

## **REPORT TO COUNCIL: 26 APRIL 2017**

**File No.:5/1/1/1[16/17]**

**Author: EXECUTIVE MAYOR (XOLA PAKATI)/AN**

### **STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF THE 2016/17 BUDGET FOR THE PERIOD ENDED 31 MARCH 2017**

#### **1. PURPOSE**

The purpose of the report is for Council to consider and note the statement of financial performance and the implementation of the 2016/17 budget of the Buffalo City Metropolitan Municipality for the period ended 31 March 2017.

#### **2. AUTHORITY**

Buffalo City Metropolitan Council

#### **3. LEGAL / STATUTORY REQUIREMENTS**

The Constitution of the Republic of South Africa, 1996

Municipal Finance Management Act No 56, 2003

Municipal Budget and Reporting Regulations, 2009

#### **4. BACKGROUND**

In terms of Section 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 S168(1) of the Act” (MFMA)*.

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

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# **PART 1: IN-YEAR REPORT**

## **5. RESOLUTIONS**

It is recommended that:

- (i) Council consider and note the report on the statement of financial performance and the implementation of the 2016/17 budget for the period ended 31 March 2017 including supporting documentation attached as Annexure A to G.
- (ii) Council note the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.
- (iii) Council note the year to date collection rate for the period ended 31 March 2017 of 87.40%.

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**X. PAKATI**

**EXECUTIVE MAYOR**

**BUFFALO CITY METROPOLITAN MUNICIPALITY**

APANNA NAIDOO/ VP

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**DATE**

## **6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 31 MARCH 2017**

### **6.1. Dashboard / Performance Summary**

**Table 1: Performance Summary**

<b>OVERALL OPERATING RESULTS</b>		<b>CASH MANAGEMENT</b>	
Income	R 4,572,440,136	Bank Balance	R 63,290,201
Expenditure	(R 4,208,120,807)	Call investments (excl. int.)	R 2,457,007,096
Operating Surplus	R 364,319,329	<b>Cash and cash equivalents</b>	<b>R 2,520,297,297</b>
Transfers Recognised - Capital	R 402,028,807	<i>Account Payables</i>	<i>(R 429,958,344)</i>
Surplus After Capital Transfers	R 766,348,136	<i>Unspent conditional grants</i>	<i>(R 453,867,065)</i>
<b>DEBTORS</b>		<i>Committed to Capital budget-own funds</i>	<i>(R 412,452,726)</i>
Total debtors book	R 1,997,053,435	<b>Therefore Cash and Cash equivalents ring fenced for assets renewal in outer years</b>	<b>R 1,224,019,162</b>
Total debtors - Government	R 29,880,663		
Total debtors - Business	R 465,729,991	Total Long term loans	R 460,137,491
Total debtors - Households	R 1,231,649,243	<b>SURPLUS / (DEFICIT) PER SERVICE</b>	
Total debtors - Other	R 269,793,538	Water	R 2,143,563
Total debt written off	R 4,314,098	Electricity	R 114,202,596
<b>REPAIRS AND MAINTENANCE</b>		Refuse	R 31,088,835
<b>2015/2016:</b> Exp. = R235.2 m, which is 63% of adjusted budget of R371.61m	<b>2016/2017:</b> Exp.= R240.2 m, which is 57% of adjusted budget of R418.61m	Sewerage	R 27,725,220
<b>CAPITAL EXPENDITURE</b>		<b>OPERATING PROJECTS EXPENDITURE</b>	
<b>2015/2016: Exp. as a % of Adjusted Budget of R1.39b:</b> Exp. (excl. vat) = R627.64 mil % exp (Excl. vat) : 45%  Exp. (incl. vat) = R675.4 mil % exp (incl. vat): 49%	<b>2016/2017: Exp. as a % of Adjusted Budget of R1.49b:</b> Exp. (excl. vat) = R750.78 mil % exp (Excl. vat) :50%  Exp. (incl. vat) = R799.67 mil % exp (incl. vat): 54%	<b>2015/2016: Exp. as a % of Adjusted Budget of R501.84m:</b> Exp.(excl. vat)= R246.31 mil % exp.(excl. vat): 49%  Exp.(incl. vat) = R246.84 mil % exp.(incl. vat): 49%	<b>2016/2017: Exp. as a % of Adjusted Budget of R336.91m:</b> Exp.(excl. vat)=R179.20 mil % exp.(excl. vat): 55%  Exp.(incl. vat) = R186.56 mil % exp.(incl. vat): 57%
<b>FINANCIAL</b>		<b>HUMAN RESOURCES</b>	
Operating Surplus for the period	R 364,319,329	Total staff complement	5 198
Debtors collection ratio	87.4%	Staff Appointments	548
YTD Grants and subsidies	R 1,218,215,238	Staff Terminations	136
% of Creditors paid within terms	100%	Number of funded vacant posts	613
Current ratio	3.29:1	Total overtime paid (YTD)	R 96,145,199
Total Debt to Revenue	10.03%	Allowances and benefits - Councillors	R 41,284,978
Capital Charges to Operating Expenditure	1.61%	Salary bill - Officials	R 1,102,007,005
Cost coverage ratio	5.26 months	Workforce costs as a % of expenditure	27.17%

## **6.2 Liquidity position**

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 3.29:1 which indicates the ability of Municipality's current assets to cover its current liabilities. Debtors constitute 32% of the current assets, inventory constitutes 1% and cash & cash equivalents comprise 65% of the current assets. The City has a stronger cash and cash equivalent and can easily meet its immediate obligations.

## **6.3 Collection Rate and Outstanding Debtors**

The year to date collection rate for the month ended 31 March 2017 is 87.40% (2015/16: 91.72%). The collection rate reflects a regression when compared to the previous financial year. It has increased by 0.4% from last month where 87% was achieved for the period ended 28 February 2017. This ratio denotes the City's ability to collect the billed revenue from its consumers. The corrective measures that are implemented to improve the collection are detailed under section 8 of the report under debtors management.

Total debtors book (including current accounts) as at 31 March 2017 amounts to R2 billion (2015/16: R1.56 billion). Households: R1.2 billion, Business: R465.73 million, Government: R29.88 million, Other: R269.79 million. BCMM analyses recoverability of debt on a monthly basis.

Refer to section 8.1 of the report for details on debtors' management. The debtors' age analysis report is reflected on Annexure B – SC3.

## **6.4 Capital Expenditure**

BCMM has spent 54% (R799.67 million, inclusive of reclaimed vat) of its 2016/17 adjusted capital budget of R1.49 billion as at 31 March 2017. This reflects an improvement in both percentage and rand value terms when compared to the same period in the previous financial year where 49% (R675.4 million, inclusive of reclaimed vat) of the adjusted budget of R1.39 billion was spent. The capital expenditure is expected to speedily improve during the last quarter of the financial year as major projects have passed procurement to



implementation stage. (Refer to Section 14 for further details).

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

### **6.5 Operating projects**

The Metro has spent 57% (R186.56 million, inclusive of reclaimed vat) of its 2016/17 adjusted budget of R336.91 million as at 31 March 2017. This reflects an improvement in percentage terms when compared to the same period in the previous financial year where 49% (R246.84 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R501.84 million was spent. (Refer to Section 15 for further details).

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

### **6.6 Expenditure on Conditional Grants (DoRA Allocation)**

The Metro has spent 64% (R525.40 million, inclusive of reclaimed vat) of its 2016/2017 conditional grants adjusted budget of R820.97 million as at 31 March 2017. This reflects a slight improvement when compared to the same period in the previous financial year where 63% (R522.17 million, inclusive of reclaimed of vat) of conditional grants budget of R824.32 million was spent. Expenditure is expected to speedily improve during the fourth quarter of the financial year as major projects have passed procurement to implementation stage. (Refer to Section 11 for further details).

#### **6.6.1. Urban Settlement Development Grant (USDG) funded projects**

BCMM has spent 70% (R510.13 million, inclusive of reclaimed vat) of its 2016/2017 USDG budget of R731.50 million as at 31 March 2017. This reflects an improvement when compared to the same period in the previous financial year where 65% (R488.27 million, inclusive of reclaimed of vat) of USDG budget of R755.5 million was spent. Expenditure is expected improve during the fourth quarter of the financial year as major projects have passed procurement to implementation stage. (Refer to Section 11 for further details).

### **6.7 Cash and Cash Equivalents**

The cash and cash equivalents of the City as at 31 March 2017 are R2.52 billion made up of cash and bank amounting to R63.29 million and call investment deposits of R2.46 billion. This funding is invested with various financial institutions in compliance with the MFMA. Refer to Section 7.7 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown. The cost coverage ratio of the city is 5.26 months. This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue during that period. This ratio denotes that the City can meet its monthly operating commitments 5 times due to its stronger financial health which is above the norm of 1-3 months as per the MFMA circular 71.

### **6.8 Outstanding Creditors**

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

### **6.9 Long-Term Debt Profile**

The total long term borrowings of the municipality as at 31 March 2017 amounts to R460.14 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 31 March 2017 is 1.61%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6 and 8%; BCMM is below the norm and has the capacity to take on additional borrowing to invest in infrastructure projects that generate revenue. The City is currently in the process of securing additional loan funding which will result in the actual moving closer to the norm.

The total debt to revenue ratio is 10.03% as at 31 March 2017, this indicates the extent of total borrowings (short and long term debt financing) in relation to total

operating revenue of the municipality. The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities. The municipality is therefore highly solvent to meet its debt obligation as it is below the set ceiling of 45% in accordance with the MFMA circular 71.

## 7. IN-YEAR BUDGET STATEMENT MAIN TABLES

### 7.1 Monthly Budget Statement Summary

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

**Table 2:C1: Monthly Budget Statement Summary**

BUF Buffalo City - Table C1 Consolidated Monthly Budget Statement Summary - M09 March

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	865 235	1 122 920	1 122 920	73 916	767 342	703 124	64 218	9%	1 122 920
Service charges	2 749 648	2 928 610	2 928 610	236 677	2 211 585	2 179 212	32 373	1%	2 928 610
Investment revenue	154 775	143 844	143 775	11 100	110 818	104 708	6 111	6%	143 775
Transfers recognised - operational	963 670	1 319 728	1 356 414	319 309	1 218 215	1 118 683	99 532	9%	1 356 414
Other own revenue	714 463	391 937	391 737	73 778	264 479	288 120	(23 642)	-8%	391 737
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>5 447 791</b>	<b>5 907 039</b>	<b>5 943 457</b>	<b>714 781</b>	<b>4 572 440</b>	<b>4 393 847</b>	<b>178 593</b>	<b>4%</b>	<b>5 943 457</b>
Employee costs	1 352 201	1 531 068	1 506 068	126 761	1 102 007	1 165 408	(63 401)	-5%	1 506 068
Remuneration of Councillors	54 375	58 099	58 099	4 565	41 285	44 232	(2 947)	-7%	58 099
Depreciation & asset impairment	789 811	748 339	748 339	62 362	561 254	561 254	0	0%	748 339
Finance charges	54 878	57 105	52 105	3 896	31 250	42 674	(11 424)	-27%	52 105
Materials and bulk purchases	1 427 318	1 521 587	1 526 587	111 678	1 154 921	1 166 691	(11 770)	-1%	1 526 587
Transfers and grants	237 321	288 468	306 068	36 500	217 184	216 349	835	0%	306 068
Other expenditure	1 548 531	1 701 295	1 745 112	125 810	1 100 220	1 051 537	48 684	5%	1 745 112
<b>Total Expenditure</b>	<b>5 464 435</b>	<b>5 905 961</b>	<b>5 942 379</b>	<b>471 571</b>	<b>4 208 121</b>	<b>4 248 144</b>	<b>(40 024)</b>	<b>-1%</b>	<b>5 942 379</b>
<b>Surplus/(Deficit)</b>	<b>(16 644)</b>	<b>1 078</b>	<b>1 078</b>	<b>243 209</b>	<b>364 319</b>	<b>145 703</b>	<b>218 616</b>	<b>150%</b>	<b>1 078</b>
Transfers recognised - capital	670 394	848 269	730 249	69 612	402 029	568 229	(166 201)	-29%	730 249
Contributions & Contributed assets	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>653 750</b>	<b>849 347</b>	<b>731 327</b>	<b>312 822</b>	<b>766 348</b>	<b>713 932</b>	<b>52 416</b>	<b>7%</b>	<b>731 327</b>
Share of surplus/ (deficit) of associate	30 383	—	—	—	—	—	—	—	—
<b>Surplus/ (Deficit) for the year</b>	<b>684 133</b>	<b>849 347</b>	<b>731 327</b>	<b>312 822</b>	<b>766 348</b>	<b>713 932</b>	<b>52 416</b>	<b>7%</b>	<b>731 327</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>1 186 373</b>	<b>1 558 134</b>	<b>1 491 448</b>	<b>162 725</b>	<b>750 775</b>	<b>552 961</b>	<b>197 815</b>	<b>36%</b>	<b>1 491 448</b>
Capital transfers recognised	670 394	848 269	730 249	69 612	402 029	270 786	131 243	48%	730 478
Public contributions & donations	—	—	—	—	—	—	—	—	—
Borrowing	—	69 582	(0)	—	—	—	—	—	(0)
Internally generated funds	515 979	640 283	761 199	93 113	348 747	282 175	66 572	24%	761 199
<b>Total sources of capital funds</b>	<b>1 186 373</b>	<b>1 558 134</b>	<b>1 491 448</b>	<b>162 725</b>	<b>750 775</b>	<b>552 961</b>	<b>197 815</b>	<b>36%</b>	<b>1 491 677</b>
<b>Financial position</b>									
Total current assets	3 571 174	3 526 080	3 526 080		3 849 508				3 526 080
Total non current assets	13 495 258	14 131 021	14 064 335		13 684 862				14 064 335
Total current liabilities	1 440 811	1 131 155	1 131 155		1 170 933				1 131 155
Total non current liabilities	944 139	1 177 274	1 107 692		919 566				1 107 692
<b>Community wealth/Equity</b>	<b>14 681 482</b>	<b>15 348 672</b>	<b>15 351 568</b>		<b>15 443 871</b>				<b>15 351 568</b>
<b>Cash flows</b>									
Net cash from (used) operating	1 395 072	1 648 938	1 452 884	234 835	931 830	1 089 663	157 833	14%	1 452 884
Net cash from (used) investing	(1 175 532)	(1 558 134)	(1 491 448)	(162 725)	(750 775)	(1 118 586)	(367 811)	33%	(1 491 448)
Net cash from (used) financing	(44 499)	17 757	(51 825)	(11 766)	(38 339)	(38 869)	(2 529)	7%	(51 825)
<b>Cash/cash equivalents at the month/year end</b>	<b>2 375 582</b>	<b>2 490 747</b>	<b>2 291 798</b>	<b>—</b>	<b>2 520 297</b>	<b>2 314 395</b>	<b>(205 902)</b>	<b>-9%</b>	<b>2 285 193</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	270 618	92 702	69 277	62 647	47 895	43 485	307 318	1 103 110	1 997 053
<b>Creditors Age Analysis</b>									
Total Creditors	447 804	18 575	—	—	—	—	—	—	466 379

## 7.2 Monthly Budget Statement – Financial Performance (standard classification)

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

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

BUF Buffalo City - Table C2 Consolidated Monthly Budget Statement - Financial Performance (standard classification) - M09 March

City of Dundee City - Table 02 Consolidated Monthly Budget Statement - Financial Performance (Standard Classification) - 01/03/2017										
Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		2 029 240	2 268 639	2 238 758	375 649	1 805 446	2 114 376	(308 931)	-15%	2 238 758
Executive and council		23 255	30 796	22 902	1 510	13 294	18 497	(5 203)	-28%	22 902
Budget and treasury office	1 939 625	2 222 421	2 206 638	2 206 638	373 723	1 786 913	2 089 981	(303 067)	-15%	2 206 638
Corporate services	66 360	15 421	9 218	416	5 238	5 898	(660)	-11%	9 218	
<i>Community and public safety</i>		331 234	127 228	481 481	28 259	285 617	310 325	(24 708)	-8%	481 481
Community and social services	20 861	19 511	30 208	820	24 081	18 267	5 814	32%	30 208	
Sport and recreation	3 780	6 161	9 822	181	6 169	5 939	230	4%	9 822	
Public safety	113 972	98 758	156 226	14 819	108 979	108 725	254	0%	156 226	
Housing	192 193	-	285 203	12 178	146 101	177 379	(31 278)	-18%	285 203	
Health	428	2 797	22	262	286	14	272	1900%	22	
<i>Economic and environmental services</i>		35 488	100 222	317 362	(31 971)	136 659	180 457	(43 798)	-24%	317 362
Planning and development	22 073	26 543	35 004	3 525	18 908	4 144	14 764	356%	35 004	
Road transport	13 251	73 255	281 944	(35 506)	117 523	176 063	(58 540)	-33%	281 944	
Environmental protection	165	423	414	10	228	250	(23)	-9%	414	
<i>Trading services</i>		3 018 173	3 384 579	3 610 308	406 679	2 708 285	2 350 986	357 299	15%	3 610 308
Electricity	1 751 891	1 931 170	1 947 625	177 036	1 446 892	1 309 415	137 477	10%	1 947 625	
Water	505 016	541 296	579 336	53 831	456 967	349 315	107 652	31%	579 336	
Waste water management	384 179	446 227	669 618	73 804	487 522	389 023	98 499	25%	669 618	
Waste management	377 087	465 885	413 729	102 009	316 905	303 234	13 670	5%	413 729	
<i>Other</i>	4	734 434	874 641	25 797	5 777	38 463	5 932	32 530	548%	25 797
Total Revenue - Standard	2	6 148 568	6 755 308	6 673 705	784 393	4 974 469	4 962 077	12 392	0%	6 673 705
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		967 780	1 189 292	1 042 362	71 457	681 421	715 012	(33 591)	-5%	1 042 362
Executive and council		250 586	209 046	301 700	18 675	223 360	221 603	1 757	1%	301 700
Budget and treasury office	452 161	553 044	471 839	33 881	280 413	320 722	(40 310)	-13%	471 839	
Corporate services	265 033	427 203	268 823	18 900	177 649	172 687	4 962	3%	268 823	
<i>Community and public safety</i>		719 662	738 246	718 908	60 767	504 584	514 280	(9 696)	-2%	718 908
Community and social services	131 649	94 309	118 611	9 571	75 711	88 483	(12 772)	-14%	118 611	
Sport and recreation	74 197	77 113	68 111	8 552	91 514	50 810	40 704	80%	68 111	
Public safety	266 258	224 016	308 513	27 681	230 718	223 484	7 234	3%	308 513	
Housing	216 633	280 019	188 415	12 312	83 018	127 123	(44 105)	-35%	188 415	
Health	30 925	62 789	35 258	2 650	23 623	24 380	(757)	-3%	35 258	
<i>Economic and environmental services</i>		832 752	919 523	937 614	83 442	597 846	679 349	(81 503)	-12%	937 614
Planning and development	192 695	270 451	287 111	20 236	189 374	214 949	(25 575)	-12%	287 111	
Road transport	532 428	543 263	540 848	51 730	345 414	382 598	(37 184)	-10%	540 848	
Environmental protection	107 629	105 809	109 655	11 476	63 058	81 802	(18 744)	-23%	109 655	
<i>Trading services</i>		2 928 376	3 041 214	3 223 058	250 433	2 404 591	2 324 026	80 565	3%	3 223 058
Electricity	1 575 891	1 725 555	1 787 089	134 352	1 328 416	1 316 954	11 462	1%	1 787 089	
Water	647 217	531 791	595 721	45 288	449 112	425 207	23 905	6%	595 721	
Waste water management	368 775	467 437	460 117	39 214	345 937	330 266	15 671	5%	460 117	
Waste management	336 495	316 432	380 131	31 579	281 126	251 599	29 527	12%	380 131	
<i>Other</i>		15 865	17 685	20 438	5 473	19 679	15 477	4 202	27%	20 438
Total Expenditure - Standard	3	5 464 435	5 905 961	5 942 379	471 571	4 208 121	4 248 144	(40 024)	-1%	5 942 379
Surplus/ (Deficit) for the year		684 133	849 347	731 327	312 822	766 348	713 932	52 416	7%	731 327

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

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

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

BUF Buffalo City - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M09 March

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Directorate - Executive Support Services		383	145	548	1	1	117	(116)	-99.2%	548
Vote 2 - Directorate - City Manager		22 871	52 588	22 354	1 501	13 032	18 380	(5 348)	-29.1%	22 354
Vote 3 - Directorate - Human Settlements		192 193	362 572	285 203	5 473	52 896	177 379	(124 483)	-70.2%	285 203
Vote 4 - Directorate - Finance		2 610 019	2 947 365	2 206 638	443 336	2 189 095	2 089 981	99 115	4.7%	2 206 638
Vote 5 - Directorate - Corporate Services		6 667	13 036	9 001	415	5 202	5 759	(557)	-9.7%	9 001
Vote 6 - Directorate - Infrastructure Services		2 744 983	2 744 633	3 376 530	267 977	2 232 013	2 210 579	21 434	1.0%	3 376 530
Vote 7 - Directorate - Development Planning		42 563	64 067	127 214	1 261	14 993	25 368	(10 375)	-40.9%	127 214
Vote 8 - Directorate - Health / Public Safety & Emergency Services		126 995	162 440	156 248	15 081	109 186	108 740	446	0.4%	156 248
Vote 9 - Directorate - Municipal Services		401 893	408 195	454 173	45 707	339 934	319 841	20 093	6.3%	454 173
Vote 10 - Directorate - Economic Development		-	-	35 797	3 641	18 116	5 932	12 184	205.4%	35 797
Total Revenue by Vote	2	6 148 568	6 755 039	6 673 705	784 393	4 974 469	4 962 077	12 392	0.2%	6 673 705
Expenditure by Vote	1									
Vote 1 - Directorate - Executive Support Services		177 703	206 009	203 711	13 181	146 504	147 152	(648)	-0.4%	203 711
Vote 2 - Directorate - City Manager		72 883	115 928	97 988	5 049	60 867	74 451	(13 584)	-18.2%	97 988
Vote 3 - Directorate - Human Settlements		216 633	346 542	188 415	12 750	89 319	127 123	(37 804)	-29.7%	188 415
Vote 4 - Directorate - Finance		452 161	551 753	471 839	33 885	301 301	320 722	(19 421)	-6.1%	471 839
Vote 5 - Directorate - Corporate Services		137 998	192 959	203 902	13 602	133 471	124 378	9 093	7.3%	203 902
Vote 6 - Directorate - Infrastructure Services		3 230 074	3 234 571	3 405 480	272 973	2 488 104	2 477 275	10 829	0.4%	3 405 480
Vote 7 - Directorate - Development Planning		229 830	333 338	264 136	22 426	165 318	193 068	(27 750)	-14.4%	264 136
Vote 8 - Directorate - Health / Public Safety & Emergency Services		297 183	321 998	343 771	30 342	252 554	247 864	4 690	1.9%	343 771
Vote 9 - Directorate - Municipal Services		649 970	602 596	676 507	61 196	512 620	475 018	37 602	7.9%	676 507
Vote 10 - Directorate - Economic Development		-	-	86 628	6 168	58 063	61 094	(3 031)	-5.0%	86 628
Total Expenditure by Vote	2	5 464 435	5 905 692	5 942 379	471 571	4 208 121	4 248 144	(40 024)	-0.9%	5 942 379
Surplus/ (Deficit) for the year	2	684 133	849 347	731 327	312 822	766 348	713 932	52 416	7.3%	731 327

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

The statement of financial performance presented in table below, compares the expenditure and revenue on accrual basis against budget for the period ended 31 March 2017.

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

**BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March**

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		865 235	1 122 920	1 122 920	73 916	767 342	703 124	64 218	9%	1 122 920
Property rates - penalties & collection charges		—	—	—	—	—	—	—		—
Service charges - electricity revenue		1 694 297	1 815 256	1 815 256	153 101	1 373 451	1 354 951	18 500	1%	1 815 256
Service charges - water revenue		425 276	444 291	444 291	28 902	339 003	320 485	18 518	6%	444 291
Service charges - sanitation revenue		298 552	339 107	339 107	26 703	248 632	256 191	(7 559)	-3%	339 107
Service charges - refuse revenue		287 400	308 375	308 375	25 696	231 565	231 282	283	0%	308 375
Service charges - other		44 122	21 580	21 580	2 275	18 935	16 304	2 631	16%	21 580
Rental of facilities and equipment		16 583	20 045	20 045	1 184	10 632	11 146	(514)	-5%	20 045
Interest earned - external investments		154 775	143 844	143 775	11 100	110 818	104 708	6 111	6%	143 775
Interest earned - outstanding debtors		32 661	34 651	34 651	4 251	37 512	23 892	13 621	57%	34 651
Dividends received		—	—	—	—	—	—	—		—
Fines		5 594	8 385	8 385	719	6 147	6 289	(142)	-2%	8 385
Licences and permits		12 612	13 958	13 958	1 469	10 181	10 145	36	0%	13 958
Agency services		—	—	—	—	—	—	—		—
Transfers recognised - operational		963 670	1 319 728	1 356 414	319 309	1 218 215	1 118 683	99 532	9%	1 356 414
Other revenue		646 513	314 898	314 698	66 155	200 006	236 648	(36 642)	-15%	314 698
Gains on disposal of PPE		500	—	—	—	—	—	—		—
Total Revenue (excluding capital transfers and contributions)		5 447 791	5 907 039	5 943 457	714 781	4 572 440	4 393 847	178 593	4%	5 943 457

**BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March**

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		1 352 201	1 531 068	1 506 068	126 761	1 102 007	1 165 408	(63 401)	-5%	1 506 068
Remuneration of councillors		54 375	58 099	58 099	4 565	41 285	44 232	(2 947)	-7%	58 099
Debt impairment		210 111	303 865	303 865	25 322	227 899	228 783	(885)	0%	303 865
Depreciation & asset impairment		789 811	748 339	748 339	62 362	561 254	561 254	0	0%	748 339
Finance charges		54 878	57 105	52 105	3 896	31 250	42 674	(11 424)	-27%	52 105
Bulk purchases		1 427 318	1 521 587	1 526 587	111 678	1 154 921	1 166 691	(11 770)	-1%	1 526 587
Other materials		—	—	—	—	—	—	—	—	—
Contracted services		—	22 486	38 960	10 933	27 176	29 220	(2 044)	-7%	38 960
Transfers and grants		237 321	288 468	306 068	36 500	217 184	216 349	835	0%	306 068
Other expenditure		1 338 420	1 374 944	1 402 287	89 555	845 146	793 533	51 612	7%	1 402 287
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—
Total Expenditure		5 464 435	5 905 961	5 942 379	471 571	4 208 121	4 248 144	(40 024)	-1%	5 942 379
Surplus/(Deficit)		(16 644)	1 078	1 078	243 209	364 319	145 703	218 616	0	1 078
Transfers recognised - capital		670 394	848 269	730 249	69 612	402 029	568 229	(166 201)	(0)	730 249
Contributions recognised - capital		—	—	—	—	—	—	—	—	—
Contributed assets		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		653 750	849 347	731 327	312 822	766 348	713 932			731 327
Taxation		—						—		
Surplus/(Deficit) after taxation		653 750	849 347	731 327	312 822	766 348	713 932			731 327
Attributable to minorities		—								
Surplus/(Deficit) attributable to municipality		653 750	849 347	731 327	312 822	766 348	713 932			731 327
Share of surplus/ (deficit) of associate		30 383								
Surplus/ (Deficit) for the year		684 133	849 347	731 327	312 822	766 348	713 932			731 327

#### **7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE**

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

##### **7.4.1.1 Service Charges – other**

The demand for items mentioned below is not constant throughout the year. Income is earned when there is a demand by the clients. Therefore the trend in which income is earned is not constant. The main contributors are:

- Availability charges
- Connection / Reconnection charges

The situation is however monitored on a monthly basis.

##### **7.4.1.2 Interest earned – outstanding debtors**

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

##### **7.4.1.3 Other revenue**

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

##### **7.4.1.4 Finance charges**

The variance of 27 percent is a result of the two DBSA loans that are paid bi-annually at the end of September and March of every year which is different from the rest of the other loans that are paid end of December and June of every year. An interest accrual of R5.6 million for the two DBSA loans will be raised at year end correcting the timing difference between the payment and the budget.



#### 7.4.1.5 Repairs and Maintenance

Table 6 below reflects that as at 31 March 2017, the repairs and maintenance expenditure is 57% of the adjusted budget of R418.61 million (2015/16: 63%). This is a regression when compared with the prior year. The expenditure pattern is expected to improve in the last quarter of the financial year. Refer to Annexure B: SC13c (repairs and maintenance by asset class).

**Table 6: Repairs and Maintenance per Directorate**

Directorate	<u>2016/2017</u> <u>Adjusted</u> <u>Budget</u> <u>R</u>	<u>2016/2017</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2016/2017</u> <u>-</u> <u>Variance</u> <u>R</u>	<u>2016/2017</u> <u>% of</u> <u>Budget</u> <u>%</u>
Directorate Of Executive Support Services	3 235 637	1 109 108	2 126 529	34%
Directorate Of The City Manager	134 478	10 991	123 487	8%
Directorate Of Corporate Services	6 540 381	2 360 661	4 179 720	36%
Directorate Of Development & Spatial Planning	28 357 088	13 429 313	14 927 775	47%
Directorate Of Economic Development & Agencies	1 180 627	495 698	684 929	42%
Directorate Of Finance	3 273 630	572 201	2 701 429	17%
Directorate Of Health / Public Safety & Emergency Services	6 195 492	2 391 224	3 804 268	39%
Directorate Of Human Settlement	108 421	86 506	21 915	80%
Directorate Of Infrastructure Services	331 976 103	191 132 394	140 843 709	58%
<i>Electricity</i>	126 468 926	79 439 942	47 028 984	63%
<i>Water</i>	47 616 091	36 346 045	11 270 046	76%
<i>Sanitation</i>	36 845 111	22 033 668	14 811 443	60%
<i>Other</i>	121 045 975	53 312 739	67 733 236	44%
Directorate Of Municipal Services	37 607 278	28 609 421	8 997 857	76%
<b>TOTAL</b>	<b>418 609 135</b>	<b>240 197 517</b>	<b>178 411 618</b>	<b>57%</b>

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

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

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

BUF Buffalo City - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding - M09 March)

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - Directorate - Executive Support Services		2 222	5 500	6 578	314	2 264	4 241	(1 978)	-47%	6 578
Vote 2 - Directorate - City Manager		5 142	17 522	78 822	37 245	49 358	29 052	20 306	70%	78 822
Vote 3 - Directorate - Human Settlements		203 043	202 441	140 779	6 309	93 206	32 295	60 910	189%	140 779
Vote 4 - Directorate - Finance		2 034	10 600	18 798	102	662	6 962	(6 299)	-90%	18 798
Vote 5 - Directorate - Corporate Services		9 001	7 100	4 534	—	615	3 206	(2 591)	-81%	4 534
Vote 6 - Directorate - Infrastructure Services		818 247	887 671	870 932	94 735	518 746	347 272	171 473	49%	870 932
Vote 7 - Directorate - Development Planning		66 629	230 290	191 432	10 933	28 276	57 498	(29 222)	-51%	191 432
Vote 8 - Directorate - Health / Public Safety & Emergency Services		4 810	30 032	29 765	81	1 745	19 143	(17 398)	-91%	29 765
Vote 9 - Directorate - Municipal Services		75 245	122 478	96 045	9 086	38 680	20 176	18 505	92%	96 045
Vote 10 - Directorate - Economic Development		—	44 500	53 764	3 920	17 224	33 115	(15 891)	-48%	53 764
<b>Total Capital Multi-year expenditure</b>	4,7	<b>1 186 373</b>	<b>1 558 134</b>	<b>1 491 448</b>	<b>162 725</b>	<b>750 775</b>	<b>552 961</b>	<b>197 815</b>	<b>36%</b>	<b>1 491 448</b>
<b>Total Capital Expenditure</b>		<b>1 186 373</b>	<b>1 558 134</b>	<b>1 491 448</b>	<b>162 725</b>	<b>750 775</b>	<b>552 961</b>	<b>197 815</b>	<b>36%</b>	<b>1 491 448</b>
<b>Capital Expenditure - Standard Classification</b>										
<b>Governance and administration</b>		<b>18 399</b>	<b>40 722</b>	<b>108 731</b>	<b>37 662</b>	<b>52 899</b>	<b>40 312</b>	<b>12 587</b>	<b>31%</b>	<b>108 731</b>
Executive and council		7 364	23 022	85 400	37 559	51 621	31 662	19 959	63%	85 400
Budget and treasury office		2 034	10 600	18 798	102	662	6 969	(6 307)	-90%	18 798
Corporate services		9 001	7 100	4 534	—	615	1 681	(1 065)	-63%	4 534
<b>Community and public safety</b>		<b>245 226</b>	<b>276 498</b>	<b>222 422</b>	<b>15 475</b>	<b>129 786</b>	<b>82 464</b>	<b>47 322</b>	<b>57%</b>	<b>222 422</b>
Community and social services		14 751	23 300	30 226	7 305	15 127	11 206	3 921	35%	30 226
Sport and recreation		22 622	20 725	21 651	1 781	19 708	8 027	11 681	146%	21 651
Public safety		4 810	30 032	29 765	81	1 745	11 036	(9 291)	-84%	29 765
Housing		203 043	202 441	140 779	6 309	93 206	52 195	41 011	79%	140 779
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		<b>398 399</b>	<b>541 969</b>	<b>524 795</b>	<b>64 316</b>	<b>223 187</b>	<b>194 570</b>	<b>28 617</b>	<b>15%</b>	<b>524 795</b>
Planning and development		66 629	274 790	245 196	14 853	45 500	90 907	(45 408)	-50%	245 196
Road transport		331 770	267 179	279 599	49 463	177 687	103 663	74 025	71%	279 599
Environmental protection		—	—	—	—	—	—	—	—	—
<b>Trading services</b>		<b>476 965</b>	<b>680 946</b>	<b>602 738</b>	<b>28 526</b>	<b>318 039</b>	<b>223 468</b>	<b>94 571</b>	<b>42%</b>	<b>602 738</b>
Electricity		146 652	143 000	154 613	10 525	72 913	57 323	15 590	27%	154 613
Water		116 452	87 500	155 541	39 183	107 507	57 668	49 839	86%	155 541
Waste water management		175 989	371 992	248 417	(21 182)	133 774	92 102	41 672	45%	248 417
Waste management		37 872	78 454	44 168	—	3 845	16 375	(12 531)	-77%	44 168
<b>Other</b>		<b>47 384</b>	<b>18 000</b>	<b>32 762</b>	<b>16 746</b>	<b>26 864</b>	<b>12 147</b>	<b>14 717</b>	<b>121%</b>	<b>32 762</b>
<b>Total Capital Expenditure - Standard Classification</b>	3	<b>1 186 373</b>	<b>1 558 134</b>	<b>1 491 448</b>	<b>162 725</b>	<b>750 775</b>	<b>552 961</b>	<b>197 815</b>	<b>36%</b>	<b>1 491 448</b>
<b>Funded by:</b>										
National Government		596 567	741 969	715 886	69 612	398 150	265 377	132 773	50%	715 886
Provincial Government		73 827	106 300	14 592	—	3 879	5 409	(1 531)	-28%	14 592
District Municipality		—	—	(229)	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	—	—	—	—	—
<b>Transfers recognised - capital</b>		<b>670 394</b>	<b>848 269</b>	<b>730 249</b>	<b>69 612</b>	<b>402 029</b>	<b>270 786</b>	<b>131 243</b>	<b>48%</b>	<b>730 478</b>
<b>Public contributions &amp; donations</b>	5	—	—	—	—	—	—	—	—	—
<b>Borrowing</b>	6	—	69 582	(0)	—	—	—	—	—	(0)
<b>Internally generated funds</b>		<b>515 979</b>	<b>640 283</b>	<b>761 199</b>	<b>93 113</b>	<b>348 747</b>	<b>282 175</b>	<b>66 572</b>	<b>24%</b>	<b>761 199</b>
<b>Total Capital Funding</b>		<b>1 186 373</b>	<b>1 558 134</b>	<b>1 491 448</b>	<b>162 725</b>	<b>750 775</b>	<b>552 961</b>	<b>197 815</b>	<b>36%</b>	<b>1 491 677</b>

## 7.6 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R15.44 billion.

**Table 8: C6: Monthly Budget Statement – Financial Position**

BUF Buffalo City - Table C6 Consolidated Monthly Budget Statement - Financial Position - M09 March

Description	Ref	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		223 091	80 644	80 644	63 290	80 644
Call investment deposits		2 152 490	2 410 242	2 410 242	2 457 007	2 410 242
Consumer debtors		695 008	820 635	820 635	569 488	820 635
Other debtors		464 554	108 064	108 064	712 549	108 064
Current portion of long-term receivables		–	15	15	–	15
Inventory		36 030	106 480	106 480	47 173	106 480
<b>Total current assets</b>		<b>3 571 174</b>	<b>3 526 080</b>	<b>3 526 080</b>	<b>3 849 508</b>	<b>3 526 080</b>
<b>Non current assets</b>						
Long-term receivables		–	66	66	–	66
Investments		–	–	–	–	–
Investment property		342 030	485 540	485 540	342 030	485 540
Investments in Associate		112 292	90 099	90 099	112 292	90 099
Property, plant and equipment		12 885 962	13 447 560	13 380 874	13 075 575	13 380 874
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		85 956	25 080	25 080	85 948	25 080
Other non-current assets		69 018	82 676	82 676	69 018	82 676
<b>Total non current assets</b>		<b>13 495 258</b>	<b>14 131 021</b>	<b>14 064 335</b>	<b>13 684 862</b>	<b>14 064 335</b>
<b>TOTAL ASSETS</b>		<b>17 066 433</b>	<b>17 657 101</b>	<b>17 590 415</b>	<b>17 534 370</b>	<b>17 590 415</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		50 709	51 825	51 825	38 943	51 825
Consumer deposits		53 708	59 455	59 455	56 335	59 455
Trade and other payables		1 161 531	852 917	852 917	883 825	852 917
Provisions		174 863	166 958	166 958	191 830	166 958
<b>Total current liabilities</b>		<b>1 440 811</b>	<b>1 131 155</b>	<b>1 131 155</b>	<b>1 170 933</b>	<b>1 131 155</b>
<b>Non current liabilities</b>						
Borrowing		445 768	518 175	448 593	421 195	448 593
Provisions		498 372	659 099	659 099	498 372	659 099
<b>Total non current liabilities</b>		<b>944 139</b>	<b>1 177 274</b>	<b>1 107 692</b>	<b>919 566</b>	<b>1 107 692</b>
<b>TOTAL LIABILITIES</b>		<b>2 384 950</b>	<b>2 308 429</b>	<b>2 238 847</b>	<b>2 090 499</b>	<b>2 238 847</b>
<b>NET ASSETS</b>	2	<b>14 681 482</b>	<b>15 348 672</b>	<b>15 351 568</b>	<b>15 443 871</b>	<b>15 351 568</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		10 067 541	12 256 811	12 259 707	10 829 930	12 259 707
Reserves		4 613 941	3 091 861	3 091 861	4 613 941	3 091 861
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>14 681 482</b>	<b>15 348 672</b>	<b>15 351 568</b>	<b>15 443 871</b>	<b>15 351 568</b>

## 7.7 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R144.72 million resulting in cash and cash equivalents closing balance of R2.52 billion as at March 2017.

**Table 9: C7: Monthly Budget Statement – Cash Flow**

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M09 March

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates, penalties & collection charges		865 235	1 038 701	1 038 701	70 497	670 657	779 026	(108 369)	-14%	1 038 701
Service charges		2 749 648	2 708 964	2 708 964	221 513	1 916 376	2 031 723	(115 347)	-6%	2 708 964
Other revenue		73 095	330 374	330 305	64 235	214 918	247 729	(32 811)	-13%	330 305
Government - operating		963 670	1 319 728	1 356 414	319 309	1 218 215	1 017 311	200 904	20%	1 356 414
Government - capital		670 394	848 269	730 249	(86 366)	704 273	547 686	156 587	29%	730 249
Interest		187 436	178 495	178 426	15 352	148 331	133 819	14 512	11%	178 426
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(3 822 207)	(4 430 013)	(4 534 446)	(329 309)	(3 692 507)	(3 400 834)	291 673	-9%	(4 534 446)
Finance charges		(54 878)	(57 113)	(52 105)	(3 896)	(31 250)	(39 079)	(7 829)	20%	(52 105)
Transfers and Grants		(237 321)	(288 468)	(303 624)	(36 500)	(217 184)	(227 718)	(10 534)	5%	(303 624)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>1 395 072</b>	<b>1 648 938</b>	<b>1 452 884</b>	<b>234 835</b>	<b>931 830</b>	<b>1 089 663</b>	<b>157 833</b>	<b>14%</b>	<b>1 452 884</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		10 841	-	-	-	-	-	-		-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets		(1 186 373)	(1 558 134)	(1 491 448)	(162 725)	(750 775)	(1 118 586)	(367 811)	33%	(1 491 448)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(1 175 532)</b>	<b>(1 558 134)</b>	<b>(1 491 448)</b>	<b>(162 725)</b>	<b>(750 775)</b>	<b>(1 118 586)</b>	<b>(367 811)</b>	<b>33%</b>	<b>(1 491 448)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	69 582	0	-	-	-	-		-
Increase (decrease) in consumer deposits		5 203	-	-	-	-	-	-		-
<b>Payments</b>										
Repayment of borrowing		(49 702)	(51 825)	(51 825)	(11 766)	(36 339)	(38 869)	(2 529)	7%	(51 825)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(44 499)</b>	<b>17 757</b>	<b>(51 825)</b>	<b>(11 766)</b>	<b>(36 339)</b>	<b>(38 869)</b>	<b>(2 529)</b>	<b>7%</b>	<b>(51 825)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>175 041</b>	<b>108 561</b>	<b>(90 389)</b>	<b>60 343</b>	<b>144 716</b>	<b>(67 791)</b>			<b>(90 389)</b>
Cash/cash equivalents at beginning:		2 200 541	2 382 186	2 382 186		2 375 582	2 382 186			2 375 582
Cash/cash equivalents at month/year end:		2 375 582	2 490 747	2 291 798		2 520 297	2 314 395			2 285 193

## **PART 2: SUPPORTING** **DOCUMENTATION**

## 8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

### 8.1 Debtors

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

**Table 10: SC3 Monthly Budget Statement Aged Debtors**

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M09 March 2017

Description	NT Code	Budget Year 2016/2017										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	52 567	30 839	30 681	27 671	13 314	12 982	105 084	295 138	568 277	454 189		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	102 195	14 956	5 392	4 278	3 562	3 154	14 402	35 314	183 253	60 710		
Receivables from Non-exchange Transactions - Property Rates	1400	71 046	25 727	17 501	16 417	17 576	14 335	96 214	319 091	577 907	463 633		
Receivables from Exchange Transactions - Waste Water Management	1500	21 401	8 676	5 566	4 970	4 587	4 417	31 662	134 767	216 046	180 402		
Receivables from Exchange Transactions - Waste Management	1600	17 047	8 561	6 517	6 077	5 812	5 627	39 819	188 658	278 119	245 993		
Receivables from Exchange Transactions - Property Rental Debtors	1700	81	70	68	67	66	68	480	3 485	4 385	4 166		
Interest on Arrear Debtor Accounts	1810									-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	6 280	3 873	3 552	3 167	2 978	2 902	19 658	126 658	169 067	155 363		
Total By Income Source	2000	270 618	92 702	69 277	62 647	47 895	43 485	307 318	1 103 110	1 997 053	1 564 456	-	-
2015/16 - Totals only		291 854 730	76 033 960	61 180 932	45 985 154	38 836 852	3 438 743	210 133 188	719 269 250	1 446 733	1 017 663		
Debtors Age Analysis By Customer Group													
Organs of State	2200	11 713	4 693	357	752	1 888	164	5 435	4 879	29 881	13 118		
Commercial	2300	138 464	26 985	15 694	12 238	11 663	10 961	63 813	185 913	465 730	284 588		
Households	2400	109 764	54 909	47 416	44 248	28 977	27 594	203 378	715 363	1 231 649	1 019 560		
Other	2500	10 678	6 115	5 810	5 409	5 368	4 766	34 692	196 955	269 794	247 191		
Total By Customer Group	2600	270 618	92 702	69 277	62 647	47 895	43 485	307 318	1 103 110	1 997 053	1 564 456	-	-

#### 8.1.1. Additional debtors information

The debtors that are older than 30 days, which includes all charges, amounted to R1.73 billion as at 31 March 2017 which is an increase of R8.12 million over the amount of R1.72 billion as at 28 February 2017.

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

Furthermore, the municipality is experiencing the following challenges, which have resulted in the collection ratio dropping in the previous months:

- Consumers, who are unable to pay, deliberately raise queries, so their accounts can be held in abeyance. When a query is logged, the account is flagged and protected against credit control action while the query is being investigated. Unfortunately, debtors often stop making payments towards the illegal connections and tampered meters.
- Consumers often use other poor service delivery such as non-collection of refuse and roads ridden with potholes as excuse for not paying.
- Instability of the network, especially in the Mdantsane and King Williams Town areas, this continuously hampers the staff from attending to consumer accounts on time.
- Illegal connections and meter tampering is contributing to non-payment of services;

Revenue management has however embarked on implementing the following strategies in order to improve the collection rate:

- Effective implementation of disconnection of the electricity is being monitored and reviewed continuously;
- A Task Team within Revenue Management has been constituted to identify and to ensure that the consumer accounts in arrears are scrutinized with the intention of fast tracking collection of the debt, which will result in the reduction of the book debt;
- The Credit Control and Indigent Support Policy has been reviewed with the intention to implement strict controls over collection;
- Standard operating procedures have been reviewed and adopted which is currently being implemented;
- The Rates and Valuation are constantly checking whether properties are zoned correctly and subsequently raising the correct rates tariff.

## **8.2. Additional debtor's information.**

### **8.2.1. Age Analysis per Category**

Table 11 below details debtors age analysis that are older than 30 days by income source as at 31 March 2017. It also provides comparison with the previous month (28 February 2017) which indicates an increase from R1.72 billion to R1.73 billion.

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

<b>AGEING</b>	<b>RATES</b>	<b>SEWERAGE</b>	<b>ELECTRICITY</b>	<b>WATER</b>	<b>REFUSE</b>	<b>SUNDRY DEBTORS</b>	<b>TOTAL FOR MARCH 2017</b>	<b>TOTAL FOR FEBRUARY 2017</b>
<b>30 DAYS</b>	25 726 978	8 675 741	14 955 969	30 839 298	8 561 222	3 942 707	92 701 915	100 126 230
<b>60 DAYS</b>	17 500 922	5 566 341	5 391 674	30 680 851	6 517 384	3 620 075	69 277 246	75 671 012
<b>90 DAYS</b>	16 416 922	4 970 279	4 278 268	27 670 670	6 076 744	3 234 562	62 647 447	56 134 773
<b>120 DAYS TO 360 DAYS</b>	128 125 162	40 665 099	21 117 958	131 380 330	51 258 346	26 151 485	398 698 380	403 320 808
<b>YEAR 2</b>	125 927 602	33 805 376	10 439 586	106 537 105	43 678 778	24 173 995	344 562 442	338 849 646
<b>YEAR 3</b>	80 710 975	24 063 714	6 025 502	57 258 844	32 348 837	23 939 482	224 347 354	220 384 961
<b>YEAR 4</b>	28 184 201	20 815 219	5 036 277	37 155 240	26 923 239	20 637 396	138 751 572	134 564 571
<b>YEAR 5</b>	20 793 665	13 940 037	5 244 997	23 032 933	19 580 811	16 175 649	98 768 093	97 088 602
<b>YEAR 5+</b>	63 474 349	42 142 434	8 567 349	71 154 019	66 126 346	45 216 135	296 680 630	292 169 747
<b>TOTAL</b>	<b>506 860 776</b>	<b>194 644 240</b>	<b>81 057 580</b>	<b>515 709 290</b>	<b>261 071 707</b>	<b>167 091 486</b>	<b>1 726 435 079</b>	<b>1 718 310 351</b>



### 8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type that are older than 30 days as at 31 March 2017. It also reflects the percentage split per category with domestic consumers having the highest share followed by indigent consumers. Please note that the financial system is not able to produce a collection ratio per service, however the collection ratio is reported on globally.

**Table 12: Age Analysis per Category Type**

<b>CATEGORY TYPE</b>	<b>30 DAYS</b>	<b>60 DAYS</b>	<b>90 DAYS</b>	<b>120 DAYS+</b>	<b>Total</b>	<b>% Share</b>
<b>Domestic</b>	44 773 649	36 214 143	33 809 702	821 982 527	936 780 019	54.26
<b>Indigent</b>	9 740 208	11 005 266	10 251 527	152 709 323	183 706 323	10.64
<b>Business</b>	26 984 760	15 693 852	12 237 940	272 349 640	327 266 191	18.96
<b>Government</b>	4 692 795	357 377	752 470	12 365 286	18 167 929	1.05
<b>Municipal Staff</b>	395 080	196 940	186 668	620 290	1 398 977	0.08
<b>Other</b>	6 115 424	5 809 669	5 409 140	241 781 406	259 115 639	15.01
<b>Total</b>	<b>92 701 916</b>	<b>69 277 247</b>	<b>62 647 447</b>	<b>1 501 808 472</b>	<b>1 726 435 078</b>	<b>100</b>

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

### 8.2.3. Government Accounts

The total arrears (30 days and above) owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 March 2017 amounted to R18.17 million. This indicates a decrease of R5.14 million when compared to the prior month amount of R23.31 million. The breakdown of the arrears per department (excluding accounts in credit) is indicated in the table hereunder, as at 31 March 2017.

Table 13 below provides an analysis of government debtors that are older than 30 days as at 31 March 2017 and comparison with the previous month.

**Table 13: Analysis of Government Debtors**

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 MARCH 2017	ARREARS AS AT 28 FEBRUARY 2017	DIFFERENCE
National Department Of Public Works	2 981 571	2 123 050	5 104 621	5 285 368	(180 747)
Provincial Department Of Public Works	995 384	1 536 191	2 531 575	6 962 541	(4 430 966)
Department Of Education		1 961 797	1 961 797	1 950 462	11 335
Department Of Health		2 514 210	2 514 210	3 040 620	(526 410)
Department Of Social Development		32 398	32 398	216 360	(183 963)
Department of Human Settlements		756	756	-	756
Department of Labour - UIF Services		188 037	188 037	2 333	185 704
Members Of Provincial Legislature		111 504	111 504	172 920	(61 416)
Department of Rural Development and Land Reform		608 091	608 091	602 296	5 795
Department of Public Works and Department of Human Settlements in respect of RDP Houses		5 114 941	5 114 941	5 076 501	38 440
<b>TOTAL</b>	<b>3 976 955</b>	<b>14 190 974</b>	<b>18 167 929</b>	<b>23 309 401</b>	<b>(5 141 472)</b>

## 9. CREDITORS' ANALYSIS

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

**Table 14: SC4 Monthly Budget Statement Aged Creditors**

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M09 March

Description	NT Code	Budget Year 2016/17									Prior year
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	totals for chart (same period)
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	117 284								117 284	88 779
Bulk Water	0200	18 442								18 442	14 253
PAYE deductions	0300	15 198								15 198	12 462
VAT (output less input)	0400	-								-	-
Pensions / Retirement deductions	0500	19 574								19 574	15 484
Loan repayments	0600	23 454								23 454	30 097
Trade Creditors	0700	27 536	18 575							46 111	121 897
Auditor General	0800	270								270	200
Other	0900	189 626								189 626	89 832
Total By Customer Type	1000	411 383	18 575	-	-	-	-	-	-	429 958	373 006

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

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

<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				117 284 168	117 284 168	<b>117 284 168</b>
DOWN TOUCH INVESTMENT (PTY) LTD				20 897 578	20 897 578	<b>20 897 578</b>
FASTMOVE ELECTRICAL CC			18 575 446		18 575 446	<b>18 575 446</b>
AMATOLA WATER				18 441 544	18 441 544	<b>18 441 544</b>
CZAR CONSTRUCTION				13 875 042	13 875 042	<b>13 875 042</b>
MOTHEO / MPUMALANGA JOINT VENTURE				11 300 589	11 300 589	<b>11 300 589</b>
MANTELLA TRADING 522 CC				10 529 985	10 529 985	<b>10 529 985</b>
HAW & INGLIS (PTY) LTD				10 235 973	10 235 973	<b>10 235 973</b>
SHONE'S ELECTRICAL				8 540 693	8 540 693	<b>8 540 693</b>
NEW AGE FLEET MANAGEMENT CC T/A FLEET DYNAMICS				7 939 365	7 939 365	<b>7 939 365</b>
M W P CONSTRUCTION CC			7 914 118		7 914 118	<b>7 914 118</b>
T V R CONSTRUCTION				6 873 613	6 873 613	<b>6 873 613</b>
SITA (PTY) LTD				6 669 137	6 669 137	<b>6 669 137</b>
BUFFALO TOYOTA				6 387 332	6 387 332	<b>6 387 332</b>
EYA BANTU PROFFESIONAL SERVICES CC				5 097 153	5 097 153	<b>5 097 153</b>
GINTI CC				4 848 021	4 848 021	<b>4 848 021</b>
C & M FASTNERS CC				4 602 044	4 602 044	<b>4 602 044</b>
MAZIYA GENERAL SERVICES			4 296 376		4 296 376	<b>4 296 376</b>
S A M E WAER (PTY) LTD				3 869 010	3 869 010	<b>3 869 010</b>
ABERDARE CABLES (PTY) LTD				3 821 011	3 821 011	<b>3 821 011</b>
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>30 785 940</b>	<b>261 212 257</b>	<b>291 998 196</b>	<b>291 998 196</b>

## 10. INVESTMENT PORTFOLIO ANALYSIS

The investment portfolio analysis detailed in table 16 below includes information of the institution where funds are invested, period of investment, type of investment and accrued interest for the month.

**Table 16: SC5 Monthly Budget Statement – investment portfolio**

**BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M09 March**

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
<b>Municipality</b>									
Rand Merchant Bank X021901943		Call Account	Call Account	Call Account	274	2.1%	49 691	274	49 966
Absa 91 2884 4539		Call Account	Call Account	Call Account	5	0.0%	926	5	931
Standard 422 742		Call Account	Call Account	Call Account	–		–	–	–
Absa 91 4102 2241		Call Account	Call Account	Call Account	50	0.4%	9 081	50	9 132
Absa 91 4163 6965		Call Account	Call Account	Call Account	–		–	–	–
Absa 91 5484 1280		Call Account	Call Account	Call Account	–		(0)	–	(0)
Rand Merchant Bank X021904910		Call Account	Call Account	Call Account	51	0.4%	9 162	207	9 369
Standard 76586/442740		Call Account	Call Account	Call Account	–		–	–	–
Absa 92 0562 2137		Call Account	Call Account	Call Account	5	0.0%	848	5	853
Rand Merchant Bank X021904913		Call Account	Call Account	Call Account	86	0.7%	15 631	86	15 717
Stanlib 551 660 303		Call Account	Call Account	Call Account	246	1.9%	36 806	246	37 052
Nedbank 03/7881532939/000041		Call Account	Call Account	Call Account	8	0.1%	1 361	8	1 368
Nedbank 03/7881532939/000056		Call Account	Call Account	Call Account	6	0.0%	1 075	6	1 080
Nedbank 03/7881532939/000058		Call Account	Call Account	Call Account	–		–	–	–
Nedbank 03/7881532939/000103		Call Account	Call Account	Call Account	–		–	–	–
Nedbank 03/7881532939/000064		Call Account	Call Account	Call Account	48	0.4%	8 777	48	8 826
Absa 92 0559 0710		Call Account	Call Account	Call Account	0	0.0%	44	0	44
Nedbank 03/7881532939/000117		Call Account	Call Account	Call Account	6	0.0%	1 071	6	1 077
Nedbank 03/7881532939/000108		Call Account	Call Account	Call Account	1	0.0%	180	1	181
Absa 92 2975 5568		Call Account	Call Account	Call Account	–		–	–	–
Absa 91 9360 7257		Call Account	Call Account	Call Account	6	0.0%	1 038	6	1 043

**BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M09 March**

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
<b><u>Municipality</u></b>									
Nedbank 03/7881532939/000110		Call Account	Call Account	Call Account	1	0.0%	260	1	262
Rand Merchant Bank RRB1629010		Call Account	Call Account	Call Account	427	3.3%	77 437	427	77 865
Stanlib 551 989 180		Call Account	Call Account	Call Account	264	2.0%	39 392	264	39 656
Absa 92 2590 9850		Call Account	Call Account	Call Account	6	0.0%	1 023	6	1 028
Stanlib 551 539 764		Call Account	Call Account	Call Account	13	0.1%	1 929	13	1 942
Rand Merchant Bank RRB0324003		Call Account	Call Account	Call Account	–		(0)	–	(0)
Stanlib 551 567 496		Call Account	Call Account	Call Account	0	0.0%	2	0	2
Stanlib 551 576 733		Call Account	Call Account	Call Account	–		0	–	0
Rand Merchant Bank RRB0B25020		Call Account	Call Account	Call Account	10	0.1%	1 728	10	1 738
Standard 76586/442743		Call Account	Call Account	Call Account	–		–	–	–
Rand Merchant Bank RRB1609012		Call Account	Call Account	Call Account	–		(0)	–	(0)
Stanlib 551 742 405		Call Account	Call Account	Call Account	–		–	–	–
Rand Merchant Bank KLN2308011		Call Account	Call Account	Call Account	–		–	–	–
Nedbank 03/7881532939/000128		Call Account	Call Account	Call Account	429	3.3%	19 542	60 491	80 032
Rand Merchant Bank RRB1722008		Call Account	Call Account	Call Account	459	3.5%	26 502	58 984	85 486
Standard 76586/442745		Call Account	Call Account	Call Account	342	2.6%	9 732	54 342	64 074
Absa 92 6406 3148		Call Account	Call Account	Call Account	774	5.9%	93 331	47 636	140 967
Rand Merchant Bank KLN2720020		Call Account	Call Account	Call Account	35	0.3%	5 943	359	6 302
Stanlib 551 868 235		Call Account	Call Account	Call Account	1	0.0%	143	1	144
Absa 92 0559 0891		Call Account	Call Account	Call Account	3	0.0%	540	3	543
Rand Merchant Bank VVW2B13011		Call Account	Call Account	Call Account	2	0.0%	359	2	361
Standard 76586/494573		Call Account	Call Account	Call Account	34	0.3%	6 148	34	6 182

**BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M09 March**

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands		Yrs/Months							
<b><u>Municipality</u></b>									
Nedbank 03/7881532939/000133		Call Account	Call Account	Call Account	3	0.0%	529	3	532
Nedbank 03/7881532939/000134		Call Account	Call Account	Call Account	158	1.2%	27 709	7 587	35 296
Stanlib 753 72 270		Call Account	Call Account	Call Account	359	2.7%	53 642	359	54 001
Stanlib 551 353 708		Call Account	Call Account	Call Account	7	0.1%	1 089	7	1 096
Standard 76586/442736		Call Account	Call Account	Call Account	266	2.0%	45 519	15 266	60 785
Stanlib 753 72 271		Call Account	Call Account	Call Account	354	2.7%	48 645	33 354	81 999
Rand Merchant Bank X021904579		Call Account	Call Account	Call Account	566	4.3%	100 382	12 066	112 447
Nedbank 03/7881532939/000101		Call Account	Call Account	Call Account	419	3.2%	74 943	2 419	77 362
Absa 92 1120 9757		Call Account	Call Account	Call Account	1 333	10.1%	231 240	64 833	296 073
Absa 92 2110 3430		Call Account	Call Account	Call Account	994	7.6%	179 997	994	180 991
Standard 76586/442741		Call Account	Call Account	Call Account	183	1.4%	33 058	183	33 241
Standard 76586/442744		Call Account	Call Account	Call Account	163	1.2%	29 561	163	29 724
Rand Merchant Bank RRB0C07002		Call Account	Call Account	Call Account	295	2.2%	53 438	295	53 733
Nedbank 03/7881532939/000129		Call Account	Call Account	Call Account	263	2.0%	47 659	263	47 922
Nedbank 03/7881532939/000132		Call Account	Call Account	Call Account	1 984	15.1%	359 437	1 984	361 421
Rand Merchant Bank KLN3815041		Call Account	Call Account	Call Account	1 087	8.3%	196 892	1 087	197 979
Standard 76586/470801		Call Account	Call Account	Call Account	1 097	8.4%	198 698	1 097	199 795
Standard 76586/442738		Call Account	Call Account	Call Account	14	0.1%	2 511	14	2 525
<b>Municipality sub-total</b>					13 136		2 104 649	365 494	2 470 143
<b><u>Entities</u></b>									
<b>Entities sub-total</b>					–		–	–	–
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>				<b>13 136</b>		<b>2 104 649</b>	<b>365 494</b>	<b>2 470 143</b>

## 11.ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

BUF Buffalo City - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M09 March

BOR Buffalo City - Supporting Table SC(7) Monthly Budget Statement - transfers and grant expenditure - m05 march										
Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>EXPENDITURE</b>										
<b><u>Operating expenditure of Transfers and Grants</u></b>										
National Government:		763 536	1 174 961	1 193 311	141 922	1 159 222	1 167 040	(7 818)	-0.7%	1 179 961
Local Government Equitable Share		655 141	678 197	678 197		678 197	678 197	-		678 197
Urban Settlement Development Grant		98 783	75 445	88 745	3 893	65 255	66 559	(1 304)	-2.0%	75 445
Finance Management		1 194	1 200	1 250	137	517	938	(421)	-44.9%	1 200
EPWP Incentive		1 034	1 188	1 188		854	891	(37)	-4.1%	1 188
Infrastructure Skills Development Grant		4 186	8 900	8 900	564	3 718	6 675	(2 957)	-44.3%	8 900
Public Transport Infrastructure and Systems Grant		-	-	5 000	650	650	3 750	(3 100)	-82.7%	5 000
Department of Public Works		-	-	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Municipal Human Settlement Capacity Grant		3 198	-	-	-	-	-	-	-	-
General Fuel Levy		-	410 031	410 031	136 677	410 031	410 031	-	-	410 031
Provincial Government:		197 710	141 272	162 289	10 309	78 844	125 467	(46 623)	-37.2%	138 802
Roads Subsidy - Provincial Roads		-	-	-	-	-	-	-	-	-
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT) - Greening Award		-	-	-	-	-	-	-	-	-
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)		-	-	-	-	-	-	-	-	-
Department of Water Affairs		-	-	-	-	-	-	-	-	-
Local Government & Traditional Affairs		3 130	-	-	-	-	-	-	-	-
Health Subsidy - ATIC		-	-	-	-	-	-	-	-	-
DSRAC - Library Subsidy		9 638	15 000	15 000	-	15 000	15 000	-	-	15 000
Reclaim Land Claims Commission(RLCC)		-	-	-	-	-	-	-	-	-
Dept Sport, Recreation, Arts and Culture (DSRAC)		30	-	-	-	-	-	-	-	-
Department of Public Works		-	2 470	2 470	282	1 203	1 852	(649)	-35.1%	-
Human Settlement Development Grant		184 186	123 802	144 819	10 027	62 641	108 614	(45 974)	-42.3%	123 802
Dept of Land Affairs		727	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	262	262	-	262	#DIV/0!	-
Health Subsidy - Environmental Health		-	-	-	262	262	-	262	#DIV/0!	-
Other grant providers:		2 424	3 496	815	(13)	2 048	611	1 437	235.2%	3 496
SETA - Skills Development		2 309	-	-	-	2 048	-	2 048	#DIV/0!	-
Donor Funding - Leiden & Galve		-	-	229	-	-	172	(172)	-100.0%	-
Salauda		-	-	-	-	-	-	-	-	-
Transnet		-	3 000	-	-	-	-	-	-	3 000
Trust Funds		-	-	-	-	-	-	-	-	-
Umsobomvu Youth Fund		116	-	-	-	-	-	-	-	-
BCMETS Funding		-	-	-	-	-	-	-	-	-
Donor Funding - European Commission		-	-	-	-	-	-	-	-	-
City of Oldenburg		-	496	496	-	-	372	(372)	-100.0%	496
Vuna Awards		-	-	90	(13)	0	67	(67)	-100.0%	-
Total operating expenditure of Transfers and Grants:		963 670	1 319 728	1 356 414	152 481	1 240 376	1 293 118	(52 742)	-4.1%	1 322 259
<b><u>Capital expenditure of Transfers and Grants</u></b>										
National Government:		596 567	741 969	715 886	69 612	398 150	536 914	(138 764)	-25.8%	741 969
Urban Settlement Development Grant		576 870	656 054	642 754	61 041	388 878	482 066	(93 187)	-19.3%	656 054
Infrastructure Skills Development Grant		88	100	100	-	27	75	(48)	-63.9%	100
Energy Efficiency and Demand Management		3 998	-	-	-	-	-	-	-	-
Public Transport Network Grant		-	35 289	30 289	(542)	-	22 717	(22 717)	-100.0%	35 289
Neighbourhood Development Partnership		-	19 346	-	-	-	-	-	-	19 346
Integrated National Electrification Programme		10 517	25 000	36 613	9 113	9 245	27 459	(18 215)	-66.3%	25 000
Finance Management		102	100	50	-	-	38	(38)	-100.0%	100
Integrated City Development Grant		4 908	6 080	6 080	-	-	4 560	(4 560)	-100.0%	6 080
Municipal Human Settlement Capacity Grant		83	-	-	-	-	-	-	-	-
Provincial Government:		73 827	106 300	13 647	-	3 879	10 235	(6 356)	-62.1%	106 300
Human Settlement Development Grant		70 224	106 300	-	-	-	-	-	-	106 300
Human Settlement Development Grant - MPCC		-	-	-	-	-	-	-	-	-
Dept Sport, Recreation, Arts and Culture (DSRAC)		3 603	-	4 411	-	3 879	3 308	570	17.2%	-
Dept of Local Government and Traditional Affairs		-	-	9 036	-	-	6 777	(6 777)	-100.0%	-
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)		-	-	199	-	-	149	(149)	-100.0%	-
District Municipality:		-	-	-	-	-	-	-	-	-
Health Subsidy - Environmental Health		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	716	-	-	537	(537)	-100.0%	-
Public Funding		-	-	-	-	-	-	-	-	-
European Commission		-	-	-	-	-	-	-	-	-
BCMETS Funding		-	-	487	-	-	366	-	-	-
Lieden		-	-	229	-	-	172	(172)	-100.0%	-
Total capital expenditure of Transfers and Grants		670 394	848 269	730 249	69 612	402 029	547 686	(145 658)	-26.6%	848 269
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		1 634 064	2 167 997	2 086 663	222 093	1 642 405	1 840 804	(198 399)	-10.8%	2 170 528



### 11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 64% (R525.40 million, inclusive of reclaimed vat) of its 2016/2017 conditional grants adjusted budget of R820.97 million as at 31 March 2017. This reflects a slight improvement when compared to the same period in the previous financial year where 63% (R522.17 million, inclusive of reclaimed of vat) of conditional grants mid-year adjusted budget of R824.34 million was spent. Expenditure is expected to speedily improve during the fourth quarter of the financial year as major projects have passed procurement to implementation stage.

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

**Table 18: Spending per Conditional Grant Funding Allocation**

<b>Funding</b>	<b><u>2016/2017 Mid-Year Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl. VAT)</u></b>	<b><u>Variance (incl. VAT)</u></b>	<b><u>% Expenditure (incl. VAT)</u></b>
Integrated National Electrification Programme Grant	25 000 000	148 389	24 851 611	1%
Integrated National Electrification Programme Grant c/o	11 612 579	9 151 062	2 461 517	79%
Finance Management Grant	1 300 000	516 661	783 339	40%
Infrastructure Skills Development Grant	9 000 000	3 850 330	5 149 670	43%
Urban Settlement Development Grant	731 499 000	510 132 457	221 366 543	70%
Integrated City Development Grant	6 080 000	0	6 080 000	0%
Expanded Public Works Programme Grant	1 188 000	855 768	332 232	72%
Public Transport Network Grant	35 289 000	741 273	34 547 727	2%
<b>TOTAL CONDITIONAL GRANTS</b>	<b>820 968 579</b>	<b>525 395 939</b>	<b>295 572 640</b>	<b>64%</b>

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

#### 11.1.1. INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

The following contracts are currently within the specification process:

<b>AREA</b>	<b>CONNECTIONS</b>
Buffer Strip Mdantsane Households	550
Chicken Farm Households	475
Fynbos/Scenery Park Households:	550
Infills Households	50

The INEP funding is utilised to fund the above mentioned electrification programme. The Department of Electricity is currently having tenders that are still to be evaluated and are at BEC stage.

#### **11.1.2. FINANCE MANAGEMENT GRANT**

Spending is progressive as current six interns have been remunerated accordingly. Three interns have been appointed effective from 01 November 2016 in addition to the six that were already appointed. Therefore the expenditure rate will improve. The budget will also be utilised for the payment of the Municipal Finance Management Programme (MFMP) to be attended by three interns and three finance officials once the programme commences in May 2017. The funding will be fully utilised at year end.

#### **11.1.3. INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)**

The funding is only being used to pay the interns stipends as well as mentor salaries. Previously there were eleven (11) interns in the program together with 2 external mentors. Nine (9) additional interns started on 01 December 2016 and their stipends have increased expenditure. Four (4) additional mentors were appointed effective from 01 April 2017 and expenditure is expected to increase thereof. Recruitment process is still underway for five intern positions.

#### **11.1.4. INTERGRATED CITY DEVELOPMENT GRANT (ICDG)**

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

#### **11.1.5. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)**

##### **INFRASTRUCTURE SERVICES**

###### **Sanitation**

The Eastern Beach Sewers project is in the process of litigation. Litigation process has been finalised for the Zwelitsha waste water treatment works project, and the contract for the Reeston waste water treatment works has been awarded.

###### **Electricity**

Street Lighting and Highmasts within BCMM Areas of Supply: Highmast Lighting Specification at tender stage. Electrification of informal dwelling areas: Contractors have been appointed for Fynbos and Dacawa Electrification and work is progressing.

##### **DEVELOPMENT & SPATIAL PLANNING**

###### **KwaTshathsu Pedestrian Bridge**

Construction tender was awarded on the 30 November 2016 and construction commenced on the 06<sup>th</sup> of March 2017. Invoices will be submitted as work progresses.

###### **Needs Camp / Potsdam Bridge**

The construction tender was awarded on the 09 December 2016. One of the losing bidders contested the award and recently withdrew. Construction will commence late in April 2017.

###### **Traffic calming measures**

Traffic calming measures tenders are in the procurement processes.

###### **Traffic signals**

Service Providers have been appointed to assess intersection controls that need improvement. Once the studies are completed, implementation will then be undertaken by means of acquiring materials and installing traffic

signals at Amalinda (SPCA & Amalinda Stadium intersection) and Dice and Mdantsane Access Road intersections. Count Down signals will also be installed in the East London and King Williams Town Central Business District (CBD).

### **Sidewalks**

The contract is now being evaluated at Bid Evaluation Committee (BEC).

### **ECONOMIC DEVELOPMENT AND AGENCIES**

The Upgrading of the Market project is being implemented by an annual contractor that is currently on site. The budget is 63% spent and the remainder is committed. Invoices will be submitted as work progresses.

### **HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES**

The Construction of King William's Town Traffic Centre tender was awarded on the 27<sup>th</sup> February 2017. Sod Turning ceremony took place on the 5 April 2017 and site was handed over to the contractor to commence work on the 5 April 2017.

### **MUNICIPAL SERVICES**

The tender for the construction of Cell 3 and 4 for Roundhill landfill site is currently at evaluation stage. It is anticipated to be awarded in May 2017.

## **11.1.6. PUBLIC TRANSPORT INFRASTRUCTURE AND SYSTEMS GRANT**

### **Operational plan review of integrated rapid public transport network**

The tender is currently in the procurement process.

### **Qumza Highway**

The tender for the Construction of Qumza Highway is currently in the procurement processes.

## Development and Upgrading of Public Transport Facilities in KWT

The tender was awarded on 10 October 2016. Site handover was done on the 10<sup>th</sup> November 2016 and implementation is underway as the contractor has started foundation excavations and clearing of loading island. These will improve expenditure going forward.

## 12.COUNCILLOR AND EMPLOYEE BENEFITS

### 12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and Councillors remuneration. The workforce costs as a percentage of expenditure amounted to 27.17%.

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

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M09 March										
Summary of Employee and Councillor remuneration	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		30 991	33 999	33 999	2 654	24 280	23 008	1 272	6%	33 999
Pension and UIF Contributions		3 306	3 495	3 495	308	2 460	2 365	95	4%	3 495
Medical Aid Contributions		1 783	1 987	1 987	148	1 236	1 345	(108)	-8%	1 987
Motor Vehicle Allowance		11 682	13 412	13 412	1 057	9 365	9 076	289	3%	13 412
Cellphone Allowance		2 147	2 279	2 279	191	1 737	1 542	195	13%	2 279
Housing Allowances		2 847	2 927	2 927	208	2 206	1 981	225	11%	2 927
Other benefits and allow ances		1 620	—	—	—	—	—	—	—	—
<b>Sub Total - Councillors</b>	4	54 375	58 099	58 099	4 565	41 285	39 317	1 968	5%	58 099
<b>% increase</b>	3		6.8%	6.8%						6.8%
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages		5 998	12 192	12 192	419	3 941	8 249	(4 308)	-52%	12 192
Pension and UIF Contributions		1 166	2 216	2 216	81	744	1 499	(755)	-50%	2 216
Medical Aid Contributions		136	262	262	14	106	177	(71)	-40%	262
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		1 370	2 630	2 630	94	861	1 780	(918)	-52%	2 630
Cellphone Allowance		195	414	414	10	105	280	(176)	-63%	414
Housing Allowances		1	—	—	—	—	—	—	—	—
Other benefits and allow ances		1 551	2 202	2 202	116	1 076	1 490	(414)	-28%	2 202
Pay ments in lieu of leave		885	—	—	—	—	—	—	—	—
Long service awards		(1)	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	2	—	—	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Municipality</b>	4	11 300	19 916	19 916	734	6 832	13 475	(6 643)	-49%	19 916
<b>% increase</b>	4		76.2%	76.2%						76.2%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		788 780	913 258	888 258	70 175	635 317	617 909	17 408	3%	888 258
Pension and UIF Contributions		146 210	174 823	174 823	16 770	134 765	118 285	16 479	14%	174 823
Medical Aid Contributions		60 245	81 759	81 759	6 698	54 511	55 318	(808)	-1%	81 759
Overtime		121 192	72 218	72 218	9 654	96 145	48 863	47 282	97%	72 218
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		20 565	30 051	30 051	2 068	17 992	20 333	(2 341)	-12%	30 051
Cellphone Allowance		3 967	3 884	3 884	341	2 863	2 628	235	9%	3 884
Housing Allowances		11 858	14 767	14 767	887	7 641	9 992	(2 350)	-24%	14 767
Other benefits and allow ances		136 219	179 077	179 077	17 746	128 793	121 163	7 631	6%	179 077
Pay ments in lieu of leave		33 749	16 209	16 209	—	1 387	10 967	(9 580)	-87%	16 209
Long service awards		18 114	18 925	18 925	1 717	15 705	12 804	2 901	23%	18 925
Post-retirement benefit obligations	2	—	6 181	6 181	6	56	4 182	(4 126)	-99%	6 181
<b>Sub Total - Other Municipal Staff</b>	4	1 340 901	1 511 153	1 486 153	126 061	1 095 175	1 022 443	72 732	7%	1 486 153
<b>% increase</b>	4		12.7%	10.8%						10.8%
<b>Total Parent Municipality</b>		1 406 576	1 589 167	1 564 167	131 360	1 143 292	1 075 235	68 056	6%	1 564 167
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		1 406 576	1 602 436	1 577 436	131 360	1 143 292	1 075 235	68 056	6%	1 577 436
<b>% increase</b>	4		13.9%	12.1%						12.1%
<b>TOTAL MANAGERS AND STAFF</b>		1 352 201	1 544 233	1 519 233	126 795	1 102 007	1 035 918	66 089	6%	1 519 233

## 12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 31 March 2017. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 31 March 2017.

**Table 20: Overtime per Directorate**

Directorate Overtime	2016/2017 Adjusted Budget R	2016/2017 YTD Budget R	2016/2017 YTD Expenditure R	2016/2017 Variance R	2016/2017 % of YTD Budget %
Directorate Of Executive Support Services	1 638 161	1 228 621	2 545 419	(1 316 798)	207%
Directorate Of The City Manager	310 477	232 858	295 889	(63 031)	127%
Directorate Of Corporate Services	597 129	447 847	661 255	(213 409)	148%
Directorate Of Development & Spatial Planning	623 454	467 591	270 610	196 980	58%
Directorate Of Economic Development & Agencies	468 800	351 600	255 560	96 040	73%
Directorate Of Finance	1 358 753	1 019 065	1 879 256	(860 192)	184%
Directorate Of Health / Public Safety & Emergency Services	24 680 251	18 510 188	28 552 652	(10 042 464)	154%
Directorate Of Human Settlement	101 931	76 448	1 180	75 268	2%
Directorate Of Infrastructure Services	17 131 302	12 848 477	27 493 696	(14 645 219)	214%
<i>Electricity</i>	7 741 181	5 805 886	9 032 831	(3 226 945)	156%
<i>Water</i>	3 355 849	2 516 887	10 322 473	(7 805 586)	410%
<i>Sanitation</i>	4 954 818	3 716 114	7 390 272	(3 674 158)	199%
<i>Other</i>	1 079 454	809 591	748 121	61 469	92%
Directorate Of Municipal Services	20 279 324	15 209 493	34 189 681	(18 980 188)	225%
<b>Total</b>	<b>67 189 582</b>	<b>50 392 187</b>	<b>96 145 199</b>	<b>(45 753 013)</b>	<b>191%</b>

**Table 21: Overtime Per Cost Centre: January 2017 – March 2017****OVERTIME PER COST CENTRE**

		January 2017 Amount	February 2017 Amount	March 2017 Amount
	<b>Directorate -Executive Support Services</b>			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	263 562.84	149 271.23	223 290.09
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	55 732.03	13 543.20	14 936.53
0523	IDP & BUDGET INTEGRATION	-	9 139.48	5 864.79
0531	POLITICAL OFFICE ADMINISTRATION	10 424.14	38 608.40	18 657.63
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	-	-	22 881.10
		<b>329 719.01</b>	<b>210 562.31</b>	<b>285 630.14</b>
	<b>DIRECTORATE OF THE CITY MANAGER</b>			
1005	OFFICE OF THE CITY MANAGER	27 011.25	18 800.50	30 133.17
1015	INFORMATION / TECHNOLOGY & SUPPORT	18 509.19	42 212.96	17 734.73
1041	GOVERNANCE & INTERNAL AUDITING	1 770.26	-	6 690.28
1061	LEGAL SERVICES & MUNICIPAL COURT	-	-2 110.34	-
		<b>47 290.70</b>	<b>58 903.12</b>	<b>54 558.18</b>
	<b>DIRECTORATE OF CORPORATE SERVICES</b>			
1512	ADMINISTRATIVE & CORPORATE SUPPORT	2 889.83	8 263.43	6 894.88
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	27 149.21	34 225.86	39 651.38
1531	HUMAN RESOURCES MANAGEMENT	7 941.28	37 435.67	58 764.85
1532	ADMINISTRATIVE SUPPORT	8 999.47	5 900.84	2 950.42
1536	ORGANISATIONAL DEVELOPMENT	-	-	334.74
1537	RECRUITMENT & SELECTION	-	-	108 596.27
		<b>46 979.79</b>	<b>85 825.80</b>	<b>108 596.27</b>
	<b>DIRECTORATE OF DEVELOPMENT &amp; SPATIAL PLANNING</b>			
2023	BUILDING MAINTENANCE	-	660.17	-
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	4 899.89	4 448.99	4 952.97
2037	TRAFFIC MANAGEMENT & SAFETY	10 660.61	8 019.75	13 944.34
2040	GM - URBAN & RURAL REGENERATION	-	-	18 897.31
		<b>15 560.50</b>	<b>13 128.91</b>	<b>18 897.31</b>
	<b>DIRECTORATE OF ECONOMIC DEVELOPMENT &amp; AGENCIES</b>			
2505	OFFICE OF THE DIRECTOR OF ECONOMIC DEVELOPMENT & AGENCIES	1 453.58	-	-
2511	FRESH PRODUCE MARKET	28 010.26	29 494.24	11 204.40
2521	TOURISM / ARTS / CULTURE & HERITAGE	24 106.49	-	-
2531	TRADE / INDUSTRY & RURAL AGRARIAN	35 022.37	-	-
		<b>88 592.70</b>	<b>29 494.24</b>	<b>11 204.40</b>

		January 2017 Amount	February 2017 Amount	March 2017 Amount
	<b>DIRECTORATE OF FINANCE</b>			
3011	BUDGET & TREASURY MANAGEMENT	-	733.85	1 630.76
3031	EXPENDITURE & PAYMENTS MANAGEMENT	-	-	5 498.41
3033	PAYROLL & BENEFITS	467.81	-	2 833.82
3034	VAT / LEASES & PAYMENTS	1 869.10	2 510.74	2 510.74
3041	FINANCIAL REPORTING	2 935.44	3 626.14	-
3051	REVENUE MANAGEMENT	92 926.74	101 301.61	17 222.64
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	48 356.48	41 881.89	85 010.80
3053	COASTAL REVENUE MANAGEMENT	68 199.28	39 143.57	33 393.94
3054	CUSTOMER RELATIONS (CALL CENTRE)	94 279.89	80 084.17	-
3061	STRATEGY & OPERATIONS	2 678.69	2 520.70	4 110.00
3071	SUPPLY CHAIN MANAGEMENT	7 540.48	2 702.03	3 182.78
		<b>319 253.91</b>	<b>274 504.70</b>	<b>155 393.89</b>
	<b>DIRECTORATE OF HEALTH / PUBLIC SAFETY &amp; EMERGENCY SERVICES</b>			
3511	EMERGENCY SERVICES	-	-	1 783.98
3512	DISASTER MANAGEMENT	34 434.83	9 766.55	7 519.26
3513	FIRE & RESCUE	1 016 488.95	565 372.05	322 721.30
3521	MUNICIPAL HEALTH SERVICES	-	-	2 164.99
3531	PUBLIC SAFETY & PROTECTION SERVICES	74 069.98	94 547.88	43 013.43
3532	LAW ENFORCEMENT SERVICES	2 321 858.66	1 966 273.54	1 237 965.47
3533	TRAFFIC SERVICES	441 016.25	900 052.42	298 685.74
		<b>3 887 868.67</b>	<b>3 536 012.44</b>	<b>1 913 854.17</b>
	<b>DIRECTORATE OF INFRASTRUCTURE SERVICES</b>			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	1 049.84	1 866.39	2 099.69
4511	ELECTRICAL & ENERGY SERVICES	2 325.87	1 623.67	5 295.62
4512	CUSTOMER SERVICES & REVENUE PROTECTION	94 629.90	86 007.47	75 608.05
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	3 752.69	3 005.85	4 994.61
4514	ELECTRICAL DISTRIBUTION	1 043 385.57	1 017 747.52	806 392.20
4521	ROADS / PIU & CONSTRUCTION	4 149.35	1 055.18	-
4524	ROADS	54 083.89	24 687.68	5 945.83
4532	SANITATION	-	814 534.79	678 436.50
4533	SCIENTIFIC SERVICES	887 280.91	-	8 712.28
4535	WATER SERVICES	1 203 513.98	1 186 216.81	977 760.44
4542	FLEET SERVICES & PLANT	2 897.01	2 498.67	3 983.39
4543	WORKSHOPS	80 305.96	69 429.10	47 848.86
		<b>3 377 374.97</b>	<b>3 208 673.13</b>	<b>2 617 077.47</b>



		January 2017 Amount	February 2017 Amount	March 2017 Amount
	<b>DIRECTORATE OF MUNICIPAL SERVICES</b>			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	21 069.71	8 610.90	27 340.16
5011	COMMUNITY AMENITIES	19 876.07	19 690.51	7 264.64
5013	LIBRARIES	9 793.64	46 669.79	491.93
5014	HALLS	180 085.66	110 620.69	46 898.44
5015	RECREATION	916 239.30	849 089.52	425 647.32
5016	SPORTS FACILITIES	184 262.80	185 321.46	243 379.60
5021	PARKS / CEMETRIES & CONSERVATION	-	-	980.79
5022	CEMETRIES & CREMATORIA	273 479.05	290 717.08	260 357.11
5023	CONSERVATION	172 681.40	154 033.10	112 971.63
5024	PARKS: COASTAL	739 370.06	935 943.91	985 715.82
5031	SOLID WASTE MANAGEMENT	19 492.44	15 886.78	14 429.63
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 743 420.56	1 550 614.71	1 530 388.41
5035	LANDFILLS & TRANSFER STATIONS	137 117.60	128 852.90	105 117.33
		<b>4 416 888.29</b>	<b>4 296 051.35</b>	<b>3 760 982.81</b>
	<b>TOTAL OVERTIME</b>	<b>12 529 528.54</b>	<b>11 713 156.00</b>	<b>8 926 194.64</b>

### **12.2.1. Comments On Overtime**

#### **a) Directorate of Executive Support Services**

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

#### **b) City Managers Office**

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

#### **c) Directorate of Corporate Services**

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

**d) Directorate of Finance**

A large portion of the over expenditure was due to Financial Reporting and Supply Chain Management officials having to work overtime in order to meet the deadlines for the submission of Requests for Information (RFI's) to the Auditor General (AGSA).

Furthermore, Revenue Management undertook roll out campaigns to assist customers in addressing municipal billing and meter reading related matters. These roll out campaigns were time-tabled over October and November and based within the local regional area. This resulted in three Main Regional Centers being opened to the public on Saturdays.

**e) Directorate of Infrastructure Services**

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

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

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

**f) Directorate of Health / Public Safety & Emergency Services**

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

**g) Directorate of Municipal Services**

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

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

**12.3. Standby and Shift Allowance Analysis**

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past three months ended 31 March 2017. There was an increase in the total payment between January 2017 and February 2017 of R102 818 and a decrease in the total payment between February 2017 and March 2017 of R275 610.

**Table 22: Standby & Shift Allowance per Directorate**

	<b>JANUARY 2017</b>	<b>FEBRUARY 2017</b>	<b>MARCH 2017</b>
Directorate of Executive Support Services	6 916	3 692	7 540
Directorate of the City Manager	35 688	40 962	30 686
Directorate of Corporate Services	1 996	1 621	7 315
Directorate of Development and Spatial Planning	11 855	14 186	12 230
Directorate Economic Development & Agencies	2 112	1 002	1 217
Directorate of Finance	17 927	17 779	8 264
Directorate of Health / Public Safety & Emergency Services	633 735	698 082	594 066
Directorate of Infrastructure Services	662 591	675 396	553 356
Directorate of Municipal Services	288 612	311 531	273 968
<b>TOTAL</b>	<b>1 661 433</b>	<b>1 764 251</b>	<b>1 488 641</b>

#### **12.4. Cost of Temporary Staff**

The total payment of Temporary Staff for the past three months ended 31 March 2017 is reflected below. There was a decrease in the total payment between January 2017 and February 2017 of R718 515 and a decrease in the total payment between February 2017 and March 2017 of R1 128 310.

**Table 23: Temporary Staff per Directorate**

	<b>JANUARY 2017</b>	<b>FEBRUARY 2017</b>	<b>MARCH 2017</b>
Directorate of Executive Support Services	347 317	414 810	253 292
Directorate of the City Manager	279 131	185 702	127 118
Directorate of Corporate Services	1 037 928	1 141 822	957 567
Directorate of Development and Spatial Planning	127 752	108 525	73 247
Directorate Economic Development & Agencies	117 503	76 186	63 992
Directorate of Finance	351 905	333 763	339 906
Directorate of Health / Public Safety & Emergency Services	89 041	76 372	67 547
Directorate of Human Settlements	129 882	111 309	84 967
Directorate of Infrastructure Services	214 734	235 835	95 947
Directorate of Municipal Services	2 625 560	1 917 915	1 410 347
<b>TOTAL</b>	<b>5 320 753</b>	<b>4 602 238</b>	<b>3 473 928</b>

#### **12.5. Councillors Costs**

The table below shows the budget and expenditure to date for councillors' costs. The year to date budget of R43 574 101 less the year to date expenditure of R41 284 978 leaves a variance of R2 289 122.

**Table 24: Councillors Costs**

<b>Councillors Allowances and Benefits</b>	<b>2016/2017 Annual Budget R</b>	<b>2016/2017 YTD Budget R</b>	<b>2016/2017 YTD Expenditure R</b>	<b>2016/2017 Variance R</b>	<b>2016/2017 YTD Expenditure %</b>
Mayoral Allowance	790 172	592 629	545 275	47 354	92%
Deputy Mayoral Allowance	638 158	478 619	444 271	34 348	93%
Mayoral Committee Allowance	6 599 489	4 949 617	4 060 336	889 280	82%
Speakers Allowance	638 158	478 619	447 741	30 878	94%
Out of Pocket Expenses	1 208 400	906 300	355 841	550 459	39%
Councillors Allowance	24 124 437	18 093 328	18 427 024	(333 696)	102%
Cllr Cell Phone Allowance	2 278 635	1 708 976	1 737 134	(28 157)	102%
Cllr Housing Subsidy	2 927 329	2 195 497	2 206 286	(10 789)	100%
Cllr Medical Aid	1 986 812	1 490 109	1 236 175	253 934	83%
Cllr Pension Scheme	3 495 042	2 621 282	2 459 968	161 313	94%
Cllr Travel Allowance	13 412 169	10 059 127	9 364 929	694 198	93%
<b>TOTAL</b>	<b>58 098 801</b>	<b>43 574 101</b>	<b>41 284 978</b>	<b>2 289 122</b>	<b>95%</b>

### **13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE**

The entity has started operating on its own with minimal need for daily support from the parent municipality. The Buffalo City Metropolitan Development Agency had a budget of R18.38 million which has been adjusted to R 20.8 million to cater for Greenest Municipal Competition grant received from Department of Environmental Affairs. The business plan for the said grant was only approved in December 2016 hence it became imperative to include the grant amount in the adjustments budget. The entities expenditure to date is R 11.98 million (58%) as at 31 March 2017.

A detailed analysis of the entity's financial and non-financial performance for month ended 31 March 2017 is outlined below and the attached Annexure F.

#### **13.1. FINANCIAL PERFORMANCE**

The statement of financial performance of the entity presented in the table below, compares the expenditure and revenue against budget for the period ended 31 March 2017.

**Table 25: Monthly Budget Statement – summary of municipal entity**

Buffalo City Metropolitan Development Agency SOC Ltd - Table F2 Monthly Budget Statement - Financial Performance (revenue and expenditure) - MOB									
Description	2016/17	Current Year 2017/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<b>Revenue By Source</b>									
Property rates	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-
Service charges - other	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-
Interest earned - external investments	-	59	199	15	157	149	7	4.8%	199
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-
Agency services	-	200	375	-	99	251	(153)	-64.9%	375
Transfers recognised - operational	764	15 115	15 357	-	10 153	11 515	(1 363)	-61.9%	15 115
Other revenue	-	-	2 134	151	179	1 800	(1 622)	-55.5%	2 134
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>764</b>	<b>15 355</b>	<b>15 556</b>	<b>151</b>	<b>10 337</b>	<b>13 565</b>	<b>(2 563)</b>	<b>-21.3%</b>	<b>15 355</b>
<b>Expenditure By Type</b>									
Employee related costs	780	12 225	9 773	949	8 734	7 329	(993)	-8.1%	9 773
Remuneration of Directors	155	555	551	125	347	421	(74)	-47.8%	551
Debt Impairment	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	3	393	393	43	173	295	(122)	-41.3%	393
Finance charges	-	5	3	-	-	2	(2)	-100.0%	3
Bulk purchases	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	275	5 192	7 335	373	2 951	5 502	(2 540)	-48.2%	7 335
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>1 154</b>	<b>18 065</b>	<b>18 056</b>	<b>1 450</b>	<b>10 215</b>	<b>13 565</b>	<b>(8 854)</b>	<b>-54.6%</b>	<b>18 056</b>
<b>Surplus/(Deficit)</b>	<b>(460)</b>	<b>-</b>	<b>(9)</b>	<b>(1 854)</b>	<b>(872)</b>	<b>(9)</b>	<b>872</b>	<b>-441256.5%</b>	<b>2 755</b>
Transfers recognised - capital	-	-	2 755	553	1 755	2 059	(304)	-44.7%	2 755
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) before taxation</b>	<b>(430)</b>	<b>-</b>	<b>2 735</b>	<b>(481)</b>	<b>2 437</b>	<b>2 059</b>	<b>69</b>	<b>8.8%</b>	<b>5 567</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(430)</b>	<b>-</b>	<b>2 735</b>	<b>(481)</b>	<b>2 437</b>	<b>2 059</b>	<b>69</b>	<b>8.8%</b>	<b>5 567</b>

### Revenue by Source

The interest received is related to frequent investment of surplus funds and always maintaining a positive bank balance on the primary bank account. Other revenue is in relation to what has been transferred to revenue pertaining to the Department of Environmental Affairs unspent grant.

### Expenditure by type

All position have been filled from the from the 1<sup>st</sup> of April 2017. The expenditure on employee related costs will then increase to be in line with the expected norm. This item has since been adjusted downwards in the adjustments budget due to savings realised emanating from positions that were not timeously filled.

The board expenditure has improved due to board and sub-committee sittings which took place in March 2017. Procurement processes for the precinct plans which is

one of the biggest components of general expenditure have been concluded and the actual work is currently being done after which the expenditure will improve.

The expenditure on Greenest Municipality Competition (GMC) grant is below what was anticipated to be spent by end of March 2017 due to competitive procurement which led to goods and services being procured at a lower cost than what was budgeted for. There were also expenditure items which were initially budgeted for, which will now be supplied by the parent municipality. The agency will therefore propose to the funder to extend contracts of participants beyond the six months' period to avoid revenue reverting back to the Department of Environmental Affairs.

### **13.2. CAPITAL EXPENDITURE**

The Agency has managed during its adjustments budget process to reprioritize its need in order to cater for the capital expenditure as it was initially not budgeted for. The incurred capital expenditure for the month under review is in relation to office furniture for the new personnel, software for the server, procurement of mSCOA related softwares and monthly recurring expenses.

## **14. CAPITAL PROGRAMME PERFORMANCE**

BCMM has spent 54% (R799.67 million, inclusive of reclaimed vat) of its 2016/17 adjusted capital budget of R1.49 billion as at 31 March 2017. This reflects an improvement in both the percentage and rand value terms when compared to the same period in the previous financial year where 49% (R675.4 million, inclusive of reclaimed vat) of the adjusted budget of R1.39 billion was spent. The capital expenditure is expected to speedily improve during the fourth quarter of the financial year as major projects have passed procurement to implementation stage. Refer to Annexure A – C5 for the breakdown per municipal vote, standard classification & funding; Annexure B – 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**

<b>Funding</b>	<b><u>2016/2017 Mid-Year Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl. VAT)</u></b>	<b><u>Variance (incl. VAT)</u></b>	<b><u>% Expenditure (incl. VAT)</u></b>
<b>Total Own Funding</b>	<b>761 199 310</b>	<b>348 746 584</b>	<b>412 452 726</b>	<b>46%</b>
DoE(Integrated National Electrification Programme)	25 000 000	148 389	24 851 611	1%
DoE(Integrated National Electrification Programme) c/o	11 612 579	9 151 062	2 461 517	79%
DEDEAT c/o	199 168	0	199 168	0%
DSRAC c/o	4 411 277	3 878 531	532 746	88%
Finance Management Grant	50 000	0	50 000	0%
Galve c/o	229 000	0	229 000	0%
Infrastructure Skills Development Grant	100 000	30 832	69 168	31%
Integrated City Development Grant	6 080 000	0	6 080 000	0%
Local Government & Traditional Affairs	9 036 112	0	9 036 112	0%
Urban Settlement Development Grant	642 754 030	437 713 534	205 040 496	68%
Public Transport Infrastructure and Systems Grant	30 289 000	0	30 289 000	0%
<b>Total Grants</b>	<b>730 248 665</b>	<b>450 922 348</b>	<b>279 326 317</b>	<b>62%</b>
<b>TOTAL PER FUNDING</b>	<b>1 491 447 975</b>	<b>799 668 932</b>	<b>691 779 043</b>	<b>54%</b>

Table 27 below reflects capital expenditure performance per service.

**Table 27: Capital Actual Expenditure per Service against Budget**

<b>Services</b>	<b><u>2016/2017 Mid-Year Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl. VAT)</u></b>	<b><u>Variance (incl. VAT)</u></b>	<b><u>% Expenditure (incl. VAT)</u></b>
Water	173 541 122	118 069 519	55 471 603	68%
Waste Water	229 916 852	145 098 854	84 817 997	63%
Electricity	154 612 579	73 960 375	80 652 204	48%
Roads and Stormwater	273 519 469	190 771 785	82 747 684	70%
Housing	140 779 452	104 396 270	36 383 182	74%
Transport Planning	122 789 000	14 826 954	107 962 046	12%
Local Economic Development	53 764 025	17 815 338	35 948 687	33%
Spatial Planning	74 722 550	13 726 324	60 996 226	18%
Waste Management / Refuse	44 138 937	4 382 813	39 756 124	10%
Amenities	51 376 990	34 384 312	16 992 678	67%
Public Safety	29 765 169	1 744 916	28 020 253	6%
Support Services	109 759 808	53 627 314	56 132 494	49%
Other 0 BCM Fleet	32 762 022	26 864 159	5 897 863	82%
<b>TOTAL PER SERVICE</b>	<b>1 491 447 975</b>	<b>799 668 932</b>	<b>691 779 043</b>	<b>54%</b>

Table 28 below reflects capital expenditure performance per directorate.



**Table 28: Actual Expenditure per Directorate against Budget**

Directorate	2016/2017 Mid-Year Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Directorate of Executive Support Services	6 578 062	2 263 504	4 314 558	34%
Directorate of the City Manager	78 821 500	49 372 799	29 448 701	63%
Directorate of Human Settlement	140 779 452	104 396 270	36 383 182	74%
Directorate of Finance	8 797 535	556 460	8 241 075	6%
Directorate of Corporate Services	4 533 820	619 285	3 914 535	14%
Directorate of Infrastructure Services	870 932 044	555 022 835	315 909 208	64%
Directorate of Development and Spatial Planning	191 431 550	28 553 278	162 878 272	15%
Directorate of Economic Development and Agencies	53 764 025	17 815 338	35 948 687	33%
Directorate of Health, Public Safety and Emergency Services	29 765 169	1 744 916	28 020 253	6%
Directorate of Municipal Services	96 044 818	39 218 314	56 826 505	41%
<b>TOTAL DIRECTORATES</b>	<b>1 481 447 975</b>	<b>799 562 999</b>	<b>681 884 976</b>	<b>54%</b>
Asset Replacement	10 000 000	105 933	9 894 067	1%
<b>GRAND TOTAL</b>	<b>1 491 447 975</b>	<b>799 668 932</b>	<b>691 779 043</b>	<b>54%</b>

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

**Table 29: SC12 Monthly budget Statement – capital expenditure trend**

BUF Buffalo City - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M09 March

Month	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July	148	6 746	2 968	1 611	1 611	2 968	1 357	45.7%	0%
August	42 068	42 169	36 980	39 205	40 817	39 948	(869)	-2.2%	3%
September	57 530	34 991	30 233	86 333	127 150	70 181	(56 969)	-81.2%	8%
October	101 591	58 305	66 616	78 499	205 649	136 797	(68 852)	-50.3%	13%
November	85 219	56 652	54 769	124 330	329 978	191 565	(138 413)	-72.3%	21%
December	111 569	69 364	75 406	161 499	491 477	266 971	(224 506)	-84.1%	32%
January	62 851	41 215	26 444	26 493	517 970	293 415	(224 555)	-76.5%	33%
February	49 495	42 842	44 831	70 080	588 050	338 246	(249 804)	-73.9%	38%
March	117 166	65 464	214 714	162 725	750 775	552 961	(197 815)	-35.8%	48%
April	19 396	89 153	239 220			792 181	-		
May	96 244	87 115	258 081			1 050 262	-		
June	443 096	964 116	441 186			1 491 448	-		
<b>Total Capital expenditure</b>	<b>1 186 373</b>	<b>1 558 134</b>	<b>1 491 448</b>	<b>750 775</b>					

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



**Table 31: SC13b Monthly budget Statement – capital expenditure on renewal of existing assets by asset class**

**BUF Buffalo City - Supporting Table SC13b Consolidated Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M09 March**

[illegible][illegible]

## **15.OTHER SUPPORTING DOCUMENTS**

### **15.1. Operating Projects Expenditure**

The Metro has spent 57% (R186.56 million) inclusive of reclaimed vat of its 2016/17 adjusted budget of R336.91 million as at 31 March 2017. This reflects an improvement in percentage terms when compared to the same period in the previous financial year where 49% (R246.84 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R501.84 million was spent. The operating expenditure is expected to speedily improve during the second half of the financial year as major projects have passed procurement to implementation stage.

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

Tables 32 and 33 below summarise Annexure D.

**Table 32: Operating Projects per Directorate**

<b><u>Directorate</u></b>	<b><u>2016/2017 Mid-Year Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl.vat)</u></b>	<b><u>Variance (incl.vat)</u></b>	<b><u>% Expenditure (incl.vat)</u></b>
Executive Support Services	568 858	4 415	564 443	1%
Directorate of the City Manager	32 935 935	17 411 013	15 524 922	53%
Directorate of Human Settlement	146 969 532	62 840 938	84 128 594	43%
Directorate of Finance	44 099 700	19 638 569	24 461 131	45%
Directorate of Corporate Services	8 900 000	3 819 497	5 080 503	43%
Directorate of Infrastructure Services	52 495 761	54 275 455	-1 779 693	103%
Directorate of Development and Spatial Planning	6 250 000	1 216 083	5 033 917	19%
Directorate of Economic Development and Agencies	20 870 000	19 180 118	1 689 882	92%
Directorate of Health, Public Safety and Emergency Services	1 000 000	280 861	719 139	28%
Directorate of Municipal Services	22 819 600	7 894 010	14 925 590	35%
<b>TOTAL</b>	<b>336 909 386</b>	<b>186 560 959</b>	<b>150 348 428</b>	<b>57%</b>

**Table 33: Operating Projects per Funding Source**

<u>Funding</u>	<u>2016/2017 Mid-Year Adjustment Budget</u>	<u>YTD Expenditure (incl. vat)</u>	<u>Variance (incl. vat)</u>	<u>% Expenditure (incl. vat)</u>
<b>Total Own Funding</b>	<b>83 722 910</b>	<b>44 365 022</b>	<b>39 357 888</b>	<b>53%</b>
City of Oldenburg	495 761	0	495 761	0%
Department of Public Works	2 469 600	1 202 997	1 266 603	49%
Expanded Public Works Programme Incentives Grant	1 188 000	855 768	332 232	72%
Finance Management Grant	1 250 000	516 661	733 339	41%
Human Settlement Development Grant	143 802 000	62 640 817	81 161 183	44%
Human Settlement Development Grant c/o	1 017 287	0	1 017 287	0%
Glasgow	89 858	0	89 858	0%
Infrastructure Skills Development Grant	8 900 000	3 819 497	5 080 503	43%
Urban Settlement Development Grant	88 744 970	72 418 923	16 326 047	82%
Public Transport Infrastructure Grant	5 000 000	741 273	4 258 727	15%
Galve c/o	229 000	0	229 000	0%
<b>Total Grants</b>	<b>253 186 476</b>	<b>142 195 937</b>	<b>110 990 540</b>	<b>66%</b>
<b>TOTAL PER FUNDING</b>	<b>336 909 386</b>	<b>186 560 959</b>	<b>150 348 428</b>	<b>57%</b>

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

**16.1. Health / Public Safety & Emergency Services**

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

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

<b>Health &amp; Public Safety</b>	<b>Total Revenue</b>	<b>Employee Costs</b>	<b>Other Operating Expenditure</b>	<b>Repairs &amp; Maintenance</b>	<b>Total Expenditure Excluding Capital</b>
<b>OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY &amp; EMERGENCY SERVICES</b>	0	2 234 755	232 183	0	2 466 938
<b>GM - EMERGENCY SERVICES</b>	<b>(67 565 034)</b>	<b>58 305 615</b>	<b>23 501 375</b>	<b>911 639</b>	<b>82 718 630</b>
EMERGENCY SERVICES	0	1 723 600	333 710	139 958	2 197 269
DISASTER MANAGEMENT	0	1 778 264	743 163	24 526	2 545 954
FIRE & RESCUE	(67 565 034)	54 803 751	22 424 502	747 155	77 975 407
<b>GM - MUNICIPAL HEALTH SERVICES</b>	<b>(286 200)</b>	<b>19 678 689</b>	<b>3 070 847</b>	<b>102 067</b>	<b>22 851 603</b>
MUNICIPAL HEALTH SERVICES	(286 200)	19 678 689	3 070 847	102 067	22 851 603
<b>GM - PUBLIC SAFETY &amp; PROTECTION SERVICES</b>	<b>(41 334 779)</b>	<b>131 330 238</b>	<b>11 809 059</b>	<b>1 377 518</b>	<b>144 516 815</b>
PUBLIC SAFETY & PROTECTION SERVICES	(25 765)	12 136 139	5 349 306	826 600	18 312 046
LAW ENFORCEMENT SERVICES	(1 020)	78 020 907	2 617 751	333 566	80 972 224
TRAFFIC SERVICES	(41 307 994)	41 173 192	3 842 001	217 352	45 232 545
<b>Total</b>	<b>(109 186 013)</b>	<b>211 549 298</b>	<b>38 613 464</b>	<b>2 391 224</b>	<b>252 553 986</b>

## 16.2. Municipal Services

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

**Table 35: Municipal Services – Cost Analysis**

<b>Municipal Services</b>	<b>Total Revenue</b>	<b>Employee Costs</b>	<b>Other Operating Expenditure</b>	<b>Repairs &amp; Maintenance</b>	<b>Total Expenditure Excluding Capital</b>
<b>OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES</b>	0	5 031 053	1 768 887	3 138	6 803 078
<b>GM - COMMUNITY AMENITIES</b>	<b>(18 589 419)</b>	<b>71 882 494</b>	<b>20 646 171</b>	<b>3 880 023</b>	<b>96 408 687</b>
COMMUNITY AMENITIES	0	8 036 632	476 111	45 758	8 558 501
LIBRARIES	(15 181 668)	13 775 470	1 545 912	179 376	15 500 759
HALLS	(1 116 944)	10 369 653	2 604 807	486 947	13 461 408
RECREATION	(2 153 539)	24 881 764	6 891 703	2 010 326	33 783 793
SPORTS FACILITIES	(137 267)	14 818 974	9 127 637	1 157 616	25 104 228
					0
<b>GM - PARKS / CEMETRIES &amp; CONSERVATION</b>	<b>(8 009 562)</b>	<b>99 114 908</b>	<b>23 128 282</b>	<b>4 919 119</b>	<b>127 162 310</b>
PARKS / CEMETRIES & CONSERVATION	0	1 726 698	165 287	0	1 891 985
CEMETRIES & CREMATORIA	(6 976 114)	16 008 254	8 115 247	334 853	24 458 354
CONSERVATION	(954 444)	10 665 067	2 625 455	754 912	14 045 434
PARKS: COASTAL	(79 003)	70 714 890	12 222 292	3 829 354	86 766 536
<b>GM - SOLID WASTE MANAGEMENT</b>	<b>(313 334 569)</b>	<b>95 753 711</b>	<b>166 684 882</b>	<b>19 807 141</b>	<b>282 245 734</b>
SOLID WASTE MANAGEMENT	(60)	6 807 231	9 111 173	7 224 150	23 142 554
CLEANSING & REFUSE REMOVAL: COASTAL	(306 584 753)	80 733 477	131 611 215	12 582 991	224 927 683
LANDFILLS & TRANSFER STATIONS	(6 749 756)	8 213 003	25 962 494	0	34 175 497
<b>Total</b>	<b>(339 933 550)</b>	<b>271 782 166</b>	<b>212 228 222</b>	<b>28 609 421</b>	<b>512 619 809</b>

## **17. 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 realization 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 2016/2017 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 2016/17 Service Delivery Targets and Performance Indicators as well as actual performance achieved are attached as Annexure G.

Below is the summary of the 3<sup>rd</sup> quarter SDBIP performance per directorate.

### **SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS - THIRD QUARTER 2016/17 PER DIRECTORATE**

#### **Executive Support Services**

The Executive Support Services Directorate has set 6 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 4 and not achieved in this quarter is 3. Therefore, the overall 3<sup>rd</sup> Quarter Performance for Executive Support Services is standing at 67%.

#### **City Manager**

The Office of the City Manager has set 5 KPI's on their SDBIP. The total of KPI's achieved is 4, not achieved is 1 and not for reporting in this quarter is 0. Therefore, the overall 3<sup>rd</sup> Quarter Performance for the Office of the City Manager is standing at 80%.



### **Human Settlements**

The Human Settlements Directorate has set 7 Key Performance Indicators (KPI's) on their SDBIP. The total of KPI's achieved is 5, not achieved is 2. Therefore, the overall 3<sup>rd</sup> Quarter Performance for Human Settlements is standing at 71%.

### **Directorate of Finance**

The Directorate of Finance has set 15 KPI's on their SDBIP. The total of KPI's achieved is 10, not achieved is 5 and not for reporting in this quarter is 0. Therefore, the overall 3<sup>rd</sup> Quarter Performance for Budget and treasurer is standing at 67%.

### **Corporate Services**

The Corporate Services Directorate has set 10 KPI's on their SDBIP. The total of KPI's achieved is 4 and not achieved is 6. Therefore, the overall 3<sup>rd</sup> quarter performance for corporate services is 40%.

### **Infrastructure Services**

The Directorate of Infrastructure Services has set 17 KPI's on their SDBIP. The total of KPI's achieved is 14, not achieved is 1 and not for reporting in this quarter is 2. Therefore, the overall 3<sup>rd</sup> Quarter Performance for Infrastructure Services is standing at 93%.

### **Development and Spatial Planning**

The Directorate of Development and Spatial Planning has set 15 KPI's on their SDBIP. The total of KPI's achieved is 2, not achieved is 12 and not for reporting in this quarter is 1. Therefore, the overall 3<sup>rd</sup> Quarter Performance for Development and Spatial Planning is standing at 14%.

### **Economic Development and Agencies**

The Directorate of Economic Development & Agencies has set 12 KPI's on their SDBIP. The total of KPI's achieved is 6, not achieved is 3 and not for reporting in this quarter is 3. Therefore, the overall 3<sup>rd</sup> Quarter Performance for Municipal Services is standing at 67%.

### **Health/Public Safety and Emergency Services**

The Directorate of Health/Public Safety and Emergency Services has set 10 KPI's on their SDBIP. The total of KPI's achieved is 3 and not achieved in this quarter is 7. Therefore, the overall 3<sup>rd</sup> Quarter Performance for Health/Public Safety and Emergency Services is standing at 30%.

### **Municipal Services**

The Directorate of Municipal Services has set 17 KPI's on their SDBIP. The total of KPI's achieved is 5, not achieved is 5 and not for reporting in this quarter is 7. Therefore, the overall 3<sup>rd</sup> Quarter Performance for Municipal Services is standing at 50%.

The overall institutional performance for 3rd quarter is 56%. The performance declined by 4% compared to the previous quarter (2<sup>nd</sup> Quarter).

The above information is summarized in table 36 below:

**Table 36: Summary of BCMM 3<sup>rd</sup> Quarter Performance per Directorate**

<b>Directorates</b>	<b>Total no. of KPI(s)</b>	<b>No. of KPI(s) achieved</b>	<b>No. of KPI's not achieved</b>	<b>Not for reporting this quarter</b>	<b>% of KPI's achieved</b>
Executive Support Services	6	4	2	0	67%
City Manager's Office	5	4	1	0	80%
Human Settlements	7	5	2	0	71%
Directorate of Finance	15	10	5	0	67%
Corporate Services	10	4	6	0	40%
Infrastructure Services	17	14	1	2	93%
Development and Spatial Planning	15	2	12	1	14%
Economic Development and Agencies	12	6	3	3	67%
Health/Public Safety and Emergency Services	10	3	7	0	30%
Municipal Services	17	5	5	7	50%
<b>Total</b>	<b>114</b>	<b>57</b>	<b>44</b>	<b>13</b>	<b>56%</b>

**18. MUNICIPAL MANAGER'S QUALITY CERTIFICATION**

<b>QUALITY CERTIFICATE</b>
----------------------------

I, APANNA NAIDOO, the Acting City Manager of Buffalo City Metropolitan Municipality do hereby certify that –

☐ Quarterly report on the implementation of the budget and financial state of affairs of the municipality (Section 52 Report)

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

**Print name: Apanna Naidoo**

**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
- SC11 Monthly Budget Statement – Summary of Municipal Entity
- SC12 Capital Expenditure trend
- SC13a Capital Expenditure on New Assets by Class
- SC13b Capital Expenditure on Renewal of Existing Assets by Class
- SC13c Expenditure on Repairs and Maintenance by Asset Class
- SC13d Depreciation by Asset Class

### **Annexure C**

Schedule of Borrowings

### **Annexure D**

Operating expenditure report

### **Annexure E**

Capital expenditure report

### **Annexure F**

Buffalo City Development Agency Financial and Non-Financial Performance Report

### **Annexure G**

Service Delivery and Budget Implementation Plans (SDBIP)