

**REPORT TO EXECUTIVE MAYOR: 13 MARCH 2017**

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Author: ACTING CITY MANAGER (APPANA NAIDOO)/VP

**STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF  
THE 2016/17 BUDGET FOR THE PERIOD ENDED 28 FEBRUARY 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 2016/17 budget of the Buffalo City Metropolitan Municipality for the period ended 28 February 2017.

**2. AUTHORITY**

Executive Mayor

**3. LEGAL / STATUTORY REQUIREMENTS**

The Constitution of the Republic of South Africa, 1996

Municipal Finance Management Act No 56, 2003

Municipal Budget and Reporting Regulations, 2009

**4. BACKGROUND**

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

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

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

## **TABLE OF CONTENTS**

REPORT TO EXECUTIVE MAYOR: 13 MARCH 2017 . . . . .	1
1. PURPOSE.....	1
2. AUTHORITY .....	1
3. LEGAL / STATUTORY REQUIREMENTS .....	1
4. BACKGROUND .....	1
LIST OF TABLES . . . . .	3
PART 1: IN-YEAR REPORT . . . . .	4
5. RESOLUTIONS .....	5
6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE PERIOD ENDED 28 FEBRUARY 2017 .....	6
7. IN-YEAR BUDGET STATEMENT MAIN TABLES .....	10
PART 2: SUPPORTING DOCUMENTATION.....	21
8. IN-YEAR BUDGET STATEMENT SUPPORTING TABLES AND DOCUMENTATION .....	22
9. CREDITORS' ANALYSIS.....	26
10. INVESTMENT PORTFOLIO ANALYSIS .....	28
11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE.....	31
12. COUNCILLOR AND EMPLOYEE BENEFITS .....	36
13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE .....	44
14. CAPITAL PROGRAMME PERFORMANCE.....	45
15. OTHER SUPPORTING DOCUMENTS.....	51
16. INCOME AND EXPENDITURE REPORTS FOR DIRECTORATE OF HEALTH / PUBLIC SAFETY & EMERGENCY SERVICES AND MUNICIPAL SERVICES .....	53
17. MUNICIPAL MANAGER'S QUALITY CERTIFICATION.....	55
ANNEXURES: .....	56

## **LIST OF TABLES**

<b>Table 1: Performance Summary</b> . . . . .	6
Table 2:C1: Monthly Budget Statement Summary . . . . .	10
Table 3: C2: Monthly Budget Statement – Financial Performance (standard classification) . . . . .	11
Table 4: C3: Monthly Budget Statement – Financial Performance (Revenue and expenditure by municipal vote) . . . . .	12
Table 5: C4: Monthly Budget Statement – Financial Performance (Revenue by Source and Expenditure by Type) . . . . .	13
Table 6: Repairs and Maintenance per Directorate . . . . .	17
Table 7: C5: Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding) . . . . .	18
Table 8: C6: Monthly Budget Statement – Financial Position . . . . .	19
Table 9: C7: Monthly Budget Statement – Cash Flow . . . . .	20
Table 10: SC3 Monthly Budget Statement Aged Debtors . . . . .	22
Table 11: Debtor’s Age Analysis by Income Source Comparison . . . . .	23
Table 12: Age Analysis per Category Type . . . . .	24
Table 13: Analysis of Government Debtors . . . . .	25
Table 14: SC4 Monthly Budget Statement Aged Creditors . . . . .	26
Table 15: Payments made to the 20 highest paid creditors – February 2017 . . . . .	27
Table 16: SC5 Monthly Budget Statement – investment portfolio . . . . .	28
Table 17: SC7 Monthly Budget Statement – transfers and grants expenditure . . . . .	31
Table 18: Spending per Conditional Grant Funding Allocation . . . . .	32
Table 19: SC8 Monthly Budget Statement – Councilor and Staff Benefits . . . . .	36
Table 20: Overtime per Directorate . . . . .	37
Table 21: Overtime Per Cost Centre: December 2016 – February 2017 . . . . .	38
Table 22: Standby & Shift Allowance per Directorate . . . . .	42
Table 23: Temporary Staff per Directorate . . . . .	43
Table 24: Councillors Costs . . . . .	43
Table 25: Monthly Budget Statement – summary of municipal entity . . . . .	44
Table 26: Capital Expenditure per Funding Source against Budget . . . . .	46
Table 27: Actual Expenditure per Service against Budget . . . . .	47
Table 28: Actual Expenditure per Directorate against Budget . . . . .	47
Table 29: SC12 Monthly budget Statement – capital expenditure trend . . . . .	48
Table 30: SC13a Monthly budget Statement – capital expenditure on new assets by asset class . . . . .	49
Table 31: SC13b Monthly budget Statement – capital expenditure on renewal of existing assets by asset class . . . . .	50
Table 32: Operating Projects per Directorate . . . . .	51
Table 33: Operating Projects per Funding Source . . . . .	52
Table 34: Health / Public Safety & Emergency Services – Cost Analysis . . . . .	53
Table 35: Municipal Services – Cost Analysis . . . . .	54

# **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 2016/17 budget for the period ended 28 February 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 28 February 2017 of 87%.

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**ACTING CITY MANAGER**

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**DATE**

**6. EXECUTIVE SUMMARY ON THE IMPLEMENTATION OF THE BUDGET AND  
THE FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY FOR THE  
PERIOD ENDED 28 FEBRUARY 2017**

**6.1. Dashboard / Performance Summary**

**Table 1: Performance Summary**

OVERALL OPERATING RESULTS		CASH MANAGEMENT	
Income	R 3,857,659,329	Bank Balance	R 366,016,516
Expenditure	(R 3,736,549,310)	Call investments (excl. int.)	R 2,093,937,574
Operating Surplus	R 121,110,019	<b>Cash and cash equivalents</b>	<b>R 2,459,954,090</b>
Transfers Recognised - Capital	R 332,416,359	<i>Account Payables</i>	(R 450,213,947)
Surplus After Capital Transfers	R 453,526,378	<i>Unspent conditional grants</i>	(R 575,953,167)
<b>DEBTORS</b>		<i>Committed to Capital budget- own funds</i>	(R 505,565,478)
Total debtors book	R 1,980,232,266	<b>Therefore Cash and Cash equivalents ring fenced for assets renewal in outer years</b>	<b>R 928,221,498</b>
Total debtors - Government	R 35,666,312	Total Long term loans	R 471,903,618
Total debtors - Business	R 452,825,846		
Total debtors - Households	R 1,225,693,886		
Total debtors - Other	R 266,046,221	<b>SURPLUS / (DEFICIT) PER SERVICE</b>	
Total debt written off	R 4,312,050	Water	(R 3,382,917)
<b>REPAIRS AND MAINTENANCE</b>		Electricity	R 87,109,118
<b>2015/2016:</b> Exp. = R202.45 m, which is 54% of approved budget of R372.01m	<b>2016/2017:</b> Exp. = R196.30 m, which is 47% of approved budget of R414.79m	Refuse	R 17,971,900
		Sewerage	R 14,424,661
<b>CAPITAL EXPENDITURE</b>		<b>OPERATING PROJECTS EXPENDITURE</b>	
<b>2015/2016: Exp. as a % of Adjusted Budget of R1.38b:</b> Exp. (excl. vat) = R510.47 mil % exp (Excl. vat) : 37%  Exp. (incl. vat) = R553.24 mil % exp (incl. vat): 40%	<b>2016/2017: Exp. as a % of Adjusted Budget of R1.69b:</b> Exp. (excl. vat) = R588.05 mil % exp (Excl. vat) :35%  Exp. (incl. vat) = R630.05 mil % exp (incl. vat): 37%	<b>2015/2016: Exp. as a % of Adjusted Budget of R697.73m:</b> Exp.(excl. vat)= R175.20 mil % exp.(excl. vat): 25%  Exp.(incl. vat) = R175.48 mil % exp.(incl. vat): 25%	<b>2016/2017: Exp. as a % of Adjusted Budget of R327.39m:</b> Exp.(excl. vat)=R164.28 mil % exp.(excl. vat): 50%  Exp.(incl. vat) = R171.16 mil % exp.(incl. vat): 52%
<b>FINANCIAL</b>		<b>HUMAN RESOURCES</b>	
Operating Surplus for the period	R 121,110,019	Total staff complement	5 217
Debtors collection ratio	87%	Staff Appointments	505
YTD Grants and subsidies	R 898,906,624	Staff Terminations	115
% of Creditors paid within terms	100%	Number of funded vacant posts	611
Current ratio	2.88:1	Total overtime paid (YTD)	R 86,491,171
Total Debt to Revenue	10.29%	Allowances and benefits - Councillors	R 36,719,820
Capital Charges to Operating Expenditure	1.39%	Salary bill - Officials	R 975,245,639
Cost coverage ratio	5.96 months	Workforce costs as a % of expenditure	27.08%

## **6.2 Liquidity position**

Buffalo City Metropolitan Municipality's liquidity is considered relatively sound as the Current Ratio is 2.88:1 which indicates the ability of Municipality's current assets to cover its current liabilities. Debtors constitute 33% of the current assets, inventory constitutes 1% and cash & cash equivalents comprise 65% of the current assets. The City has a stronger cash and cash equivalent and can easily meet its immediate obligations.

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

The year to date collection rate for the month ended 28 February 2017 is 87% (2015/16: 87.84%). The collection rate has increased by 1% from last month where 86% was achieved for the period ended 31 January 2017. This ratio denotes the City's ability to collect the billed revenue from its consumers.

Total debtors book (including current accounts) as at 28 February 2017 amounts to R1.98 billion (2015/16: R1.53 billion). Households: R1.2 billion, Business: R452.83 million, Government: R35.67 million, Other: R266.05 million. BCMM analyses recoverability of debt on a monthly basis. During the latest review, an amount of R272.77 million has been identified as irrecoverable in respect of rates and service charges. A report was prepared for Council's consideration and approval for the debt to be written off during the 2016/2017 financial period.

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 37% (R630.05 million, inclusive of reclaimed vat) of its 2016/17 adjusted capital budget of R1.69 billion as at 28 February 2017. Though this reflects a regression in terms of expenditure percentage, it however depicts a slight improvement in rand value terms when compared to the same period in the previous financial year where 40% (R553.24 million, inclusive of reclaimed vat) of the adjusted budget of R1.38 billion was spent. The capital expenditure is expected to speedily improve during the second half of the financial year as major projects have passed procurement to implementation stage. (Refer to Section 14 for further details).

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

### **6.5 Operating projects**

The Metro has spent 52% (R171.16 million, inclusive of reclaimed vat) of its 2016/17 adjusted budget of R327.39 million as at 28 February 2017. This reflects an improvement in percentage terms when compared to the same period in the previous financial year where 25% (R175.48 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R697.73 million was spent. (Refer to Section 15 for further details).

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

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

The Metro has spent 53% (R443.17 million, inclusive of reclaimed vat) of its 2016/2017 conditional grants budget of R828.70 million as at 28 February 2017. This reflects a slight improvement when compared to the same period in the previous financial year where 52% (R418.95 million, inclusive of reclaimed of vat) of conditional grants budget of R801.94 million was spent. Expenditure is expected to speedily improve during the second half of the financial year as major projects have passed procurement to implementation stage. (Refer to Section 11 for further details).

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

BCMM has spent 60% (R437.88 million, inclusive of reclaimed vat) of its 2016/2017 USDG budget of R731.50 million as at 28 February 2017. This reflects an improvement when compared to the same period in the previous financial year where 54% (R385.73 million, inclusive of reclaimed of vat) of USDG budget of R713.13 million was spent. Expenditure is expected improve during the second half of the financial year as major projects have passed procurement to implementation stage. (Refer to Section 11 for further details).

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

The cash and cash equivalents of the City as at 28 February 2017 are R2.46 billion made up of cash and bank amounting to R366.02 million and call investment deposits of R2.09 billion. This funding is invested with various financial institutions in



compliance with the MFMA. Refer to Section 7.7 and Annexure A – C7 for the cash flow statement as well as Section 10 and Annexure B – SC5 for the investment portfolio breakdown. The cost coverage ratio of the city is 5.96 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 6 times due to its stronger financial health which is above the norm of 1-3 months as per the MFMA circular 71.

### **6.8 Outstanding Creditors**

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

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

The total long term borrowings of the municipality as at 28 February 2017 amounts to R471.90 million (Refer to Annexure C for the schedule of borrowings).

The ratio of capital charges to operating expenditure as at 28 February 2017 is 1.39%. This ratio assesses the level of capital charges / interest charges to operating expenditure. The norm as per the MFMA circular 71 is between 6 and 8%; BCMM is below the norm and has the capacity to take on additional borrowing to invest in infrastructure projects that generate revenue. The City is currently in the process of securing additional loan funding which will result in the actual moving closer to the norm.

The total debt to revenue ratio is 10.29% as at 28 February 2017, this indicates the extent of total borrowings (short and long term debt financing) in relation to total operating revenue of the municipality. The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities. The municipality is therefore highly solvent to meet its debt obligation as it is below the set ceiling of 45% in accordance with the MFMA circular 71.

## 7. IN-YEAR BUDGET STATEMENT MAIN TABLES

### 7.1 Monthly Budget Statement Summary

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

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

**BUF Buffalo City - Table C1 Consolidated Monthly Budget Statement Summary - M08 February**

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	865 235	1 122 920	1 122 920	74 268	693 426	769 915	(76 489)	-10%	1 122 920
Service charges	2 749 648	2 928 610	2 928 610	234 695	1 974 908	1 917 861	57 047	3%	2 928 610
Investment revenue	154 775	143 775	143 775	22 058	99 718	90 660	9 058	10%	143 775
Transfers recognised - operational	963 670	1 319 728	1 318 097	13 857	898 907	730 987	167 919	23%	1 318 097
Other own revenue	714 463	391 737	391 737	24 797	190 700	234 596	(43 896)	-19%	391 737
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>5 447 791</b>	<b>5 906 770</b>	<b>5 905 139</b>	<b>369 675</b>	<b>3 857 659</b>	<b>3 744 019</b>	<b>113 640</b>	<b>3%</b>	<b>5 905 139</b>
Employee costs	1 352 201	1 531 068	1 531 068	122 274	975 246	1 035 918	(60 673)	-6%	1 531 068
Remuneration of Councillors	54 375	58 099	58 099	5 564	36 720	39 317	(2 597)	-7%	58 099
Depreciation & asset impairment	789 811	748 339	748 339	61 500	498 893	498 893	0	0%	748 339
Finance charges	54 878	57 105	57 105	3 896	27 354	38 915	(11 561)	-30%	57 105
Materials and bulk purchases	1 427 318	1 521 587	1 521 587	103 551	1 043 243	1 048 892	(5 648)	-1%	1 521 587
Transfers and grants	237 321	288 468	288 468	26 370	180 684	192 310	(11 626)	-6%	288 468
Other expenditure	1 548 531	1 701 026	1 699 395	110 441	974 410	905 384	69 026	8%	1 699 395
<b>Total Expenditure</b>	<b>5 464 435</b>	<b>5 905 693</b>	<b>5 904 061</b>	<b>433 596</b>	<b>3 736 549</b>	<b>3 759 629</b>	<b>(23 080)</b>	<b>-1%</b>	<b>5 904 061</b>
<b>Surplus/(Deficit)</b>	<b>(16 644)</b>	<b>1 078</b>	<b>1 078</b>	<b>(63 921)</b>	<b>121 110</b>	<b>(15 610)</b>	<b>136 720</b>	<b>-876%</b>	<b>1 078</b>
Transfers recognised - capital	670 394	848 269	848 269	34 879	332 416	465 073	(132 657)	-29%	848 269
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>653 750</b>	<b>849 347</b>	<b>849 347</b>	<b>(29 042)</b>	<b>453 526</b>	<b>449 464</b>	<b>4 063</b>	<b>1%</b>	<b>849 347</b>
Share of surplus/ (deficit) of associate	30 383	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>684 133</b>	<b>849 347</b>	<b>849 347</b>	<b>(29 042)</b>	<b>453 526</b>	<b>449 464</b>	<b>4 063</b>	<b>1%</b>	<b>849 347</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>1 186 373</b>	<b>1 558 134</b>	<b>1 693 155</b>	<b>70 080</b>	<b>588 050</b>	<b>352 285</b>	<b>235 765</b>	<b>67%</b>	<b>1 693 155</b>
Capital transfers recognised	670 394	848 269	862 374	34 879	332 416	179 429	152 987	85%	862 374
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	69 582	69 582	-	-	14 478	(14 478)	-100%	69 582
Internally generated funds	515 979	640 283	761 199	35 201	255 634	158 379	97 255	61%	761 199
<b>Total sources of capital funds</b>	<b>1 186 373</b>	<b>1 558 134</b>	<b>1 693 155</b>	<b>70 080</b>	<b>588 050</b>	<b>352 285</b>	<b>235 765</b>	<b>67%</b>	<b>1 693 155</b>
<b>Financial position</b>									
Total current assets	3 571 174	3 526 080	3 526 080		3 782 344				3 526 080
Total non current assets	13 495 258	14 131 021	14 239 037		13 585 800				14 239 037
Total current liabilities	1 440 811	1 131 155	1 131 155		1 313 157				1 131 155
Total non current liabilities	944 139	1 177 274	1 177 274		930 805				1 177 274
<b>Community wealth/Equity</b>	<b>14 681 482</b>	<b>15 348 672</b>	<b>15 456 688</b>		<b>15 124 182</b>				<b>15 456 688</b>
<b>Cash flows</b>									
Net cash from (used) operating	1 395 072	1 648 938	1 648 938	257 569	696 996	968 590	271 594	28%	1 452 884
Net cash from (used) investing	(1 175 532)	(1 558 134)	(1 693 155)	(70 080)	(588 050)	(994 299)	(406 248)	41%	(1 491 448)
Net cash from (used) financing	(44 499)	17 757	17 757	-	(24 573)	(34 550)	(9 977)	29%	(51 825)
<b>Cash/cash equivalents at the month/year end</b>	<b>2 375 582</b>	<b>2 490 747</b>	<b>2 355 726</b>	<b>-</b>	<b>2 459 954</b>	<b>2 321 927</b>	<b>(138 027)</b>	<b>-6%</b>	<b>2 285 193</b>
<b>Debtors &amp; creditors analysis</b>									
	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	261 922	100 126	75 671	56 135	46 060	51 442	305 819	1 083 058	1 980 232
<b>Creditors Age Analysis</b>									
Total Creditors	447 804	2 410	-	-	-	-	-	-	450 214

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

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

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

**BUF Buffalo City - Table C2 Consolidated Monthly Budget Statement - Financial Performance (standard classification) - M08 February**

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Revenue - Standard</b>										
<i><b>Governance and administration</b></i>		<b>2 029 240</b>	<b>2 268 639</b>	<b>2 266 738</b>	<b>101 931</b>	<b>1 429 796</b>	<b>1 467 889</b>	(38 092)	-3%	<b>2 266 738</b>
Executive and council		23 255	30 796	30 796	254	11 785	20 422	(8 637)	-42%	30 796
Budget and treasury office		1 939 625	2 222 421	2 220 521	102 688	1 413 190	1 437 960	(24 770)	-2%	2 220 521
Corporate services		66 360	15 421	15 421	(1 010)	4 822	9 507	(4 685)	-49%	15 421
<i><b>Community and public safety</b></i>		<b>331 234</b>	<b>127 228</b>	<b>127 228</b>	<b>121 210</b>	<b>257 358</b>	<b>73 261</b>	184 097	251%	<b>127 228</b>
Community and social services		20 861	19 511	19 511	15 864	23 261	11 394	11 866	104%	19 511
Sport and recreation		3 780	6 161	6 161	4 195	5 989	3 221	2 768	86%	6 161
Public safety		113 972	98 758	98 758	15 479	94 161	57 560	36 601	64%	98 758
Housing		192 193	-	-	85 671	133 924	-	133 924	#DIV/0!	-
Health		428	2 797	2 797	-	24	1 085	(1 061)	-98%	2 797
<i><b>Economic and environmental services</b></i>		<b>35 488</b>	<b>100 222</b>	<b>100 222</b>	<b>156 895</b>	<b>168 630</b>	<b>53 745</b>	114 885	214%	<b>100 222</b>
Planning and development		22 073	26 543	26 543	4 055	15 383	16 265	(882)	-5%	26 543
Road transport		13 251	73 255	73 255	152 685	153 029	37 275	115 753	311%	73 255
Environmental protection		165	423	423	155	218	205	13	6%	423
<i><b>Trading services</b></i>		<b>3 018 173</b>	<b>3 384 579</b>	<b>3 384 579</b>	<b>303 845</b>	<b>2 301 606</b>	<b>2 231 852</b>	69 754	3%	<b>3 384 579</b>
Electricity		1 751 891	1 931 170	1 931 170	133 735	1 269 856	1 390 436	(120 580)	-9%	1 931 170
Water		505 016	541 296	541 296	73 011	403 136	317 912	85 223	27%	541 296
Waste water management		384 179	446 227	446 227	125 030	413 718	259 887	153 831	59%	446 227
Waste management		377 087	465 885	465 885	(27 931)	214 896	263 616	(48 720)	-18%	465 885
<i><b>Other</b></i>	4	<b>734 434</b>	<b>874 641</b>	<b>874 641</b>	<b>(279 327)</b>	<b>32 686</b>	<b>382 346</b>	<b>(349 660)</b>	<b>-91%</b>	<b>874 641</b>
<b>Total Revenue - Standard</b>	2	<b>6 148 568</b>	<b>6 755 308</b>	<b>6 753 408</b>	<b>404 554</b>	<b>4 190 076</b>	<b>4 209 092</b>	<b>(19 017)</b>	<b>0%</b>	<b>6 753 408</b>
<b>Expenditure - Standard</b>										
<i><b>Governance and administration</b></i>		<b>967 780</b>	<b>1 189 292</b>	<b>1 189 644</b>	<b>44 297</b>	<b>609 964</b>	<b>665 467</b>	(55 503)	-8%	<b>1 189 644</b>
Executive and council		250 586	209 046	209 397	97 482	204 684	126 171	78 513	62%	209 397
Budget and treasury office		452 161	553 044	553 044	13 692	246 531	289 264	(42 733)	-15%	553 044
Corporate services		265 033	427 203	427 203	(66 878)	158 749	250 032	(91 283)	-37%	427 203
<i><b>Community and public safety</b></i>		<b>719 662</b>	<b>738 246</b>	<b>738 995</b>	<b>85 027</b>	<b>443 817</b>	<b>434 037</b>	9 780	2%	<b>738 995</b>
Community and social services		131 649	94 309	94 309	6 622	66 140	69 862	(3 723)	-5%	94 309
Sport and recreation		74 197	77 113	77 113	38 738	82 962	59 689	23 273	39%	77 113
Public safety		266 258	224 016	224 016	29 158	203 037	174 628	28 409	16%	224 016
Housing		216 633	280 019	280 768	7 204	70 705	107 603	(36 897)	-34%	280 768
Health		30 925	62 789	62 789	3 305	20 973	22 255	(1 282)	-6%	62 789
<i><b>Economic and environmental services</b></i>		<b>832 752</b>	<b>919 523</b>	<b>916 523</b>	<b>50 879</b>	<b>514 404</b>	<b>659 237</b>	(144 833)	-22%	<b>916 523</b>
Planning and development		192 695	270 451	267 451	25 933	169 139	160 639	8 500	5%	267 451
Road transport		532 428	543 263	543 263	41 492	293 684	421 825	(128 141)	-30%	543 263
Environmental protection		107 629	105 809	105 809	(16 547)	51 582	76 774	(25 192)	-33%	105 809
<i><b>Trading services</b></i>		<b>2 928 376</b>	<b>3 041 214</b>	<b>3 041 214</b>	<b>250 634</b>	<b>2 154 582</b>	<b>1 990 282</b>	163 876	8%	<b>3 041 214</b>
Electricity		1 575 891	1 725 555	1 725 555	122 556	1 194 064	1 103 478	90 587	8%	1 725 555
Water		647 217	531 791	531 791	53 999	403 823	358 470	45 353	13%	531 791
Waste water management		368 775	467 437	467 437	46 221	306 723	272 442	34 282	13%	467 437
Waste management		336 495	316 432	316 432	27 856	249 546	255 892	(6 346)	-2%	316 432
<i><b>Other</b></i>		<b>15 865</b>	<b>17 685</b>	<b>17 685</b>	<b>2 759</b>	<b>14 207</b>	<b>10 606</b>	<b>3 601</b>	<b>34%</b>	<b>17 685</b>
<b>Total Expenditure - Standard</b>	3	<b>5 464 435</b>	<b>5 905 961</b>	<b>5 904 061</b>	<b>433 596</b>	<b>3 736 549</b>	<b>3 759 629</b>	<b>(23 080)</b>	<b>-1%</b>	<b>5 904 061</b>
<b>Surplus/ (Deficit) for the year</b>		<b>684 133</b>	<b>849 347</b>	<b>849 347</b>	<b>(29 042)</b>	<b>453 526</b>	<b>449 464</b>	<b>4 063</b>	<b>1%</b>	<b>849 347</b>

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

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

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

BUF Buffalo City - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M08 February

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>										
Vote 1 - Directorate - Executive Support Services	1	383	145	145	-	-	117	(117)	-100.0%	145
Vote 2 - Directorate - City Manager		22 871	52 588	52 588	-	11 531	19 840	(8 309)	-41.9%	52 588
Vote 3 - Directorate - Human Settlements		192 193	362 572	362 572	(828)	47 423	143 812	(96 389)	-67.0%	362 572
Vote 4 - Directorate - Finance		2 610 019	2 947 365	2 945 733	137 720	1 745 760	1 788 015	(42 256)	-2.4%	2 945 733
Vote 5 - Directorate - Corporate Services		6 667	13 036	13 036	(382)	4 787	6 759	(1 972)	-29.2%	13 036
Vote 6 - Directorate - Infrastructure Services		2 744 983	2 744 633	2 744 633	209 055	1 964 036	1 864 936	99 099	5.3%	2 744 633
Vote 7 - Directorate - Development Planning		42 563	64 067	34 695	1 442	13 732	12 883	849	6.6%	34 695
Vote 8 - Directorate - Health / Public Safety & Emergency Services		126 995	162 440	162 440	15 400	94 105	89 596	4 510	5.0%	162 440
Vote 9 - Directorate - Municipal Services		401 893	408 195	408 195	42 147	294 227	272 227	22 000	8.1%	408 195
Vote 10 - Directorate - Economic Development		-	-	29 372	-	14 475	10 907	3 569	32.7%	29 372
<b>Total Revenue by Vote</b>	2	<b>6 148 568</b>	<b>6 755 039</b>	<b>6 753 408</b>	<b>404 554</b>	<b>4 190 076</b>	<b>4 209 092</b>	<b>(19 017)</b>	<b>-0.5%</b>	<b>6 753 408</b>
<b>Expenditure by Vote</b>										
Vote 1 - Directorate - Executive Support Services	1	177 703	206 009	206 098	16 040	133 323	133 471	(148)	-0.1%	206 098
Vote 2 - Directorate - City Manager		72 883	115 928	116 189	4 263	55 818	66 951	(11 133)	-16.6%	116 189
Vote 3 - Directorate - Human Settlements		216 633	346 542	347 560	7 970	76 569	115 762	(39 193)	-33.9%	347 560
Vote 4 - Directorate - Finance		452 161	551 753	551 753	34 577	267 416	289 264	(21 848)	-7.6%	551 753
Vote 5 - Directorate - Corporate Services		137 998	192 959	192 959	15 541	119 870	110 038	9 832	8.9%	192 959
Vote 6 - Directorate - Infrastructure Services		3 230 074	3 234 571	3 234 571	253 156	2 215 131	2 229 952	(14 821)	-0.7%	3 234 571
Vote 7 - Directorate - Development Planning		229 830	333 338	246 099	15 205	142 892	138 552	4 339	3.1%	246 099
Vote 8 - Directorate - Health / Public Safety & Emergency Services		297 183	321 998	321 998	28 680	222 212	219 608	2 605	1.2%	321 998
Vote 9 - Directorate - Municipal Services		649 970	602 596	602 596	53 312	451 424	408 605	42 819	10.5%	602 596
Vote 10 - Directorate - Economic Development		-	-	84 239	4 854	51 895	47 426	4 469	9.4%	84 239
<b>Total Expenditure by Vote</b>	2	<b>5 464 435</b>	<b>5 905 692</b>	<b>5 904 061</b>	<b>433 596</b>	<b>3 736 549</b>	<b>3 759 629</b>	<b>(23 080)</b>	<b>-0.6%</b>	<b>5 904 061</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>684 133</b>	<b>849 347</b>	<b>849 347</b>	<b>(29 042)</b>	<b>453 526</b>	<b>449 464</b>	<b>4 063</b>	<b>0.9%</b>	<b>849 347</b>

### 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 28 February 2017.

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

**BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February**

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		865 235	1 122 920	1 122 920	74 268	693 426	769 915	(76 489)	-10%	1 122 920
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–
Service charges - electricity revenue		1 694 297	1 815 256	1 815 256	139 346	1 220 350	1 197 577	22 773	2%	1 815 256
Service charges - water revenue		425 276	444 291	444 291	40 582	310 101	273 715	36 387	13%	444 291
Service charges - sanitation revenue		298 552	339 107	339 107	26 900	221 929	226 567	(4 639)	-2%	339 107
Service charges - refuse revenue		287 400	308 375	308 375	25 566	205 869	205 584	285	0%	308 375
Service charges - other		44 122	21 580	21 580	2 300	16 660	14 418	2 242	16%	21 580
Rental of facilities and equipment		16 583	20 045	20 045	1 179	9 449	9 008	440	5%	20 045
Interest earned - external investments		154 775	143 775	143 775	22 058	99 718	90 660	9 058	10%	143 775
Interest earned - outstanding debtors		32 661	34 651	34 651	4 521	33 261	20 950	12 311	59%	34 651
Dividends received		–	–	–	–	–	–	–	–	–
Fines		5 594	8 385	8 385	971	5 427	5 590	(163)	-3%	8 385
Licences and permits		12 612	13 958	13 958	1 320	8 712	8 480	232	3%	13 958
Agency services		–	–	–	–	–	–	–	–	–
Transfers recognised - operational		963 670	1 319 728	1 318 097	13 857	898 907	730 987	167 919	23%	1 318 097
Other revenue		646 513	314 698	314 698	16 806	133 851	190 568	(56 717)	-30%	314 698
Gains on disposal of PPE		500	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>5 447 791</b>	<b>5 906 770</b>	<b>5 905 139</b>	<b>369 675</b>	<b>3 857 659</b>	<b>3 744 019</b>	<b>113 640</b>	<b>3%</b>	<b>5 905 139</b>

**BUF Buffalo City - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February**

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Expenditure By Type</b>										
Employee related costs		1 352 201	1 531 068	1 531 068	122 274	975 246	1 035 918	(60 673)	-6%	1 531 068
Remuneration of councillors		54 375	58 099	58 099	5 564	36 720	39 317	(2 597)	-7%	58 099
Debt impairment		210 111	303 865	303 865	25 322	202 577	203 363	(786)	0%	303 865
Depreciation & asset impairment		789 811	748 339	748 339	61 500	498 893	498 893	0	0%	748 339
Finance charges		54 878	57 105	57 105	3 896	27 354	38 915	(11 561)	-30%	57 105
Bulk purchases		1 427 318	1 521 587	1 521 587	103 551	1 043 243	1 048 892	(5 648)	-1%	1 521 587
Contracted services		-	22 486	22 486	10 624	16 243	14 991	1 252	8%	22 486
Transfers and grants		237 321	288 468	288 468	26 370	180 684	192 310	(11 626)	-6%	288 468
Other expenditure		1 338 420	1 374 675	1 373 043	74 496	755 591	687 030	68 561	10%	1 373 043
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>5 464 435</b>	<b>5 905 693</b>	<b>5 904 061</b>	<b>433 596</b>	<b>3 736 549</b>	<b>3 759 629</b>	<b>(23 080)</b>	<b>-1%</b>	<b>5 904 061</b>
<b>Surplus/(Deficit)</b>		<b>(16 644)</b>	<b>1 078</b>	<b>1 078</b>	<b>(63 921)</b>	<b>121 110</b>	<b>(15 610)</b>	<b>136 720</b>	<b>(0)</b>	<b>1 078</b>
Transfers recognised - capital		670 394	848 269	848 269	34 879	332 416	465 073	(132 657)	(0)	848 269
Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>653 750</b>	<b>849 347</b>	<b>849 347</b>	<b>(29 042)</b>	<b>453 526</b>	<b>449 464</b>			<b>849 347</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>653 750</b>	<b>849 347</b>	<b>849 347</b>	<b>(29 042)</b>	<b>453 526</b>	<b>449 464</b>			<b>849 347</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>653 750</b>	<b>849 347</b>	<b>849 347</b>	<b>(29 042)</b>	<b>453 526</b>	<b>449 464</b>			<b>849 347</b>
Share of surplus/ (deficit) of associate		30 383	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>684 133</b>	<b>849 347</b>	<b>849 347</b>	<b>(29 042)</b>	<b>453 526</b>	<b>449 464</b>			<b>849 347</b>

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

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

### **7.4.1.1 Property rates**

The supplementary valuations are implemented on a monthly basis. On some properties that were placed on the supplementary valuation roll, there was a change of a category - from business to residential tariff (business tariff is higher than residential tariff) and on some properties there was a change on the valuation of the properties and this resulted in having to credit the accounts of the affected consumers.

### **7.4.1.2 Service Charges – water revenue**

The actual revenue depends on the usage of customers. The year to date actual reflects the billing patterns. The Revenue Department is analysing the billing trends per customer to ensure that all customers are billed appropriately. The increase in the sales can also be attributed primarily to the implementation of the Meter Reading system, whereby actual readings have resulted in the reversal of interim charges, thereby billing actual consumption.

### **7.4.1.3 Service Charges – other**

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

- Availability charges
- Connection / Reconnection charges

The situation is however monitored on a monthly basis.

### **7.4.1.4 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.

#### **7.4.1.5 Transfers recognised - operational**

The variance is as a result of general fuel levy that was received in the month of August 2016. The general fuel levy was not projected for under operational transfers recognised, however this will be corrected in the mid-year adjustment budget. The mid-year adjustment budget has been approved by BCMM Council and the correction will reflect in the March 2017 reporting.

#### **7.4.1.6 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.

#### **7.4.1.7 Finance charges**

BCMM is in the process of acquiring additional loan. The process of acquiring this loan took longer than anticipated. The budget was projected under the assumption that the loan would have already been secured by now hence the variance. This will be adjusted in the mid-year adjustment budget. The mid-year adjustment budget has been approved by BCMM Council and the correction will reflect in the March 2017 reporting.

#### **7.4.1.8 Other expenditure**

Other expenditure includes operating projects, operational costs as well as repairs and maintenance and these expenditure categories are overspent by 10% when compared to the year to date budget. These were not correctly projected for in the year to date budget, however the annual budget was correctly projected. The monthly projections have been corrected in the mid-year adjustment budget which was approved by BCMM Council on 28 February 2017 and the corrections will reflect in the March 2017 reporting. Expenditure on repairs and maintenance is provided in table 6 below. Details on operating projects are provided on section 15 of the report.



### 7.4.1.7 Repairs and Maintenance

Table 6 below reflects that as at 28 February 2017, the repairs and maintenance expenditure is 47% of the approved budget of R414.79 million (2015/16: 54%). This is a regression when compared with the prior year. Refer to Annexure B: SC13c (repairs and maintenance by asset class).

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

<b>Directorate</b>	<b><u>2016/2017</u> <u>Annual</u> <u>Budget</u> <u>R</u></b>	<b><u>2016/2017</u> <u>Annual</u> <u>Expenditure</u> <u>R</u></b>	<b><u>2016/2017</u> <u>-</u> <u>Variance</u> <u>R</u></b>	<b><u>2016/2017</u> <u>% of</u> <u>Budget</u> <u>%</u></b>
Directorate Of Executive Support Services	3 235 637	926 192	2 309 445	29%
Directorate Of The City Manager	134 478	10 991	123 487	8%
Directorate Of Corporate Services	6 540 381	2 010 736	4 529 645	31%
Directorate Of Development & Spatial Planning	28 357 088	11 715 479	16 641 609	41%
Directorate Of Economic Development & Agencies	1 180 627	909 236	271 391	77%
Directorate Of Finance	3 273 630	529 522	2 744 108	16%
Directorate Of Health / Public Safety & Emergency Services	6 195 492	2 040 201	4 155 291	33%
Directorate Of Human Settlement	108 421	76 259	32 162	70%
Directorate Of Infrastructure Services	328 157 794	151 879 034	176 278 760	46%
<i>Electricity</i>	126 468 926	69 213 045	57 255 881	55%
<i>Water</i>	47 248 367	29 106 204	18 142 163	62%
<i>Sanitation</i>	33 026 802	18 045 702	14 981 100	55%
<i>Other</i>	121 413 699	35 514 084	85 899 615	29%
Directorate Of Municipal Services	37 607 278	26 207 278	11 400 000	70%
<b>TOTAL</b>	<b>414 790 826</b>	<b>196 304 929</b>	<b>218 485 897</b>	<b>47%</b>

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

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

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

**BUF Buffalo City - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding - M08 February)**

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - Directorate - Executive Support Services		2 222	5 500	8 007	396	1 949	1 091	858	79%	8 007
Vote 2 - Directorate - City Manager		5 142	17 522	17 522	1 151	12 113	45	12 067	26781%	17 522
Vote 3 - Directorate - Human Settlements		203 043	202 441	211 477	7 452	86 897	22 916	63 981	279%	211 477
Vote 4 - Directorate - Finance		2 034	10 600	10 748	76	560	3 844	(3 284)	-85%	10 748
Vote 5 - Directorate - Corporate Services		9 001	7 100	9 034	153	615	5 818	(5 203)	-89%	9 034
Vote 6 - Directorate - Infrastructure Services		818 247	887 671	937 030	50 665	424 010	230 287	193 723	84%	937 030
Vote 7 - Directorate - Development Planning		66 629	230 290	230 417	4 504	17 343	27 912	(10 568)	-38%	230 417
Vote 8 - Directorate - Health / Public Safety & Emergency Services		4 810	30 032	46 484	334	1 664	19 476	(17 812)	-91%	46 484
Vote 9 - Directorate - Municipal Services		75 245	122 478	167 702	3 613	29 594	11 230	18 364	164%	167 702
Vote 10 - Directorate - Economic Development		-	44 500	54 734	1 736	13 304	29 667	(16 363)	-55%	54 734
<b>Total Capital Multi-year expenditure</b>	4,7	<b>1 186 373</b>	<b>1 558 134</b>	<b>1 693 155</b>	<b>70 080</b>	<b>588 050</b>	<b>352 285</b>	<b>235 765</b>	<b>67%</b>	<b>1 693 155</b>
<b>Total Capital Expenditure</b>		<b>1 186 373</b>	<b>1 558 134</b>	<b>1 693 155</b>	<b>70 080</b>	<b>588 050</b>	<b>352 285</b>	<b>235 765</b>	<b>67%</b>	<b>1 693 155</b>
<b>Capital Expenditure - Standard Classification</b>										
<b>Governance and administration</b>		<b>18 399</b>	<b>40 722</b>	<b>80 310</b>	<b>1 775</b>	<b>15 237</b>	<b>16 710</b>	<b>(1 472)</b>	<b>-9%</b>	<b>80 310</b>
Executive and council		7 364	23 022	60 529	1 547	14 062	12 594	1 468	12%	60 529
Budget and treasury office		2 034	10 600	10 748	76	560	2 236	(1 676)	-75%	10 748
Corporate services		9 001	7 100	9 034	153	615	1 880	(1 264)	-67%	9 034
<b>Community and public safety</b>		<b>245 226</b>	<b>276 498</b>	<b>309 838</b>	<b>11 400</b>	<b>114 311</b>	<b>64 466</b>	<b>49 844</b>	<b>77%</b>	<b>309 838</b>
Community and social services		14 751	23 300	30 226	1 967	7 823	6 289	1 534	24%	30 226
Sport and recreation		22 622	20 725	21 651	1 646	17 927	4 505	13 422	298%	21 651
Public safety		4 810	30 032	46 484	334	1 664	9 672	(8 007)	-83%	46 484
Housing		203 043	202 441	211 477	7 452	86 897	44 001	42 896	97%	211 477
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>398 399</b>	<b>894 254</b>	<b>552 330</b>	<b>19 510</b>	<b>158 871</b>	<b>114 920</b>	<b>43 951</b>	<b>38%</b>	<b>552 330</b>
Planning and development		66 629	274 790	285 151	6 240	30 647	59 330	(28 683)	-48%	285 151
Road transport		331 770	267 179	267 179	13 270	128 224	55 590	72 634	131%	267 179
Environmental protection		-	352 285	-	-	-	-	-	-	-
<b>Trading services</b>		<b>476 965</b>	<b>680 946</b>	<b>732 365</b>	<b>37 394</b>	<b>289 513</b>	<b>152 379</b>	<b>137 134</b>	<b>90%</b>	<b>732 365</b>
Electricity		146 652	143 000	143 000	8 124	62 389	29 753	32 635	110%	143 000
Water		116 452	87 500	87 500	4 514	68 324	18 206	50 118	275%	87 500
Waste water management		175 989	371 992	386 040	24 755	154 956	80 321	74 635	93%	386 040
Waste management		37 872	78 454	115 825	-	3 845	24 099	(20 254)	-84%	115 825
<b>Other</b>		<b>47 384</b>	<b>18 000</b>	<b>18 312</b>	<b>1</b>	<b>10 118</b>	<b>3 810</b>	<b>6 308</b>	<b>166%</b>	<b>18 312</b>
<b>Total Capital Expenditure - Standard Classification</b>	3	<b>1 186 373</b>	<b>1 910 419</b>	<b>1 693 155</b>	<b>70 080</b>	<b>588 050</b>	<b>352 285</b>	<b>235 765</b>	<b>67%</b>	<b>1 693 155</b>
<b>Funded by:</b>										
National Government		596 567	741 969	741 969	42 743	328 538	154 377	174 160	113%	741 969
Provincial Government		73 827	106 300	120 405	(7 864)	3 879	25 052	(21 173)	-85%	120 405
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		<b>670 394</b>	<b>848 269</b>	<b>862 374</b>	<b>34 879</b>	<b>332 416</b>	<b>179 429</b>	<b>152 987</b>	<b>85%</b>	<b>862 374</b>
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	-	69 582	69 582	-	-	14 478	(14 478)	-100%	69 582
<b>Internally generated funds</b>		<b>515 979</b>	<b>640 283</b>	<b>761 199</b>	<b>35 201</b>	<b>255 634</b>	<b>158 379</b>	<b>97 255</b>	<b>61%</b>	<b>761 199</b>
<b>Total Capital Funding</b>		<b>1 186 373</b>	<b>1 558 134</b>	<b>1 693 155</b>	<b>70 080</b>	<b>588 050</b>	<b>352 285</b>	<b>235 765</b>	<b>67%</b>	<b>1 693 155</b>

## 7.6 Monthly Budget Statement – Financial Position

The table below reflects the financial position of the Metro. It is good to note that the Metro is having excess assets over liabilities resulting into the net worth of R15.12 billion.

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

**BUF Buffalo City - Table C6 Consolidated Monthly Budget Statement - Financial Position - M08 February**

Description	Ref	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		223 091	80 644	80 644	366 017	80 644
Call investment deposits		2 152 490	2 410 242	2 410 242	2 093 938	2 410 242
Consumer debtors		695 008	820 635	820 635	812 299	820 635
Other debtors		464 554	108 064	108 064	465 687	108 064
Current portion of long-term receivables		–	15	15	–	15
Inventory		36 030	106 480	106 480	44 404	106 480
<b>Total current assets</b>		<b>3 571 174</b>	<b>3 526 080</b>	<b>3 526 080</b>	<b>3 782 344</b>	<b>3 526 080</b>
<b>Non current assets</b>						
Long-term receivables		–	66	66	–	66
Investments		–	–	–	–	–
Investment property		342 030	485 540	485 540	342 030	485 540
Investments in Associate		112 292	90 099	90 099	112 292	90 099
Property, plant and equipment		12 885 962	13 447 560	13 555 576	12 976 513	13 555 576
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		85 956	25 080	25 080	85 948	25 080
Other non-current assets		69 018	82 676	82 676	69 018	82 676
<b>Total non current assets</b>		<b>13 495 258</b>	<b>14 131 021</b>	<b>14 239 037</b>	<b>13 585 800</b>	<b>14 239 037</b>
<b>TOTAL ASSETS</b>		<b>17 066 433</b>	<b>17 657 101</b>	<b>17 765 117</b>	<b>17 368 144</b>	<b>17 765 117</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		50 709	51 825	51 825	39 470	51 825
Consumer deposits		53 708	59 455	59 455	55 690	59 455
Trade and other payables		1 161 531	852 917	852 917	1 026 167	852 917
Provisions		174 863	166 958	166 958	191 830	166 958
<b>Total current liabilities</b>		<b>1 440 811</b>	<b>1 131 155</b>	<b>1 131 155</b>	<b>1 313 157</b>	<b>1 131 155</b>
<b>Non current liabilities</b>						
Borrowing		445 768	518 175	518 175	432 433	518 175
Provisions		498 372	659 099	659 099	498 372	659 099
<b>Total non current liabilities</b>		<b>944 139</b>	<b>1 177 274</b>	<b>1 177 274</b>	<b>930 805</b>	<b>1 177 274</b>
<b>TOTAL LIABILITIES</b>		<b>2 384 950</b>	<b>2 308 429</b>	<b>2 308 429</b>	<b>2 243 962</b>	<b>2 308 429</b>
<b>NET ASSETS</b>	2	<b>14 681 482</b>	<b>15 348 672</b>	<b>15 456 688</b>	<b>15 124 182</b>	<b>15 456 688</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		10 067 541	12 256 811	12 364 827	10 510 241	12 364 827
Reserves		4 613 941	3 091 861	3 091 861	4 613 941	3 091 861
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>14 681 482</b>	<b>15 348 672</b>	<b>15 456 688</b>	<b>15 124 182</b>	<b>15 456 688</b>

## 7.7 Monthly Budget Statement – Cash Flow

The Metros' cash flow position and cash/cash equivalent outcome is shown in the table below. The Metro's cash position reflects a net increase of R84.37 million resulting in cash and cash equivalents closing balance of R2.46 billion as at February 2017.

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

BUF Buffalo City - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M08 February

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates, penalties & collection charges		865 235	1 038 701	1 038 701	113 838	600 160	692 467	(92 307)	-13%	1 038 701
Service charges		2 749 648	2 708 964	2 708 964	293 968	1 694 864	1 805 976	(111 112)	-6%	2 708 964
Other revenue		73 095	330 374	330 374	28 423	150 683	220 203	(69 520)	-32%	330 305
Government - operating		963 670	1 319 728	1 319 728	13 857	898 907	904 276	(5 370)	-1%	1 356 414
Government - capital		670 394	848 269	848 269	219 549	790 639	486 832	303 807	62%	730 249
Interest		187 436	178 495	178 495	26 579	132 979	118 950	14 029	12%	178 426
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(3 822 207)	(4 430 013)	(4 430 013)	(408 379)	(3 363 198)	(3 022 964)	340 234	-11%	(4 534 446)
Finance charges		(54 878)	(57 113)	(57 113)	(3 896)	(27 354)	(34 737)	(7 383)	21%	(52 105)
Transfers and Grants		(237 321)	(288 468)	(288 468)	(26 370)	(180 684)	(202 416)	(21 732)	11%	(303 624)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>1 395 072</b>	<b>1 648 938</b>	<b>1 648 938</b>	<b>257 569</b>	<b>696 996</b>	<b>968 590</b>	<b>271 594</b>	<b>28%</b>	<b>1 452 884</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		10 841	-	-	-	-	-	-		-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets		(1 186 373)	(1 558 134)	(1 693 155)	(70 080)	(588 050)	(994 299)	(406 248)	41%	(1 491 448)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(1 175 532)</b>	<b>(1 558 134)</b>	<b>(1 693 155)</b>	<b>(70 080)</b>	<b>(588 050)</b>	<b>(994 299)</b>	<b>(406 248)</b>	<b>41%</b>	<b>(1 491 448)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	69 582	69 582	-	-	-	-		-
Increase (decrease) in consumer deposits		5 203	-	-	-	-	-	-		-
<b>Payments</b>										
Repayment of borrowing		(49 702)	(51 825)	(51 825)	-	(24 573)	(34 550)	(9 977)	29%	(51 825)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(44 499)</b>	<b>17 757</b>	<b>17 757</b>	<b>-</b>	<b>(24 573)</b>	<b>(34 550)</b>	<b>(9 977)</b>	<b>29%</b>	<b>(51 825)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>175 041</b>	<b>108 561</b>	<b>(26 460)</b>	<b>187 489</b>	<b>84 372</b>	<b>(60 259)</b>			<b>(90 389)</b>
Cash/cash equivalents at beginning:		2 200 541	2 382 186	2 382 186		2 375 582	2 382 186			2 375 582
Cash/cash equivalents at month/year end:		2 375 582	2 490 747	2 355 726		2 459 954	2 321 927			2 285 193

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

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

### **8.1 Debtors**

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

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

BUF Buffalo City - Supporting Table SC3 Monthly Budget Statement - aged debtors - M08 February

Description	NT Code	Budget Year 2016/17									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total			
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	53 190	39 115	30 835	14 386	13 631	18 752	106 710	290 057	566 677	443 536		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	94 076	12 882	5 761	4 340	3 488	3 909	13 632	34 981	173 068	60 350		
Receivables from Non-exchange Transactions - Property Rates	1400	69 887	26 159	21 959	22 803	15 196	14 723	95 625	310 817	577 169	459 164		
Receivables from Exchange Transactions - Waste Water Management	1500	21 353	8 985	6 247	5 087	4 725	5 024	30 990	132 854	215 266	178 680		
Receivables from Exchange Transactions - Waste Management	1600	17 065	8 744	7 260	6 274	5 915	5 857	39 228	185 640	275 982	242 913		
Receivables from Exchange Transactions - Property Rental Debtors	1700	76	71	69	67	68	68	472	3 431	4 322	4 106		
Interest on Arrear Debtor Accounts	1810									-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	6 275	4 170	3 540	3 179	3 037	3 109	19 162	125 279	167 749	153 764		
<b>Total By Income Source</b>	<b>2000</b>	<b>261 922</b>	<b>100 126</b>	<b>75 671</b>	<b>56 135</b>	<b>46 060</b>	<b>51 442</b>	<b>305 819</b>	<b>1 083 058</b>	<b>1 980 232</b>	<b>1 542 513</b>	<b>-</b>	<b>-</b>
<b>2015/16 - totals only</b>		<b>291 855</b>	<b>76 034</b>	<b>61 181</b>	<b>45 985</b>	<b>38 837</b>	<b>3 439</b>	<b>210 133</b>	<b>719 269</b>	<b>1 446 733</b>	<b>1 017 663</b>		
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	12 357	4 306	2 790	5 596	171	396	5 184	4 867	35 666	16 213		
Commercial	2300	128 805	24 555	14 522	12 917	11 685	12 116	67 340	180 886	452 826	284 944		
Households	2400	110 261	64 897	52 722	32 065	29 332	33 877	199 207	703 333	1 225 694	997 813		
Other	2500	10 499	6 368	5 637	5 558	4 871	5 054	34 088	193 972	266 046	243 542		
<b>Total By Customer Group</b>	<b>2600</b>	<b>261 922</b>	<b>100 126</b>	<b>75 671</b>	<b>56 135</b>	<b>46 060</b>	<b>51 442</b>	<b>305 819</b>	<b>1 083 058</b>	<b>1 980 232</b>	<b>1 542 513</b>	<b>-</b>	<b>-</b>

#### **8.1.1. Additional debtors information**

The debtors that are older than 30 days, which includes all charges, amounted to R1.72 billion as at 28 February 2017 which is an increase of R24.39 million over the amount of R1.69 billion as at 31 January 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 28 February 2017. It also provides comparison with the previous month (31 January 2017) which indicates an increase from R1.69 billion to R1.72 billion.

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

<b>AGEING</b>	<b>RATES</b>	<b>SEWERAGE</b>	<b>ELECTRICITY</b>	<b>WATER</b>	<b>REFUSE</b>	<b>SUNDRY DEBTORS</b>	<b>TOTAL FOR FEBRUARY 2017</b>	<b>TOTAL FOR JANUARY 2017</b>
<b>30 DAYS</b>	26 158 672	8 985 192	12 882 129	39 115 411	8 744 038	4 240 788	100 126 230	103 850 818
<b>60 DAYS</b>	21 959 162	6 247 329	5 760 540	30 835 213	7 260 108	3 608 660	75 671 012	68 659 712
<b>90 DAYS</b>	22 802 885	5 087 029	4 339 712	14 385 914	6 273 707	3 245 525	56 134 773	54 363 590
<b>120 DAYS TO 360 DAYS</b>	125 543 897	40 739 097	21 029 463	139 093 517	50 999 955	25 914 880	403 320 808	407 934 697
<b>YEAR 2</b>	124 541 795	33 091 829	10 230 254	104 664 342	42 521 441	23 799 985	338 849 646	329 006 575
<b>YEAR 3</b>	75 951 208	25 069 573	6 045 594	56 156 693	32 996 257	24 165 637	220 384 961	217 645 964
<b>YEAR 4</b>	27 296 095	19 587 767	5 250 606	36 006 558	25 927 046	20 496 500	134 564 571	128 897 759
<b>YEAR 5</b>	20 668 992	13 666 561	5 302 012	22 731 334	19 119 874	15 599 830	97 088 602	95 577 621
<b>YEAR 5+</b>	62 358 766	41 437 807	8 152 290	70 497 817	65 074 985	44 648 082	292 169 747	287 979 021
<b>TOTAL</b>	<b>507 281 474</b>	<b>193 912 184</b>	<b>78 992 600</b>	<b>513 486 798</b>	<b>258 917 409</b>	<b>165 719 887</b>	<b>1 718 310 351</b>	<b>1 693 915 755</b>

### 8.2.2. Age Analysis per Category

Table 12 below details debtors age analysis per category type that are older than 30 days as at 28 February 2017. It also reflects the percentage split per category with domestic consumers having the highest share followed by indigent consumers. Please note that the financial system is not able to produce a collection ratio per service, however the collection ratio is reported on globally.

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

<b>CATEGORY TYPE</b>	<b>30 DAYS</b>	<b>60 DAYS</b>	<b>90 DAYS</b>	<b>120 DAYS+</b>	<b>Total</b>	<b>% Share</b>
<b>Domestic</b>	52 810 415	41 933 706	27 031 766	816 703 203	938 479 089	54.61
<b>Indigent</b>	11 685 434	10 551 650	4 907 207	148 453 467	175 597 758	10.22
<b>Business</b>	24 554 948	14 521 894	12 916 763	272 027 373	324 020 979	18.86
<b>Government</b>	4 305 836	2 790 078	5 595 589	10 617 898	23 309 401	1.36
<b>Municipal Staff</b>	401 130	236 965	125 530	591 935	1 355 560	0.08
<b>Other</b>	6 368 467	5 636 719	5 557 918	237 984 460	255 547 564	14.87
<b>Total</b>	<b>100 126 230</b>	<b>75 671 012</b>	<b>56 134 773</b>	<b>1 486 378 337</b>	<b>1 718 310 352</b>	<b>100.00</b>

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



### 8.2.3. Government Accounts

The total arrears (30 days and above) owed by Government Departments to Buffalo City Metropolitan Municipality as at 28 February 2017 amounted to R23.31 million. This indicates a decrease of R19.46 million when compared to the prior month amount of R42.77 million. The breakdown of the arrears per department (excluding accounts in credit) is indicated in the table hereunder, as at 28 February 2017.

Table 13 below provides an analysis of government debtors that are older than 30 days as at 28 February 2017 and comparison with the previous month.

**Table 13: Analysis of Government Debtors**

DEPARTMENT	PROPERTY RATES	SERVICES	ARREARS AS AT 28 FEBRUARY 2017	ARREARS AS AT 31 JANUARY 2017	DIFFERENCE
National Department Of Public Works	3 165 683	2 119 686	5 285 368	3 228 598	2 056 771
Provincial Department Of Public Works	6 495 942	466 598	6 962 541	18 989 516	(12 026 976)
Department Of Education	0	1 950 462	1 950 462	2 968 739	(1 018 277)
Department Of Health	0	3 040 620	3 040 620	10 955 149	(7 914 529)
Department Of Social Development	0	216 360	216 360	224 250	(7 890)
Department Of Transport	0	0	0	35 466	(35 466)
Department Of Nature Conservation	0	0	0	4 551	(4 551)
Department of Human Settlements	0	0	0	47 599	(47 599)
Sport, Recreation, Arts and Culture	0	0	0	251 555	(251 555)
Department of Labour - UIF Services	0	2 333	2 333	288 573	(286 240)
Members Of Provincial Legislature	0	172 920	172 920	128 902	44 018
Department of Water Affairs	0	0	0	8 775	(8 775)
Department of Rural Development and Land Reform	0	602 296	602 296	596 502	5 794
Provincial RDP Houses	0	5 076 501	5 076 501	5 038 138	38 363
<b>TOTAL</b>	<b>9 661 625</b>	<b>13 647 776</b>	<b>23 309 401</b>	<b>42 766 313</b>	<b>(19 456 912)</b>

## 9. CREDITORS' ANALYSIS

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

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

BUF Buffalo City - Supporting Table SC4 Monthly Budget Statement - aged creditors - M08 February

Description	NT Code	Budget Year 2016/17									Prior year totals for chart (same period)	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total		
<b>R thousands</b>												
<b>Creditors Age Analysis By Customer Type</b>												
Bulk Electricity	0100	110 261									110 261	58 395
Bulk Water	0200	19 214									19 214	15 270
PAYE deductions	0300	15 324									15 324	14 273
VAT (output less input)	0400	4 934									4 934	-
Pensions / Retirement deductions	0500	19 683									19 683	17 430
Loan repayments	0600	-									-	-
Trade Creditors	0700	221 469	2 410								223 879	215 347
Auditor General	0800	3 865									3 865	181
Other	0900	53 054									53 054	20 432
<b>Total By Customer Type</b>	<b>1000</b>	<b>447 804</b>	<b>2 410</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450 214</b>	<b>341 328</b>

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

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

<u>CREDITOR</u>	<u>90 DAYS</u>	<u>60 DAYS</u>	<u>30 DAYS</u>	<u>CURRENT</u>	<u>TOTAL</u>	<u>PAYMENT</u>
ESKOM				100 260 970	100 260 970	<b>100 260 970</b>
AMATOLA WATER				19 268 530	19 268 530	<b>19 268 530</b>
MOTHEO/ MPUMALANGA JOINT VENTURER				8 959 743	8 959 743	<b>8 959 743</b>
RUWACON (PTY) LTD			2 409 956	5 233 710	7 643 666	<b>7 643 666</b>
AMANZ ABANTU SERVICES (PTY) LTD				6 735 543	6 735 543	<b>6 735 543</b>
HAW % INGLIS (PTY) LTD				6 361 582	6 361 582	<b>6 361 582</b>
MANTELLA TRADING 522 CC				5 943 248	5 943 248	<b>5 943 248</b>
EYA BANTU PROFFESIONAL SERVICES CC				5 144 546	5 144 546	<b>5 144 546</b>
MAZIYA GENERAL SERVICES				4 816 236	4 816 236	<b>4 816 236</b>
T V R CONSTRUCTION				4 806 388	4 806 388	<b>4 806 388</b>
CZAR CONSTRUCTION				4 365 507	4 365 507	<b>4 365 507</b>
BUSINESS CONNEXION				3 916 313	3 916 313	<b>3 916 313</b>
TSHUVANE SERVICES				3 024 589	3 024 589	<b>3 024 589</b>
ABERDARE CABLES (PTY) LTD				2 814 621	2 814 621	<b>2 814 621</b>
MORETENG INVESTMENTS				2 718 033	2 718 033	<b>2 718 033</b>
C & M FASTNERS CC				2 529 707	2 529 707	<b>2 529 707</b>
LIFETIME CONNECTION MANUFACTURING SUPPLY CC				2 345 448	2 345 448	<b>2 345 448</b>
NYONI PROJECTS (PTY) LTD				2 188 097	2 188 097	<b>2 188 097</b>
MAKINWA MEDIA SOLUTIONS (PTY) LTD				2 074 267	2 074 267	<b>2 074 267</b>
SITA (PTY) LTD			1 120 783	925 889	2 046 672	<b>2 046 672</b>
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>3 530 739</b>	<b>194 432 967</b>	<b>197 963 706</b>	<b>197 963 706</b>

## 10. INVESTMENT PORTFOLIO ANALYSIS

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

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

BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M08 February									
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
<b>R thousands</b>									
<b>Municipality</b>									
Rand Merchant Bank X021901943		Call Account	Call Account	Call Account	247	2.3%	49 445	247	49 691
Absa 91 2884 4539		Call Account	Call Account	Call Account	5	0.0%	1 166	(240)	926
Standard 422 742		Call Account	Call Account	Call Account	–		–	–	–
Absa 91 4102 2241		Call Account	Call Account	Call Account	45	0.4%	9 190	(108)	9 081
Absa 91 4163 6965		Call Account	Call Account	Call Account	–		–	–	–
Absa 91 5484 1280		Call Account	Call Account	Call Account	0	0.0%	5	(5)	(0)
Rand Merchant Bank X021904910		Call Account	Call Account	Call Account	46	0.4%	9 216	(54)	9 162
Standard 76586/442740		Call Account	Call Account	Call Account	–	0.0%	–	–	–
Absa 92 0562 2137		Call Account	Call Account	Call Account	4	0.0%	844	4	848
Rand Merchant Bank X021904913		Call Account	Call Account	Call Account	78	0.7%	15 553	78	15 631
Stanlib 551 660 303		Call Account	Call Account	Call Account	250	2.3%	43 834	(7 028)	36 806
Nedbank 03/7881532939/000041		Call Account	Call Account	Call Account	7	0.1%	1 354	7	1 361
Nedbank 03/7881532939/000056		Call Account	Call Account	Call Account	5	0.0%	1 069	5	1 075
Nedbank 03/7881532939/000058		Call Account	Call Account	Call Account	–		–	–	–
Nedbank 03/7881532939/000103		Call Account	Call Account	Call Account	–		–	–	–
Nedbank 03/7881532939/000064		Call Account	Call Account	Call Account	44	0.4%	8 734	44	8 777
Absa 92 0559 0710		Call Account	Call Account	Call Account	0	0.0%	43	0	44
Nedbank 03/7881532939/000117		Call Account	Call Account	Call Account	19	0.2%	4 486	(3 416)	1 071
Nedbank 03/7881532939/000108		Call Account	Call Account	Call Account	1	0.0%	179	1	180
Absa 92 2975 5568		Call Account	Call Account	Call Account	–		–	–	–
Absa 91 9360 7257		Call Account	Call Account	Call Account	5	0.0%	1 032	5	1 038

**BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M08 February**

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
<b>R thousands</b>									
<b>Municipality</b>									
Nedbank 03/7881532939/000110		Call Account	Call Account	Call Account	1	0.0%	259	1	260
Rand Merchant Bank RRB1629010		Call Account	Call Account	Call Account	384	3.6%	77 053	384	77 437
Stanlib 551 989 180		Call Account	Call Account	Call Account	233	2.2%	39 159	233	39 392
Absa 92 2590 9850		Call Account	Call Account	Call Account	5	0.0%	1 017	5	1 023
Stanlib 551 539 764		Call Account	Call Account	Call Account	11	0.1%	1 918	11	1 929
Rand Merchant Bank RRB0324003		Call Account	Call Account	Call Account	0	0.0%	0	(0)	(0)
Stanlib 551 567 496		Call Account	Call Account	Call Account	0	0.0%	2	0	2
Stanlib 551 576 733		Call Account	Call Account	Call Account	-		0	-	0
Rand Merchant Bank RRB0B25020		Call Account	Call Account	Call Account	9	0.1%	1 720	9	1 728
Standard 76586/442743		Call Account	Call Account	Call Account	-		-	-	-
Rand Merchant Bank RRB1609012		Call Account	Call Account	Call Account	-		(0)	-	(0)
Stanlib 551 742 405		Call Account	Call Account	Call Account	-		-	-	-
Rand Merchant Bank KLN2308011		Call Account	Call Account	Call Account	-		-	-	-
Nedbank 03/7881532939/000128		Call Account	Call Account	Call Account	231	2.2%	63 310	(43 769)	19 542
Rand Merchant Bank RRB1722008		Call Account	Call Account	Call Account	262	2.4%	66 467	(39 965)	26 502
Standard 76586/442745		Call Account	Call Account	Call Account	95	0.9%	47 606	(37 874)	9 732
Absa 92 6406 3148		Call Account	Call Account	Call Account	519	4.8%	137 812	(44 481)	93 331
Rand Merchant Bank KLN2720020		Call Account	Call Account	Call Account	20	0.2%	7 203	(1 260)	5 943
Stanlib 551 868 235		Call Account	Call Account	Call Account	1	0.0%	142	1	143
Absa 92 0559 0891		Call Account	Call Account	Call Account	3	0.0%	537	3	540
Rand Merchant Bank VVW2B13011		Call Account	Call Account	Call Account	3	0.0%	433	(74)	359
Standard 76586/494573		Call Account	Call Account	Call Account	31	0.3%	6 688	(540)	6 148

**BUF Buffalo City - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M08 February**

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
<b>R thousands</b>									
<b><u>Municipality</u></b>									
Nedbank 03/7881532939/000133		Call Account	Call Account	Call Account	3	0.0%	527	3	529
Nedbank 03/7881532939/000134		Call Account	Call Account	Call Account	136	1.3%	20 767	6 942	27 709
Stanlib 753 72 270		Call Account	Call Account	Call Account	318	3.0%	53 325	318	53 642
Stanlib 551 353 708		Call Account	Call Account	Call Account	6	0.1%	1 083	6	1 089
Standard 76586/442736		Call Account	Call Account	Call Account	208	1.9%	40 311	5 208	45 519
Stanlib 753 72 271		Call Account	Call Account	Call Account	288	2.7%	48 357	288	48 645
Rand Merchant Bank X021904579		Call Account	Call Account	Call Account	361	3.4%	29 020	71 361	100 382
Nedbank 03/7881532939/000101		Call Account	Call Account	Call Account	219	2.0%	2 724	72 219	74 943
Absa 92 1120 9757		Call Account	Call Account	Call Account	1 145	10.7%	218 095	13 145	231 240
Absa 92 2110 3430		Call Account	Call Account	Call Account	893	8.3%	179 104	893	179 997
Standard 76586/442741		Call Account	Call Account	Call Account	164	1.5%	32 894	164	33 058
Standard 76586/442744		Call Account	Call Account	Call Account	147	1.4%	29 414	147	29 561
Rand Merchant Bank RRB0C07002		Call Account	Call Account	Call Account	265	2.5%	53 172	265	53 438
Nedbank 03/7881532939/000129		Call Account	Call Account	Call Account	236	2.2%	47 422	236	47 659
Nedbank 03/7881532939/000132		Call Account	Call Account	Call Account	1 783	16.6%	357 653	1 783	359 437
Rand Merchant Bank KLN3815041		Call Account	Call Account	Call Account	977	9.1%	195 915	977	196 892
Standard 76586/470801		Call Account	Call Account	Call Account	986	9.2%	197 712	986	198 698
Standard 76586/442738		Call Account	Call Account	Call Account	12	0.1%	2 498	12	2 511
<b>Municipality sub-total</b>					<b>10 712</b>		<b>2 107 472</b>	<b>(2 823)</b>	<b>2 104 649</b>
<b><u>Entities</u></b>									
<b>Entities sub-total</b>					<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>				<b>10 712</b>		<b>2 107 472</b>	<b>(2 823)</b>	<b>2 104 649</b>

## 11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

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

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

BUF Buffalo City - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M08 February

Description	Ref	2015/16		Budget Year 2016/17						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>763 536</b>	<b>1 177 431</b>	<b>1 177 431</b>	<b>8 189</b>	<b>848 672</b>	<b>841 470</b>	<b>7 201</b>	<b>0.9%</b>	<b>1 182 431</b>
Local Government Equitable Share		655 141	678 197	678 197		508 648	508 648	-		678 197
Urban Settlement Development Grant		98 783	75 445	75 445	7 200	61 361	50 297	11 065	22.0%	75 445
Finance Management		1 194	1 200	1 200		379	800	(421)	-52.6%	1 200
EPWP Incentive		1 034	1 188	1 188		854	792	62	7.9%	1 188
Infrastructure Skills Development Grant		4 186	8 900	8 900	415	3 154	5 933	(2 779)	-46.8%	8 900
Public Transport Infrastructure and Systems Grant		-	-	-	-	-	-	-	-	5 000
Department of Public Works		-	2 470	2 470	574	921	1 646	(726)	-44.1%	2 470
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Municipal Human Settlement Capacity Grant		3 198	-	-	-	-	-	-	-	-
General Fuel Levy		-	410 031	410 031	-	273 354	273 354	-	-	410 031
<b>Provincial Government:</b>		<b>197 710</b>	<b>138 802</b>	<b>140 081</b>	<b>20 192</b>	<b>67 614</b>	<b>98 387</b>	<b>(30 773)</b>	<b>-31.3%</b>	<b>138 802</b>
Roads Subsidy - Provincial Roads		-	-	-	-	-	-	-	-	-
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT) - Greening Award		-	-	-	-	-	-	-	-	-
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)		-	-	-	-	-	-	-	-	-
Department of Water Affairs		-	-	-	-	-	-	-	-	-
Local Government & Traditional Affairs		3 130	-	-	-	-	-	-	-	-
Health Subsidy - ATIC		-	-	-	-	-	-	-	-	-
DSRAC - Library Subsidy		9 638	15 000	15 000	15 000	15 000	15 000	-	-	15 000
Reclaim Land Claims Commission(RLCC)		-	-	-	-	-	-	-	-	-
Dept Sport, Recreation, Arts and Culture (DSRAC)		30	-	-	-	-	-	-	-	-
Independent Electoral Commission		-	-	262	-	-	174	(174)	-100.0%	-
Human Settlement Development Grant		184 186	123 802	124 819	5 192	52 614	83 213	(30 599)	-36.8%	123 802
Dept of Land Affairs		727	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Health Subsidy - Environmental Health		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		<b>2 424</b>	<b>3 496</b>	<b>586</b>	<b>963</b>	<b>2 061</b>	<b>390</b>	<b>1 670</b>	<b>427.8%</b>	<b>3 496</b>
SETA - Skills Development		2 309	-	-	963	2 048	-	2 048	#DIV/0!	-
Donor Funding - Leiden & Galve		-	-	-	-	-	-	-	-	-
Salaida		-	-	-	-	-	-	-	-	-
Transnet		-	3 000	-	-	-	-	-	-	3 000
Trust Funds		-	-	-	-	-	-	-	-	-
Umsobomvu Youth Fund		116	-	-	-	-	-	-	-	-
BCMETS Funding		-	-	-	-	-	-	-	-	-
Donor Funding - European Commission		-	-	-	-	-	-	-	-	-
City of Oldenburg		-	496	496	-	-	331	(331)	-100.0%	496
Vuna Awards		-	-	90	0	13	60	(47)	-79.1%	-
<b>Total operating expenditure of Transfers and Grants:</b>		<b>963 670</b>	<b>1 319 728</b>	<b>1 318 097</b>	<b>29 343</b>	<b>918 346</b>	<b>940 248</b>	<b>(21 902)</b>	<b>-2.3%</b>	<b>1 324 728</b>
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>596 567</b>	<b>741 969</b>	<b>741 969</b>	<b>42 743</b>	<b>328 538</b>	<b>494 646</b>	<b>(166 108)</b>	<b>-33.6%</b>	<b>741 969</b>
Urban Settlement Development Grant		576 870	656 054	656 054	42 400	327 837	437 369	(109 532)	-25.0%	656 054
Infrastructure Skills Development Grant		88	100	100	13	27	67	(40)	-59.4%	100
Energy Efficiency and Demand Management		3 998	-	-	-	-	-	-	-	-
Public Transport Network Grant		-	35 289	35 289	255	542	23 526	(22 984)	-97.7%	35 289
Neighbourhood Development Partnership		-	19 346	19 346	-	-	12 897	(12 897)	-100.0%	19 346
Integrated National Electrification Programme		10 517	25 000	25 000	75	131	16 667	(16 535)	-99.2%	25 000
Finance Management		102	100	100	-	-	67	(67)	-100.0%	100
Integrated City Development Grant		4 908	6 080	6 080	-	-	4 053	(4 053)	-100.0%	6 080
Municipal Human Settlement Capacity Grant		83	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		<b>73 827</b>	<b>106 300</b>	<b>119 947</b>	<b>(7 864)</b>	<b>3 879</b>	<b>79 964</b>	<b>(76 086)</b>	<b>-95.1%</b>	<b>106 300</b>
Human Settlement Development Grant		70 224	106 300	106 300	(7 890)	-	70 867	(70 867)	-100.0%	106 300
Human Settlement Development Grant - MPCC		-	-	-	-	-	-	-	-	-
Dept Sport, Recreation, Arts and Culture (DSRAC)		3 603	-	4 411	26	3 879	2 941	938	31.9%	-
Dept of Local Government and Traditional Affairs		-	-	9 036	-	-	6 024	(6 024)	-100.0%	-
Dept of Economic Development, Environmental Affairs and Tourism (DEDEAT)		-	-	199	-	-	133	(133)	-100.0%	-
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Health Subsidy - Environmental Health		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>458</b>	<b>-</b>	<b>-</b>	<b>305</b>	<b>(305)</b>	<b>-100.0%</b>	<b>-</b>
Public Funding		-	-	-	-	-	-	-	-	-
European Commission		-	-	-	-	-	-	-	-	-
BCMETS Funding		-	-	-	-	-	-	-	-	-
Lieden		-	-	458	-	-	305	(305)	-100.0%	-
<b>Total capital expenditure of Transfers and Grants</b>		<b>670 394</b>	<b>848 269</b>	<b>862 374</b>	<b>34 879</b>	<b>332 416</b>	<b>574 916</b>	<b>(242 499)</b>	<b>-42.2%</b>	<b>848 269</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>1 634 064</b>	<b>2 167 997</b>	<b>2 180 471</b>	<b>64 222</b>	<b>1 250 763</b>	<b>1 515 164</b>	<b>(264 401)</b>	<b>-17.5%</b>	<b>2 172 997</b>

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

The Metro has spent 53% (R443.17 million, inclusive of reclaimed vat) of its 2016/2017 conditional grants budget of R828.70 million as at 28 February 2017. This reflects a slight improvement when compared to the same period in the previous financial year where 52% (R418.95 million, inclusive of reclaimed of vat) of conditional grants budget of R801.94 million was spent. Expenditure is expected to speedily improve during the second half of the financial year as major projects have passed procurement to implementation stage.

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

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

<b>Funding</b>	<b>2016/2017 Rollover Adjustment Budget</b>	<b>YTD Expenditure (incl. VAT)</b>	<b>Variance (incl. VAT)</b>	<b>% Expenditure (incl. VAT)</b>
Integrated National Electrification Programme Grant	25 000 000	148 389	24 851 611	1%
Finance Management Grant	1 300 000	379 237	920 763	29%
Infrastructure Skills Development Grant	9 000 000	3 282 989	5 717 011	36%
Neighbourhood Development Partnership Grant	19 346 000	0	19 346 000	0%
Urban Settlement Development Grant	731 499 000	437 884 675	293 614 325	60%
Integrated City Development Grant	6 080 000	0	6 080 000	0%
Expanded Public Works Programme Grant	1 188 000	855 768	332 232	72%
Public Transport Network Grant	35 289 000	617 723	34 671 277	2%
<b>TOTAL CONDITIONAL GRANTS</b>	<b>828 702 000</b>	<b>443 168 781</b>	<b>385 533 219</b>	<b>53%</b>

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

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

The following contracts are planned for the 2016/17 financial year:

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



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

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

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

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

The funding is only being used to pay the interns stipends as well as mentor salaries. Previously there were eleven (11) interns in the program together with 2 external mentors. Nine (9) additional interns started on 01 December 2016 and their stipends will therefore increase expenditure. Recruitment process is underway for four additional mentor positions and five intern positions.

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

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

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

### **INFRASTRUCTURE SERVICES**

#### **Sanitation**

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

#### **Electricity**

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

## **DEVELOPMENT & SPATIAL PLANNING**

### **KwaTshathsu Pedestrian Bridge**

Construction tender was awarded on the 30 November 2016 and as a result construction will start in March 2017.

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

The construction tender was awarded on the 09 December 2016. One of the losing bidders has contested the award; BCMM legal department is currently looking in this matter.

### **Traffic calming measures**

Traffic calming measures tenders are in the procurement processes.

### **Traffic signals**

Service Providers have been appointed to assess intersection controls that need improvement. Once the studies are completed, implementation will then be undertaken by means of acquiring materials and installing traffic signals at Amalinda (SPCA & Amalinda Stadium intersection) and Dice and Mdantsane Access Road intersections. Count Down signals will also be installed in the East London and King Williams Town Central Business District (CBD).

### **Sidewalks**

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

## **ECONOMIC DEVELOPMENT AND AGENCIES**

The Upgrading of the Market project is being implemented by an annual contractor that is currently on site. The budget is 36% spent and the remainder is committed. Invoices will be submitted as work progresses.

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

The Construction of King William's Town Traffic Centre tender was awarded on the 27<sup>th</sup> February 2017, construction should begin soon.

## **MUNICIPAL SERVICES**

The Construction of Cell 3, 4 and ancilliary works are in the procurement process. The municipality is also finalizing the specification and designs of Transfer Stations.

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

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

The tender is currently in the procurement process.

#### **Qumza Highway**

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

#### **Development and Upgrading of Public Transport Facilities in KWT**

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

### **11.1.7. NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT**

The funding has not yet been transferred from National Treasury. As a result no expenditure has been incurred.

## 12. COUNCILLOR AND EMPLOYEE BENEFITS

### 12.1. Councillor and Employees Benefits Summary

Table 19 below provides summary of employees and Councillors remuneration. The workforce costs as a percentage of expenditure amounted to 27.08%.

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

BUF Buffalo City - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M08 February

Summary of Employee and Councillor remuneration	Ref	2015/16		Budget Year 2016/17						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		30 991	33 999	33 999	3 516	21 627	23 008	(1 381)	-6%	33 999
Pension and UIF Contributions		3 306	3 495	3 495	308	2 152	2 365	(213)	-9%	3 495
Medical Aid Contributions		1 783	1 987	1 987	147	1 088	1 345	(256)	-19%	1 987
Motor Vehicle Allowance		11 682	13 412	13 412	1 066	8 308	9 076	(768)	-8%	13 412
Cellphone Allowance		2 147	2 279	2 279	312	1 546	1 542	4	0%	2 279
Housing Allowances		2 847	2 927	2 927	214	1 998	1 981	17	1%	2 927
Other benefits and allowances		1 620	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		<b>54 375</b>	<b>58 099</b>	<b>58 099</b>	<b>5 564</b>	<b>36 720</b>	<b>39 317</b>	<b>(2 597)</b>	<b>-7%</b>	<b>58 099</b>
<b>% increase</b>	4		<b>6.8%</b>	<b>6.8%</b>						<b>6.8%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages		5 998	12 192	12 192	419	3 521	8 249	(4 727)	-57%	12 192
Pension and UIF Contributions		1 166	2 216	2 216	81	663	1 499	(837)	-56%	2 216
Medical Aid Contributions		136	262	262	14	92	177	(85)	-48%	262
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1 370	2 630	2 630	94	767	1 780	(1 013)	-57%	2 630
Cellphone Allowance		195	414	414	10	95	280	(185)	-66%	414
Housing Allowances		1	-	-	-	-	-	-	-	-
Other benefits and allowances		1 551	2 202	2 202	108	960	1 490	(529)	-36%	2 202
Payments in lieu of leave		885	-	-	-	-	-	-	-	-
Long service awards		(1)	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>11 300</b>	<b>19 916</b>	<b>19 916</b>	<b>726</b>	<b>6 098</b>	<b>13 475</b>	<b>(7 376)</b>	<b>-55%</b>	<b>19 916</b>
<b>% increase</b>	4		<b>76.2%</b>	<b>76.2%</b>						<b>76.2%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		788 780	913 258	913 258	70 897	565 176	617 909	(52 733)	-9%	913 258
Pension and UIF Contributions		146 210	174 823	174 823	13 637	117 994	118 285	(291)	0%	174 823
Medical Aid Contributions		60 245	81 759	81 759	6 698	47 813	55 318	(7 505)	-14%	81 759
Overtime		121 192	72 218	72 218	11 764	86 491	48 863	37 628	77%	72 218
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		20 565	30 051	30 051	2 100	15 924	20 333	(4 409)	-22%	30 051
Cellphone Allowance		3 967	3 884	3 884	214	2 522	2 628	(106)	-4%	3 884
Housing Allowances		11 858	14 767	14 767	858	6 754	9 992	(3 237)	-32%	14 767
Other benefits and allowances		136 219	179 077	179 077	13 598	111 048	121 163	(10 115)	-8%	179 077
Payments in lieu of leave		33 749	16 209	16 209	85	1 387	10 967	(9 580)	-87%	16 209
Long service awards		18 114	18 925	18 925	1 691	13 988	12 804	1 184	9%	18 925
Post-retirement benefit obligations	2	-	6 181	6 181	6	50	4 182	(4 133)	-99%	6 181
<b>Sub Total - Other Municipal Staff</b>		<b>1 340 901</b>	<b>1 511 153</b>	<b>1 511 153</b>	<b>121 548</b>	<b>969 147</b>	<b>1 022 443</b>	<b>(53 296)</b>	<b>-5%</b>	<b>1 511 153</b>
<b>% increase</b>	4		<b>12.7%</b>	<b>12.7%</b>						<b>12.7%</b>
<b>Total Parent Municipality</b>		<b>1 406 576</b>	<b>1 589 167</b>	<b>1 589 167</b>	<b>127 838</b>	<b>1 011 965</b>	<b>1 075 235</b>	<b>(63 270)</b>	<b>-6%</b>	<b>1 589 167</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>1 406 576</b>	<b>1 602 436</b>	<b>1 602 436</b>	<b>127 838</b>	<b>1 011 965</b>	<b>1 075 235</b>	<b>(63 270)</b>	<b>-6%</b>	<b>1 602 436</b>
<b>% increase</b>	4		<b>13.9%</b>	<b>13.9%</b>						<b>13.9%</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>1 352 201</b>	<b>1 544 233</b>	<b>1 544 233</b>	<b>122 274</b>	<b>975 246</b>	<b>1 035 918</b>	<b>(60 673)</b>	<b>-6%</b>	<b>1 544 233</b>

## 12.2. Overtime Analysis

Table 20 below provides comparison of overtime expenditure against budget per directorate for the period ended 28 February 2017. Table 21 below details overtime expenditure incurred per cost centre for the past three months ended 28 February 2017.

**Table 20: Overtime per Directorate**

Directorate Overtime	2016/2017 Annual Budget R	2016/2017 YTD Budget R	2016/2017 YTD Expenditure R	2016/2017 Variance R	2016/2017 % of YTD Budget %
Directorate Of Executive Support Services	1 638 161	1 092 107	2 251 698	(1 159 590)	206%
Directorate Of The City Manager	310 477	206 985	256 736	(49 752)	124%
Directorate Of Corporate Services	597 129	398 086	542 168	(144 082)	136%
Directorate Of Development & Spatial Planning	623 454	415 636	250 420	165 216	60%
Directorate Of Economic Development & Agencies	468 800	312 533	243 138	69 395	78%
Directorate Of Finance	1 358 753	905 835	1 716 130	(810 294)	189%
Directorate Of Health / Public Safety & Emergency Services	29 709 079	19 806 053	26 248 642	(6 442 589)	133%
Directorate Of Human Settlement	101 931	67 954	1 180	66 774	2%
Directorate Of Infrastructure Services	17 131 302	11 420 868	24 735 352	(13 314 484)	217%
<i>Electricity</i>	7 741 181	5 160 787	8 115 929	(2 955 141)	157%
<i>Water</i>	3 352 141	2 234 761	9 276 994	(7 042 233)	415%
<i>Sanitation</i>	4 954 818	3 303 212	6 650 956	(3 347 744)	201%
<i>Other</i>	1 083 162	722 108	691 473	30 635	96%
Directorate Of Municipal Services	20 279 324	13 519 549	30 245 707	(16 726 158)	224%
<b>Total</b>	<b>72 218 410</b>	<b>48 145 607</b>	<b>86 491 171</b>	<b>(38 345 564)</b>	<b>180%</b>

**Table 21: Overtime Per Cost Centre: December 2016 – February 2017**

**OVERTIME PER COST CENTRE**

		<b>December 2016 Amount</b>	<b>January 2017 Amount</b>	<b>February 2017 Amount</b>
	<b>Directorate -Executive Support Services</b>			
0505	OFFICE OF THE DIRECTOR EXECUTIVE SUPPORT SERVICES	291 442.64	263 562.84	149 271.23
0512	INTERNATIONAL & INTERGOVERNMENTAL RELATIONS	24 265.43	55 732.03	13 543.20
0523	IDP & BUDGET INTEGRATION	3 735.00	-	9 139.48
0531	POLITICAL OFFICE ADMINISTRATION	18 680.00	10 424.14	38 608.40
		<b>338 123.07</b>	<b>329 719.01</b>	<b>210 562.31</b>
	<b>Directorate Of The City Manager</b>			
1005	OFFICE OF THE CITY MANAGER	13 989.21	27 011.25	18 800.50
1015	INFORMATION / TECHNOLOGY & SUPPORT	26 542.36	18 509.19	42 212.96
1041	GOVERNANCE & INTERNAL AUDITING	-	1 770.26	-
1061	LEGAL SERVICES & MUNICIPAL COURT	2 110.34	-	-2 110.34
		<b>42 641.91</b>	<b>47 290.70</b>	<b>58 903.12</b>
	<b>Directorate Of Corporate Services</b>			
1512	ADMINISTRATIVE & CORPORATE SUPPORT	5 244.48	2 889.83	8 263.43
1513	AUXILLIARY / RECORDS & DECISION TRACKING AND TELECOMMUNICATIONS	40 969.40	27 149.21	34 225.86
1531	HUMAN RESOURCES MANAGEMENT	8 562.08	7 941.28	37 435.67
1532	ADMINISTRATIVE SUPPORT	5 900.84	8 999.47	5 900.84
		<b>60 676.80</b>	<b>46 979.79</b>	<b>85 825.80</b>
	<b>Directorate Of Development &amp; Spatial Planning</b>			
2023	BUILDING MAINTENANCE	21 314.90	-	660.17
2034	INTEGRATED PUBLIC TRANSPORT NETWORK OPERATIONS	16 552.56	4 899.89	4 448.99
2037	TRAFFIC MANAGEMENT & SAFETY	13 467.29	10 660.61	8 019.75
		<b>51 334.75</b>	<b>15 560.50</b>	<b>13 128.91</b>
	<b>Directorate Of Economic Development &amp; Agencies</b>			
2505	OFFICE OF THE DIRECTOR OF ECONOMIC DEVELOPMENT & AGENCIES	-	1 453.58	-
2511	FRESH PRODUCE MARKET	35 536.41	28 010.26	29 494.24
2521	TOURISM / ARTS / CULTURE & HERITAGE	-	24 106.49	-
2531	TRADE / INDUSTRY & RURAL AGRARIAN	-	35 022.37	-
		<b>35 536.41</b>	<b>88 592.70</b>	<b>29 494.24</b>

		December 2016 Amount	January 2017 Amount	February 2017 Amount
	<b>Directorate Of Finance</b>			
3011	BUDGET & TREASURY MANAGEMENT	-	-	733.85
3031	EXPENDITURE & PAYMENTS MANAGEMENT	1 090.94	-	-
3033	PAYROLL & BENEFITS	-	467.81	-
3034	VAT / LEASES & PAYMENTS	2 733.92	1 869.10	2 510.74
3041	FINANCIAL REPORTING	1 195.02	2 935.44	3 626.14
3051	REVENUE MANAGEMENT	60 667.36	92 926.74	101 301.61
3052	ACCOUNTS MANAGEMENT & REVENUE CONTROL	73 931.35	48 356.48	41 881.89
3053	COASTAL REVENUE MANAGEMENT	123 221.56	68 199.28	39 143.57
3054	CUSTOMER RELATIONS (CALL CENTRE)	80 411.48	94 279.89	80 084.17
3057	RATES & VALUATIONS	11 884.90	-	-
3061	STRATEGY & OPERATIONS	2 818.03	2 678.69	2 520.70
3071	SUPPLY CHAIN MANAGEMENT	8 076.60	7 540.48	2 702.03
		<b>366 031.16</b>	<b>319 253.91</b>	<b>274 504.70</b>
	<b>Directorate Of Health / Public Safety &amp; Emergency Services</b>			
3512	DISASTER MANAGEMENT	9 699.45	34 434.83	9 766.55
3513	FIRE & RESCUE	280 520.09	1 016 488.95	565 372.05
3521	MUNICIPAL HEALTH SERVICES	34 773.44	-	-
3531	PUBLIC SAFETY & PROTECTION SERVICES	65 308.59	74 069.98	94 547.88
3532	LAW ENFORCEMENT SERVICES	1 547 970.27	2 321 858.66	1 966 273.54
3533	TRAFFIC SERVICES	510 118.38	441 016.25	900 052.42
		<b>2 448 390.22</b>	<b>3 887 868.67</b>	<b>3 536 012.44</b>
	<b>Directorate Of Infrastructure Services</b>			
4505	OFFICE OF THE DIRECTOR OF INFRASTRUCTURE SERVICES	2 932.86	1 049.84	1 866.39
4511	ELECTRICAL & ENERGY SERVICES	2 225.91	2 325.87	1 623.67
4512	CUSTOMER SERVICES & REVENUE PROTECTION	72 276.54	94 629.90	86 007.47
4513	ELECTRICAL DEVELOPMENT / CONTRACTS & ASSETS	669.00	3 752.69	3 005.85
4514	ELECTRICAL DISTRIBUTION	987 719.76	1 043 385.57	1 017 747.52
4521	ROADS / PIU & CONSTRUCTION	-	4 149.35	1 055.18
4523	PROJECT IMPLEMENTATION UNIT	322.07	-	-
4524	ROADS	2 790.82	54 083.89	24 687.68
4532	SANITATION	721 650.16	-	814 534.79
4533	SCIENTIFIC SERVICES	3 796.40	887 280.91	-
4535	WATER SERVICES	1 012 359.68	1 203 513.98	1 186 216.81
4542	FLEET SERVICES & PLANT	-	2 897.01	2 498.67
4543	WORKSHOPS	58 581.34	80 305.96	69 429.10
		<b>2 865 324.54</b>	<b>3 377 374.97</b>	<b>3 208 673.13</b>

		December 2016 Amount	January 2017 Amount	February 2017 Amount
	<b>Directorate Of Municipal Services</b>			
5005	OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES	19 719.40	21 069.71	8 610.90
5011	COMMUNITY AMENITIES	19 304.66	19 876.07	19 690.51
5013	LIBRARIES	26 981.53	9 793.64	46 669.79
5014	HALLS	190 790.03	180 085.66	110 620.69
5015	RECREATION	443 561.56	916 239.30	849 089.52
5016	SPORTS FACILITIES	195 815.44	184 262.80	185 321.46
5022	CEMETRIES & CREMATORIA	251 618.90	273 479.05	290 717.08
5023	CONSERVATION	188 530.57	172 681.40	154 033.10
5024	PARKS: COASTAL	805 044.73	739 370.06	935 943.91
5031	SOLID WASTE MANAGEMENT	10 811.77	19 492.44	15 886.78
5032	CLEANSING & REFUSE REMOVAL: COASTAL	1 308 593.43	1 743 420.56	1 550 614.71
5035	LANDFILLS & TRANSFER STATIONS	109 511.13	137 117.60	128 852.90
		<b>3 570 283.15</b>	<b>4 416 888.29</b>	<b>4 296 051.35</b>
	<b>TOTAL OVERTIME</b>	<b>9 778 342.01</b>	<b>12 529 528.54</b>	<b>11 713 156.00</b>

### 12.2.1. Comments On Overtime

#### a) Directorate of Executive Support Services

The over expenditure is due to the Mayoral Bodyguards having to work extended overtime and night shifts. Furthermore, staff had to work overtime during Summer Season Events which contributed to the exceeded overtime.

#### b) City Managers Office

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

#### c) Directorate of Corporate Services

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



**d) Directorate of Finance**

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

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

**e) Directorate of Infrastructure Services**

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

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

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

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

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

**g) Directorate of Municipal Services**

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

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

### **12.3. Standby and Shift Allowance Analysis**

Table 22 below reflects the total standby and shift allowance incurred per directorate for the past three months ended 28 February 2017. There was an increase in the total payment between December 2016 and January 2017 of R7 725 and an increase in the total payment between January 2017 and February 2017 of R102 818.

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

	<b>DECEMBER 2016</b>	<b>JANUARY 2017</b>	<b>FEBRUARY 2017</b>
Directorate of Executive Support Services	7 299	6 916	3 692
Directorate of the City Manager	30 512	35 688	40 962
Directorate of Corporate Services	2 092	1 996	1 621
Directorate of Development and Spatial Planning	11 766	11 855	14 186
Directorate Economic Development & Agencies	2 202	2 112	1 002
Directorate of Finance	18 255	17 927	17 779
Directorate of Health / Public Safety & Emergency Services	653 631	633 735	698 082
Directorate of Infrastructure Services	631 530	662 591	675 396
Directorate of Municipal Services	296 423	288 612	311 531
<b>TOTAL</b>	<b>1 653 708</b>	<b>1 661 433</b>	<b>1 764 251</b>

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

The total payment of Temporary Staff for the past three months ended 28 February 2017 is reflected below. There was an increase in the total payment between December 2016 and January 2017 of R856 332 and a decrease in the total payment between January 2017 and February 2017 of R718 515.

**Table 23: Temporary Staff per Directorate**

	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017
Directorate of Executive Support Services	338 185	347 317	414 810
Directorate of the City Manager	275 908	279 131	185 702
Directorate of Corporate Services	1 047 026	1 037 928	1 141 822
Directorate of Development and Spatial Planning	97 203	127 752	108 525
Directorate Economic Development & Agencies	10 365	117 503	76 186
Directorate of Finance	420 036	351 905	333 763
Directorate of Health / Public Safety & Emergency Services	35 478	89 041	76 372
Directorate of Human Settlements	124 205	129 882	111 309
Directorate of Infrastructure Services	174 253	214 734	235 835
Directorate of Municipal Services	1 941 762	2 625 560	1 917 915
<b>TOTAL</b>	<b>4 464 421</b>	<b>5 320 753</b>	<b>4 602 238</b>

**12.5. Councillors Costs**

The table below shows the budget and expenditure to date for councillors' costs. The year to date budget of R38 732 534 less the year to date expenditure of R36 719 820 leaves a variance of R2 012 714.

**Table 24: Councillors Costs**

Councillors Allowances and Benefits	2016/2017 Annual Budget R	2016/2017 YTD Budget R	2016/2017 YTD Expenditure R	2016/2017 Variance R	2016/2017 YTD Expenditure %
Mayoral Allowance	790 172	526 781	483 154	43 627	92%
Deputy Mayoral Allowance	638 158	425 439	394 101	31 337	93%
Mayoral Committee Allowance	6 599 489	4 399 659	3 614 095	785 564	82%
Speakers Allowance	638 158	425 439	397 571	27 868	93%
Out of Pocket Expenses	1 208 400	805 600	282 917	522 683	35%
Councillors Allowance	24 124 437	16 082 958	16 454 804	-371 846	102%
Cllr Cell Phone Allowance	2 278 635	1 519 090	1 546 434	-27 344	102%
Cllr Housing Subsidy	2 927 329	1 951 553	1 997 941	-46 388	102%
Cllr Medical Aid	1 986 812	1 324 541	1 088 413	236 129	82%
Cllr Pension Scheme	3 495 042	2 330 028	2 152 273	177 755	92%
Cllr Travel Allowance	13 412 169	8 941 446	8 308 117	633 329	93%
<b>TOTAL</b>	<b>58 098 801</b>	<b>38 732 534</b>	<b>36 719 820</b>	<b>2 012 714</b>	<b>95%</b>

### 13. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

The entity has started operating on its own with minimal need for daily support from the parent municipality. The Buffalo City Metropolitan Development Agency has a budget of R18.38 million and has spent R9.6 million (52%) as at 28 February 2017.

A detailed analysis of the entity's financial performance for month ended 28 February 2017 is outlined below and the attached Annexure F.

#### 13.1. FINANCIAL PERFORMANCE

The statement of financial performance of the entity presented in the table below, compares the expenditure and revenue against budget for the period ended 28 February 2017.

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

BUF Buffalo City - Supporting Table SC11 Monthly Budget Statement - summary of municipal entities - M08 February

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>Revenue By Municipal Entity</b>										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Interest earned - external investments		-	69	69	27	142	46	96	208%	69
Transfers recognised - operational		764	18 116	18 116	-	11 918	13 587	(1 669)	-12%	18 116
Agency services			200	200	-	99	133			200
Other revenue		-			-	9	-	9	#DIV/0!	200
								-		
<b>Total Operating Revenue</b>	1	<b>764</b>	<b>18 385</b>	<b>18 385</b>	<b>27</b>	<b>12 168</b>	<b>13 766</b>	<b>(1 598)</b>	<b>-12%</b>	<b>18 585</b>
<b>Expenditure By Municipal Entity</b>										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Employee related costs		760	12 225	12 225	947	5 785	8 150	(2 366)	-29%	12 225
Remuneration of Directors		156	566	566	53	218	377	(159)	-42%	566
Depreciation & asset impairment		3	393	393	24	130	262	(132)	-50%	393
Finance charges		-	8	8	-	-	5	(5)	-100%	8
Other expenditure		276	5 192	5 192	333	2 596	3 462	(866)	-25%	5 192
								-		
<b>Total Operating Expenditure</b>	2	<b>1 194</b>	<b>18 385</b>	<b>18 385</b>	<b>1 357</b>	<b>8 729</b>	<b>12 256</b>	<b>(3 527)</b>	<b>-29%</b>	<b>18 385</b>
<b>Surplus/ (Deficit) for the yr/period</b>		(430)	-	-	(1 330)	3 438	1 510	(5 126)	-340%	200
<b>Capital Expenditure By Municipal Entity</b>										
<i>Buffalo City Metropolitan Development Agency SOC Ltd</i>										
Transfers recognised - capital		-	-	-	42	902	-	902	#DIV/0!	-
Contributions recognised - capital		-	-	-	-	-	-	-		-
Contributed assets		-	-	-	-	-	-	-		-
<b>Total Capital Expenditure</b>	3	<b>-</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>902</b>	<b>-</b>	<b>902</b>	<b>#DIV/0!</b>	<b>-</b>

### **Revenue by Source**

The only movement between the previous month and current is on interest received. This item is more than the budgeted amount due to frequent investment of surplus funds and always maintaining a positive bank balance on the primary bank account.

### **Expenditure by type**

As previously reported, the vacancies have since been filled, except for two where the incumbents will commence duty in April 2017. The expenditure on employee related costs will then increase to be in line with the expected norm. This item has since been adjusted downwards in the adjustments budget due to savings realised emanating from positions that were not timeously filled.

The parent municipality has since finalised the appointment process of the Board members, therefore the expenditure will improve. A Board induction was held in February 2017, which will be followed by numerous engagements between March and May 2017 in the process of finalising the Agency's strategic plan and 2017/18 MTREF budget.

Procurement processes for the precinct plans have been concluded and therefore expenditure will start in March 2017 to catch with the expenditure pattern.

## **13.2. CAPITAL EXPENDITURE**

The Agency incurred capital expenditure in relation to the computers for the new staff members, a purchase of a projector and intangible assets relating to recurring expenses of website hosting and a Microsoft project software for the development facilitation personnel.

## **14. CAPITAL PROGRAMME PERFORMANCE**

BCMM has spent 37% (R630.05 million, inclusive of reclaimed vat) of its 2016/17 adjusted capital budget of R1.69 billion as at 28 February 2017. Though this reflects a regression in terms of expenditure percentage, it however depicts a slight improvement in rand value terms when compared to the same period in the previous financial year where 40% (R553.24 million, inclusive of reclaimed vat) of the adjusted budget of R1.38 billion was spent. The capital expenditure is expected to speedily

improve during the second half of the financial year as major projects have passed procurement to implementation stage. Refer to Annexure A – C5 for the breakdown per municipal vote, standard classification & funding; Annexure B – SC12 for monthly expenditure trends; SC13a for breakdown of asset classification for new assets and SC13b for breakdown on asset classification on renewal of existing asset).

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

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

**Table 26: Capital Expenditure per Funding Source against Budget**

<b>Funding</b>	<b><u>2016/2017 Rollover Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl. VAT)</u></b>	<b><u>Variance (incl. VAT)</u></b>	<b><u>% Expenditure (incl. VAT)</u></b>
<b>Total Own Funding</b>	<b>830 781 135</b>	<b>255 633 832</b>	<b>575 147 303</b>	<b>31%</b>
DoE(Integrated National Electrification Programme)	25 000 000	148 389	24 851 611	1%
DEDEAT c/o	199 168	0	199 168	0%
DSRAC c/o	4 411 277	3 878 531	532 746	88%
Finance Management Grant	100 000	0	100 000	0%
Galve c/o	458 000	0	458 000	0%
Infrastructure Skills Development Grant	100 000	30 832	69 168	31%
Integrated City Development Grant	6 080 000	0	6 080 000	0%
Local Government & Traditional Affairs	9 036 112	0	9 036 112	0%
Neighbourhood Development Partnership Grant	19 346 000	0	19 346 000	0%
Urban Settlement Development Grant	656 054 030	369 739 285	286 314 746	56%
Human Settlement Development Grant	106 300 000		106 300 000	0%
Public Transport Infrastructure and Systems Grant	35 289 000	326 912	34 671 277	2%
<b>Total Grants</b>	<b>862 373 587</b>	<b>336 556 405</b>	<b>487 958 828</b>	<b>43%</b>
<b>TOTAL PER FUNDING</b>	<b>1 693 154 722</b>	<b>630 048 591</b>	<b>1 063 106 131</b>	<b>37%</b>

Table 27 below reflects capital expenditure performance per service.

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

<b>Services</b>	<b><u>2016/2017 Rollover Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl. VAT)</u></b>	<b><u>Variance (incl. VAT)</u></b>	<b><u>% Expenditure (incl. VAT)</u></b>
Water	87 500 000	73 219 667	14 280 333	84%
Waste Water	420 539 799	168 051 513	252 488 286	40%
Electricity	143 000 000	63 040 770	79 959 230	44%
Roads and Stormwater	261 098 558	139 825 731	121 272 827	54%
Housing	211 477 194	97 343 269	114 133 926	46%
Transport Planning	139 789 000	7 413 770	132 375 230	5%
Local Economic Development	54 734 025	13 586 458	41 147 567	25%
Spatial Planning	96 708 219	10 230 258	86 477 960	11%
Waste Management / Refuse	115 796 195	4 382 813	111 413 382	4%
Amenities	51 376 990	25 344 993	26 031 997	49%
Public Safety	46 483 912	1 664 231	44 819 681	4%
Support Services	46 338 808	15 826 850	30 511 958	34%
Other 0 BCM Fleet	18 312 022	10 118 269	8 193 753	55%
<b>TOTAL PER SERVICE</b>	<b>1 693 154 722</b>	<b>630 048 591</b>	<b>1 063 106 131</b>	<b>37%</b>

Table 28 below reflects capital expenditure performance per directorate.

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

<b>Directorate</b>	<b><u>2016/2017 Rollover Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl. VAT)</u></b>	<b><u>Variance (incl. VAT)</u></b>	<b><u>% Expenditure (incl. VAT)</u></b>
Directorate of Executive Support Services	8 007 062	1 949 270	6 057 792	24%
Directorate of the City Manager	17 521 500	12 126 661	5 394 839	69%
Directorate of Human Settlement	211 477 194	97 343 269	114 133 926	46%
Directorate of Finance	747 535	454 071	293 465	61%
Directorate of Corporate Services	9 033 820	619 285	8 414 535	7%
Directorate of Infrastructure Services	937 030 379	454 423 085	482 607 294	48%
Directorate of Development and Spatial Planning	230 417 219	17 644 029	212 773 190	8%
Directorate of Economic Development and Agencies	54 734 025	13 586 458	41 147 567	25%
Directorate of Health, Public Safety and Emergency Services	46 483 912	1 664 231	44 819 681	4%
Directorate of Municipal Services	167 702 076	30 132 300	137 569 777	18%
<b>TOTAL DIRECTORATES</b>	<b>1 683 154 722</b>	<b>629 942 658</b>	<b>1 053 212 064</b>	<b>37%</b>
Asset Replacement	10 000 000	105 933	9 894 067	1%
<b>GRAND TOTAL</b>	<b>1 693 154 722</b>	<b>630 048 591</b>	<b>1 063 106 131</b>	<b>37%</b>

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

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

BUF Buffalo City - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M08 February

Month	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July	148	6 746	6 746	1 611	1 611	6 746	5 135	76.1%	0%
August	42 068	42 169	42 169	39 205	40 817	48 916	8 099	16.6%	3%
September	57 530	34 991	34 991	86 333	127 150	83 907	(43 243)	-51.5%	8%
October	101 591	58 305	58 305	78 499	205 649	142 212	(63 436)	-44.6%	13%
November	85 219	56 652	56 652	124 330	329 978	198 865	(131 113)	-65.9%	21%
December	111 569	69 364	69 364	161 499	491 477	268 229	(223 248)	-83.2%	32%
January	62 851	41 215	41 215	26 493	517 970	309 443	(208 527)	-67.4%	33%
February	49 495	42 842	42 842	70 080	588 050	352 285	(235 765)	-66.9%	38%
March	117 166	65 464	65 464			417 750	-		
April	19 396	89 153	89 153			506 903	-		
May	96 244	87 115	87 115			594 018	-		
June	443 096	964 116	1 099 137			1 693 155	-		
<b>Total Capital expenditure</b>	<b>1 186 373</b>	<b>1 558 134</b>	<b>1 693 155</b>	<b>588 050</b>					



**Table 30: SC13a Monthly budget Statement – capital expenditure on new assets by asset class**

BUF Buffalo City - Supporting Table SC13a Consolidated Monthly Budget Statement - capital expenditure on new assets by asset class - M08 February

Description	Ref	2015/16		Budget Year 2016/17						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		146 506	417 323	434 397	6 018	66 755	90 383	23 628	26.1%	434 397
Infrastructure - Road transport		19 428	106 080	106 080	2 547	39 100	22 071	(17 028)	-77.2%	106 080
Roads, Pavements & Bridges		19 428	106 080	106 080	2 547	39 100	22 071	(17 028)	-77.2%	106 080
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		43 610	43 000	43 000	140	5 015	8 947	3 932	43.9%	43 000
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		43 610	43 000	43 000	140	5 015	8 947	3 932	43.9%	43 000
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		83 468	268 243	285 317	3 331	22 640	59 364	36 724	61.9%	285 317
Waste Management		26 799	78 454	85 294	-	3 845	17 747	13 902	78.3%	85 294
Transportation		44 810	145 789	145 789	1 599	7 113	30 334	23 220	76.6%	145 789
Gas		-	-	-	-	-	-	-	-	-
Other		11 859	44 000	54 234	1 732	11 682	11 284	(398)	-3.5%	54 234
<b>Community</b>		13 726	21 000	21 926	1 832	6 985	4 562	(2 423)	-53.1%	21 926
Parks & gardens		-	500	500	-	-	104	104	100.0%	500
Sportsfields & stadia		-	500	1 426	(2)	491	297	(194)	-65.4%	1 426
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		5 791	10 000	10 000	1 834	2 105	2 081	(25)	-1.2%	10 000
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Cemeteries		-	10 000	10 000	-	4 389	2 081	(2 308)	-110.9%	10 000
Social rental housing		-	-	-	-	-	-	-	-	-
Other		7 935	-	-	-	-	-	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		202 832	201 941	210 977	7 441	86 501	43 897	(42 604)	-97.1%	210 977
Housing development		202 832	201 941	210 977	7 441	86 501	43 897	(42 604)	-97.1%	210 977
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		74 614	113 570	200 053	2 380	29 735	41 624	11 889	28.6%	200 053
General vehicles		47 384	18 200	52 009	146	10 385	10 821	437	4.0%	52 009
Specialised vehicles		3 533	11 000	11 532	-	-	2 399	2 399	100.0%	11 532
Plant & equipment		13 154	14 966	21 214	369	2 455	4 414	1 959	44.4%	21 214
Computers - hardware/equipment		10 542	20 700	55 700	982	11 608	11 589	(18)	-0.2%	55 700
Furniture and other office equipment		-	23 972	27 693	869	5 261	5 762	501	8.7%	27 693
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	5 286	12 458	-	-	2 592	2 592	100.0%	12 458
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	19 446	19 446	13	27	4 046	4 019	99.3%	19 446
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	1	437 677	753 834	867 354	17 671	189 977	180 466	(9 511)	-5.3%	867 354
<b>Specialised vehicles</b>		3 533	11 000	11 532	-	-	2 399	2 399	0	11 532
Refuse		-	-	-	-	-	-	-	-	-
Fire		3 533	11 000	11 532	-	-	2 399	2 399	0	11 532
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

The capital programme performance table 31 below provide summary of capital expenditure by asset class/sub-class for renewal of existing assets (Exclusive of VAT).

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

BUF Buffalo City - Supporting Table SC13b Consolidated Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M08 February

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		712 733	720 091	734 138	47 941	369 610	152 748	(216 862)	-142.0%	734 138
Infrastructure - Road transport		317 251	161 099	161 099	10 723	89 124	33 519	(55 605)	-165.9%	161 099
<i>Roads, Pavements &amp; Bridges</i>		317 251	161 099	161 099	10 723	89 124	33 519	(55 605)	-165.9%	161 099
<i>Storm water</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		103 042	100 000	100 000	7 984	57 373	20 806	(36 567)	-175.7%	100 000
<i>Generation</i>		-	-	-	-	-	-	-	-	-
<i>Transmission &amp; Reticulation</i>		103 042	100 000	100 000	7 984	57 373	20 806	(36 567)	-175.7%	100 000
<i>Street Lighting</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Water		116 452	87 500	87 500	4 514	68 324	18 206	(50 118)	-275.3%	87 500
<i>Dams &amp; Reservoirs</i>		-	-	-	-	-	-	-	-	-
<i>Water purification</i>		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>		116 452	87 500	87 500	4 514	68 324	18 206	(50 118)	-275.3%	87 500
Infrastructure - Sanitation		16 835	371 492	385 540	24 720	154 789	80 217	(74 572)	-93.0%	385 540
<i>Reticulation</i>		16 835	371 492	385 540	24 720	154 789	80 217	(74 572)	-93.0%	385 540
<i>Sewerage purification</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Other		159 154	-	-	-	-	-	-	-	-
<i>Waste Management</i>		159 154	-	-	-	-	-	-	-	-
<i>Transportation</i>		-	-	-	-	-	-	-	-	-
<i>Gas</i>		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
<b>Community</b>		18 895	19 855	25 805	1 627	16 278	5 369	(10 909)	-203.2%	25 805
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		11 815	10 000	14 411	1 463	10 815	2 998	(7 817)	-260.7%	14 411
Swimming pools		-	2 500	2 500	-	1 556	520	(1 036)	-199.2%	2 500
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		7 080	7 355	8 894	164	3 906	1 851	(2 056)	-111.1%	8 894
<b>Other assets</b>		17 067	64 355	65 857	2 841	12 186	13 702	1 517	11.1%	65 857
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	700	1 181	-	357	246	(111)	-45.3%	1 181
Civic Land and Buildings		16 336	62 655	63 676	2 841	11 534	13 249	1 715	12.9%	63 676
Other		731	1 000	1 000	-	295	208	(87)	-41.6%	1 000
<b>Total Capital Expenditure on renewal of existing assets</b>	1	<b>748 696</b>	<b>804 300</b>	<b>825 801</b>	<b>52 409</b>	<b>398 074</b>	<b>171 820</b>	<b>(226 254)</b>	<b>-131.7%</b>	<b>825 801</b>
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

## **15. OTHER SUPPORTING DOCUMENTS**

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

The Metro has spent 52% (R171.16 million) inclusive of reclaimed vat of its 2016/17 adjusted budget of R327.39 million as at 28 February 2017. This reflects an improvement in percentage terms when compared to the same period in the previous financial year where 25% (R175.48 million, inclusive of reclaimed vat) of the adjusted operating projects budget of R697.73 million was spent. The operating expenditure is expected to speedily improve during the second half of the financial year as major projects have passed procurement to implementation stage.

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

Tables 32 and 33 below summarise Annexure D.

**Table 32: Operating Projects per Directorate**

<b>Directorate</b>	<b><u>2016/2017 Rollover Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl.vat)</u></b>	<b><u>Variance (incl.vat)</u></b>	<b><u>% Expenditure (incl.vat)</u></b>
Executive Support Services	6 639 858	16 962	6 622 896	0%
Directorate of the City Manager	27 684 535	16 048 966	11 635 569	58%
Directorate of Human Settlement	127 319 287	53 272 996	74 046 291	42%
Directorate of Finance	53 449 700	15 506 389	37 943 311	29%
Directorate of Corporate Services	8 900 000	3 252 157	5 647 843	37%
Directorate of Infrastructure Services	54 495 761	51 280 919	3 214 842	94%
Directorate of Development and Spatial Planning	1 250 000	474 810	775 190	38%
Directorate of Economic Development and Agencies	33 500 000	23 414 151	10 085 849	70%
Directorate of Health, Public Safety and Emergency Services	3 599 600	920 773	2 678 827	26%
Directorate of Municipal Services	10 550 000	6 971 874	3 578 126	66%
<b>TOTAL</b>	<b>327 388 741</b>	<b>171 159 996</b>	<b>156 228 746</b>	<b>52%</b>

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

<b>Funding</b>	<b><u>2016/2017 Rollover Adjustment Budget</u></b>	<b><u>YTD Expenditure (incl. vat)</u></b>	<b><u>Variance (incl. vat)</u></b>	<b><u>% Expenditure (incl. vat)</u></b>
<b>Total Own Funding</b>	<b>112 519 700</b>	<b>44 980 247</b>	<b>67 539 453</b>	<b>40%</b>
City of Oldenburg	495 761	0	495 761	0%
Department of Public Works	2 469 600	920 773	1 548 827	37%
Expanded Public Works Programme Incentives Grant	1 188 000	855 768	332 232	72%
Finance Management Grant	1 200 000	379 237	820 763	32%
Human Settlement Development Grant	123 802 000	52 613 878	71 188 122	42%
Human Settlement Development Grant c/o	1 017 287	0	1 017 287	0%
Independent Electoral Commission c/o	261 565	0	261 565	0%
Glasgow	89 858	12 546	77 312	14%
Infrastructure Skills Development Grant	8 900 000	3 252 157	5 647 843	37%
Urban Settlement Development Grant	75 444 970	68 145 391	7 299 579	90%
<b>Total Grants</b>	<b>214 869 041</b>	<b>126 179 749</b>	<b>88 689 292</b>	<b>59%</b>
<b>TOTAL PER FUNDING</b>	<b>327 388 741</b>	<b>171 159 996</b>	<b>156 228 746</b>	<b>52%</b>

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

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

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

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

<b>Health &amp; Public Safety</b>	<b>Total Revenue</b>	<b>Employee Costs</b>	<b>Other Operating Expenditure</b>	<b>Repairs &amp; Maintenance</b>	<b>Total Expenditure Excluding Capital</b>
<b>OFFICE OF THE DIRECTOR OF HEALTH / PUBLIC SAFETY &amp; EMERGENCY SERVICES</b>	<b>0</b>	<b>1 966 016</b>	<b>209 603</b>	<b>0</b>	<b>2 175 618</b>
<b>GM - EMERGENCY SERVICES</b>	<b>(58 076 630)</b>	<b>48 507 257</b>	<b>21 351 114</b>	<b>695 983</b>	<b>70 554 354</b>
EMERGENCY SERVICES	0	1 523 259	315 961	139 554	1 978 774
DISASTER MANAGEMENT	0	1 580 099	667 664	24 526	2 272 289
FIRE & RESCUE	(58 076 630)	45 403 899	20 367 489	531 903	66 303 291
<b>GM - MUNICIPAL HEALTH SERVICES</b>	<b>(24 200)</b>	<b>17 444 612</b>	<b>2 659 253</b>	<b>97 813</b>	<b>20 201 678</b>
MUNICIPAL HEALTH SERVICES	(24 200)	17 444 612	2 659 253	97 813	20 201 678
<b>GM - PUBLIC SAFETY &amp; PROTECTION SERVICES</b>	<b>(36 004 567)</b>	<b>117 248 753</b>	<b>10 796 330</b>	<b>1 246 405</b>	<b>129 291 488</b>
PUBLIC SAFETY & PROTECTION SERVICES	(24 181)	10 947 365	4 461 654	750 456	16 159 475
LAW ENFORCEMENT SERVICES	(1 020)	70 146 911	2 975 925	295 552	73 418 389
TRAFFIC SERVICES	(35 979 366)	36 154 476	3 358 751	200 397	39 713 624
<b>Total</b>	<b>(94 105 397)</b>	<b>185 166 637</b>	<b>35 016 300</b>	<b>2 040 201</b>	<b>222 223 139</b>

## 16.2. Municipal Services

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

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

<b>Municipal Services</b>	<b>Total Revenue</b>	<b>Employee Costs</b>	<b>Other Operating Expenditure</b>	<b>Repairs &amp; Maintenance</b>	<b>Total Expenditure Excluding Capital</b>
<b>OFFICE OF THE DIRECTOR OF MUNICIPAL SERVICES</b>	<b>0</b>	<b>4 432 288</b>	<b>776 813</b>	<b>2 000</b>	<b>5 211 101</b>
<b>GM - COMMUNITY AMENITIES</b>	<b>(18 246 578)</b>	<b>64 250 575</b>	<b>15 971 586</b>	<b>3 597 872</b>	<b>83 820 033</b>
COMMUNITY AMENITIES	0	7 163 154	417 550	37 094	7 617 798
LIBRARIES	(15 161 101)	12 350 432	1 399 830	174 464	13 924 727
HALLS	(975 205)	9 362 891	2 178 703	400 315	11 941 909
RECREATION	(1 988 888)	22 202 019	6 087 092	2 004 715	30 293 826
SPORTS FACILITIES	(121 383)	13 172 078	5 888 412	981 283	20 041 773
					0
<b>GM - PARKS / CEMETRIES &amp; CONSERVATION</b>	<b>(7 342 193)</b>	<b>87 574 828</b>	<b>19 999 650</b>	<b>4 168 356</b>	<b>111 742 833</b>
PARKS / CEMETRIES & CONSERVATION	0	1 549 211	137 576	0	1 686 788
CEMETRIES & CREMATORIA	(6 317 595)	14 240 880	7 427 947	334 546	22 003 373
CONSERVATION	(955 234)	9 554 317	2 341 659	661 214	12 557 191
PARKS: COASTAL	(69 363)	62 230 419	10 092 467	3 172 595	75 495 481
<b>GM - SOLID WASTE MANAGEMENT</b>	<b>(268 638 146)</b>	<b>84 452 542</b>	<b>147 774 654</b>	<b>18 439 051</b>	<b>250 666 246</b>
SOLID WASTE MANAGEMENT	(60)	5 905 885	13 553 082	5 964 757	25 423 724
CLEANSING & REFUSE REMOVAL: COASTAL	(262 134 146)	71 289 710	109 517 121	12 474 294	193 281 125
LANDFILLS & TRANSFER STATIONS	(6 503 940)	7 256 947	24 704 450	0	31 961 397
<b>Total</b>	<b>(294 226 916)</b>	<b>240 710 232</b>	<b>184 522 703</b>	<b>26 207 278</b>	<b>451 440 213</b>

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

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

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

The monthly budget statement (Section 71 Report)

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

**Print name: Appana Naidoo**

**Acting City Manager of Buffalo City Metropolitan Municipality, BUF**

**Signature: .....**

**Date: .....**

## **ANNEXURES:**

### **Annexure A**

- C1 Monthly Budget Statement 0 Summary
- C2 Monthly Budget Statement 0 Financial Performance (Std Classification)
- C3 Monthly Budget Statement 0 Financial Performance (By Municipal Vote)
- C4 Monthly Budget Statement 0 Financial Performance (Revenue and Expenditure)
- C5 Monthly Budget Statement 0 Capital Expenditure (Municipal Vote, Std Classification and Funding)
- C6 Monthly Budget Statement 0 Financial Position
- C7 Monthly Budget Statement 0 Cash Flow

### **Annexure B**

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

### **Annexure C**

Schedule of Borrowings

### **Annexure D**

Operating expenditure report

### **Annexure E**

Capital expenditure report

### **Annexure F**

Buffalo City Metropolitan Development Agency Financial Performance Report