 80%.

Corporate Services

The Corporate Services Directorate has set 7 KPI's on their SDBIP. The total of KPI's achieved is 3 not achieved is 3. No reporting this quarter 1. Therefore, the overall 2nd Quarter Performance for Corporate Services is 50%.

Infrastructure Services

The Infrastructure Services Directorate has set 26 KPI's on their SDBIP. The total of KPI's achieved is 19 and not achieved is 3. Not for reporting for this quarter is 4. Therefore, the overall 2nd Quarter Performance for Infrastructure Services is 86%.

Development and Spatial Planning

The Directorate of Development and Spatial Planning has set 8 KPI's on their SDBIP. The total of KPI's achieved is 4, not achieved is 4. Therefore, the overall 2nd Quarter Performance for Development and Spatial Planning is 50%.

Economic Development and Agencies

The Directorate of Economic Development and Agencies has set 11 KPI's on their SDBIP. The total of KPI's achieved is 5 and not achieved is 6. Therefore, the overall 2nd Quarter Performance for Economic Development and Agencies is 45%.

Health/Public Safety and Emergency Services

The Directorate of Health/Public Safety and Emergency Services has set 11 KPI's on their SDBIP. The total of KPI's achieved is 4 and not achieved is 7. Therefore, the overall 2nd Quarter Performance for Health/Public Safety and Emergency Services is standing at 36%.

Municipal Services

The Directorate of Municipal Services has set 14 KPI's on their SDBIP. The total of

KPI's achieved is 8 and not achieved is 6. Therefore, the overall 2nd Quarter Performance for Municipal Services is 57%.

The overall performance of the organisation is 64%.

16. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent R431.26 million inclusive of reclaimed vat (2014/15: R397.76 million) which is 31% (2014/15: 38%) of its 2015/16 adjusted capital budget of R1.38 billion (2014/15: R1.06 billion) as at 31 December 2015. This reflects a slight regression when compared to the same period in the previous financial year. The expenditure is showing improvement in the second quarter when compared to the first quarter performance. Refer to Annexure A – C5 for the breakdown per municipal vote, standard classification & funding; Annexure B – SC12 for monthly expenditure trends; SC13a for breakdown of asset classification for new assets and SC13b for breakdown on asset classification on renewal of existing asset). A detailed schedule of the capital projects expenditure is outlined in Annexure E.

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

Table 26: Capital Expenditure per Funding Source against Budget

Funding	<u>2015/2016 Adjusted Budget</u>	<u>YTD Expenditure (VAT incl)</u>	<u>Variance (VAT incl)</u>	<u>% Expe</u>
Total Own Funding	529 796 867	99 204 656	430 592 211	19%
DoE(Integrated National Electrification Programme)	30 000 000	11 989 641	18 010 359	40%
Electricity Demand Side Management Grant	13 000 000	13 903 313	-903 313	107%
Infrastructure Skills Development Grant	100 000	0	100 000	0%
Neighbourhood Development Partnership Grant	20 000 000	0	20 000 000	0%
Urban Settlement Development Grant	679 784 100	282 046 989.15	397 737 111	41%
Human Settlement Development Grant	94 400 000	24 118 589	70 281 411	26%
Human Settlement Development Grant-MPCC	13 068 500	0	13 068 500	0%
Total Grants	850 352 600	332 058 533	518 294 067	39%
TOTAL PER FUNDING	1 380 149 467	431 263 189	948 886 278	31%

Table 27 below reflects capital expenditure performance per service.

Table 27: Actual Expenditure per Service against Budget

Services	<u>2015/2016 Adjusted Budget</u>	<u>YTD Expenditure (VAT incl)</u>	<u>Variance (VAT incl)</u>	<u>% Expenditure (VAT incl)</u>
Water	91 000 000	48 230 707	42 769 293	53%
Waste Water	296 301 527	74 864 012	221 437 515	25%
Electricity	158 500 000	80 320 616	78 179 384	51%
Roads and Stormwater	265 000 000	76 133 876	188 866 124	29%
Human Settlement	211 784 513	86 268 859	125 515 654	41%
Transport Planning	69 652 869	18 188 508	51 464 361	26%
Waste Management / Refuse	54 502 324	21 694 546	32 807 778	40%
Amenities	73 483 569	17 439 188	56 044 381	24%
Public Safety	32 265 057	4 051 726	28 213 331	13%
Support Services	79 659 608	4 071 150	75 588 458	5%
Other - BCM Fleet	48 000 000	0	48 000 000	0%
TOTAL PER SERVICE	1 380 149 467	431 263 189	948 886 278	31%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

Directorate	<u>2015/2016 Adjusted Budget</u>	<u>YTD Expenditure (VAT incl)</u>	<u>Variance (VAT incl)</u>	<u>% Exp.</u>
Executive Support Services	7 439 297	463 444	6 975 853	6%
City Manager	21 500 000	0	21 500 000	0%
Human Settlements	211 784 513	86 268 859	125 515 654	41%
Directorate of Financial Services	631 902	292 701	339 201	46%
Directorate of Corporate Services	39 538 409	3 241 895	36 296 514	8%
Directorate of Infrastructure Services	859 351 527	279 549 211	579 802 316	33%
Directorate of Development & Spatial Planning	49 652 869	10 997 388	38 655 481	22%
Directorate of Economic Development & Agencies	20 000 000	7 191 120	12 808 880	36%
Directorate of Health / Public Safety & Emergency Services	32 265 057	4 051 726	28 213 331	13%
Directorate of Municipal Services	127 985 893	39 133 734	88 852 159	31%
TOTAL DIRECTORATES	1 370 149 467	431 190 079	938 959 388	31%
Asset Replacement	10 000 000	73 110	9 926 890	1%
GRAND TOTAL	1 380 149 467	431 263 189	948 886 278	31%

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

Table 29: SC12 Monthly budget Statement – capital expenditure trend

Month	2014/15	Budget Year 2015/16							
	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	4 279	2 538	2 683	148	148	2 683	2 535	94.5%	0%
August	36 998	30 122	34 048	42 068	42 216	36 731	(5 485)	-14.9%	3%
September	63 771	24 852	27 675	57 530	99 746	64 407	(35 339)	-54.9%	8%
October	82 385	45 563	46 647	101 591	201 336	111 054	(90 282)	-81.3%	16%
November	52 978	43 333	46 409	85 219	286 556	157 463	(129 093)	-82.0%	22%
December	123 417	50 976	56 657	111 569	398 125	214 120	(184 004)	-85.9%	31%
January	30 397	29 612	34 351	-	-	248 471	-	-	-
February	47 087	32 833	33 784	-	-	282 255	-	-	-
March	104 078	51 060	54 631	-	-	336 885	-	-	-
April	59 993	69 017	75 394	-	-	412 280	-	-	-
May	96 922	65 150	71 105	-	-	483 385	-	-	-
June	227 742	830 300	896 765	-	-	1 380 149	-	-	-
Total Capital expenditure	930 050	1 275 354	1 380 149	398 125					

17. OTHER SUPPORTING DOCUMENTS

17.1. Operating Projects Expenditure

The Metro has spent 21% (R146.07 million) inclusive of reclaimed vat of its 2015/16 adjusted budget of R697.73 million as at 31 December 2015. This reflects a regression when compared to the same period in the previous financial year where 40% (R114.10 million) of the adjusted operating projects budget of R288.44 million was spent. It is anticipated that the expenditure will improve once all the procurement processes have been undertaken. The HSDG budget was overstated due to late confirmation of available funding by the Eastern Cape Provincial Department of Human Settlement, the budget will be reduced in the mid year adjustment budget. Should the HSDG allocation that is on the 2015/16 approved DoRA be taken into consideration then the total budget allocated for operating projects will reduce to R521.94 million, therefore resulting in the total operating projects expenditure percentage to increase to 28%.

A detailed schedule of the operating projects expenditure is outlined in Annexure D. Tables 32 and 33 below summarise Annexure D.

Table 32: Operating Projects per Directorate

OPERATING PROJECTS PER DIRECTORATE	<u>2015/2016</u> <u>Adjusted</u> <u>Budget</u>	<u>YTD</u> <u>Expenditure</u> <u>(VAT incl)</u>	<u>Variance</u> <u>(VAT incl)</u>	<u>%</u> <u>Exp</u>
Executive Support Services	4 239 106	1 062 020	3 177 086	25%
City Manager	46 401 900	15 776 531	30 625 369	34%
Human Settlements	545 954 656	107 299 790	438 654 866	20%
Directorate of Financial Services	43 515 303	9 496 801	34 018 502	22%
Directorate of Corporate Services	29 572 014	7 170 763	22 401 251	24%
Directorate of Infrastructure Services	3 500 000	2 416 602	1 083 398	69%
Directorate of Economic Development & Agencies	3 000 000	2 691 702	308 298	90%
Directorate of Health / Public Safety & Emergency Services	200 000	1 464	198 536	1%
Directorate of Municipal Services	21 348 496	150 000	21 198 496	1%
TOTAL PER DIRECTORATE	697 731 475	146 065 672	551 665 803	21%

Table 33: Operating Projects per Funding Source

OPERATING PROJECTS PER FUNDING SOURCE	<u>2015/2016</u> <u>Adjusted</u> <u>Budget</u>	<u>YTD</u> <u>Expenditure</u> <u>(VAT incl)</u>	<u>Variance</u> <u>(VAT incl)</u>	<u>%</u> <u>Expendit</u> <u>ure</u>
Total Own Funding	110 024 919	24 958 173	85 066 746	23%
Department of Environmental Affairs	2 500 000	0	2 500 000	0%
Department of Local Government & Traditional Affairs	3 494 026	1 549 587	1 944 439	44%
Expanded Public Works Programme Incentives Grant	1 149 000	1 029 875	119 125	90%
Finance Management Grant	1 300 000	122 782	1 177 218	9%
Human Settlement Development Grant	522 657 630	101 118 491	421 539 139	19%
Infrastructure Skills Development Grant	8 400 000	2 817 236	5 582 764	34%
Integrated City Development Grant	5 605 000	0	5 605 000	0%
Municipal Human Settlement Capacity Grant	9 253 000	44 108	9 208 892	0%
Urban Settlement Development Grant	33 347 900	14 425 421	18 922 479	43%
Total Grants	587 706 556	121 107 500	466 599 056	21%
TOTAL PER FUNDING	697 731 475	146 065 672	551 665 803	21%

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

18.1. Health / Public Safety & Emergency Services

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

Table 34: Health / Public Safety & Emergency Services – Cost Analysis

Health / Public Safety & Emergency Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES	0	986 502	115 655	0	1 102 157
GM - EMERGENCY SERVICES	-46 541 523	27 985 397	12 434 829	256 727	40 676 953
EMERGENCY SERVICES	0	1 193 592	158 193	0	1 351 785
DISASTER MANAGEMENT	0	1 088 117	324 886	4 532	1 417 536
FIRE & RESCUE	-46 541 523	25 703 688	11 951 750	252 195	37 907 633
GM - MUNICIPAL HEALTH SERVICES	-8 318	12 990 733	1 885 799	85 801	14 962 333
MUNICIPAL HEALTH SERVICES	-8 318	12 990 733	1 885 799	85 801	14 962 333
MUNICIPAL HEALTH SERVICES: COASTAL REGION	0	0	0	0	0
MUNICIPAL HEALTH SERVICES: INLAND REGION	0	0	0	0	0
MUNICIPAL HEALTH SERVICES: MIDLAND REGION	0	0	0	0	0
GM - PUBLIC SAFETY & PROTECTION SERVICES	-22 003 893	82 312 079	11 382 322	924 439	94 618 840
PUBLIC SAFETY & PROTECTION SERVICES	-14 747	9 438 288	7 933 865	557 141	17 929 294
LAW ENFORCEMENT SERVICES	-11 160	47 911 793	1 282 425	272 057	49 466 275
TRAFFIC SERVICES	-21 977 986	24 961 998	2 166 032	95 240	27 223 271
TOTAL	-68 553 734	124 274 711	25 818 605	1 266 967	151 360 283

18.2. Municipal Services

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

Table 35: 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	3 527 866	461 877	5 031	3 994 774
GM - COMMUNITY AMENITIES	-11 454 496	46 316 811	10 649 844	2 404 865	59 371 520
COMMUNITY AMENITIES	0	5 079 186	188 868	24 364	5 292 418
LIBRARIES	-9 781 874	8 517 562	821 961	80 173	9 419 696
HALLS	-517 248	6 296 441	2 084 036	227 157	8 607 634
RECREATION	-1 082 484	15 522 556	4 119 371	1 717 469	21 359 397
SPORTS FACILITIES	-72 890	10 901 065	3 435 607	355 703	14 692 375
GM - PARKS / CEMETRIES & CONSERVATION	-5 013 000	59 546 668	13 404 962	3 026 685	75 978 315
PARKS / CEMETRIES & CONSERVATION	0	1 047 542	72 229	0	1 119 771
CEMETRIES & CREMATORIA	-4 048 529	9 707 317	4 148 258	213 670	14 069 245
CONSERVATION	-891 597	7 107 287	1 696 199	108 968	8 912 454
PARKS: COASTAL	-72 875	41 684 523	7 488 276	2 704 046	51 876 846
PARKS: INLAND	0	0	0	0	0
PARKS: MIDLAND	0	0	0	0	0
VEGETATION CONTROL	0	0	0	0	0
GM - SOLID WASTE MANAGEMENT	-197 673 534	62 080 943	63 491 359	4 918 109	130 490 411
SOLID WASTE MANAGEMENT	0	4 577 919	2 243 474	2 432 838	9 254 232
CLEANSING & REFUSE REMOVAL: COASTAL	-196 331 617	52 703 813	51 602 039	2 485 271	106 791 123
CLEANSING & REFUSE REMOVAL: INLAND	0	0		0	
CLEANSING & REFUSE REMOVAL: MIDLAND	0	0		0	0
LANDFILLS & TRANSFER STATIONS	-1 341 917	4 799 210	9 645 846	0	14 445 056
TOTAL	-214 141 030	171 472 289	88 008 042	10 354 690	269 835 020

19. MID YEAR ADJUSTMENT BUDGET FOR THE 2015/2016 FINANCIAL YEAR

The enclosed performance report will be analysed in terms of its revenue projections and expenditure categories which will culminate in the Mid-year adjustment budget to be tabled in a Council meeting in February 2016 in terms of S28 of the MFMA.

20. SUMMARY OF PROGRESS MADE ON RESOLVING PROBLEMS IDENTIFIED IN THE PREVIOUS YEAR'S ANNUAL REPORT

20.1. Audit Findings

The 2013/14 audit report highlighted qualifications in the following area:

- Irregular expenditure

The institution undertook a project which analysed the General Ledger transactions for the 2012/13 and 2013/14 financial years to identify the procurement process which had been followed. This analysis was concluded resulting in an adjustment being processed in the 2014/15 Annual Financial Statements. This adjustment was audited by the Auditor General with the resulting outcome reflected a significant improvement on the prior year disclosure.

An audit improvement plan is being developed from the outcome of the detailed management letter.

20.2. Expenditure Management

Expenditure has shown a positive trend through increasing year on year both in terms of Operating and Capital Projects.

There were however challenges experienced through awarded tenders being challenged through the litigation process and a limited number of service providers tendering for the projects, resulting in a single contractor being awarded a number of projects and with the result that the service provider does not have the capacity to undertake the work within the timeframe required. This contributes to service delivery delays.

The following mitigating factors have been implemented:

- The Bid Committee are being tasked to convene regularly to ensure that there are no backlogs in the tender process
- Additional tender committees have been created with the view of accelerating the procurement process
- Due diligence is being performed on the successful tenderers
- The Implementation of Procurement Planning will also significantly improve expenditure patterns and reduce need for roll-overs

20.3. Revenue Management

The following challenges were experienced:

- Illegal connections
- Unread meters due to accessibility
- Indigent consumers using excess of 6 kilolitres of water which cannot be recovered
- Flat rates being charged in unmetered areas

Below are the corrective measures that are being implemented:

- The appointment of the reconnection and disconnection team to assist in monitoring the illegal connections.
- Council has approved the turnaround plan to mitigate water losses and ageing infrastructure assets as well as the implementation of new meters in unmetered areas over a period of 3 years. This plan is currently being implemented with funding being allocated in the MTREF budget.
- Number of meter readers has been increased with close supervision and monitoring.

20.4. Asset Management

The institution has identified the area of asset management of critical importance to the institution. In this regard a staff structure has been prepared and included in the Council approved organogram. A service provider has been appointed on a 3 year basis to assist with preparing fixed asset registers, infrastructure asset management plans and a comprehensive municipal

infrastructure plan. As part of their appointment there is a requirement to assist in the creation of an internal asset management unit. It is envisaged that upon conclusion of this project there will be a strategic plan for the infrastructure development in the metro and the limited resource of funding will be focused on the areas identified in these documents.

21. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

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

Mid-year budget and performance assessment (Section 72 Report)

for the period ending **December 2015** has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print name:

Acting City Manager of Buffalo City Metropolitan Municipality, BUF

Signature:

Date:

ANNEXURES:

Annexure A

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

Annexure B

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

Annexure C

Schedule of Borrowings

Annexure D

Operating expenditure report

Annexure E

Capital expenditure report

Annexure F

Service Delivery and Budget Implementation Plan