

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION
OF THE 2017/18 BUDGET FOR THE PERIOD ENDED 31 OCTOBER 2017**

1. PURPOSE

The purpose of the report is for the Executive Mayor to consider and note the statement of financial performance and the implementation of the 2017/18 budget of the Buffalo City Metropolitan Municipality for the period ended 31 October 2017.

2. AUTHORITY

Executive Mayor

3. LEGAL / STATUTORY REQUIREMENTS

The Constitution of the Republic of South Africa, 1996

Municipal Finance Management Act No 56, 2003

Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

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

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

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

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PART 1: IN-YEAR REPORT

5. RESOLUTIONS

It is recommended that:

- (i) The Executive Mayor considers and notes the report on the statement of financial performance and the implementation of the 2017/18 budget for the period ended 31 October 2017 including supporting documentation attached as Annexure A to F.
- (ii) The Executive Mayor notes the spending trend on capital and operating projects as well as the reasons for such an expenditure as indicated in section 14 and 15 respectively of this report.
- (iii) The Executive Mayor notes the year to date collection rate for the period ended 31 October 2017 of 81.37%.

A. SIHLAHLA

CITY MANAGER

BUFFALO CITY METROPOLITAN MUNICIPALITY

VINCENT PILLAY/ NS

DATE

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

6.1. Dashboard / Performance Summary

Table 1: Performance Summary

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 2,073,286,147	Bank Balance	R 111,789,129
Expenditure	(R 2,010,570,044)	Call investments (excl. int.)	R 1,607,850,053
Operating Surplus	R 62,716,102	Cash and cash equivalents	R 1,719,639,182
Transfers Recognised - Capital	R 148,188,175	<i>Account Payables</i>	<i>(R 451,702,933)</i>
Surplus After Capital Transfers	R 210,904,278	<i>Unspent conditional grants</i>	<i>(R 433,882,105)</i>
DEBTORS		<i>Committed to Capital budget-own funds</i>	<i>(R 843,987,164)</i>
Gross debtors book (incl. impairment)	R 2,072,030,551	Possible cash deficit should there be no revenue collection made	(R 9,933,020)
Total debtors - Government	R 38,844,697	Total Long term loans	R 437,521,991
Total debtors - Business	R 495,083,685	SURPLUS / (DEFICIT) PER SERVICE	
Total debtors - Households	R 1,279,458,219	Water	R 64,248,416
Total debtors - Other	R 258,643,950	Electricity	(R 69,023,016)
Total debt written off	R 31,940	Refuse	R 12,634,128
REPAIRS AND MAINTENANCE		Sewerage	R16,887,345
2016/2017: Exp. = R95.05 m, which is 23% of approved budget of R414.79 m	2017/2018: Exp.= R91.89 m, which is 20% of approved budget of R462.45 m		
CAPITAL EXPENDITURE		OPERATING PROJECTS EXPENDITURE	
2016/2017: Exp. as a % of Adjusted Budget of R1.69b: Exp. (excl. vat) = R205.65 mil % exp. (Excl. vat) : 12% Exp. (incl. vat) = R220.63 mil % exp. (incl. vat): 13%	2017/2018: Exp. as a % of Adjusted Budget of R1.71b: Exp. (excl. vat) = R213.19 mil % exp. (Excl. vat) :12% Exp. (incl. vat) = R231.79 mil % exp. (incl. vat): 14%	2016/2017: Exp. as a % of Adjusted Budget of R327.39m: Exp. (excl. vat) = R49.33 mil % exp. (excl. vat): 15% Exp. (incl. vat) = R50.61 mil % exp. (incl. vat): 15%	2017/2018: Exp. as a % of Adjusted Budget of R300.91m: Exp. (excl. vat) = R54.26 mil % exp. (excl. vat): 18% Exp. (incl. vat) = R56.83 mil % exp. (incl. vat): 19%
FINANCIAL		HUMAN RESOURCES	
Operating Surplus for the period	R 210,904,278	Total staff complement	5 165
Debtors collection ratio	81.37%	Staff Appointments	89
YTD Grants and subsidies	R 460,918,709	Staff Terminations	38
% of Creditors paid within terms	100%	Number of funded vacant posts	671
Current ratio	2.59:1	Total overtime paid (YTD)	R 43,209,200
Total Debt to Revenue	9.08%	Allowances and benefits - Councillors	R 18,625,929
Capital Charges to Operating Expenditure	1.17%	Salary bill - Officials	R 594,983,857
Cost coverage ratio	4.66 months	Workforce costs as a % of expenditure	31%

6.2 Liquidity position

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 2.59:1 which indicates the ability of Municipality's current assets to cover its current liabilities. Net debtors constitute 43% of the current assets, inventory constitutes 1% and cash & cash equivalents comprise 54% of the current assets. The City is liquid and can easily meet its immediate obligations as the ratio is above the norm of 1.5-2:1 as per the MFMA circular 71.

6.3 Collection Rate and Outstanding Debtors

The year to date collection rate for the month ended 31 October 2017 is 81.37% (2016/17: 84.76%). The collection rate has decrease by 2.69% from last month where 84.06% was achieved for the period ended 30 September 2017. This ratio denotes the City's ability to collect the billed revenue from its consumers. The current collection rate is below the acceptable norm of 95% as informed by the MFMA circular 71. The corrective measures that are implemented to improve the collection are detailed under section 8 of the report under debtors' management.

Total debtors book (including current accounts) as at 31 October 2017 amounts to R2.07 billion (2016/17: R1.86 billion). Households: R1.28 billion, Business: R495 million, Government: R38.84 million, Other: R258,64 million.

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

6.4 Capital Expenditure

BCMM has spent 14% (R231.79 million, inclusive of reclaimed vat) of its 2017/18 adjusted capital budget of R1.71 billion as at 31 October 2017. This depicts a slight improvement when compared to the same period in the previous financial year where 13% (R220.63 million, inclusive of reclaimed vat) of the adjusted capital budget of R1.69 billion was spent. Based on the past performance trends, expenditure is expected to progressively improve during

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

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

6.5 Operating projects

The Metro has spent 19% (R56.83 million, inclusive of reclaimed vat) of its 2017/18 adjusted operating projects budget of R300.91 million as at 31 October 2017. This depicts an improvement when compared to the same period in the previous financial year where 15% (R50.61million, inclusive of reclaimed vat) of the adjusted operating projects budget of R327.39 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the year once the procurement processes have been concluded. (Refer to Section 15 for further details).

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

6.6 Expenditure on Conditional Grants (DoRA Allocation)

The Metro has spent 22% (R195.91 million, inclusive of reclaimed vat) of its 2017/2018 conditional grants budget of R882.77 million as at 31 October 2017. This reflects an improvement when compared to the same period in the previous financial year where 17% (R143.61 million, inclusive of reclaimed of vat) of conditional grants budget of R828.70 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the year once the procurement processes have been concluded. (Refer to Section 11 for further details).

6.6.1. Urban Settlement Development Grant (USDG) funded projects

BCMM has spent 23% (R178.32 million, inclusive of reclaimed vat) of its 2017/2018 USDG budget of R768.13 million as at 31 October 2017. This reflects an improvement in both percentage and rand value terms when compared to the same period in the previous financial year where 19%

(R141.5 million, inclusive of reclaimed of vat) of USDG budget of R731.5 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the year once the procurement processes have been concluded. (Refer to Section 11 for further details).

6.7 Cash and Cash Equivalents

The cash and cash equivalents of the City as at 31 October 2017 are R1.71 billion made up of cash and bank amounting to R111 million and call investment deposits of R1.6 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 4.66 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 4.66 times, which is above the norm of 1-3 months as per the MFMA circular 71. It is however a concern to note that the city's cash and cash equivalent is decreasing due to the unfavourable collection rate that is below the target as depicted in section 6.3 of the report.

6.8 Outstanding Creditors

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

6.9 Long-Term Debt Profile

The total long term borrowings of the municipality as at 31 October 2017 amounts to R437.52 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 31 October 2017 is 1.17%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6 and 8%; BCMM is below the norm and has the capacity to take on additional borrowing to invest in infrastructure projects that generate revenue. The City is currently in the process of securing additional loan funding which will result in the actual ratio moving closer to the norm.

The total debt to revenue ratio is 9.08% as at 31 October 2017, this indicates the extent of total borrowings (short and long term debt financing) in relation to total operating revenue of the municipality. The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities. The municipality is therefore highly solvent to meet its debt obligation as it is below the set ceiling of 45% in accordance with the MFMA circular 71.

7. IN-YEAR BUDGET STATEMENT MAIN TABLES

7.1 Monthly Budget Statement Summary

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

Table 2:C1: Monthly Budget Statement Summary

BUF Buffalo City - Table C1 Monthly Budget Statement Summary - M04 October

Description	Budget Year 2017/18								
	2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	1 225 285	1 225 285	81 314	424 789	459 878	(35 089)	-8%	1 225 285
Service charges	-	3 011 895	3 011 895	300 665	1 048 880	1 015 513	33 367	3%	3 011 895
Investment revenue	-	157 002	157 002	10 800	44 470	56 014	(11 544)	-21%	157 002
Transfers and subsidies	-	1 368 106	1 369 045	8 834	462 145	487 434	(25 289)	-5%	1 369 045
Other own revenue	-	426 719	426 719	26 621	93 002	122 745	(29 743)	-24%	426 719
Total Revenue (excluding capital transfers and contributions)	-	6 189 006	6 189 946	428 234	2 073 286	2 141 585	(68 299)	-3%	6 189 946
Employee costs	-	1 733 321	1 733 321	148 877	594 984	563 795	31 188	6%	1 733 321
Remuneration of Councillors	-	62 398	62 398	4 530	18 068	20 098	(2 030)	-10%	62 398
Depreciation & asset impairment	-	778 273	778 273	64 920	251 471	260 081	(8 610)	-3%	778 273
Finance charges	-	54 318	54 318	9 631	15 294	15 091	203	1%	54 318
Materials and bulk purchases	-	1 578 167	1 578 167	114 003	612 231	615 739	(3 508)	-1%	1 578 167
Transfers and subsidies	-	328 637	328 637	81 724	111 105	98 025	13 080	13%	328 637
Other expenditure	-	1 652 966	1 653 905	149 520	407 417	498 370	(90 952)	-18%	1 653 905
Total Expenditure	-	6 188 080	6 189 019	573 206	2 010 570	2 071 199	(60 629)	-3%	6 189 019
Surplus/(Deficit)	-	926	926	(144 971)	62 716	70 387	(7 670)	-11%	926
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	795 307	804 572	54 149	148 188	186 023	(37 835)	-20%	804 572
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	796 234	805 499	(90 822)	210 904	256 410	(45 506)	-18%	805 499
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	796 234	805 499	(90 822)	210 904	256 410	(45 506)	-18%	805 499
Capital expenditure & funds sources									
Capital expenditure	-	1 645 204	1 713 563	85 567	213 192	162 919	50 273	31%	1 713 563
Capital transfers recognised	-	795 307	804 343	54 149	148 188	76 474	71 714	94%	804 343
Public contributions & donations	-	-	229	-	-	22	(22)	-100%	229
Borrowing	-	69 000	69 000	547	547	6 560	(6 013)	-92%	69 000
Internally generated funds	-	780 897	839 991	30 871	64 457	79 863	(15 406)	-19%	839 991
Total sources of capital funds	-	1 645 204	1 713 563	85 567	213 192	162 919	50 273	31%	1 713 563
Financial position									
Total current assets	-	3 690 664	3 690 664		3 185 532				3 690 664
Total non current assets	-	15 248 547	15 316 906		16 459 314				15 316 906
Total current liabilities	-	1 336 012	1 336 012		1 231 955				1 336 012
Total non current liabilities	-	1 146 211	1 146 211		915 192				1 146 211
Community wealth/Equity	-	16 456 988	16 525 347		17 497 699				16 525 347
Cash flows									
Net cash from (used) operating	-	1 809 846	1 819 111	(169 673)	210 118	606 370	396 252	65%	1 819 111
Net cash from (used) investing	-	(1 582 484)	(1 713 563)	(54 149)	(148 188)	(571 188)	(423 000)	74%	(1 713 563)
Net cash from (used) financing	-	20 252	20 252	-	(8 246)	6 751	14 996	222%	20 252
Cash/cash equivalents at the month/year end	-	2 539 412	2 417 597	-	1 719 639	2 333 731	614 092	26%	1 791 754
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	330 413	117 881	81 153	67 506	50 770	50 028	301 711	1 072 568	2 072 031
Creditors Age Analysis									
Total Creditors	409 950	41 753	-	-	-	-	-	-	451 703

7.2 Monthly Budget Statement – Financial Performance (standard classification)

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

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

BUF Buffalo City - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M04 October

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		–	2 447 732	2 448 051	104 351	840 978	876 702	(35 724)	-4%	2 448 051
Executive and council		–	29 589	29 907	3 501	3 788	9 060	(5 272)	-58%	29 907
Finance and administration		–	2 418 143	2 418 143	100 850	837 190	867 641	(30 451)	-4%	2 418 143
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		–	402 630	402 984	19 442	55 626	123 321	(67 695)	-55%	402 984
Community and social services		–	31 607	31 961	903	4 293	5 080	(787)	-15%	31 961
Sport and recreation		–	5 909	5 909	224	550	451	100	22%	5 909
Public safety		–	88 321	88 321	6 327	32 389	31 039	1 350	4%	88 321
Housing		–	276 769	276 769	11 989	18 391	86 750	(68 358)	-79%	276 769
Health		–	24	24	–	2	2	0	20%	24
<i>Economic and environmental services</i>		–	432 207	441 243	30 496	76 072	87 583	(11 511)	-13%	441 243
Planning and development		–	45 006	45 006	3 345	14 015	14 546	(531)	-4%	45 006
Road transport		–	386 748	395 784	26 776	61 232	72 721	(11 489)	-16%	395 784
Environmental protection		–	452	452	375	825	316	509	161%	452
<i>Trading services</i>		–	3 673 575	3 674 071	324 084	1 238 222	1 229 724	8 498	1%	3 674 071
Energy sources		–	1 926 400	1 926 400	142 948	580 063	646 766	(66 703)	-10%	1 926 400
Water management		–	655 778	655 778	106 212	296 274	239 329	56 946	24%	655 778
Waste water management		–	639 215	639 711	46 149	213 732	187 105	26 627	14%	639 711
Waste management		–	452 182	452 182	28 775	148 153	156 525	(8 372)	-5%	452 182
<i>Other</i>	4	–	28 170	28 170	4 011	10 576	10 278	298	3%	28 170
Total Revenue - Functional	2	–	6 984 313	6 994 518	482 384	2 221 474	2 327 609	(106 134)	-5%	6 994 518
Expenditure - Functional										
<i>Governance and administration</i>		–	1 194 255	1 194 345	141 618	407 511	415 238	(7 728)	-2%	1 194 345
Executive and council		–	296 070	296 160	45 869	124 609	93 244	31 365	34%	296 160
Finance and administration		–	884 293	884 293	95 269	280 809	317 014	(36 205)	-11%	884 293
Internal audit		–	13 892	13 892	481	2 092	4 980	(2 888)	-58%	13 892
<i>Community and public safety</i>		–	493 005	493 358	51 345	168 440	151 645	16 795	11%	493 358
Community and social services		–	124 688	125 042	8 260	29 195	33 853	(4 658)	-14%	125 042
Sport and recreation		–	68 342	68 342	19 500	73 358	29 565	43 793	148%	68 342
Public safety		–	125 282	125 282	14 042	36 554	40 750	(4 196)	-10%	125 282
Housing		–	136 025	136 025	6 570	18 269	35 660	(17 391)	-49%	136 025
Health		–	38 668	38 668	2 974	11 065	11 817	(752)	-6%	38 668
<i>Economic and environmental services</i>		–	1 222 744	1 222 744	68 092	258 597	354 835	(96 238)	-27%	1 222 744
Planning and development		–	294 914	294 914	8 329	30 782	87 481	(56 699)	-65%	294 914
Road transport		–	805 423	805 423	58 024	221 058	245 586	(24 528)	-10%	805 423
Environmental protection		–	122 407	122 407	1 739	6 756	21 767	(15 011)	-69%	122 407
<i>Trading services</i>		–	3 247 030	3 247 526	304 560	1 155 828	1 142 194	13 635	1%	3 247 526
Energy sources		–	1 829 086	1 829 086	134 745	656 011	689 086	(33 075)	-5%	1 829 086
Water management		–	575 132	575 132	54 841	214 380	199 569	14 811	7%	575 132
Waste water management		–	483 287	483 783	55 783	145 741	140 410	5 331	4%	483 783
Waste management		–	359 525	359 525	59 191	139 696	113 128	26 568	23%	359 525
<i>Other</i>		–	31 046	31 046	7 591	20 194	7 287	12 907	177%	31 046
Total Expenditure - Functional	3	–	6 188 080	6 189 019	573 206	2 010 570	2 071 199	(60 629)	-3%	6 189 019
Surplus/ (Deficit) for the year		–	796 234	805 499	(90 822)	210 904	256 410	(45 506)	-18%	805 499

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

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

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

BUF Buffalo City - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M04 October										
Vote Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcom	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Directorate - Executive Support Services		-	1 593	1 912	41	41	-	41	#DIV/0!	1 912
Vote 02 - Directorate - Municipal Manager		-	27 996	27 996	3 480	3 767	8 574	(4 807)	-56.1%	27 996
Vote 03 - Directorate - Human Settlement		-	276 769	276 769	11 989	18 391	62 429	(44 037)	-70.5%	276 769
Vote 04 - Directorate - Chief Financial Officer		-	2 407 345	2 407 345	99 282	830 748	734 823	95 925	13.1%	2 407 345
Vote 05 - Directorate - Corporate Services		-	10 561	10 561	717	3 170	2 570	600	23.3%	10 561
Vote 06 - Directorate - Infrastructure Services		-	3 407 846	3 408 342	312 582	1 129 995	1 243 817	(113 822)	-9.2%	3 408 342
Vote 07 - Directorate - Spatial Planning And Development		-	148 279	157 315	4 176	17 267	41 908	(24 641)	-58.8%	157 315
Vote 08 - Directorate - Health / Public Safety & Emergency Services		-	175 605	175 605	15 830	53 697	61 637	(7 940)	-12.9%	175 605
Vote 09 - Directorate - Municipal Services		-	490 150	490 503	30 277	153 822	161 944	(8 122)	-5.0%	490 503
Vote 10 - Directorate - Economic Development & Agencies		-	38 170	38 170	4 011	10 576	9 907	669	6.8%	38 170
Total Revenue by Vote	2	-	6 984 313	6 994 518	482 384	2 221 474	2 327 609	(106 134)	-4.6%	6 994 518
Expenditure by Vote	1									
Vote 01 - Directorate - Executive Support Services		-	232 296	232 386	23 315	75 628	79 682	(4 054)	-5.1%	232 386
Vote 02 - Directorate - Municipal Manager		-	154 644	154 644	26 618	63 792	68 279	(4 487)	-6.6%	154 644
Vote 03 - Directorate - Human Settlement		-	136 025	136 025	6 570	18 269	38 708	(20 439)	-52.8%	136 025
Vote 04 - Directorate - Chief Financial Officer		-	558 213	558 213	62 574	156 777	172 520	(15 743)	-9.1%	558 213
Vote 05 - Directorate - Corporate Services		-	171 518	171 518	13 002	48 669	53 819	(5 150)	-9.6%	171 518
Vote 06 - Directorate - Infrastructure Services		-	3 497 257	3 497 752	287 723	1 172 284	1 213 939	(41 654)	-3.4%	3 497 752
Vote 07 - Directorate - Spatial Planning And Development		-	274 152	274 152	20 169	77 656	83 488	(5 832)	-7.0%	274 152
Vote 08 - Directorate - Health / Public Safety & Emergency Services		-	396 961	396 961	37 435	129 619	127 263	2 356	1.9%	396 961
Vote 09 - Directorate - Municipal Services		-	674 962	675 316	88 209	247 681	211 768	35 913	17.0%	675 316
Vote 10 - Directorate - Economic Development & Agencies		-	92 052	92 052	7 591	20 194	21 733	(1 538)	-7.1%	92 052
Total Expenditure by Vote	2	-	6 188 080	6 189 019	573 206	2 010 570	2 071 199	(60 629)	-2.9%	6 189 019
Surplus/ (Deficit) for the year	2	-	796 234	805 499	(90 822)	210 904	256 410	(45 506)	-17.7%	805 499

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

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

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

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

Description	Ref	2016/17	Budget Year 2017/18								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands											
Revenue By Source											
Property rates			1 225 285	1 225 285	81 314	424 789	459 878	(35 089)	-8%	1 225 285	
Service charges - electricity revenue	–		1 806 439	1 806 439	144 588	569 606	596 061	(26 455)	-4%	1 806 439	
Service charges - water revenue	–		479 127	479 127	99 742	240 573	172 657	67 917	39%	479 127	
Service charges - sanitation revenue	–		365 998	365 998	28 322	124 096	126 090	(1 994)	-2%	365 998	
Service charges - refuse revenue	–		336 766	336 766	28 013	114 605	112 460	2 145	2%	336 766	
Service charges - other			23 566	23 566	–	–	8 246	(8 246)	-100%	23 566	
Rental of facilities and equipment	–		23 174	23 174	1 621	5 301	7 514	(2 214)	-29%	23 174	
Interest earned - external investments	–		157 002	157 002	10 800	44 470	56 014	(11 544)	-21%	157 002	
Interest earned - outstanding debtors	–		36 844	36 844	4 482	16 712	11 557	5 155	45%	36 844	
Dividends received			–	–	–	–	–	–		–	
Fines, penalties and forfeits	–		9 157	9 157	1 682	6 063	2 614	3 449	132%	9 157	
Licences and permits	–		17 556	17 556	6 996	10 888	5 319	5 569	105%	17 556	
Agency services			49 763	49 763	–	–	15 077	(15 077)	-100%	49 763	
Transfers and subsidies	–		1 368 106	1 369 045	8 834	462 145	487 434	(25 289)	-5%	1 369 045	
Other revenue	–		290 226	290 226	11 722	45 658	80 664	(35 006)	-43%	290 226	
Gains on disposal of PPE	–		–	–	118	8 381	–	8 381	#DIV/0!	–	
Total Revenue (excluding capital transfers and contributions)			–	6 189 006	6 189 946	428 234	2 073 286	2 141 585	(68 299)	-3%	6 189 946

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

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		–	1 733 321	1 733 321	148 877	594 984	563 795	31 188	6%	1 733 321
Remuneration of councillors		–	62 398	62 398	4 530	18 068	20 098	(2 030)	-10%	62 398
Debt impairment		–	317 788	317 788	26 482	105 929	105 929	(0)	0%	317 788
Depreciation & asset impairment		–	778 273	778 273	64 920	251 471	260 081	(8 610)	-3%	778 273
Finance charges		–	54 318	54 318	9 631	15 294	15 091	203	1%	54 318
Bulk purchases		–	1 578 167	1 578 167	109 354	589 158	615 739	(26 581)	-4%	1 578 167
Other materials		–	–	–	4 649	23 073	–	23 073	#DIV/0!	–
Contracted services		–	38 960	38 960	61 055	162 121	6 255	155 866	2492%	38 960
Transfers and subsidies		–	328 637	328 637	81 724	111 105	98 025	13 080	13%	328 637
Other expenditure		–	1 296 218	1 297 157	61 983	139 367	386 185	(246 818)	-64%	1 297 157
Loss on disposal of PPE		–	–	–	–	–	–	–		–
Total Expenditure		–	6 188 080	6 189 019	573 206	2 010 570	2 071 199	(60 629)	-3%	6 189 019
Surplus/(Deficit)		–	926	926	(144 971)	62 716	70 387	(7 670)	(0)	926
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	795 307	804 572	54 149	148 188	186 023	(37 835)	(0)	804 572
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private)		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		–	796 234	805 499	(90 822)	210 904	256 410			805 499
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		–	796 234	805 499	(90 822)	210 904	256 410			805 499
Attributable to minorities		–	–	–	–	–	–	–		–
Surplus/(Deficit) attributable to municipality		–	796 234	805 499	(90 822)	210 904	256 410			805 499
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year		–	796 234	805 499	(90 822)	210 904	256 410			805 499

7.4.1 ANALYSIS OF STATEMENT OF FINANCIAL PERFORMANCE

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

7.4.1.1 Service Charges – other

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

7.4.1.2 Service Charges – Water revenue

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

7.4.1.3 Rental of facilities equipment

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

- Rentals - Signage: service providers for outdoor advertising were appointed in June 2017 and contracts were effected as from 1 August 2017 with contractors given 60 days from the commencement of the contracts to deliver. This means revenue was only received from September and October 2017 .
- Market Related-Property Plant & Equipment-Contigent-Other Assets: Rental of facilities is demand driven and therefore difficult to predict accurately. The situation is monitored on a monthly basis.

7.4.1.4 Interest earned – external investments

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

impact on interest earned on external investments.

7.4.1.5 Interest earned – outstanding debtors

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

7.4.1.6 Fines, penalties and forfeits

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

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

7.4.1.7 Agency services

Loss of revenue can be attributed to the fact that licenses and permits can also be renewed at the Post Office and Provincial Traffic Department in Wilsonia. Problems have also been encountered with receipting at East London & Gonubie offices due to ICT issues & poor connectivity. In addition to this, the variance is also caused by the differences in classification of income sources, the budget for Motor Vehicle Licences and Permits is under Agency Services, however, the actuals are reported under Licenses and Permits. Engagements are underway with National Treasury on the correct mSCOA classification.

7.4.1.8 Licence and Permits

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

7.4.1.9 Other revenue

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

7.4.1.10 Gains on disposal of PPE

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

7.4.1.11 Other materials

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

7.4.1.12 Contracted services

The variance is mainly due to the differences in classification of expenditure categories, the budget for Repairs and Maintenance and Operating Projects

was classified as Other Expenditure, however, the actuals are reported under Contracted Services, the budget will be adjusted during the mid-year adjustment budget.

7.4.1.13 Transfers and grants

The variance is as a result of a budget not being allocated for free water provision to rural indigent customers (this was previously not accounted for as there were no bulk meters installed), however this will be corrected in the mid-year adjustment budget.

7.4.1.14 Other expenditure

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

7.4.1.15 Repairs and Maintenance

Table 6 below reflects that as at 31 October 2017, the repairs and maintenance expenditure is 20% of the approved budget of R462.45 million (2016/17: 15%). Refer to Annexure B: SC13c (repairs and maintenance by asset class).

Table 6: Repairs and Maintenance per Directorate

Directorate	<u>2017/2018</u> <u>Annual</u> <u>Budget</u> <u>R</u>	<u>2017/2018</u> <u>Annual</u> <u>Expenditure</u> <u>R</u>	<u>2017/2018</u> <u>YTD</u> <u>Variance</u> <u>R</u>	<u>2017/2018</u> <u>% of</u> <u>Budget</u> <u>%</u>
Directorate Of Executive Support Services	3 559 202	290 327	3 268 875	8%
Directorate Of The City Manager	6 681 831	581 869	6 099 962	9%
Directorate Of Corporate Services	2 640 513	409 683	2 230 830	16%
Directorate Of Development & Spatial Planning	31 192 800	6 692 215	24 500 585	21%
Directorate Of Economic Development & Agencies	1 298 690	236 798	1 061 892	18%
Directorate Of Finance	3 600 994	252 746	3 348 248	7%
Directorate Of Health / Public Safety & Emergency Services	6 815 045	1 011 083	5 803 962	15%
Directorate Of Human Settlement	119 263	71 476	47 787	60%
Directorate Of Infrastructure Services	365 173 717	75 311 685	289 862 032	21%
<i>Electricity</i>	139 115 819	35 362 969	103 752 850	25%
<i>Water</i>	51 973 204	20 867 162	31 106 043	40%
<i>Sanitation</i>	40 529 624	8 502 129	32 027 495	21%
<i>Other</i>	133 555 070	10 579 426	122 975 644	8%
Directorate Of Municipal Services	41 368 008	7 034 087	34 333 921	17%
TOTAL	462 450 063	91 891 968	370 558 095	20%

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

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

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

BUF Buffalo City - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M04 October										
Vote Description	Ref	Budget Year 2017/18								
		2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Directorate - Executive Support Services		-	3 000	6 729	836	842	345	497	144%	6 729
Vote 02 - Directorate - Municipal Manager		-	22 500	39 109	99	572	325	247	76%	39 109
Vote 03 - Directorate - Human Settlement		-	186 355	186 775	11 460	17 863	13 107	4 756	36%	186 775
Vote 04 - Directorate - Chief Financial Officer		-	97 820	97 820	19	2 538	1 829	709	39%	97 820
Vote 05 - Directorate - Corporate Services		-	6 000	8 337	71	176	1 408	(1 232)	-87%	8 337
Vote 06 - Directorate - Infrastructure Services		-	856 154	861 913	55 729	154 314	100 397	53 917	54%	861 913
Vote 07 - Directorate - Spatial Planning And Development		-	234 721	243 757	6 862	21 448	7 928	13 521	171%	243 757
Vote 08 - Directorate - Health / Public Safety & Emergency Ser		-	30 205	41 245	1 424	4 345	7 240	(2 895)	-40%	41 245
Vote 09 - Directorate - Municipal Services		-	165 349	168 280	3 266	3 514	26 838	(23 323)	-87%	168 280
Vote 10 - Directorate - Economic Development & Agencies		-	43 100	59 598	5 802	7 580	3 502	4 078	116%	59 598
Total Capital Multi-year expenditure	4,7	-	1 645 204	1 713 563	85 567	213 192	162 919	50 273	31%	1 713 563
Total Capital Expenditure		-	1 645 204	1 713 563	85 567	213 192	162 919	50 273	31%	1 713 563
Capital Expenditure - Functional Classification										
Governance and administration		-	129 320	151 996	1 794	12 722	14 451	(1 729)	-12%	151 996
Executive and council		-	25 500	45 839	935	1 414	4 358	(2 944)	-68%	45 839
Finance and administration		-	97 820	97 820	859	11 308	9 300	2 008	22%	97 820
Internal audit		-	6 000	8 337	-	-	793	(793)	-100%	8 337
Community and public safety		-	316 087	330 479	14 494	20 962	31 421	(10 459)	-33%	330 479
Community and social services		-	42 250	43 288	-	-	4 116	(4 116)	-100%	43 288
Sport and recreation		-	57 277	59 170	3 036	3 097	5 626	(2 529)	-45%	59 170
Public safety		-	30 205	41 245	(2)	-	3 921	(3 921)	-100%	41 245
Housing		-	186 355	186 775	11 460	17 863	17 758	105	1%	186 775
Health		-	-	-	-	2	-	2	#DIV/0!	-
Economic and environmental services		-	548 777	574 311	26 960	67 884	54 603	13 280	24%	574 311
Planning and development		-	277 821	303 355	6 549	21 103	28 842	(7 739)	-27%	303 355
Road transport		-	270 956	270 956	20 410	46 767	25 761	21 006	82%	270 956
Environmental protection		-	-	-	1	13	-	13	#DIV/0!	-
Trading services		-	628 020	628 020	36 518	104 045	59 710	44 335	74%	628 020
Energy sources		-	148 000	148 000	4 688	10 128	14 071	(3 943)	-28%	148 000
Water management		-	130 000	130 000	15 092	39 120	12 360	26 760	217%	130 000
Waste water management		-	284 198	284 198	16 509	54 392	27 020	27 371	101%	284 198
Waste management		-	65 822	65 822	229	404	6 258	(5 854)	-94%	65 822
Other		-	23 000	28 758	5 802	7 580	2 734	4 846	177%	28 758
Total Capital Expenditure - Functional Classification	3	-	1 645 204	1 713 563	85 567	213 192	162 919	50 273	31%	1 713 563
Funded by:										
National Government		-	795 307	795 307	54 149	148 188	75 615	72 573	96%	795 307
Provincial Government		-	-	9 036	-	-	859	(859)	-100%	9 036
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		-	795 307	804 343	54 149	148 188	76 474	71 714	94%	804 343
Public contributions & donations	5	-	-	229	-	-	22	(22)	-100%	229
Borrowing	6	-	69 000	69 000	547	547	6 560	(6 013)	-92%	69 000
Internally generated funds		-	780 897	839 991	30 871	64 457	79 863	(15 406)	-19%	839 991
Total Capital Funding		-	1 645 204	1 713 563	85 567	213 192	162 919	50 273	31%	1 713 563

7.6 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R17.50 billion. Consumer debtors and other debtors are reflected net of impairments as per the statement of financial position.

Table 8: C6: Monthly Budget Statement – Financial Position

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

Description	Ref	2016/17	Budget Year 2017/18				
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast	
R thousands	1						
ASSETS							
Current assets							
Cash			80 000	80 000	111 789	80 000	
Call investment deposits			2 459 412	2 459 412	1 607 850	2 459 412	
Consumer debtors			915 237	915 237	594 316	915 237	
Other debtors			118 870	118 870	830 460	118 870	
Current portion of long-term receivables			17	17	–	17	
Inventory			117 128	117 128	41 116	117 128	
Total current assets			–	3 690 664	3 690 664	3 185 532	3 690 664
Non current assets							
Long-term receivables			73	73	–	73	
Investments			–	–	–	–	
Investment property			442 030	442 030	408 315	442 030	
Investments in Associate			99 109	99 109	127 539	99 109	
Property, plant and equipment			14 556 391	14 624 751	15 843 201	14 624 751	
Agricultural			–	–	–	–	
Biological assets			–	–	–	–	
Intangible assets			60 000	60 000	8 177	60 000	
Other non-current assets			90 944	90 944	72 082	90 944	
Total non current assets			–	15 248 547	15 316 906	16 459 314	15 316 906
TOTAL ASSETS			–	18 939 211	19 007 570	19 644 846	19 007 570
LIABILITIES							
Current liabilities							
Bank overdraft			–	–	–	–	
Borrowing			48 748	48 748	39 396	48 748	
Consumer deposits			65 401	65 401	58 932	65 401	
Trade and other payables			1 038 209	1 038 209	946 902	1 038 209	
Provisions			183 654	183 654	186 724	183 654	
Total current liabilities			–	1 336 012	1 336 012	1 231 955	1 336 012
Non current liabilities							
Borrowing			421 212	421 212	398 126	421 212	
Provisions			724 999	724 999	517 066	724 999	
Total non current liabilities			–	1 146 211	1 146 211	915 192	1 146 211
TOTAL LIABILITIES			–	2 482 223	2 482 223	2 147 147	2 482 223
NET ASSETS	2		–	16 456 988	16 525 347	17 497 699	16 525 347
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)			13 055 940	13 124 300	10 524 794	13 124 300	
Reserves			3 401 047	3 401 047	6 972 905	3 401 047	
TOTAL COMMUNITY WEALTH/EQUITY	2		–	16 456 988	16 525 347	17 497 699	16 525 347

7.7 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R53.68 million resulting in cash and cash equivalents closing balance of R1.72 billion as at 31 October 2017.

Table 9: C7: Monthly Budget Statement – Cash Flow

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

Description	Ref	Budget Year 2017/18								
		2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates			1 133 389	1 133 389	56 926	345 651	377 796	(32 145)	-9%	1 038 701
Service charges			2 786 003	2 786 003	221 873	832 842	928 668	(95 826)	-10%	2 708 964
Other revenue			371 418	360 634	21 469	78 202	120 211	(42 010)	-35%	330 305
Government - operating			1 368 106	1 369 045	64 206	517 517	456 348	61 168	13%	1 356 414
Government - capital			795 307	804 572	13 967	266 950	268 191	(1 241)	0%	730 249
Interest			194 084	193 846	15 282	61 182	64 615	(3 434)	-5%	178 426
Dividends			0	0	0	0	0	(0)	-73%	-
Payments										
Suppliers and employees			(4 741 751)	(4 710 003)	(472 945)	(1 767 891)	(1 570 001)	197 890	-13%	(4 534 446)
Finance charges			(54 320)	(54 318)	(9 631)	(15 294)	(18 106)	(2 812)	16%	(52 105)
Transfers and Grants			(64 056)	(64 056)	(80 819)	(109 040)	(21 352)	87 688	-411%	(303 624)
NET CASH FROM/(USED) OPERATING ACTIVITIES			- 1 788 180	1 819 111	(169 673)	210 118	606 370	396 252	65%	1 452 884
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE			-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors			-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			-	-	-	-	-	-	-	-
Payments										
Capital assets			(1 583 446)	(1 713 563)	(54 149)	(148 188)	(571 188)	(423 000)	74%	(1 491 448)
NET CASH FROM/(USED) INVESTING ACTIVITIES			- (1 583 446)	(1 713 563)	(54 149)	(148 188)	(571 188)	(423 000)	74%	(1 491 448)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans			-	-	-	-	-	-	-	-
Borrowing long term/refinancing			69 000	69 000	-	-	23 000	(23 000)	-100%	-
Increase (decrease) in consumer deposits			-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing			(49 274)	(48 748)	-	(8 246)	(16 249)	(8 004)	49%	(51 825)
NET CASH FROM/(USED) FINANCING ACTIVITIES			- 19 726	20 252	-	(8 246)	6 751	14 996	222%	(51 825)
NET INCREASE/ (DECREASE) IN CASH HELD			- 224 460	125 800	(223 822)	53 684	41 933			(90 389)
Cash/cash equivalents at beginning:			2 291 798	2 291 798		1 665 955	2 291 798			1 665 955
Cash/cash equivalents at monthly ear end:			- 2 516 257	2 417 597		1 719 639	2 333 731			1 575 566

PART 2: SUPPORTING **DOCUMENTATION**

8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION

8.1 Debtors

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

Table 10: SC3 Monthly Budget Statement Aged Debtors

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

Description	NT Code	Budget Year 2017/18										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.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	105 472	43 068	31 480	25 667	16 813	19 670	112 541	269 512	624 224	444 203		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	85 377	14 733	7 207	4 093	3 257	3 280	17 660	30 880	166 488	59 170		
Receivables from Non-exchange Transactions - Property Rates	1400	87 124	28 168	22 455	19 455	15 869	14 737	92 522	359 408	639 738	501 991		
Receivables from Exchange Transactions - Waste Water Management	1500	26 096	9 483	7 070	6 257	4 433	4 261	25 767	121 209	204 576	161 927		
Receivables from Exchange Transactions - Waste Management	1600	18 920	9 951	8 953	7 926	5 307	5 159	34 434	175 734	266 384	228 559		
Receivables from Exchange Transactions - Property Rental Debtors	1700	101	125	122	111	67	66	468	3 829	4 889	4 541		
Interest on Arrear Debtor Accounts	1810									-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	7 322	12 352	3 866	3 997	5 024	2 854	18 320	111 996	166 732	142 192		
Total By Income Source	2000	330 413	117 881	81 153	67 506	50 770	50 028	301 711	1 072 568	2 072 031	1 542 584	-	-
2016/17 - totals only		252 327	102 702	58 137	61 878	52 543	53 914	288 165	976 054	1 845 720	1 432 554		
Debtors Age Analysis By Customer Group													
Organs of State	2200	21 792	4 691	706	1 453	169	250	1 764	8 018	38 845	11 655		
Commercial	2300	127 018	25 945	18 498	12 895	12 308	11 909	73 656	212 854	495 084	323 622		
Households	2400	169 959	80 454	56 245	47 715	32 817	32 770	191 514	667 984	1 279 458	972 800		
Other	2500	11 642	6 791	5 704	5 442	5 476	5 099	34 776	183 713	258 644	234 507		
Total By Customer Group	2600	330 413	117 881	81 153	67 506	50 770	50 028	301 711	1 072 568	2 072 031	1 542 584	-	-

8.1.1. Additional debtors' information

The debtors that are older than 30 days, which includes all charges excluding VAT, amounted to R1.74 billion as at 31 October 2017 which is an increase of R61.54 million over the amount of R1.68 billion as at 30 September 2017.

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

8.2. Additional debtor's information.

8.2.1. Age Analysis per Category

Table 11 below details debtors age analysis that are older than 30 days by income source as at 31 October 2017. It also provides comparison with the previous month (30 September 2017) which indicates a slight increase from R1.68 billion to R1.74 billion.

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

AGEING	RATES	SEWERAGE	ELECTRICITY	WATER	REFUSE	SUNDRY DEBTORS	TOTAL FOR OCTOBER 2017	TOTAL FOR SEPTEMBER 2017
30 DAYS	28,168,441	9,482,857	14,732,888	43,067,781	9,951,003	12,477,634	117,880,605	110,633,286
60 DAYS	22,454,754	7,070,342	7,207,446	31,480,031	8,953,010	3,987,807	81,153,389	76,968,517
90 DAYS	19,455,390	6,256,945	4,093,235	25,667,259	7,925,643	4,107,520	67,505,992	54,010,505
120 DAYS TO 360 DAYS	123,128,075	34,460,563	24,196,830	149,024,414	44,899,929	26,799,897	402,509,708	397,929,186
YEAR 2	131,152,698	34,535,281	12,966,970	96,603,094	46,712,688	23,719,970	345,690,700	332,469,618
YEAR 3	102,891,585	18,763,801	6,048,215	50,794,657	25,849,965	16,571,220	220,919,444	217,807,506
YEAR 4	42,531,916	17,556,595	3,739,782	36,009,871	24,869,312	20,184,023	144,891,499	137,246,319
YEAR 5	19,909,727	12,559,667	2,009,079	22,914,318	18,256,549	14,700,232	90,349,572	88,132,086
YEAR 5+	62,921,621	37,793,825	6,116,411	63,189,808	60,045,400	40,649,840	270,716,905	264,878,109
TOTAL	552,614,208	178,479,875	81,110,855	518,751,235	247,463,498	163,198,144	1,741,617,814	1,680,075,132

8.2.2. Age Analysis per Category

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

Table 12: Age Analysis per Category Type

CATEGORY TYPE	30 DAYS	60 DAYS	90 DAYS	120 DAYS+	Total	% Share
Domestic	54,447,493	38,890,890	26,481,118	678,834,822	798,654,323	45.86
Indigent	25,845,512	17,229,452	21,144,974	245,514,810	309,734,748	17.78
Business	25,944,949	18,498,484	12,895,036	310,726,909	368,065,379	21.13
Government	4,691,240	706,099	1,453,316	10,201,560	17,052,215	0.98
Municipal Staff	160,788	124,318	89,175	735,409	1,109,690	0.06
Other	6,790,623	5,704,146	5,442,373	229,064,319	247,001,461	14.18
Total	117,880,605	81,153,389	67,505,992	1,475,077,828	1,741,617,814	100.00

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

8.2.3. Government Accounts

The total arrears owed by Government Departments to Buffalo City Metropolitan Municipality as at 31 October 2017 amounted to R17.05 million. This indicates an decrease of R6.34 million when compared to the previous month, in the amount of R23.40 million. The breakdown of the arrears per department (excluding accounts in credit) indicated in the table hereunder, as at 31 October 2017.

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

Table 13: Analysis of Government Debtors

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 31 OCTOBER 2017	ARREARS AS AT 30 SEPTEMBER 2017	DIFFERENCE
National Department Of Public Works	19,124	3,444,038	3,463,162	3,480,311	(17,149)
Provincial Department Of Public Works	1,365,450	367,110	1,732,561	3,496,262	(1,763,701)
Department Of Education	-	2,379,459	2,379,459	2,380,982	(1,523)
Department Of Health	-	3,264,186	3,264,186	7,234,127	(3,969,941)
Department Of Social Development	-	-	-	514,759	(514,759)
Department Of Nature Conservation	-	1,926	1,926	1,851	75
Department of Human Settlements	-	10,842	10,842	37,422	(26,580)
Sport, Recreation, Arts and Culture	-	797	797	71,520	(70,723)
Department of Labour - UIF Services	-	-	-	21,924	(21,924)
Members Of Provincial Legislature	-	236,073	236,073	239,318	(3,245)
Department of Rural Development and Land Reform	-	92,906	92,906	92,831	75
Provincial RDP Houses	-	5,868,687	5,868,687	5,822,589	46,098
South African Social Security Agency	-	1,616	1,616	1,219	397
TOTAL	1,384,574	15,667,641	17,052,215	23,395,115	(6,342,900)

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

Choose name from list - Supporting Table SC4 Monthly Budget Statement - aged creditors - M04 October

Description R thousands	NT Code	Budget Year 2013/14									Total	Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year			
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	113 866									113 866	112 857
Bulk Water	0200	16 349									16 349	16 824
PAYE deductions	0300	21 350									21 350	14 691
VAT (output less input)	0400	-									-	-
Pensions / Retirement deductions	0500	24 622									24 622	19 502
Loan repayments	0600	-									-	-
Trade Creditors	0700	197 634	41 753								239 387	203 761
Auditor General	0800	1 939									1 939	2 304
Other	0900	34 189									34 189	112 582
Total By Customer Type	1000	409 950	41 753	-	-	-	-	-	-	-	451 703	482 522

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

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

CREDITOR	90 DAYS	60 DAYS	30 DAYS	CURRENT	TOTAL
ESKOM				113 866 146.26	113 866 146.26
HAW & INGLIS (PTY) LTD				21 322 357.71	21 322 357.71
SITA (PTY) LTD				17 667 520.73	17 667 520.73
AMATOLA WATER				16 349 216.00	16 349 216.00
AMANZ ABANTU SERVICES (PTY) LTD			16 254 406.95		16 254 406.95
S A M E WATER (PTY) LTD			13 161 657.20		13 161 657.20
CZAR CONSTRUCTION			12 337 324.29	631 069.68	12 968 393.97
DOWN TOUCH INVESTMENTS (PTY) LTD				12 252 996.00	12 252 996.00
RUWACON (PTY) LTD				10 549 942.31	10 549 942.31
XMOOR TRANSPORT (PTY) LTD				10 407 776.71	10 407 776.71
MOTHEO/ MPUMALANGA JOINT VENTURE				8 168 980.69	8 168 980.69
MANTELLA TRADING 522 CC				6 975 656.47	6 975 656.47
EYA ABANTU PROFFESIONAL SERVICES CC				4 083 948.15	4 083 948.15
T V R CONSTRUCTION				4 010 096.53	4 010 096.53
MAZIYA GENERAL SERVICES				4 003 239.94	4 003 239.94
MVEZO PLANT & CIVILS CC				3 859 312.55	3 859 312.55
M W P CONSTRUCTION CC				3 571 115.86	3 571 115.86
SAFIKA CONSTRUCTION CC				3 528 493.80	3 528 493.80
CENTRLA LAKE TRADING 149 (PTY) LTD T/A EMPIRE TECHN				3 523 740.00	3 523 740.00
RANDCIVILS				3 221 076.52	3 221 076.52
TOTAL	-	-	41 753 388.44	247 992 685.91	289 746 074.35

10. INVESTMENT PORTFOLIO ANALYSIS

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

Table 16: SC5 Monthly Budget Statement – investment portfolio

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M04 October									
Investments by maturity Name of institutions & investment ID	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands									
Municipality									
Land Affairs - West Bank		Call Account	Call Account	Call Account	287	2.8%	51 625	287	51 912
Finance Management Grant		Call Account	Call Account	Call Account	7	0.1%	1 320	7	1 328
MD Urban Renewal (MT Ruth Node)		Call Account	Call Account	Call Account	51	0.5%	9 235	51	9 286
Workmans Compensation(COID)		Call Account	Call Account	Call Account	53	0.5%	9 477	53	9 529
Reeston Development		Call Account	Call Account	Call Account	5	0.0%	881	5	886
Human Settlement Development Grant (HSDG)		Call Account	Call Account	Call Account	90	0.9%	16 239	90	16 329
Intergrated Electrification Programme (INEP)		Call Account	Call Account	Call Account	200	2.0%	31 218	19	31 237
Trust Funds		Call Account	Call Account	Call Account	8	0.1%	1 358	8	1 365
Vuna Awards		Call Account	Call Account	Call Account	6	0.1%	1 063	6	1 069
Aids & Training Information Centre (ATIC)		Call Account	Call Account	Call Account	51	0.5%	9 119	51	9 169
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	0	0.0%	45	0	46
Department of Sports, Recreation & Culture (DSARC)		Call Account	Call Account	Call Account	1	0.0%	165	1	166
City of Leiden		Call Account	Call Account	Call Account	1	0.0%	187	1	188
Needscamp Planning		Call Account	Call Account	Call Account	6	0.1%	1 078	6	1 084
Umsobomvu Youth Fund (UYF)		Call Account	Call Account	Call Account	2	0.0%	270	2	272

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands									
Municipality									
Land Affairs - East Bank		Call Account	Call Account	Call Account	448	4.4%	80 450	448	80 898
Land Affairs West Bank		Call Account	Call Account	Call Account	264	2.6%	41 218	264	41 482
European Commission		Call Account	Call Account	Call Account	6	0.1%	1 062	6	1 068
Salaida		Call Account	Call Account	Call Account	12	0.1%	1 816	12	1 828
Electricity Demand Management Grant		Call Account	Call Account	Call Account	0	0.0%	2	0	2
ADM Funding		Call Account	Call Account	Call Account	10	0.1%	1 739	10	1 748
Urban Settlelement Development Grant		Call Account	Call Account	Call Account	232	2.3%	53 487	(27 768)	25 720
Urban Settlelement Development Grant		Call Account	Call Account	Call Account	278	2.7%	60 706	(25 501)	35 205
Urban Settlelement Development Grant		Call Account	Call Account	Call Account	352	3.5%	63 332	352	63 684
Urban Settlelement Development Grant		Call Account	Call Account	Call Account	311	3.1%	56 293	311	56 604
Infrastructure Skills Development Grant		Call Account	Call Account	Call Account	44	0.4%	7 926	(212)	7 715
Infrastructure Development Levy		Call Account	Call Account	Call Account	1	0.0%	150	1	151
Bcmet		Call Account	Call Account	Call Account	3	0.0%	507	3	510
Expanded Public Works Programme		Call Account	Call Account	Call Account	7	0.1%	1 244	7	1 251
Intergrated City Development Grant		Call Account	Call Account	Call Account	25	0.3%	4 870	(1 173)	3 697
City of Oldenburg		Call Account	Call Account	Call Account	3	0.0%	550	3	553
Public Transport Network Grant		Call Account	Call Account	Call Account	266	2.6%	47 767	190	47 957
Capital Replacement Reserve (CRR)		Call Account	Call Account	Call Account	359	3.6%	56 128	359	56 488
Mayoral Projects (CRR)		Call Account	Call Account	Call Account	7	0.1%	1 140	7	1 147
Own Funds		Call Account	Call Account	Call Account	67	0.7%	26 013	(14 933)	11 080
Own Funds		Call Account	Call Account	Call Account	411	4.1%	88 332	(24 589)	63 743

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment Yrs/Months	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
R thousands									
Municipality									
Own Funds		Call Account	Call Account	Call Account	251	2.5%	45 097	251	45 348
Own Funds		Call Account	Call Account	Call Account	177	1.8%	31 865	177	32 042
Own Funds		Call Account	Call Account	Call Account	737	7.3%	185 003	(54 263)	130 740
Own Funds - CRR		Call Account	Call Account	Call Account	1 032	10.2%	186 979	1 032	188 011
Own Funds - CRR		Call Account	Call Account	Call Account	191	1.9%	34 345	191	34 537
Own Funds - CRR		Call Account	Call Account	Call Account	171	1.7%	30 712	171	30 883
Own Funds - CRR		Call Account	Call Account	Call Account	309	3.1%	55 517	309	55 826
Own Funds - CRR		Call Account	Call Account	Call Account	275	2.7%	49 513	275	49 788
Own Funds (Depreciation)		Call Account	Call Account	Call Account	1 613	16.0%	291 414	(45 387)	246 027
Own Funds (Depreciation)		Call Account	Call Account	Call Account	821	8.1%	149 160	(48 179)	100 981
Own Funds (Depreciation)		Call Account	Call Account	Call Account	647	6.4%	118 115	(53 353)	64 762
Housing Development		Call Account	Call Account	Call Account	15	0.1%	2 609	15	2 623
Municipality sub-total					10 110		1 908 339	(290 379)	1 617 960
Entities									
N/A									
Entities sub-total					-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2				10 110		1 908 339	(290 379)	1 617 960

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

BUF Buffalo City - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M04 October										
Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									%	
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		-	1 260 713	1 260 713	-	457 897	458 887	(990)	-	1 260 713
Local Government Equitable Share			705 277	705 277	-	293 866	293 866	-		705 277
Urban Settlement Development Grant			63 044	63 044	-	-	-	-		63 044
Finance Management			1 200	1 200	-	1 200	1 200	-		1 200
EPWP Incentive			4 952	4 952	-	1 238	2 228	(990)		4 952
Infrastructure Skills Development Grant			10 560	10 560	-	5 600	5 600	-		10 560
Public Transport Network Grant			7 702	7 702	-	-	-	-		7 702
General Fuel Levy			467 978	467 978	-	155 993	155 993	-		467 978
Other transfers and grants [insert description]										
Provincial Government:		-	105 800	106 154	-	58 393	35 385	23 009	65.0%	105 800
DSRAC - Library Subsidy			15 000	15 000	-	-	5 000	(5 000)	-100.0%	15 000
Department of Public Works			-	354	-	-	118	(118)	-100.0%	-
Human Settlement Development Grant	4		90 800	90 800	-	58 393	30 267	28 127	92.9%	90 800
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Health Subsidy - Environmental Health			-	-	-	-	-	-	-	-
Other grant providers:		-	1 593	2 178	-	1 226	726	500	68.9%	1 593
SETA - Skills Development			-	-	-	1 226	-	-		-
Donor Funding - Leiden			138	138	-	-	46	(12)	-100.0%	138
Salaida / Gavle			1 455	1 544	-	-	515	(121)	-100.0%	1 455
City of Oldenburg			-	496	-	-	165	-		-
[insert description]			-	-	-	-	-	-		-
Total Operating Transfers and Grants	5	-	1 368 106	1 369 045	-	517 517	494 998	22 519	4.5%	1 368 106
Capital Transfers and Grants										
National Government:		-	795 307	795 307	13 967	266 950	262 983	(17 445)	-6.6%	795 307
Urban Settlement Development Grant			705 084	705 084	-	230 438	230 438	-		705 084
Public Transport Network Grant			48 167	48 167	13 967	27 934	13 967	(13 967)	-100.0%	48 167
Neighbourhood Development Partnership			10 000	10 000	-	-	-	-		10 000
Integrated National Electrification Programme			25 000	25 000	-	5 000	15 000	-		25 000
Finance Management Grant			100	100	-	100	100	-		100
Integrated City Development Grant			6 956	6 956	-	3 478	3 478	(3 478)	-100.0%	6 956
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	9 036	-	-	3 012	(3 012)	-100.0%	-
Dept of Local Government and Traditional Affairs			-	9 036	-	-	3 012	-		-
District Municipality:		-	-	-	-	-	-	-	-	-
Health Subsidy - Environmental Health			-	-	-	-	-	-	-	-
Other grant providers:		-	-	229	-	-	76	(76)	-100.0%	-
Salaida / Gavle			-	229	-	-	76	-		-
Total Capital Transfers and Grants	5	-	795 307	804 572	13 967	266 950	266 071	(20 533)	-7.7%	795 307
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	-	2 163 413	2 173 617	13 967	784 467	761 069	1 986	0.3%	2 163 413

11.1 Expenditure On Conditional Grants (DoRA Allocation)

The Metro has spent 22% (R195.91 million, inclusive of reclaimed vat) of its 2017/2018 conditional grants budget of R882.77 million as at 31 October 2017. This reflects an improvement in both percentage and rand value terms when compared to the same period in the previous financial year where 17% (R143.61 million, inclusive of reclaimed of vat) of conditional grants budget of R828.70 million was spent. Based on past expenditure trends, it is anticipated that the expenditure will improve as the year progresses once the procurement processes have been concluded.

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

Table 18: Spending per Conditional Grant Funding Allocation

Funding	<u>2017/2018 Approved Budget</u>	<u>YTD Expenditur e (incl. VAT)</u>	<u>Variance (incl. VAT)</u>	<u>% Expenditur e (incl. VAT)</u>
Integrated National Electrification Programme Grant	25 000 000	0	25 000 000	0%
Finance Management Grant	1 300 000	420 569	879 431	32%
Infrastructure Skills Development Grant	10 560 000	2 529 340	8 030 660	24%
Urban Settlement Development Grant	768 128 000	178 319 297	589 808 703	23%
Neighbourhood Development Partnership Grant	10 000 000	0	10 000 000	0%
Integrated City Development Grant	6 956 000	6 956 000	0	100%
Expanded Public Works Programme Grant	4 952 000	300 071	4 651 929	6%
Public Transport Network Grant	55 869 000	7 383 225	48 485 775	13%
TOTAL CONDITIONAL GRANTS	882 765 000	195 908 502	686 856 498	22%

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

11.1.1. INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

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

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

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

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

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

AREA	CONNECTIONS	FUNDS
Buffer Strip Mdantsane	117(Infills)	R 818 500.00
Fynbos/Scenery Park	197	R 2 856 500.00
Phakamisa	250	R 3 625 000.00
TOTAL	564	R 7 300 000.00

11.1.2. FINANCE MANAGEMENT GRANT

There are nine (9) interns serving on the internship programme. The interns are being remunerated accordingly. Furthermore, the grant will be utilised for the payment of the Municipal Finance Management Programme (MFMP) for three interns that will be enrolled into the program this financial year.

11.1.3. INFRASTRUCURE SKILLS DEVELOPMENT GRANT (ISDG)

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

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

11.1.4. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

INFRASTRUCTURE SERVICES

Sanitation

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

Electricity

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

SPATIAL PLANNING & DEVELOPMENT

Needs Camp / Potsdam Bridge

The construction tender was awarded on the 09 December 2016. One of the losing bidders contested the award and has recently withdrawn the appeal. Construction was meant to commence late in April 2017 but due to the Department of Labour delaying to issue a construction permit, which was only issued on 9 June 2017, the contractor only commenced on the 21st June 2017 and the first invoice was received during the month of August 2017. The construction is progressing as scheduled.

Traffic signals

The notice of termination due to poor performance has been sent to the service provider and the termination process should be completed by the end of November 2017. Procurement process to replace the non performing consultant will be initiated by December 2017 to undertake the designs for the Amalinda Main Road/Cycle track, Dice Mdantsane Access Road intersections.

Traffic calming measures

The contract was advertised on 02 September 2016, it closed on 04 October 2016 and was awarded on 27 June 2017. The orders cannot be generated as the contractor is currently not tax compliant. The contractor submitted the outstanding information to SARS on the 2nd of October 2017.

Sidewalks

The contract for the construction of sidewalks has not been awarded. However, the transport planning department and operations department is busy completing its own Bid document which will be complete by not later than the 2nd quarter.

ECONOMIC DEVELOPMENT AND AGENCIES

Construction of pallet zones in the Market

The contractor is busy preparing the foundation to erect the steel poles. Once the poles have been erected the project will progress faster and expenditure will increase.

Upgrading of cold rooms at Fresh Produce Market

Project has been completed.

HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES

Construction is progressing well. Completion of concrete work & exterior outer frame as at end of October 2017. Contractors currently busy with the concrete part of the roofing structure. Construction is eight weeks ahead of schedule & total of 60% completed to date.

MUNICIPAL SERVICES

Tender has been awarded, construction work permit granted on the 6 November 2017, contractor will commence with site establishment on 13 November 2017.

11.1.6 PUBLIC TRANSPORT NETWORK GRANT

Transport Register

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

Operational plan review of integrated rapid public transport network

The service provider started with the works during the month of July 2017 and work is scheduled to be completed over a period of 12 months. Expenditure is expected to increase in February 2018.

Qumza Highway

The contractor is on site as of July 2017 but has experienced delays due to the removal of the existing street lights and installation of new street lights. The contractor has been allocated a new area to work on but is not complying with Occupational Health and Safety requirements. A meeting was held on 26 September 2017 with the contractor to address non-compliance of Occupational Health and Safety requirements. Construction started in October 2017 and they will increase workflow on weekends and

also subconsultants for water and electricity will start their activities so as to accelerate expenditure.

Development and Upgrading of Public Transport Facilities in KWT

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

11.1.6.1 EXPANDED PUBLIC WORKS PROGRAMME

The project started late due to the following reasons:

- Recruitment of new participants
- Registration of new participants into the municipality EPWP payroll
- Registration of project into the EPWP reporting system

The recruitment process has been finalised and expenditure will improve from the month of November 2017 onwards.

12. COUNCILLOR AND EMPLOYEE BENEFITS

12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and Councillors remuneration. The workforce costs as a percentage of total expenditure amounted to 30.52% and this is expected to decrease to the budgeted rate of 29.02% as the year progresses.

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

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M04 October										
Summary of Employee and Councillor remuneration	Ref	2016/17			Budget Year 2017/18					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C					%	D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		–	36 515	36 515	2 607	10 373	11 761	(1 388)	-12%	36 515
Pension and UIF Contributions		–	3 754	3 754	312	1 249	1 209	40	3%	3 754
Medical Aid Contributions		–	2 134	2 134	175	698	687	11	2%	2 134
Motor Vehicle Allowance		–	14 405	14 405	1 062	4 257	4 640	(382)	-8%	14 405
Cellphone Allowance		–	2 447	2 447	187	756	788	(32)	-4%	2 447
Housing Allowances		–	3 144	3 144	187	735	1 013	(277)	-27%	3 144
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		–	62 398	62 398	4 530	18 068	20 098	(2 030)	-10%	62 398
% increase	4									
Senior Managers of the Municipality										
Basic Salaries and Wages		–	13 873	13 873	638	2 676	4 512	(1 837)	-41%	13 873
Pension and UIF Contributions		–	2 701	2 701	103	414	879	(465)	-53%	2 701
Medical Aid Contributions		–	255	255	16	64	83	(19)	-23%	255
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	2 974	2 974	121	520	967	(447)	-46%	2 974
Cellphone Allowance		–	–	–	16	69	–	69	#DIV/0!	–
Housing Allowances		–	469	469	–	–	152	(152)	-100%	469
Other benefits and allowances		–	3 002	3 002	5	37	976	(939)	-96%	3 002
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		–	23 273	23 273	898	3 780	7 570	(3 790)	-50%	23 273
% increase	4		#DIV/0!	#DIV/0!						#DIV/0!
Other Municipal Staff										
Basic Salaries and Wages		–	1 040 488	1 040 488	91 594	362 832	338 438	24 393	7%	1 040 488
Pension and UIF Contributions		–	198 248	198 248	18 677	74 840	64 484	10 356	16%	198 248
Medical Aid Contributions		–	93 096	93 096	6 890	27 506	30 281	(2 775)	-9%	93 096
Overtime		–	73 819	73 819	11 174	43 209	24 011	19 198	80%	73 819
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	33 980	33 980	2 202	8 831	11 053	(2 222)	-20%	33 980
Cellphone Allowance		–	4 392	4 392	355	1 381	1 428	(48)	-3%	4 392
Housing Allowances		–	17 020	17 020	637	2 556	5 536	(2 979)	-54%	17 020
Other benefits and allowances		–	202 137	202 137	14 576	62 504	65 749	(3 245)	-5%	202 137
Payments in lieu of leave		–	18 327	18 327	(1)	61	5 961	(5 900)	-99%	18 327
Long service awards		–	21 399	21 399	1 870	7 457	6 960	497	7%	21 399
Post-retirement benefit obligations	2	–	7 143	7 143	6	25	2 323	(2 298)	-99%	7 143
Sub Total - Other Municipal Staff		–	1 710 048	1 710 048	147 979	591 203	556 225	34 978	6%	1 710 048
% increase	4		#DIV/0!	#DIV/0!						#DIV/0!
Total Parent Municipality		–	1 795 719	1 795 719	153 408	613 052	583 893	29 159	5%	1 795 719
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS										
		–	1 795 719	1 795 719	153 408	613 052	583 893	29 159	0	1 795 719
% increase	4									
TOTAL MANAGERS AND STAFF		–	1 733 321	1 733 321	148 877	594 984	563 795	31 188	(0)	1 733 321

12.2. Overtime Analysis

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

Table 20: Overtime per Directorate

Directorate Overtime	2017/18 Annual Budget R	2017/18 YTD Budget R	2017/18 YTD Expenditure R	2016/2017 Variance R	2017/18 % of YTD Budget %
Directorate Of Executive Support Services	1 903 985	634 662	1 213 863	(579 201)	191%
Directorate Of The City Manager	501 064	167 021	158 911	8 111	95%
Directorate Of Corporate Services	525 188	175 063	298 510	(123 448)	171%
Directorate Of Development & Spatial Planning	704 956	234 985	81 659	153 327	35%
Directorate Of Economic Development & Agencies	530 085	176 695	99 065	77 630	56%
Directorate Of Finance	1 536 378	512 126	1 230 358	(718 232)	240%
Directorate Of Health / Public Safety & Emergency Services	27 906 579	9 302 193	12 189 477	(2 887 284)	131%
Directorate Of Human Settlement Services	115 256	38 419	2 823	35 596	7%
Directorate Of Infrastructure Services	19 370 795	6 456 932	14 001 384	(7 544 453)	217%
<i>Electricity</i>	8 753 148	2 917 716	4 806 780	(1 889 064)	165%
<i>Water</i>	3 790 350	1 263 450	4 838 556	(3 575 106)	383%
<i>Sanitation</i>	5 602 537	1 867 512	4 072 329	(2 204 816)	218%
<i>Other</i>	1 224 760	408 253	283 720	124 534	69%
Directorate Of Municipal Services	22 930 342	7 643 447	13 933 151	(6 289 703)	182%
Total	76 024 628	25 341 543	43 209 200	(17 867 658)	171%

Table 21: Overtime Per Cost Centre: August 2017 – October 2017

		August 2017 Amount	September 2017 Amount	October 2017 Amount
	Directorate -Executive Support Services			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	166 953.48	274 056.77	289 411.78
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	0	33 856.72	22 451.82
0523	IDP & BUDGET INTEGRATION	10 082.27	889.80	0
0526	IEMP & SUSTAINABLE DEVELOPMENT	0	679.68	0
0531	POLITICAL OFFICE ADMINISTRATION	0	981.65	0
0536	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	7 649.54	1 420.72	9 448.51
0542	SPECIAL PROGRAMMES	5 814.90	6 091.80	5 538.00
		190 500.19	317 977.14	326 850.11
	DIRECTORATE OF THE CITY MANAGER			
1005	OFFICE OF THE CITY MANAGER	19 321.06	25 113.43	34 805.07
1015	INFORMATION / TECHNOLOGY & SUPPORT	34 709.97	23 615.88	33 494.89
		54 031.03	48 729.31	68 299.96
	DIRECTORATE OF CORPORATE SERVICES			
1505	OFFICE OF THE DIRECTOR CORPORATE SERVICES	0	1 001.88	0
1512	ADMINISTRATIVE & CORPORATE SUPPORT	10 343.00	7 175.66	0
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	30 111.96	37 638.23	0
1531	HUMAN RESOURCES MANAGEMENT	23 225.60	6 803.96	2 480.98
1532	ADMINISTRATIVE SUPPORT	9 730.80	3 243.60	3 243.60
		73 411.36	55 863.33	5 724.58
	DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING			
2013	CITY & REGIONAL PLANNING	0	5 622.49	8 077.38
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	12 128.03	0	8 054.62
2037	TRAFFIC MANAGEMENT & SAFETY	12 848.91	10 018.95	0
2045	TOWNSHIP REGENERATION	0	0	1 161.99
		24 976.94	15 641.44	17 293.99
	DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES			
2511	FRESH PRODUCE MARKET	8 264.73	30 364.22	26 669.53
		8 264.73	30 364.22	26 669.53

		August 2017 Amount	September 2017 Amount	October 2017 Amount
	DIRECTORATE OF FINANCE			
3011	BUDGET & TREASURY MANAGEMENT	27 080.78	0	7 743.34
3031	EXPENDITURE & PAYMENTS MANAGEMENT	10 561.74	26 554.47	20 594.18
3033	PAYROLL & BENEFITS	3 219.85	5 238.29	0
3034	VAT / LEASES & PAYMENTS	29 701.81	6 138.90	2 576.28
3051	REVENUE MANAGEMENT	154 730.81	17 395.15	5 436.99
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	173 017.94	127 013.00	127 552.02
3053	COASTAL REVENUE MANAGEMENT	128 087.81	31 674.16	22 678.83
3054	CUSTOMER RELATIONS (CALL CENTRE)	5 385.68	0	0
3057	RATES & VALUATIONS	4 603.91	0	0
3061	STRATEGY & OPERATIONS	1 159.80	1 159.80	1 739.70
3071	SUPPLY CHAIN MANAGEMENT	11 994.70	0	0
		549 544.83	215 173.77	188 321.34
	DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES			
3512	DISASTER MANAGEMENT	4 775.59	7 761.35	8 865.42
3513	FIRE & RESCUE	446 483.09	370 906.28	584 315.78
3521	MUNICIPAL HEALTH SERVICES	14 491.83	8 611.02	13 655.76
3530	GM - PUBLIC SAFETY & PROTECTION SERVICES	0	64 197.61	0
3531	PUBLIC SAFETY & PROTECTION SERVICES	67 892.89	0	66 511.66
3532	LAW ENFORCEMENT SERVICES	1 437 388.03	1 532 438.74	1 736 491.62
3533	TRAFFIC SERVICES	593 387.39	653 440.97	582 587.86
		2 564 418.82	2 637 355.97	2 992 428.10
	DIRECTORATE OF HUMAN SETTLEMENT			
4005	OFFICE OF THE DIRECTOR OF HUMAN SETTLEMENT	0	0	2 823.00
		0	0	2 823.00
	DIRECTORATE OF INFRASTRUCTURE SERVICES			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	2 564.70	2 821.17	2 051.76
4511	ELECTRICAL & ENERGY SERVICES	2 193.59	2 149.35	2 069.55
4512	CUSTOMER SERVICES & REVENUE PROTECTION	92 092.88	99 723.79	103 795.41
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	2 815.23	2 740.85	2 661.05
4514	ELECTRICAL DISTRIBUTION	971 979.49	1 064 806.27	1 152 865.98
4522	CONSTRUCTION	0	0	12 402.92
4524	ROADS		14 230.14	17 373.85
4532	SANITATION	981 298.89	951 119.61	971 838.12
4535	WATER SERVICES	1 195 212.97	1 127 996.77	1 182 850.60

		August 2017 Amount	September 2017 Amount	October 2017 Amount
4542	FLEET SERVICES & PLANT	936.98	0	0
4543	WORKSHOPS	31 970.39	53 004.64	53 177.12
		3 281 065.12	3 318 592.59	3 501 086.36
	DIRECTORATE OF MUNICIPAL SERVICES			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	30 366.16	5 414.31	6 836.13
5011	COMMUNITY AMENITIES	23 799.25	23 059.90	28 556.09
5013	LIBRARIES	46 879.02	78 613.26	67 927.72
5014	HALLS	197 728.20	189 779.56	245 652.38
5015	RECREATION	368 828.29	362 632.84	375 977.36
5016	SPORTS FACILITIES	198 705.44	165 718.33	181 055.95
5022	CEMETRIES & CREMATORIA	332 366.60	266 452.14	325 625.77
5023	CONSERVATION	148 736.19	125 895.66	141 101.84
5024	PARKS: COASTAL	564 340.44	690 932.85	244 019.47
5031	SOLID WASTE MANAGEMENT	12 583.10	11 451.76	11 654.55
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 365 385.32	1 272 895.18	1 444 749.85
5035	LANDFILLS & TRANSFER STATIONS	136 063.98	118 231.46	131 750.48
		3 425 781.99	3 311 077.25	3 204 907.59
	TOTAL OVERTIME	10 171 995.01	9 950 775.02	10 334 404.56

12.2.1. Comments On Overtime

a) Directorate of Executive Support Services

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

b) Directorate of Corporate Services

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

c) Directorate of Finance

The over expenditure is due to the preparations of year end activities by Finance officials. Furthermore, there were delays in the ledger run due to finalisation of year-end processes and integration of systems into SOLAR and the budget office staff was required to work overtime in order to complete the monthly reporting timeously in order to adhere to the deadlines as per the Municipal Finance Management Act (MFMA).

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

d) Directorate of Infrastructure Services

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

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

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

Other – Overtime is due to roads maintenance emergencies due to inclement weather and aged road infrastructure network. Overtime was worked in coastal area during this month as there was a backlog in patching due to the small plant machine being broken.

e) Directorate of Health / Public Safety & Emergency Services

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

f) Directorate of Municipal Services

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

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

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

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

12.3. Standby and Shift Allowance Analysis

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past three months ended 31 October 2017. There was an increase in the total payment between August 2017 and September 2017 of R163 782 and decrease in the total payment between September 2017 and October 2017 of R102 669.

Table 22: Standby & Shift Allowance per Directorate

	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017
Directorate of Executive Support Services	3 234	4 603	9 005
Directorate of the City Manager	44 365	35 643	38 605
Directorate of Corporate Services	1 036	1 504	96
Directorate of Development & Spatial Planning	12 207	10 710	7 504
Directorate Economic Development & Agencies	615	1 461	1 576
Directorate of Finance	18 886	19 985	18 483
Directorate of Health/Public Safety and Emergency Services	681 974	703 427	682 956
Directorate of Human Settlement	-	-	-
Directorate of Infrastructure Services	671 278	716 640	695 052
Directorate of Municipal Services	248 798	352 202	290 230
TOTAL	1 682 393	1 846 175	1 743 506

12.4. Cost of Temporary Staff

The total payment of Temporary Staff for the months of August 2017, September 2017 and October 2017 is reflected above. There was an increase in the total payment between August 2017 and September 2017 of R540 903 and an increase in the total payment between September 2017 and October 2017 of R120 829.

Table 23: Temporary Staff per Directorate

	AUGUST	SEPTEMBER	OCTOBER
	2017	2017	2017
Directorate of Executive Support Services	424 919	488 477	549 606
Directorate of the City Manager	213 692	262 237	215 555
Directorate of Corporate Services	1 306 759	1 374 826	1 453 357
Directorate of Development & Spatial Planning	167 704	144 351	189 202
Directorate Economic Development & Agencies	17 342	17 767	15 850
Directorate of Finance	406 839	698 399	643 901
Directorate of Health/Public Safety Emergency Services	213 802	217 009	345 061
Directorate of Human Settlement	146 508	146 351	150 914
Directorate of Infrastructure Services	205 726	251 390	189 244
Directorate of Municipal Services	2 496 629	2 540 016	2 508 964
TOTAL	5 599 922	6 140 824	6 261 653

12.5. Councillors Costs

The table below shows the budget and expenditure to date for councillors' costs. The year to date budget of R20.7 million less the year to date expenditure of R18.62 million leaves a variance of R2.1 million.

Table 24: Councillors Costs

Councillors Costs	2017/2018 Annual Budget R	2017/2018 YTD Budget R	2017/2018 YTD Expenditure R	2017/2018 Variance R	2017/2018 Variance %
Councillors Allowances	44 492 267	14 830 756	11 686 529	3 144 227	21.20
Housing Allowance	0	0	735 495	(735 495)	0.00
Medical Aid Allowance	1 773 192	591 064	697 908	(106 844)	(18.08)
Pension Allowance	3 761 772	1 253 924	1 248 553	5 371	0.43
Travel Allowance	12 370 884	4 123 628	4 257 444	(133 816)	(3.25)
Total	62 398 115	20 799 372	18 625 929	2 173 443	10.45

13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

BCMDA has spent R5.57 million (17%) of its 2017/2018 operating budget of R33.16 million. The expenditure at this point of the financial year is below target.

Table 25: Monthly Budget Statement – summary of municipal entity

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Interest earned - external investments			238	238	16	55	60	(5)	-8%	238
Transfers recognised - operational			22 138	22 138	-	5 066	5 534	(469)	-8%	22 138
Agency services			3 630	3 630	-	-	907	(907)	-100%	3 630
Other revenue			7 154	7 154	220	518	1 789	(1 270)	-71%	7 154
Total Operating Revenue	1	-	33 160	33 160	236	5 639	8 290	(2 651)	-32%	33 160
Expenditure By Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Employee related costs			15 178	15 178	1 387	4 350	3 795	556	15%	15 178
Remuneration of Directors			850	850	46	187	213	(26)	-12%	850
Depreciation & asset impairment			471	471	68	202	118	84	71%	471
Finance charges			2	2	-	-	0	(0)	-100%	2
Other expenditure			16 659	16 659	155	826	4 165	(3 339)	-80%	16 659
Total Operating Expenditure	2	-	33 160	33 160	1 656	5 565	8 290	(2 725)	-33%	33 160
Surplus/ (Deficit) for the yr/period		-	0	0	(1 420)	74	0	(5 376)	-1886311%	0
Capital Expenditure By Municipal Entity										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Transfers recognised - capital			962	-	181	186	241	(55)	-23%	962
Contributions recognised - capital										
Contributed assets										
Total Capital Expenditure	3	-	962	-	181	186	241	(55)	-23%	962

A detailed analysis of the entity's performance for month ended 31 October 2017 is outlined in the attached Annexure F.

14. CAPITAL PROGRAMME PERFORMANCE

BCMM has spent 14% (R231.79 million, inclusive of reclaimed vat) of its 2017/18 adjusted capital budget of R1.71 billion as at 31 October 2017. This depicts a slight improvement when compared to the same period in the previous financial year where 13% (R220.63 million, inclusive of reclaimed vat) of the adjusted budget of R1.69 billion was spent. Based on the past performance trends, expenditure is expected to progressively improve during the year once the procurement processes have been concluded. Refer to Annexure A – C5 for the breakdown per

municipal vote, standard classification & funding; Annexure B – SC12 for monthly expenditure trends; SC13a for breakdown of asset classification for new assets and SC13b for breakdown on asset classification on renewal of existing asset).

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

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

Table 26: Capital Expenditure per Funding Source against Budget

Funding	2017/2018 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Total Own Funding	908 991 209	65 004 045	843 987 164	7%
DoE(Integrated National Electrification Programme)	25 000 000	0	25 000 000	0%
Finance Management Grant	100 000	0	100 000	0%
Galve c/o	229 000	0	229 000	0%
Integrated City Development Grant	6 956 000	6 956 000	0	100%
Local Government & Traditional Affairs c/o	9 036 112	0	9 036 112	0%
Neighbourhood Development Partnership Grant	10 000 000	0	10 000 000	0%
Urban Settlement Development Grant	705 084 160	153 469 527	551 614 633	22%
Public Transport Infrastructure Grant	48 167 000	6 359 742	41 807 258	13%
Total Grants	804 572 272	166 785 269	637 787 003	21%
TOTAL PER FUNDING	1 713 563 481	231 789 314	1 481 774 167	14%

Table 27 below reflects capital expenditure performance per service.

Table 27: Actual Expenditure per Service against Budget

Services	2017/2018 Rollover Adjustment Budget	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Water	130 000 000	42 120 600	87 879 400	32%
Waste Water	283 698 323	60 882 569	222 815 754	21%
Electricity	148 000 000	10 107 372	137 892 628	7%
Roads and Stormwater	270 956 000	46 823 973	224 132 027	17%
Housing	185 855 000	20 341 964	165 513 036	11%
Transport Planning	142 553 112	19 884 572	122 668 541	14%
Local Economic Development	59 097 779	8 000 023	51 097 756	14%
Spatial Planning	62 704 000	2 718 867	59 985 133	4%
Waste Management / Refuse	65 821 640	263 909	65 557 731	0%
Amenities	102 458 023	3 250 394	99 207 629	3%
Public Safety	40 679 410	4 781 666	35 897 744	12%
Support Services	167 981 785	4 364 733	163 617 052	3%
Other - BCM Fleet	28 758 409	8 248 673	20 509 736	29%
BCMDA - Water World project	25 000 000	0	25 000 000	0%
GRAND - TOTAL	1 713 563 481	231 789 314	1 481 774 167	14%

Table 28 below reflects capital expenditure performance per directorate.

Table 28: Actual Expenditure per Directorate against Budget

Directorate	<u>2017/2018</u> <u>Rollover</u> <u>Adjustment</u> <u>Budget</u>	YTD Expenditure (incl. VAT)	Variance (incl. VAT)	% Expenditure (incl. VAT)
Executive Support Services	6 729 240	841 950	5 887 290	13%
Municipal Manager's Office	39 109 286	572 128	38 537 158	1%
Human Settlements	186 775 242	20 341 964	166 433 278	11%
Directorate of Financial Services	87 820 000	2 518 955	85 301 045	3%
Directorate of Corporate Services	8 337 104	176 375	8 160 729	2%
Directorate of Infrastructure Services	861 912 732	168 205 002	693 707 730	20%
Development and Spatial Planning	218 757 112	22 751 069	196 006 043	10%
Directorate of Economic Development	59 597 779	8 050 653	51 547 126	14%
Directorate of Health & Public Safety	41 245 323	4 797 939	36 447 384	12%
Directorate of Municipal Services	168 279 663	3 514 303	164 765 360	2%
TOTAL DIRECTORATES	1 678 563 481	231 770 338	1 446 793 143	14%
Asset Replacement	10 000 000	18 976	9 981 024	0%
BCMDA - Water World project	25 000 000	0	25 000 000	0%
GRAND - TOTAL	1 713 563 481	231 789 314	1 481 774 167	14%

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

Table 29: SC12 Monthly Budget Statement – capital expenditure trend

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

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

15. OTHER SUPPORTING DOCUMENTS

15.1. Operating Projects Expenditure

The Metro has spent 19% (R56.83 million) inclusive of reclaimed vat of its 2017/18 adjusted operating projects budget of R300.91 million as at 31 October 2017. This depicts an improvement when compared to the same period in the previous financial year where 15% (R50.61million inclusive of reclaimed vat) of the adjusted operating projects budget of R327.39 million was spent. Based on the past performance trends, expenditure is expected to progressively improve during the year once the procurement processes have been concluded.

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

Tables 30 and 31 below summarise Annexure D.

Table 30: Operating Projects per Directorate

Directorate	<u>2017/2018 Rollover Opex Budget</u>	<u>YTD Expenditure (incl. vat)</u>	<u>Available Budget (incl. vat)</u>	<u>% Expenditure (incl. vat)</u>
Executive Support Services	5 822 639	466 626	5 356 013	8%
Municipal Manager's Office	46 784 665	10 932 772	35 851 893	23%
Human Settlements	91 300 000	3 083 049	88 216 951	3%
Directorate of Financial Services	47 950 000	6 105 300	41 844 700	13%
Directorate of Corporate Services	12 566 500	2 529 340	10 037 160	20%
Directorate of Infrastructure Services	43 995 761	21 138 225	22 857 536	48%
Development and Spatial Planning	9 152 000	1 757 971	7 394 029	19%
Directorate of Economic Development	26 977 504	4 642 878	22 334 626	17%
Directorate of Health & Public Safety	1 860 000	44 173	1 815 827	2%
Directorate of Municipal Services	14 503 653	6 130 700	8 372 953	42%
TOTAL PER DIRECTORATE	300 912 722	56 831 035	244 081 687	19%

Table 31: Operating Projects per Funding Source

<u>Funding</u>	<u>2017/2018 Rollover Opex Budget</u>	<u>YTD Expenditure (incl. vat)</u>	<u>Available Budget (incl. vat)</u>	<u>% Expenditure (incl. vat)</u>
Total Own Funding	120 122 829	24 563 575	95 559 254	20%
City of Oldenburg	495 761	0	495 761	0%
Department of Public Works	353 653	0	353 653	0%
Expanded Public Works Programme Incentives Grant	4 952 000	300 071	4 651 929	6%
Finance Management Grant	1 200 000	420 569	779 431	35%
Human Settlement Development Grant	90 800 000	3 083 049	87 716 951	3%
Infrastructure Skills Development Grant	10 560 000	2 529 340	8 030 660	24%
Leiden	138 207	0	138 207	0%
Public Transport Infrastructure Grant	7 702 000	1 023 483	6 678 517	13%
Salaida (Galve)	1 454 574	61 178	1 393 396	4%
Galve	89 858	0	89 858	0%
Urban Settlement Development Grant	63 043 840	24 849 769	38 194 071	39%
Total Grants	180 789 893	32 267 459	148 522 434	18%
TOTAL PER FUNDING	300 912 722	56 831 035	244 081 687	19%

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

16.1. Health / Public Safety & Emergency Services

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

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

Health & Public Safety	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES	0	845 666	64 458	0	910 123
GM - EMERGENCY SERVICES	(32 389 075)	26 868 033	10 757 756	251 350	37 877 140
EMERGENCY SERVICES	0	874 986	108 926	298	984 210
DISASTER MANAGEMENT	0	936 264	372 455	14 755	1 323 474
FIRE & RESCUE	(32 389 075)	25 056 783	10 276 376	236 298	35 569 456
GM - MUNICIPAL HEALTH SERVICES	(2 020)	10 013 102	1 018 413	33 354	11 064 870
MUNICIPAL HEALTH SERVICES					0
MUNICIPAL HEALTH SERVICES: COASTAL REGION	(2 020)	10 013 102	1 018 413	33 354	11 064 870
GM - PUBLIC SAFETY & PROTECTION SERVICES	(18 068 951)	73 227 280	5 813 335	726 378	79 766 992
PUBLIC SAFETY & PROTECTION SERVICES	(181 256)	5 326 577	1 735 764	434 222	7 496 564
LAW ENFORCEMENT SERVICES	0	42 632 610	1 504 341	290 305	44 427 256
TRAFFIC SERVICES	(17 887 695)	25 268 092	2 573 230	1 850	27 843 173
Total	(50 460 046)	110 954 081	17 653 962	1 011 083	129 619 125

16.2. Municipal Services

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

Table 33: Municipal Services – Cost Analysis

Municipal Services	Total Revenue	Employee Costs	Other Operating Expenditure	Repairs & Maintenance	Total Expenditure Excluding Capital
OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	0	3 811 810	356 089	8 692	4 176 591
GM - COMMUNITY AMENITIES	(1 200 664)	40 898 986	4 960 177	1 961 287	47 820 450
COMMUNITY AMENITIES	(67)	4 591 651	161 591	2 114	4 755 356
LIBRARIES	(279 985)	8 190 252	624 445	248 589	9 063 286
HALLS	(413 455)	6 873 143	822 282	288 358	7 983 783
RECREATION	(483 673)	12 914 292	815 889	451 864	14 182 045
SPORTS FACILITIES	(23 485)	8 329 647	2 535 971	970 362	11 835 980
					0
GM - PARKS / CEMETRIES & CONSERVATION	(4 468 148)	50 167 691	8 004 081	1 992 737	60 164 509
PARKS / CEMETRIES & CONSERVATION	0	1 934 711	48 463	0	1 983 174
CEMETRIES & CREMATORIA	(3 599 998)	7 869 962	2 578 836	375 274	10 824 072
CONSERVATION	(824 899)	6 014 841	725 532	15 465	6 755 838
PARKS: COASTAL	(43 252)	34 348 177	4 565 850	1 601 998	40 516 025
PARKS: MIDLAND	0	0	85 400	0	85 400
GM - SOLID WASTE MANAGEMENT	(148 153 439)	55 231 800	77 216 140	3 071 372	135 519 311
SOLID WASTE MANAGEMENT		4 353 037	9 296 381	2 941 616	16 591 034
CLEANSING & REFUSE REMOVAL: COASTAL	(147 112 447)	46 338 904	53 902 768	109 068	100 350 740
CLEANSING & REFUSE REMOVAL: INLAND	0	0	4 262 123	0	4 262 123
CLEANSING & REFUSE REMOVAL: MIDLAND	0	0	582 587	0	582 587
LANDFILLS & TRANSFER STATIONS	(1 040 993)	4 539 858	9 172 281	20 687	13 732 827
Total	(153 822 252)	150 110 286	90 536 488	7 034 087	247 680 861

17.MUNICIPAL MANAGER’S QUALITY CERTIFICATION

QUALITY CERTIFICATE

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

The monthly budget statement (Section 71 Report)

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

Print name: Andile Sihlahla

City Manager of Buffalo City Metropolitan Municipality, BUF

Signature:

Date:

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Annexure B

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- SC2 Performance Indicators
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Annexure C

Schedule of Borrowings

Annexure D

Operating expenditure report

Annexure E

Capital expenditure report

Annexure F

Buffalo City Metropolitan Development Agency Performance Report