

ITEM 301

MID-YEAR BUDGET REPORT AS AT 31 DECEMBER 2020

This report served before the Special Financial Services Portfolio Committee, Special Executive Committee and Special Council on 22 January 2021.

PURPOSE

To submit to Council, the financial position of the uMhlathuze Municipality for the quarter ended 31 December 2020, as required in terms of the Municipal Finance Management Act, 2003 (Act No 56 of 2003). The monthly and quarterly requirements in terms of Section 71, 72 and Section 52(d) respectively are also included in this report.

IDP STRATEGY AND OBJECTIVES

NATIONAL KPA 5 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
GOALS	OBJECTIVES	STRATEGIES
5.1 Sound Financial and Supply Chain Management	5.1.1 Compliance with financial legislation and policies	5.1.1.1 GRAP compliance
		5.1.1.2 mSCOA compliant
		5.1.1.3 Review of all financial related policies
		5.1.1.4 Compliance with all MFMA and related local government financial legislation
	5.2.1 Sustainable Financial and supply chain Management	5.2.1.1 Provide continuous Internal Communication on Budget and Financial Management matters
		5.2.1.2 Asset Accounting Management
		5.2.1.3 Accurate and timeous billing and receipting of revenue
		5.2.1.4 Apply Adequate Internal controls
		5.2.1.5 Demand and acquisition management
		5.2.1.6 Contracts and Logistics management
		5.2.1.7 Apply adequate financial management methodologies

BACKGROUND

The Mid-year report, although framed principally in terms of Section 72 of the Municipal Finance Management Act, also simultaneously addresses the Section 71 reporting as allowed in terms of Section 72(2).

In addition, the quarterly reporting as required by the Mayor in terms of Section 52(d) as well as the additional monthly reporting as required by Council is also included herein.

A. SECTION 72 - MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT

“(1) The accounting officer of a municipality must by 25 January of each year

- (a) assess the performance of the municipality during the first half of the financial year, taking into account-
 - (i) the monthly statements referred to in section 71 for the first half of the financial year;

- (ii) *the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;*
 - (iii) *the past year's annual report, and progress on resolving problems identified in the annual report; and*
 - (iv) *the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and*
- (b) *submit a report on such assessment to-*
- (i) *the mayor of the municipality;*
 - (ii) *the National Treasury; and*
 - (iii) *the relevant provincial treasury."*

In the discussion that follows, the sections of this report will be divided in order of the prescriptions above.

B. Section 66 of the Municipal Finance Management Act further prescribes that all expenditure incurred by the Municipality on staff salaries, allowances and benefits be reported upon in a format and for the prescribed period. It is considered appropriate to report on this section of the Act on a monthly basis, to coincide with the reporting requirements of Section 71(1) of the Act.

Section 52 (d) of the Municipal Finance Management Act prescribes that the Mayor of a Municipality must within 30 days of the end of each quarter submit a report to the Council on the implementation of the budget and the financial state of affairs of the Municipality.

The additional monthly reporting as required by Council is also included herein. The MFMA requires that the reporting of the budget (Annual, monthly, mid-year and adjustment) be in terms of a prescribed format.

As mentioned above, the MFMA Section 71 (1) refers to a prescribed format according to which the annual budget is required to be prepared. National Treasury has issued MFMA Circular No 51 (**DMS 633560**) in which this prescribed format has been set out.

Furthermore, National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009. These regulations set out the manner in which Municipalities are required to prepare the 2010/2011 Budget as well as the in-year reporting effective from July 2010.

The objectives of the budget formats reforms in terms of these regulations are:

- ❖ To ensure that the municipal budget and financial reporting formats support the other financial management reforms introduced by the Municipal Finance Management Act (MFMA).
- ❖ To formalise the norms and standards governing municipal budget and financial reporting formats, so as to improve the credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of Municipalities.

- ❖ To improve Council's ability to deliver basic services to all by addressing issues of financial sustainability.
- ❖ To facilitate informed policy choices by Council and medium term planning of service delivery by aligning targets to achieve backlog elimination.

Section 1 of the MFMA defines the Service Delivery and Budget Implementation Plan (SDBIP) as:

“A detailed plan approved by the mayor of a municipality in terms of section 53(l)(c)(ii) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate:

- (a) *Projections for each month of:*
 - (i) *Revenue to be collected, by source; and*
 - (ii) *Operational and capital expenditure, by vote.*
- (b) *service delivery targets and performance indicators for each quarter.”*

The Service Delivery and Budget Implementation Plan (SDBIP) have been segmented into five components. These are:

- ❑ Component 1: Monthly projections of revenue (including capital grants) to be collected for each source **Annexure Z (DMS 1426866)**;
- ❑ Component 2: Monthly projections of expenditure (operating and capital) and revenue for each vote **Annexure AA (DMS 1426866)**;
- ❑ Component 3: Quarterly projections of service delivery targets and performance indicators for each vote **Annexure AB - AH (DMS 1426866)**;
- ❑ Component 4: Ward information for expenditure and service delivery **Annexure AI and AJ (DMS 1426866)**; and
- ❑ Component 5: Detailed capital works plan broken down by ward over three years **Annexure AK (DMS 1426866)**.

DISCUSSION

This report and the supporting schedules will be forwarded to National and Provincial Treasury as required in terms of Section 71 and Section 74 of the MFMA in both printed and electronic formats.

TABLE OF CONTENTS

PART 1 - IN-YEAR REPORTING	
1.	Mayoral Report
2.	Resolutions
3.	Executive Summary
3.1	Executive Summary - Operating Budget
3.2	Executive Summary - Cash Flow Situation
3.3	Executive Summary - Grants Balances
3.4	Executive Summary - Capital Budget Summary
3.5	Executive Summary - Expenditure per Category
3.6	Executive Summary - Revenue by Source
3.8	Executive Summary - Debtors Age Analysis
3.9	Executive Summary - Employee Debt and Councillor Debt
3.10	Executive Summary - Outstanding Creditors
4.	Exception Reporting - Operating Expenses for Entire Municipality
4.1	Losses to Council Property
4.2	Proceeds on Land Sales
4.3	Cost Containment Policy
5.	Proposed Adjusted Budget for Consideration in February 2021
6.	In-year budget statement tables
PART 2 - SUPPORTING DOCUMENTATION	
7.	Supply Chain Management Policy
PART 3 - SUPPORTING DOCUMENTATION	
8.	Debtors' Analysis
9.	Creditors' Analysis
10.	Investment portfolio analysis
11.	Allocation and grant receipts and expenditure
12.	Councillor allowances and employee benefits
13.	Material variances to the Service Delivery and Budget Implementation Plan (SDBIP Component 5 Summary)
14.	Capital programme performance
15.	Municipal Manager's quality certification
PART 4 - OTHER LEGISLATIVE REQUIREMENTS	
16.	Withdrawals

PART 1 - IN-YEAR REPORTING

1. MAYORAL REPORT FOR THE MONTH OF DECEMBER 2020

In terms of the Budget Regulations, Part 1 in-year reporting, the Mayor is required to provide a report / comments on:

“(a) **a summary of whether the Municipality’s budget is being implemented in accordance with the service delivery and budget implementation plan and any service delivery agreements with municipal entities;**

The mayor has considered the Section 71 report for the month of December 2020, and the performance of the Municipality against its budget is in line with the special adjusted budget that was approved by Council in September 2020. A detail of all the points highlighted by the mayor is included in the report.

Operational Budget

The monthly budget statement summary (Table C1) for the month of December 2020 (year to date actual) shows a surplus of R358,5 million. The surplus for the month is mainly as a result under spending with most activities except for the bulk purchase of Water and Electricity which are marginally over budget at this stage. From an overall economic perspective these two commodities are at least a positive indicator under the current very strained economic climate.

Council has also received the second trench of Equitable share amount of R184,6 million which contributed to the surplus. The performance in this area is **Acceptable**.

Capital Budget

Council at the end of second quarter of the financial year and capital expenditure is very low at R165,6 million (18,15%). This is based on the Adjusted Capital Budget of R911,5 million. Expenditure is expected to rise as the year progresses. The performance in this area although is **Not Acceptable Proportionately**. The CFO has advised the administration to rather look more realistically at this year’s adjustments budget in conjunction with the five-year capital budget that they are currently compiling. This do ensure we achieve a good capital spend, but more importantly deliver quality projects.

Cash Flow

In terms of Council’s Adopted Working Capital Policy, the objective is for Working Capital to be two (2) times the average monthly creditors of the municipality. This ratio currently sits at 2,68:1 (663 476/247 975). Therefore, the Municipality has a positive bank balance to defray its expenses. The performance in this area is **Good**.

2. RESOLUTIONS

Refer to the recommendations contained in this report.

3. **EXECUTIVE SUMMARY**

This section deals with the financial status of the Municipality at executive level and highlights matters that are of particular importance from the Chief Financial Officer's perspective.

3.1 **Operating Budget**

The following table represents an executive summary for the financial period ended 31 December 2020:

DESCRIPTION	ADJUSTED BUDGET 2020/2021	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL DEC 2020 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Revenue (Excluding Capital Grants)	3 496 411 600	1 959 485 367	1 947 331 454	99,38%
Expenditure	3 594 077 400	1 662 843 840	1 588 859 284	95,55%
Surplus/(Deficit) (Excluding Capital Grants)	(97 665 800)	296 641 527	358 472 170	

3.2 **Cash Flow Situation**

Council's Working Capital Policy:

In terms of Council's Adopted Working Capital Policy the objective is for Working Capital to be two (2) times the average monthly creditors of the municipality. This ratio currently sits at 2,68:1 (663 476/247 957).

3.3 Grants Balances

DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2020/21	SPECIAL ADJUSTED GRANTS BUDGET 2020/21	AMOUNT RECEIVED AS AT 31/12/2020	ACTUAL EXPENDITURE AS AT 31/12/2020	% SPENT	COMMENTS
NATIONAL TREASURY						
Equitable Share	396 870 000	462 487 000	363 269 000	231 243 500	58%	In terms of the Constitution, this allocation is to provide for an equitable sharing of National Revenue. It is primarily for the provision of Basic Services.
Intergrated Urban Development Grant-IUDG	161 955 000	161 955 200	97 946 000	14 118 733	9%	IUDG aims to provide funding for public investment in infrastructure for the poor and to promote increased access to municipal own sources of capital finance in order to increase funding for investment in economic infrastructure,
Financial Management Grant	2 600 000	2 600 000	2 600 000	662 738	25%	FMG aims to strengthen Municipal financial management capacity. Spending is in accordance with the support plan submitted to National Treasury for the grant,
Water services infrastructure grant	25 000 000	25 000 000	15 000 000	20 882 533	84%	To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service,
Extended Public Works Pogramme	4 278 000	4 278 000	2 995 000	1 743 451	41%	The grant is for the operatonal expenditure for EPWP.
Energy Efficiency and Demand Management	5 000 000	4 500 000	3 500 000	-	0%	To provide subsidies to municipalities to implement energy efficiency and demand side management initiatives within municipal. The report is with BAC to award the service provider so work can commence.
TOTAL NATIONAL TREASURY GRANTS	595 703 000	660 820 200	485 310 000	268 650 954	45%	

DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2020/21	SPECIAL ADJUSTED GRANTS BUDGET 2020/21	AMOUNT RECEIVED AS AT 31/12/2020	ACTUAL EXPENDITURE AS AT 31/12/2020	% SPENT	COMMENTS
PROVINCIAL TREASURY						
Provincialisation of Libraries	8 932 000	8 932 000	8 932 000	12 825 519	144%	Expenditure shown is the total operating cost of the Libraries for the period.
Museum Subsidy	214 000	214 000	-	1 524 186	712%	Expenditure shown is the total operating cost of the Museum incurred thus far. The 2020/2021 MOA has been signed and payment of subsidy is expected.
Housing Operating Account	1 206 000	1 206 000	-	8 514 092	706%	Expenditure shown is the total operating cost of the Human Settlements Section excluding Hostel Operating costs.
Community Library Services Grant (Cyber cadets)	2 445 000	2 445 000	1 808 000	925 532	38%	Expenditure shown is the total operating cost of the Cybercadets for the period.
TOTAL PROVINCIAL TREASURY GRANTS	12 797 000	12 797 000	10 740 000	23 789 328	186%	
TOTAL GRANTS AND SUBSIDIES	608 500 000	673 617 200	496 050 000	292 440 282	48%	

3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 31 December 2020:

FUNCTION	ADJUSTED BUDGET 2020/2021	ACTUAL DECEMBER 2020 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Finance and Administration	103 533 000	23 137 490	22,35%
Community and Social Services	50 884 600	4 267 985	8,39%
Energy Sources	96 644 900	21 509 514	22,26%
Executive and Council	51 000	-	0,00%
Environmental Protection	2 834 900	44 185	1,56%
Housing	6 339 900	-	0,00%
Planning and Development	10 852 800	118 095	1,09%
Public Safety	1 301 100	180 595	13,88%
Road Transport	213 504 800	8 213 865	3,85%
Sport and Recreation	49 987 900	4 118 980	8,24%
Waste Management	5 382 500	2 946 000	54,73%
Waste Water Management	54 246 300	9 135 441	16,84%
Water	315 948 400	91 917 824	29,09%
	911 512 100	165 589 971	18,17%

The total adopted Capital Budget funding structure is as follows:

SOURCE OF FUNDING	ADJUSTED BUDGET 2020/2021	ACTUAL DECEMBER 2020 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Borrowing	174 011 300	30 254 469	17,39%
Capital Replacement Reserve	554 143 600	102 124 651	18,43%
Integrated Urban Development Grant	153 857 200	12 328 319	8,01%
Government Grants - National	29 500 000	20 882 532	70,79%
TOTAL	911 512 100	165 589 971	18,17%

3.5 Expenditure per Category

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2020/2021	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL DEC 2020 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Employee related costs	987 684 300	467 719 242	448 240 798	95,84%
Remuneration of Councillors	34 025 600	16 661 218	15 870 506	95,25%
Debt Impairment	90 060 600	43 333 337	45 012 155	103,87%
Depreciation and asset impairment	480 252 300	217 204 372	180 165 837	82,95%
Finance Charges	79 943 200	26 648 400	26 647 748	100,00%
Bulk Purchases - Electricity	1 027 696 400	538 027 769	555 374 090	103,22%
Bulk Purchases - Water	110 419 500	53 211 538	60 332 120	113,38%
Other Materials	144 085 500	54 766 257	45 421 185	82,94%
Contracted Services	327 958 900	123 064 478	87 482 184	71,09%
Transfers and grants	14 378 000	9 240 977	8 255 641	89,34%
Other Expenditure	297 573 100	112 966 252	116 057 021	102,74%
TOTAL	3 594 077 400	1 662 843 840	1 588 859 284	95,55%

The above table represents operating expenditure per category as at 31 December 2020.

3.6 Revenue by Source

The source of funding for the above comprises the following revenue categories:

REVENUE BY SOURCE	ADJUSTED BUDGET 2020/2021	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL DEC 2020 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Rates	540 840 000	296 860 116	301 959 225	101,72%
Service Charges – Electricity revenue	1 666 176 600	910 964 002	842 641 114	92,50%
Service Charges – Water revenue	411 574 300	223 496 039	282 312 020	126,32%
Service Charges – Refuse revenue	117 414 400	53 744 499	51 106 268	95,09%
Service Charges – Sanitation revenue	111 886 000	53 507 965	53 251 396	99,52%
Rental of facilities and equipment	11 163 700	4 766 644	3 565 447	74,80%
Interest earned – external investments	63 000 000	25 653 020	10 898 105	42,48%
Interest earned – outstanding debtors	114 000	57 048	81 274	142,47%
Fines	10 596 900	4 167 678	4 783 407	114,77%
Licences and permits	3 406 700	1 610 544	1 409 234	87,50%
Agency services	5 970 400	3 094 224	2 217 120	71,65%
Operating Grants and Subsidies	490 259 800	362 326 000	375 579 265	103,66%
Other Revenue	64 008 800	19 237 589	17 527 581	91,11%
TOTAL REVENUE (EXCLUDING CAPITAL GRANTS)	3 496 411 600	1 959 485 367	1 947 331 454	99,38%

The above table represents operating revenue by source as at 31 December 2020.

3.7 Debtors Age Analysis

➤ Debtors Age Analysis by Category

DEBTORS AGE ANALYSIS BY CATEGORY	0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
Government	10 964 823	3 075 700	1 913 516	17 563 443	33 517 482
Business	260 425 860	26 817 646	23 696 282	199 195 447	510 135 235
Households	65 157 664	8 879 973	8 410 549	185 861 298	268 309 484
Other	7 157 935	1 801 538	381 214	13 837 114	23 177 801
Total	343 706 282	40 574 857	34 401 561	416 457 302	835 140 002
%	41,16%	4,86%	4,12%	49,87%	

FINANCIAL REPORTING ON INCOME / DEBT

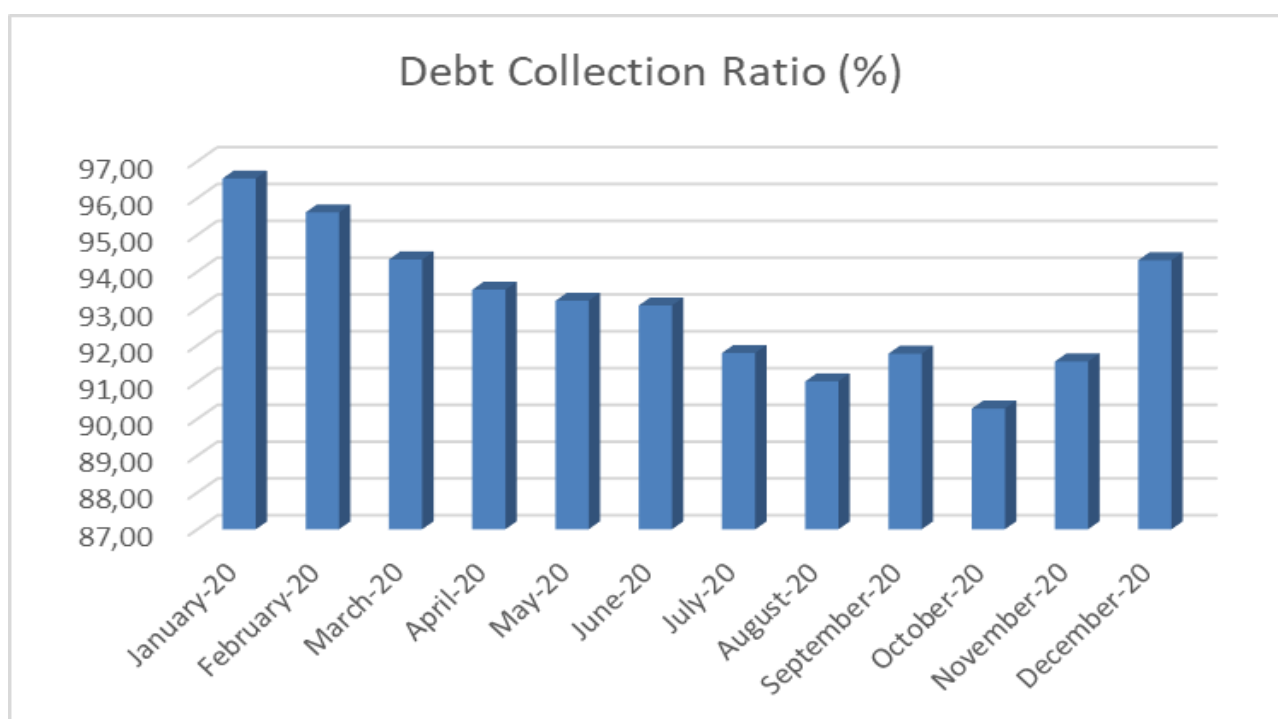
Section 216 (1)(c) of the Constitution and section 2 of the Municipal Finance Management Act (MFMA) enable National Treasury to introduce uniform treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National Treasury determined the formulas for every financial ratio in terms of Circular 71. These formulas will therefore be used in the reporting.

➤ **Debt Collection Rate**

The Ratio indicates the collection rate; *i.e.* level of payments. It measures increases or decreases in Debtors relative to annual billed revenue. The following formula and norm is included in the circular:

Formula (As per circular 71)	Norm
Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off / Billed Revenue x 100	The norm is 95%

Month	Debt Collection Ratio (%)
December-20	94,31
November-20	91,56
October-20	90,28
September-20	91,77
August-20	91,02
July-20	91,79
June-20	93,08
May-20	93,21
April-20	93,51
March-20	94,33
February-20	95,61
January-20	96,53



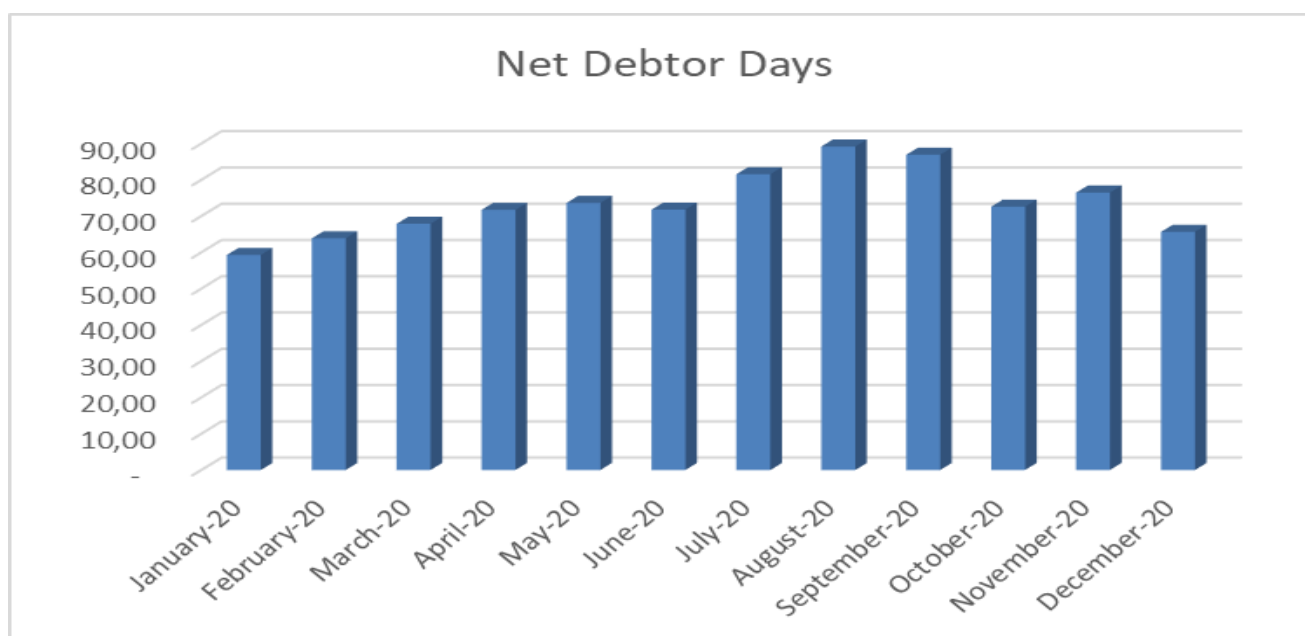
➤ **Net Debtors Days**

This ratio reflects the collection period. Net Debtor Days refers to the average number of days required for a Municipality or Municipal Entity to receive payment from its Consumers for bills/invoices issued to them for services.

The Ratio exclude balances for Debtors, which the Municipality or Municipal Entity has assessed as potentially irrecoverable, and is also a good indication of the effectiveness of credit control procedures within the Municipality as well as the extent to which the Municipality has provided for doubtful Debts:

Formula (As per circular 71)	Norm
$((\text{Gross Debtors} - \text{Bad Debt Provision}) / \text{Billed Revenue}) \times 365$	The norm is 30 Days

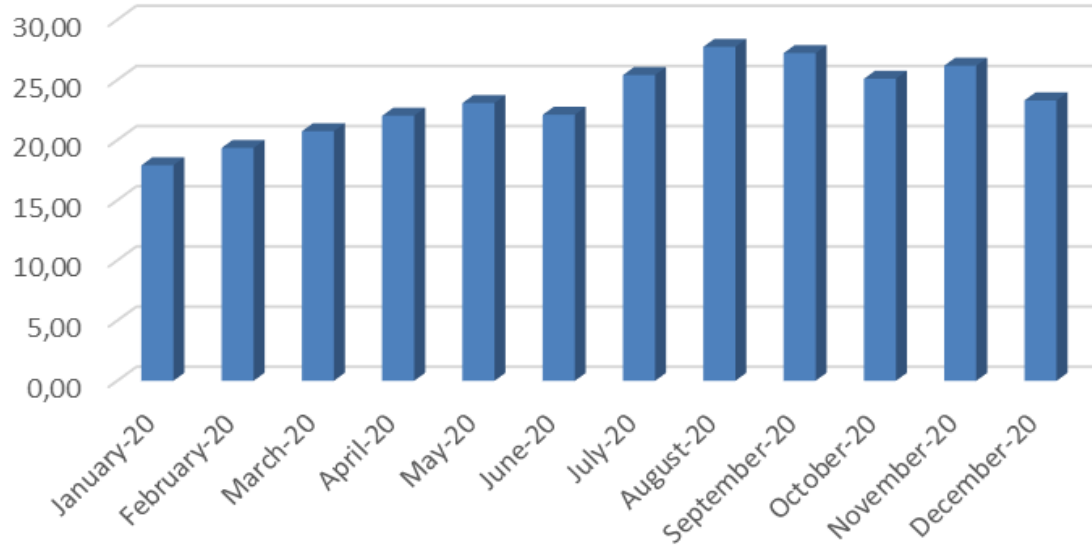
Month	Net Debtor Days
December-20	65,66
November-20	76,48
October-20	72,59
September-20	86,91
August-20	89,18
July-20	81,55
June-20	71,77
May-20	73,63
April-20	71,71
March-20	67,88
February-20	63,87
January-20	59,28



➤ **Debtors Turnover Rate**

Month	Debtors Turnover Rate (%)
December-20	23,30
November-20	26,18
October-20	25,10
September-20	27,23
August-20	27,75
July-20	25,41
June-20	22,11
May-20	23,08
April-20	22,03
March-20	20,74
February-20	19,35
January-20	17,91

Debtors Turnover Rate (%)



➤ **Top Ten Business Debts**

TOP 10 DEBTORS							
Debtor Nr	Debtor Name	Date	0-30 days	31-60 days	61-90 days	Over 90 Days	Grand Total
1088329	KING CETSWAYO DM	March 2018	7 421 523	6 185 439	6 630 158	42 204 518	62 441 637
531788	MHLATUZE WATER BOARD	August 2019	-	-	-	41 235 057	41 235 057
501543	KING CETSWAYO DM	March 2018	6 601 126	7 191 596	7 903 664	33 895 782	55 592 167
1854904	BASFOUR 3721 (PTY) LTD	December 2011	-	-	-	22 377 590	22 377 590
551583	KING CETSWAYO DM	March 2018	1 655 210	1 814 011	2 140 667	10 388 842	15 998 731
1675831	KING CETSWAYO DM	March 2018	685 297	284 889	498 276	10 300 156	11 768 618
1610626	TISAND (PTY) LTD	March 2009	438 940	-	-	5 389 604	5 828 543
2289941	PANDA PETROLEUMS	September 2015	784	784	784	5 032 848	5 035 199
1632348	KING CETSWAYO DM	March 2018	440 577	422 811	504 762	3 640 966	5 009 115
416383	RIVER ROCK INVEST (PTY) LTD	June 2009	68 640	68 640	68 640	3 372 673	3 578 593
TOTAL			17 312 098	15 968 170	17 746 949	177 838 035	228 865 252

Mhlathuze Water Board

The administration around this legal process is managed by the Financial Services. The debt relates to an overcharge of the Department of Water and Sanitation (DWS) abstraction levies by Mhlathuze Water. The same levies were paid directly by Council to the DWS. There has been several correspondences and meetings held in this regard. Mhlathuze Water requested extension until end February to review the charges.

There has been several letters from and to Mhlathuze Water in this regard. They have submitted that they dispute the amount and have now been requested to submit details regarding the amounts they dispute.

Update: December 2020

In the previous Financial Services Portfolio Committee meeting the Mayor was mandated to write to the Chairman of the Board of Mhlathuze Water in respect of the debt. The letter was duly written by the Mayor. The response was received from the water board and in summary, the board is not in dispute of the debt however they requested that Department of Water and Sanitation must also be brought into the picture.

Basfour 3721 (Pty) Ltd

The administration around this legal process is managed by the Finance Department.

Basfour 3721 (Pty) Ltd / Indlovu Dev Trust Trustees is the account for the commission in respect of the 40% on sales above the agreed threshold in respect of the Golf Estate. The developer disputed the account. The dispute is of a contractual nature. The account was handed over to Council's attorneys. Summons was issued and the case was defended.

The setting down of the court date by the Registrar of the High Court for the claim is still awaited. The advocate has provided a summary of the pre-trial processes that must now be completed. It includes several consultations with the relevant officials and witnesses.

Update: December 2020

A report has been completed that will serve shortly to propose a way forward.

Panda Petroleum

This debt is in respect of rental of town land in respect of the proposed truck stop in Alton. The debtor's failure to adhere to the agreement was been reported to the Deputy Municipal Manager: City Development, Property Division to give the debtor notice in terms of the agreement.

The debtor's account was handed over to Council's attorneys for collection but the file was pended under request from the legal section who advised that they will be dealing with the matter. Legal Services (Litigation sub-section) advised that it is their view that collection proceedings should proceed.

It was confirmed that the agreement between Council and Panda Petroleum was terminated on 12 December 2017 (**DMS 1234550**). Subsequent to the termination, Panda Petroleum requested Council to consider amendment of the lease agreement. This request was considered to be out of time.

Update: December 2020

There are no further progress to report on this account.

River Rock Investments

There are 2 accounts for River Rock Investments. The debt relates to:

- An account for rates that are levied in respect of the Caravan Park while the contract provides that the rental includes the rates.
- An account for rental in respect of the area being used by Imvubu Lodge. They are paying a portion on the rental and have declared a dispute in terms of the provisions of the contract several years back and requested that the matter referred for arbitration. River Rock are paying their monthly charges, excluding the disputed charge.
- Additional dispute relates to the cancellation of their lease agreement.

Legal Services advised that on 9 January 2018, River Rock Investments served the municipality with a summons wherein they are disputing that the lease expired on 30 December 2017 and the lease is on a month-to-month period until such time that the lease is allocated to another party. The contract made provision that it be renewed at least 12-calendar months prior to the termination date and River Rock failed to exercise that option. It has been advised that the debtor's application for the re-instatement of the lease over the Imvubu Lodge area was unsuccessful in the High Court.

Update: December 2020

The dispute process regarding the lease amount and the rates being charges is continuing.

King Cetshwayo District Municipality (KCDM)

These accounts relates to a dispute lodged by KCDM regarding the drought water tariff being charged.

Update: December 2020

A separate report will be submitted in this regard.

Government Debt

Government Departments - Summary of ALL Debt									
Government Departments	0-30 Days	31-60 Days	61-90 Days	91 - 120 Days	121 - 150 Days	151 -180 Days	181 Days-1 Y	Over 1 Year	Total
National	6 387 323	2 661 442	1 836 306	2 100 832	3 468 058	147 629	874 702	1 476 750	18 953 041
Provincial	5 666 469	819 018	252 964	1 669 141	2 927 073	232 088	1 713 149	4 980 712	18 260 615
Government accounts in Dispute					360 160			1 434 786	1 794 946
National Departments	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
National Public Works	6 123 062	2 522 127	1 703 350	1 976 767	2 559 851	-976	94 198	361 749	15 340 128
Rural Development & land Reform	55				793 260	36 795	580 988	1 115 001	2 526 100
Department of Water Affairs and	264 205	139 315	132 955	124 066	114 947	111 810	199 516		1 086 814
Provincial Departments	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
Public Works	52 974	-38 022	20 925	7 200	2 385 795	7 704	35 556	1 133 140	3 605 272
Education	2 221 811	496 879	170 658	1 625 459	330 993	157 097	1 165 070	394 044	6 562 011
Human Settlement	86 541	3 438	7 071	4 913	177 824	1 736	11 293	1 214 422	1 507 238
Department of Transport	430 492	86 868	12 116	6 081	5 829	11 894	43 833	112 495	709 608
Department of Health	2 794 658	269 855	42 195	25 488	26 632	53 657	457 289	2 125 577	5 795 351
COGTA									
Department of Social Welfare	69 838								69 838
Department of Agriculture	10 155						108	1 035	11 298
SANRAL								-	-
Other Organs of State	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
Transnet	5 439 211	230 065	50 064	20 227	705 359	13 424	53 160	875 624	7 387 134
ESKOM	229 905	32 224	-177 792	-18 405	32 695	36 055	177 081	65 617	377 379
Ingonyama Trust Board	990			123 480	1 412 977	429	2 625	5 769 048	7 309 549
Telkom	483 231	93	93	93	90	90	538	534	484 763
Foskor	29 268 737	12 940	12 940	12 940	12 940	12 054	678 833		30 011 386
SA Post Office	20 256	8 446	2 792	2 783	2 783	2 856	17 389	68 469	125 774
Richards Bay IDZ	2 250 719						-77		2 250 642
Mhlathuze Water Board	511	228	228	228	228	215	1 290	41 232 357	41 235 285

Government Debt Comments

The main issues on Government Debt remain the lack of available budget in the relevant government departments. The debt owing by government departments appear to be a long term issue that will require constant monitoring and intervention. A dedicated team of officials is working on the government debt to ensure that the debt remains as low as practically possible. The National Department of Public Works sent officials to uMhlathuze for two (2) days to work with Council staff to review the disputed government accounts. The matter is ongoing.

WRITING OFF OF INDIGENT DEBTS

Background: Indigent Management Policy

The Indigent Policy is available on **DMS 1158109**.

Customers can apply at any of the offices of Council's Financial Services Department. Officials from the Department: Financial Services - Customer Relations Section will assist with the completion of the document where necessary.

The application must be supported by the following:

- Copy of the Municipal account;
- Copy of the Identity Document;
- Confirmation of Pension status (if applicable);
- Copy of the Proof of Income;
- Affidavit in support of any matter above where needed;
- Copy of the Death Certificate, if owner is deceased; and
- Letter of Authority for Beneficiary appointed to deal with the estate.

Council's Indigent Management Policy provides as follows in Clause 10:

"10.4 Arrears of indigent household

Directly after the registration of the household qualifying as indigent, the debt collection actions to recover the total outstanding amount will be suspended.

If the indigent customer is unable to pay the required amounts in respect of tampering and/ or services consumed illegally, a minimum period of one (1) year without electricity will apply for each transgression.

The total outstanding to Council in respect of the indigent household's municipal account will then immediately be written off for successful applicants and reported to Council on a quarterly basis."

The total debt of **R1 742 343,00** in respect of Indigent households were written off during the previous quarter as detailed below:

Account no.	Name	Grand Total
116982	K&S MOOPEN	3 500,17
130994	R&H NAIDOO	2 877,04
131028	ESTATE LATE GOUNDER B	3 208,47
134452	M SINGH	2 875,37
135015	V&R ARUMUGAM	2 202,16
136178	EY&N MANILALL	14 629,46
136442	P GOVENDER	3 194,66
184630	MR NJ Zulu	1 533,14
186179	ESTATE LATE MTHETHWA MJ	1 723,89
186740	MR TH MDLALOSE	1 397,39
189701	ESTATE LATE MSOMI ME	4 244,90
189853	MR SJ MNYANDU	1 801,21
189966	MR SS NTULI	975,9
190111	ESTATE LATE SHANDU GT	952,49
190217	Mrs NC XABA	929,08
190249	Mrs BG HLONGWANE	1 791,59
190418	ESTATE LATE MOFOKENG BW	2 648,68
190538	ESTATE LATE DLAMINI H	1 413,68
190721	MR B BUTHELEZI	1 453,35
190792	ESTATE LATE NXUMALO MW	2 759,04
191267	MR T NTOMBELA	2 213,92
191299	MN&SM MSIBI	3 183,33
191355	MR MM NYAWO	1 682,43
192736	Mrs NB ZULU	1 326,08
192817	ESTATE LATE SHOZI S	952,49
192824	Mrs A BIYELA	952,49
193465	ESTATE LATE MDABE N	1 297,95
193546	ESTATE LATE XULU TA	744,19
193578	MR MP NKWANYANA	2 712,74
194042	ESTATE LATE KHUMALO V	952,49
195470	ESTATE LATE NHLENYAMA M	1 012,94
197332	ESTATE LATE MDUNGE MN	1 423,14
198209	ESTATE LATE ZL NGWENYA	952,49
198953	J NGUBANE	957,17
198978	MR MA ZULU	957,17
199121	B SIKHAKHANE	975,9
199499	PN MAXASE	975,9
199562	Mrs SE DLANGAMANDLA	1 125,88
199570	ESTATE LATE MTHEHWA VA	952,49
200056	MR TT SIMELANE	1 555,69
200169	MR TA MDUNJANA	1 295,71
200987	ESTATE LATE SHEZI Z	2 096,91
201324	MR MP MATHABA	985,26
201966	MR M GCABASHE	1 371,85
202529	ESTATE LATE KHUMALO M	952,49
202575	ESTATE LATE THUSI B	952,49
203025	MR E NZUZA	1 260,63
203498	MR MR FIGLAN	1 343,26
203924	ESTATE LATE NCUBE EM	1 436,24
203956	NP DLAMINI	1 417,99
204131	JG DUBE	1 688,66
204163	ESTATE LATE NXUMALO ZP&CB	1 417,99
204205	HP NDLOVU	808,3

Account no.	Name	Grand Total
492546	ESTATE LATE MDLULI TP	1 275,68
496332	ESTATE LATE THETHWAYO M	1 526,12
500469	Mr/s CS&AN ZULU	2 867,39
500959	ESTATE LATE MATHENJWA BD	1 801,22
507016	MM MNCUBE	622,42
511559	Ms LJ DLAMINI	1 821,02
514616	ESTATE LATE ZUMA PM	2 818,57
520666	MR M MKHWANAZI	2 221,29
525865	MR D BIYELA	1 645,08
525921	Ms HT MTHETHWA	2 122,99
526019	LM MBUYISA	1 541,49
526121	Ms V MYEZA	1 621,44
526178	VN NYAWUZA	1 895,16
526435	MR M ZIKHALI (DBS)	1 491,01
526562	Mrs ZV ZULU	1 547,00
534309	MR M MANQELE	2 233,01
542589	Mr/s BS&TS SIBISI	2 413,45
560563	ESTATE LATE MTHEMBU BJ	1 487,51
560926	MR MG ZIQUBU	2 608,72
562465	KP NTOMBELA	2 172,15
563331	MR A BIYELA	1 603,35
568386	MR ML NDUNAKAZI	5 794,44
569968	NC CHAMANE	2 021,54
570593	ESTATE LATE MDLALOSE CS	3 502,93
587572	MR L MSANE	4 174,79
587999	Mrs ND ZULU	223,99
588664	Miss TN LEMBETHE	316,51
601851	VN SHANDU	1 830,38
606183	MR MJ VILAKAZI (DBS)	270,87
608712	AB&RT MTHEMBU	1 837,40
611049	MR DJ DLAMINI	1 667,98
612109	Mrs B NGOBESE	2 484,56
886879	DG MSANE	1 605,80
887255	NR DUBE	1 966,90
887262	MR NI DLAMINI	1 674,35
887304	ESTATE LATE ZITHA NJ	2 772,77
887978	NC MNGUNI	2 517,72
888058	SB MSOMI	4 982,17
888442	TD JIYANE	3 394,53
888562	GT NXUMALO	2 290,92
888795	Miss Z NOVELA	1 898,46
889164	SM MAFAMBANA	1 242,00
889171	S MTHIMKHULU	1 601,12
889485	GW NCUBE	1 322,83
889848	NH MPANZA	3 194,28
912007	ANM GRAHAM	5 262,77
968987	ESTATE LATE DLAMINI NM	2 327,84
983054	ESTATE LATE NDLOVU NM	3 089,49
983128	M MNCWANGO	4 992,09
983664	B&DT MTHEHWA	10 575,12
985414	ESTATE LATE MTHETHWA ND	5 659,92
985478	MT BUTHELEZI	4 032,01
985492	DM MLITHWA	3 475,55

Account no.	Name	Grand Total
204212	ESTATE LATE MBATHA M	84,8
204318	Mrs SM GUMEDE	952,39
204565	ESTATE LATE BJ & WS BUTHELEZI	952,39
204572	MR G BUTHELEZI	1 035,96
204653	ESTATE LATE MDLULI WS	1 462,64
204822	MR BM DLAMINI	1 073,53
204861	BJ&FP SIBIYA	1 316,46
205255	JM MTHETHWA	5 309,75
209531	Ms G KHUMALO	2 497,86
209838	MJ NXUMALO	4 674,85
210174	MR AL MABASO	1 790,59
210181	ESTATE LATE TSHEZI TE	2 537,63
210223	J&NS LANGA	10 625,69
211354	MR VB KHANYILE	1 519,09
211570	MR ESTATE LATE NDLAMLENZE J	2 438,96
211636	Ms JH MABASO	2 476,56
211643	TNW MNCWANGO	2 803,15
211675	Mr/s A&E BUTHELEZI	2 011,65
211724	MR TJ NGUBANE	2 485,88
212196	ESTATE LATE KHOZA N	2 082,64
212848	Mrs SB SIBIYA	1 964,63
212855	MN NDWANDWE	6 727,32
212943	N MHLONGO	1 722,72
213070	Mrs GD KUNENE	2 077,45
213104	Miss A NGCOBO	1 617,49
213471	ESTATE LATE NGUBANE GR	2 523,94
213746	MR M MALINGA	1 953,28
213841	MR Z PHIRI (DBS)	2 068,14
214203	MR BR MKHWANAZI	2 086,79
215077	ESTATE LATE DLUDLA MR	3 652,02
215084	MR FE NXUMALO	2 086,79
215158	MR AD MTHETHWA	2 400,41
215172	Mr/s TJ&GM ZULU	5 046,95
215528	ESTATE LATE MD MNYANDU	1 514,41
215542	Ms TL MSWELI	1 388,03
215567	ESTATE LATE NGUBANE J	2 030,84
215581	ESTATE LATE ST MAHLANGU	1 993,57
215648	ESTATE LATE MANQELE DK	2 203,81
215775	Ms E Komo	1 839,75
215831	BS MGOBHOZI	2 110,60
215856	MR MA MKHWANAZI	1 530,80
215895	MR EB SITHIBE	1 839,75
216063	HD SITHOLE	2 527,99
216384	MR J SIKHAKHANE	3 263,97
216747	MR ME KHUMALO	1 528,46
216786	MR MR DLAMINI	1 654,84
216994	Ms NA MASANGO	1 622,07
217268	MR J NYAWO	2 035,60
217275	MR MM MBELE	2 288,36
217331	Miss ZP GUMEDE	1 722,72
217557	MR J NGOBESE	2 396,11
218504	LATE ESTATE MCUNU M	1 434,83
218776	MR JH HLABISA	1 866,62
218952	ESTATE LATE CHIYA B	2 272,76
219032	MR ESTATE LATE MANGAZI BT	1 887,70
219177	MR AB NTULI	1 490,16
219402	Ms SA GUMEDE	2 120,66
219917	Miss FS MBONAMBI	2 745,93

Account no.	Name	Grand Total
985527	F MOLEFE	1 838,96
985929	K THWALA	1 632,10
986898	SN MTSHALI	2 410,74
987002	EB NYAWO	1 986,12
987651	Mr/s BR&NE ZUNGU	2 274,99
987676	RM GUMBI	2 866,09
987884	ESTATE LATE SIBIYA BT	15 189,71
988398	ESTATE LATE SIBIYA S	3 036,64
988415	TB NKWANYANA	2 280,16
988824	MR ESTATE LATE MKHIZE N	4 499,23
989225	ESTATE LATE BIYELA GO	2 224,08
989472	ESTATE LATE MPANZA F	1 986,12
989698	MJ MHLONGO	2 340,27
989708	BD MKWANAZI	1 992,38
989793	FA&PZ NGUBANE	2 542,42
989881	SA MAVIMBELA	3 499,93
989987	MA BLOSE	2 722,21
990005	ME NTULI	7 304,02
990245	AZ SHOBEDE	1 660,01
990284	IJ MKHWANAZI	2 543,70
990446	ESTATE LATE MKHWANAZI M	2 142,67
990541	ESTATE LATE NTULI AC	2 349,88
990598	ESTATE LATE GUMBI DJ	2 246,53
990735	Mrs N ZWANE	2 092,58
991217	ESTATE LATE KHUMALO S	4 850,89
991383	ESTATE LATE MHLONGO L	7 708,63
991577	MG MKWANAZI	8 612,13
991792	BA ZULU	4 362,20
991834	ESTATE LATE BP NDULI	10 607,46
991866	ESTATE SIBIYA G	2 864,73
992651	AM NXUMALO	3 090,11
993091	ESTATE LATE BIYELA PM	1 904,72
993285	ESTATE LATE GEZA DV	2 547,30
993398	KT MHLONGO ESTATE LATE	1 807,66
993528	J NXUMALO	1 310,88
994793	ESTATE LATE NDLOVU GJ	1 864,02
995042	TM NGOBESE	2 355,56
995324	ESTATE LATE MASHIANE CT	3 251,62
995701	ZA MSEZANA	2 577,91
997385	D MOSEU M&D & MCHUNU NFM	2 435,78
997508	A MNGOMEZULU	4 096,81
998452	ESTATE LATE MTSHALI BF	2 773,33
999833	SD BHUTHELEZI	2 352,44
1000444	ESTATE LATE NDLOVU L	4 773,52
1000902	NF HLONGWA	2 527,43
1001504	GB MHLONGO	2 703,41
1001769	ESTATE LATE MNTAMBO ZA	2 142,67
1002071	MK ZULU	1 290,40
1002191	MR SS&NT ZIBANI	1 864,02
1002265	ESTATE LATE TB GUMEDE	2 159,77
1002755	MR AR MTHEMBU	1 876,92
1002949	VB ZWANE	706,04
1002963	MR MT QWABE	2 585,92
1003244	SB SIKALA	2 303,82
1003332	ESTATE LATE CN NGXONGO	2 455,76
1004978	ESTATE LATE SARAGE A	4 471,07
1004985	TE SITHOLE	3 783,48
1005072	MR ST MTHEMBU	3 320,94

Account no.	Name	Grand Total
220180	Ms HL MYENI	1 608,03
220302	MR Z CHILI	1 722,72
220817	MR JV HLATSHWAYO	1 388,03
220951	ESTATE LATE MNGADI GS&ES	1 336,53
221338	Mr/s MJ&MS ZULU	3 045,37
221602	MR BP ZULU	1 834,56
221987	MR T MANQELE	1 308,44
222910	MR IC CHIRWA	1 821,02
223046	Ms HP DLAMINI	2 053,23
223166	Ms ESTATE LATE NTULI XE	2 546,63
223663	MR JEM MSOMI	2 642,71
223688	Ms HN DUBE	3 521,41
223938	Mrs BB LUTHULI	2 645,04
225325	ESTATE LATE THUNGO ME	2 860,37
225815	ESTATE LATE NKOSI SP	2 836,97
225928	MR BZ ZONDI	93 061,42
226174	MR MJ VILAKAZI	2 326,62
226382	ESTATE LATE NDEBELE MS	39 898,30
228284	ESTATE LATE MTHIYANE TE	1 948,98
228781	ESTATE LATE MDLETSHE FF	2 040,20
229351	MR CG DLAMINI	2 780,79
229859	MR BM CELE	1 619,74
231390	MR JM SINDANE	3 548,94
231569	MR ST BHENGU	4 804,14
232192	MR MB GUMEDE	2 634,37
232347	ESTATE LATE KHULU L	2 803,18
232509	MR H MUZI	6 757,51
234658	MR BW DLAMINI	2 296,19
234739	MR PT CINDI	2 701,02
234841	MR MJ KHANYILE	2 511,51
237666	MR SFM BIYELA	2 896,13
237970	ND MTHEMBU	28 987,36
238878	ESTATE LATE NDLOVU TC	2 417,90
243211	ESTATE LATE MTSHALI ME	2 972,71
244007	MR GK MPANZA	10 766,02
244871	MR NSM LUTHULI	3 064,92
244945	MR NJ DUBE	3 146,88
246389	MR AM MASUKU	1 018,91
247382	ESTATE LATE MDLULI LT	1 411,43
247463	MR MP NKOSI	1 708,68
247985	Mr/s VA&NG NGEMA	2 540,51
248026	Ms DD MSANE (DBS)	4 654,87
248097	ESTATE LATE BIYELA GM	2 100,70
248107	Mrs HM NZIMANDE	1 932,95
250064	MR PT KHUMALO	1 668,77
250138	MR MC MNGOMEZULU	2 602,92
250339	GS NGCOBO	1 446,54
251011	Mr/s MS&TR MNCUBE	2 433,27
251798	MR MC GCWENSA	1 616,13
252086	ESTATE LATE CELE GM	1 420,79
252505	Ms F NGUBANE	1 891,72
252512	MR JE SIBIYA	2 111,09
253259	MR J MATHABA	4 875,18
253393	MR P NXUMALO	2 586,88
254439	ESTATE LATE MHLANZI S	1 622,07
255376	ESTATE LATE NGWENYA E	2 254,06
257550	MR NKM NDLOVANA	532,34
258465	ESTATE LATE NDLOVU NE	1 598,87
259116	Mrs BH HADEBE	1 343,56
259356	ESTATE LATE VILAKAZI DA	1 645,48

Account no.	Name	Grand Total
1005516	SZ SOGONI	8 749,58
1006125	MP MCHUNU	3 019,40
1006333	NA NYASULA	3 854,35
1007841	ESTATE LATE NGCAKU VB	3 555,16
1008884	MR JM MCHUNU	8 572,87
1009052	SC SIKHAKHANE	4 876,15
1009327	ESTATE LATE MKIZE GN	3 413,79
1009398	MR PG MCHUNU	3 244,82
1009581	MR R MTHEMBU	3 529,78
1009687	B GUMEDE	3 585,69
1010033	S ESTATE LATE MASINGA JS	3 985,76
1010604	Mrs RN MBUYAZI	4 179,37
1011012	E KHUMALO	4 474,80
1011291	TA MTHETHWA	4 394,65
1011816	A QWABE	3 301,18
1012055	MB MLONDO	24 094,88
1012601	ESTATE LATE MKIZE RT	3 497,79
1014574	V ESTATE LATE KHUMALO V	2 304,52
1015232	ESTATE LATE MANZINI A	2 760,74
1015634	MT MKHABELA	8 189,52
1015793	Mrs NI MTHETHWA	3 778,75
1016451	NT DLAMINI	3 056,96
1016821	VT NGOBESE	7 034,23
1017254	RN NTULI	1 825,76
1017423	MR MW MAHLOBO	2 505,55
1018071	MR ML KHUMALO	3 074,70
1018378	Mrs FD MLONDO	2 551,36
1019029	ESTATE LATE MADONDO MM	4 394,89
1043617	ESTATE LATE DLUDLA S	466,61
1051706	DH MHLONGO	1 373,98
1056655	Mrs TR DLAMINI	2 434,19
1063437	MR TL GINA	2 572,37
1065508	ESTATE LATE MBATHA TN	3 138,38
1076683	Mr/s CZ&NG MSEZANE	1 721,91
1080312	VV&TF HLATSHWAYO	1 785,83
1082278	LB MTSHALI	13 212,44
1096785	MR ZE MNGOMA	2 446,57
1101837	Ms BF&MM CELE	176,75
1106352	Mrs N NGCOBO	262,14
1107910	MR EP GUMEDE	1 692,29
1123911	TM GCABASHE	2 806,33
1126341	TM SHANGE	2 534,92
1137030	SC SIMELANE	3 314,15
1156427	M&JN GOVENDER	4 098,09
1158826	MR BT HLONGWANE	4 702,92
1166016	MR AA MAGUBANE	5 336,34
1167517	MR BJ MKHIZE	3 040,59
1171753	NA RADEBE	2 534,92
1179382	ESTATE LATE BUTHELEZI PM	1 996,72
1186453	ESTATE LATE SITHOLE VL	1 900,80
1215224	Mrs PNH GCWENSA	3 236,47
1219846	ZL MNGADI	1 802,29
1220295	ESTATE LATE MTETWA MV	3 321,05
1222535	SR SIKHAKHANE	2 779,78
1225328	A MSIMANGO	2 000,05
1227893	Ms F LINDA	233,56
1230529	Miss BN MTSHALI	4 540,92
1234185	VS MSWELI	1 761,05
1247716	JM&FPN NTOMBELA	2 499,82
1248580	Miss A MHLONGO	2 230,65

Account no.	Name	Grand Total
259613	ESTATE LATE DLADLA ME	1 755,72
259807	MR AM ZULU	1 549,52
259902	ESTATE LATE ZULU NG	2 982,86
260129	ESTATE LATE MPANZA TM	1 357,60
260231	MR SG ZULU	2 140,83
260320	MR MR MNGOMEZULU	4 406,02
261147	MR NVZ DLAMINI	1 320,16
261884	Mr/s CZ&VI CALANE	1 839,00
262214	Mrs FC NGEMA	4 065,85
262239	ESTATE LATE COME AT	1 558,67
262334	MR BS MKHIZE	1 413,68
262817	MR MS ZULU	1 345,89
263063	LE NTOMBELA	1 525,27
267220	Mrs TA GISHI	3 400,16
267332	Mrs MB DUBE	3 643,72
267950	MR MJ NDLOVU	2 736,33
268463	ESTATE LATE MSANE RL	2 286,83
268512	S&NC NTOMBELA	3 508,39
269763	MR F GWALA	2 715,26
270600	MR JM MBOKAZI	1 822,31
270624	Mrs A KUMALO	1 469,95
271177	Mrs EN MBATA	1 585,92
271272	L KHOZA	2 094,57
271280	ESTATE LATE PHAKATHI VT	1 394,95
271554	ESTATE LATE MATABA JM	1 939,72
271811	MCS FLARRE	1 676,11
271875	MS P DUBAZANA	1 418,46
272484	Mr/s SP&DT NGCOBO	2 632,59
273093	MR ES ZULU	1 605,22
273199	Mrs L LUTHULI	1 343,56
273248	MR DA SIBIYA	1 999,83
274001	MR M ZULU	2 782,06
274146	Mrs M ZUALO	1 714,58
274347	MR MG MAHLOBO	1 350,58
274509	MD SIKHAKHANE	1 411,43
274594	ESTATE LATE MGENCE SM	1 315,48
274869	ESTATE LATE SISOKA ME	1 341,21
274989	MR J SITHOLE	1 404,41
275118	MR MA DLAMINI	1 794,33
275132	ESTATE LATE BUTHELEZI VB	1 519,09
275164	MR SL ZULU	1 948,63
275206	MR A MAZIBUKO	1 439,51
275365	ESTATE LATE NGUBANDE F	1 963,99
275407	ESTATE LATE MKIZE Z	1 532,96
275809	MR MA SITHOLE	1 479,31
276619	MR ZM KHAMBULE	1 474,63
276672	MR MP MKHWANAZI	1 527,27
276986	Miss L SIKAKANE	1 493,35
278214	Mr/s GA&GE Tembe	1 362,28
278327	Ms NA MTHEMBU	2 272,79
279225	MV NGXONGO	1 509,49
279232	ESTATE LATE DLADLA BR	1 423,14
279345	MR FS MABASO	1 516,75
279465	MR TM PHOKO	1 542,13
279553	ESTATE LATE NTONGANA MT	2 601,68
279786	Miss HC SIKHAKHANE	1 439,51
279850	MR M ZUNGU	1 505,05
280301	ESTATE LATE BUTELEZI J	1 570,58

Account no.	Name	Grand Total
1263789	Ms AN GUMEDE	2 427,60
1264119	MR GK MKHWANAZI	186,67
1265747	MR JL MUTHWA	1 989,00
1325058	MR JN GUMEDE	905,67
1341324	MR M&MB MZILA	1 994,59
1350664	GTN NDLOVU	7 980,15
1373622	ESTATE LATE MDLALOSE C	1 571,17
1412737	NV SIBISI	7 906,10
1424115	KM GOVENDER	2 261,64
1435999	Ms KL MKHWANAZI	9 660,24
1437851	MG NDLOVU	9 048,07
1438943	Miss NA ZONDI	1 448,87
1444376	RN MTHEMBU	3 034,24
1448148	ESTATE LATE MASINGA DC	1 364,62
1454663	SIBIYA PB & NXUMALO GB	3 249,63
1460723	MAPHUMULO OC & MTHIYANE SM	6 976,86
1478142	Mr/s LW&FF MTHIYANE	1 561,00
1521969	Miss MD ZULU	4 787,92
1545247	MR JZ MHLONGO	25 630,11
1553431	Ms K NDLOVU	279,55
1555870	TS MBATHA	2 503,96
1562130	Ms A NKWANYANA	1 067,07
1587984	Mrs PDG SIBISI	0,01
1592712	SA BIYELA	1 119,33
1607359	AN MCHUNU	271,15
1607824	NI MBUTHU	0,01
1607937	TC MANANDI	1 833,90
1608024	VK KHANYILE	0,01
1608088	JD MDLETSHI	705,41
1608970	MLAMBO SM, SN & LI	6 972,34
1609081	TM MBATHA	0,01
1609099	C MHLONGO	778,11
1609236	NM MPONTSHANE	2 350,33
1610577	C&J GOVENDER	2 947,38
1613289	MR SM NTULI	2 014,42
1620141	ESTATE LATE ZWANE ZS	0,01
1621755	SM MYENI	335,46
1622100	EASTATE LATE NDLOVU D Z	962,39
1670640	CN NYAWO	1 937,32
1747780	Ms SG MPANZA	5 630,82
1769575	NM MORENGWA	3 654,17
1776903	RG ZUNGU	2 620,96
1777022	GM MNCUBE	1 605,70
1781244	KB&AW MYENI	2 284,49
1781773	TP&GR DHLAMINI	1 605,70
1794229	MR JT SIBIYA	1 137,03
1797519	MR NM MBHAMALI	1 901,01
1810713	AM SITHOLE	957
1864420	Ms LC MANYONI	2 787,97
1871917	Ms TP NDLOVU	1 232,60
1872614	MR SP DLAMINI	2 639,66
1890349	Miss N MDLULI	3 565,24
1890613	Mrs KS MAKHOBHA	456,32
1898732	MM&GS MPOTSHANA	6 236,40
1936378	MJ SHANDU	678,92
1936988	Ms TG MBATHA	678,92
1937526	Ms TS MSOMI	2 137,95
1937967	Ms O MORELA	1 908,40

Account no.	Name	Grand Total	Account no.	Name	Grand Total
280887	MR PJ NYAWO	6 609,76	1938520	KHUMALO MP & ZUNGU WN	2 662,97
281721	MR SB MAVUNDLA	2 704,71	1938992	MR MT MPOTSHANE	2 050,37
282436	ESTATE LATE VILAKAZI M	1 799,95	1940832	EZ MFEKA	4 721,34
283373	MR J LANGA	4 464,23	1941716	PD SHANDU	297,26
284063	MR DS&SC BIYELA	1 806,98	1942597	Ms AN MTIMKULU	1 905,26
284970	Ms DR NTULI	1 437,18	1942847	LS NGIDI	678,92
285081	Mrs EP MTHEMBU	1 423,14	1949602	MR EB MBATHA	1 605,44
285109	MR N MZIMELA	1 547,03	1950189	S MPIYAKHE	1 624,42
285229	Mrs L CHONCO	2 395,53	1950421	VS&LR MDLETSHI	1 594,07
285243	ESTATE LATE MBATHA RJ	1 900,97	1951834	MR NS DLAME	195,35
285268	ESTATE LATE MHLONGO BW&N	2 472,88	1958318	Miss LP MNGADI	2 626,17
285349	MR ZI MANGAZI	1 647,86	1991259	Ms SM MIYA	1 220,08
285395	G NXUMALO	1 795,50	1996842	S SIKHOSANA	1 304,97
285557	ESTATE LATE KHUMALO MM	1 631,44	2063895	MR AM KUBHERA	1 428,00
285684	MR S NTULI	1 815,48	2066416	MR MM SHANDU	405,02
286014	ESTATE LATE MTHEMBU TZ	2 887,45	2081140	Ms SP MNCWANGO	1 428,00
286293	MR SM ZULU	1 839,75	2081238	MR B MGWABA	1 428,00
286832	ESTATE LATE MNGUNI M	2 510,03	2081301	MR PB SHANDU	1 428,00
305059	MR NA MNOMIYA	3 345,93	2081365	Miss TS MKHWANAZI	1 428,00
307850	ESTATE LATE NTOMBELA H&BZ	3 132,12	2081453	Ms ZP MTHETHWA	1 428,00
314208	ESTATE LATE ZULU SS	2 041,22	2081686	ZJ KHANYILE	1 428,00
316847	MR ZS SHOZI	1 933,26	2082182	MR SV THUSI	1 428,00
318629	MR BN MTSHALI	1 434,08	2119153	MR GW MTHETHWA	1 428,00
320402	MR SA GABELA	1 597,82	2120984	Ms HP SANGWENI	3 184,95
320699	MR LB BIYELA	2 244,60	2121748	MR NW MANYONI	1 428,00
323925	M MTHETHWA	952,39	2122318	MR TP MADIDE	1 580,26
326490	MR TJ MDLETSHI	30 934,63	2126908	MR TF MFEKAYI	1 483,87
326595	Miss M BUTHELEZI	1 416,11	2159773	MR MW MTHEMBU	241,9
343167	MR JM VUMASE	3 748,68	2161123	Mrs TC NSELE	1 323,40
350608	ESTATE LATE XABA NT	968,87	2225306	NGWANE NQ,SN & SC	2 550,92
357378	MR SS MDLETSHI	2 767,88	2249498	MBONAMBI HN,HM,SA,BB & ZZM	2 017,42
357579	MR SM MBUYAZI	6 228,55	2254755	Ms NLP NTOMBELA	1 300,91
373852	MM&NN NTULI	1 707,73	2255607	Miss HB KHUMALO	1 782,76
374119	ESTATE LATE ZIKHALI LE	2 604,16	2255815	Ms S MBATHA	3 060,87
379068	MR TM NTULI	3 189,73	2258397	Ms MT MKHWANAZI	1 760,69
388217	Mrs BM MGABHI	1 024,29	2258414	MR MF FAKUDE	1 282,70
388457	ESTATE LATE GUMEDE T	1 535,48	2258767	MR VS MTHETHWA	1 528,00
389098	SN BIYELA	1 459,71	2260117	MR MD NTSHANGASE	1 798,21
389115	MR PM GUMEDE	1 255,87	2262548	Ms NR XABA	2 087,93
391080	ESTATE LATE MDLALOSE M	1 398,94	2263206	Ms PB KHOZA	2 165,34
391548	ESTATE LATE NKOMO NI	961,85	2263301	Ms TS ZIKHALI	2 147,29
392277	MR NR GUMEDE	2 523,23	2322420	MR PK DUBE	1 273,32
395454	MR MA DLAMINI	364,1	2326872	Ms KH GUMEDE	372,35
402951	Mr/s T&N MPUNGOSE	1 576,50	2330808	MR PM MKHWANAZI	1 428,00
409883	ESTATE LATE NGCOBO E	2 467,05	2331262	MR BC KHUZWAYO	1 428,00
410335	Mrs IZ JOBE	1 528,46	2331921	MR ZH THWALA	1 428,00
411152	MR M BIYELA	5 801,78	2336704	Ms FR MTSHALI	1 314,02
411201	Mrs SB MFEKAYI	992,08	2342970	Ms SS MASUKU	6 359,23
411586	Mrs GJ LANGA	2 650,53	2343395	MK KHUZWAYO	1 923,61
417997	ESTATE LATE MZOLO MJ	1 760,17	2343451	MP MNGUNI	1 327,17
424419	Mr/s NL&BR HLATSHWAYO	3 022,32	2343589	LZ CEBEKHULU	1 679,49
426215	Mrs JB MTSHALI	1 570,09	2343691	NS SHABANGU	1 549,52
427554	Mrs SM MNGOMEZULU	-0,01	2381707	SC BIYELA	1 997,75
433156	M MKHWANAZI	2 411,31	2381746	TT NGCOBO	6 719,19
435570	CM ADAMS	4 924,39	2382588	Miss NL SHANGE	158,73
437792	MR J MDAKA	2 233,01	2403630	Ms SC CELE	14 448,08
438813	Mr/s KI&VF MATOKO	16 428,22	2404633	MR SV HLABISA	2 358,37
439038	MJ&GN MDLALOSE	1 469,95	2407793	MT GABELA	11 094,77
441118	N GWALA	1 450,32	2408557	MR SL MKHIZE	11 040,11
441171	Ms T MBUYAZI	1 507,39	2408571	MR PJ MLAMBO	1 549,73
444302	Ms NN MTHEMBU	1 512,07	2409906	Miss HC MTHETHWA	1 632,62
444359	Ms NS BUTHELEZI	1 640,80	2412850	MR TI MDLETSHI	1 428,00
444849	Ms BV MTSHALI	1 729,73	2413797	DT DLAMINI	534,34
446388	Mr/s MS&CP MDLETSHI	2 326,21	2413878	CB DLUDLA	2 194,92
448307	MR PG CHETTY	13 259,71	2418259	TZ BIYELA	2 226,36
455449	MR ESTATE LATE BUTHELEZI	2 233,01	2426595	LV MTHETHWA	1 514,31
456298	Miss SE MBONAMBI	2 895,02	2429483	MR NT SHOBEDE	2 118,35
457728	MR MR MASANGO	1 601,02	2430489	Mrs S MLONDO	1 749,50
458908	MR NP MTHETHWA	1 500,39	2434652	RS BLOSE	1 711,48
463739	MR CN MSEZANE	2 558,53	2434910	N ZUNGU	929,08
466360	Mrs NV NTSHINGILA	6 007,10	2435007	LP MASANGO	1 439,51
467677	Mr/s SA&PA MAHAYE	2 434,28	2446584	MHLONGO HL & NXUMALO NM	9 147,05
473134	MR MS MATHONSI	1 974,35	2516351	NP GUMBI	92,87
475533	ESTATE LATE MEYIWA FL	1 532,93	TOTAL		1 742 343,00

3.8 Employee Debt / Councillor Debt

At a previous Financial Services Portfolio Committee meeting, Councillors requested that Officials' and Councillors' debt be submitted to Council.

Employees' debt amounts to R415 062,51 as per **Annexure AL - DMS 1426866**.

Councillors' debt amounts to R142 909,18 as per **Annexure AM - DMS 1426866**.

3.9 Outstanding Creditors

At a previous Financial Services Portfolio Committee meeting, Councillors requested that creditors greater than R100 000 outstanding for 90 days and longer be submitted to Council:

NAME OF CREDITOR	AMOUNT	DETAILS
	R	
Mariswe (PTY) LTD	2 188 288,00	Invoices in dispute by Supply Chain Management Section
Projecon cc	4 111 413,00	Invoices in dispute by Supply Chain Management Section
Zai Consultants	273 240,00	Orders have been finalized. Invoices to be processed for payment in January 2021
	6 572 941,00	

4. EXCEPTION REPORTING ON OPERATING EXPENSES - FOR ENTIRE MUNICIPALITY

4.1 LOSSES TO COUNCIL'S PROPERTY

The table below represents losses to Council's property for the period 1 October to 31 December 2020:

DESCRIPTION	AREA	DEPT/DIVISION	V NUMBER	REGISTRATION NUMBER	DAMAGE	EXCESS	COST TO COUNCIL	SHE NO
					R	R	R	
Vehicle Damage	KwaDlangezwa	Comms - Waste	V1127	NRB 30204	22 093		22 093	
Public Liability	Empangeni	Comms - Waste	V0467	NRB 20326	13 854	25 000	13 854	
Vehicle Damage	Empangeni	Comms - Waste	V1406	NRB 34705	21 428		21 428	
Vehicle Damage	Aquadene	Comms - Traffic	V1273	NRB 22845	3 469		3 469	
Glass Replacement	Richards Bay	I&TS - Plumbers	V0495	NRB 45221	3 680		3 680	
Vehicle Damage	Empangeni	Comms - Waste	V1428	NRB 71410	6 309		6 309	
Tyre Damage	Empangeni	I&TS - Plumbers	V1350	NRB 89190	4 600		4 600	
Vehicle Damage	Ballito	Public Safety	V1405	NRB 49702	70 684		70 684	
Vehicle Damage	Ngwelezane	I&TS - Roads	V1400	NRB 53427	28 167		28 167	
Vehicle Damage	Esikhaleni	CS - ICT	V1332	NRB 57032	20 759		20 759	
Vehicle Damage	Empangeni	I&TS - Roads	V1389	NRB 89063	28 794		28 794	
Public Liability	Richards Bay	Comms - Parks			5 472	25 000	5 472	
TOTAL					229 308	50 000	229 308	

4.2 PROCEEDS FROM LAND SALES

As required in terms of the Chief Financial Officer's Performance Plan (**DMS 1308528**), the following progress on land sales that have been prepared by the Department: City Development and approved by Council for sale, the process followed by the Department Financial Services be noted:

Date received	Amount	Erf Number	Details
	R		
2020/11/25	5 975 032,00	Erf 11161	RESILIENT PRPERTIES (PTY) LTD

4.3 COST CONTAINMENT POLICY

The implementation of Municipal Cost Containment Regulations (MCCR) was effective from 1 July 2019. Draft cost containment policy (**DMS 1407523**) has not been approved by Council however the policy has been endorsed by Municipal Manager and the Chief Financial Officer.

COST CONTAINMENT REPORT AS AT 31 DECEMBER 2020				
COST CONTAINMENT MEASURES	ADJUSTED BUDGET 2020/21	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL DEC 2020 (YTD)	(OVER) / UNDER
Advertisement&Marketing	5 930 600	2 965 300	1 324 958	1 640 342
Artists and Performers	164 300	82 150	18 470	63 680
Catering Services	5 554 700	2 777 350	462 472	2 314 878
Communications:SMS Bulk Message Service	3 037 200	1 518 600	280 702	1 237 898
Consultants Sevices	50 112 700	25 056 350	19 937 916	5 118 434
Contracted services - Cleaning Services	6 388 800	3 194 400	3 162 013	32 387
Contracted services - Security	50 496 400	25 248 200	19 542 161	5 706 039
Legal Advice and Litigation	7 210 500	3 605 250	2 908 858	696 392
Travel and subsistence allowance	7 238 300	3 619 150	479 133	3 140 017
Vehicle hire for Public office bearers	288 700	144 350	9 500	134 850
TOTAL	136 422 200	68 211 100	48 126 182	20 084 918

5. PROPOSED ADJUSTED BUDGET FOR CONSIDERATION IN FEBRUARY 2021

Section 72 of the MFMA further requires once a mid-year review has been conducted that:

“(3) The accounting must, as part of the review-

- (a) make recommendations as to whether an adjustments budget is necessary; and*
- (b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.”*

As a result of the above, an adjusted budget is necessary and will be submitted to Council in February 2021. A recommendation has been included as follows:

“as a result of the Mid-Year Budget Report, a report dealing with the Adjustments Budget, in terms of Section 28 of the Municipal Finance Management Act be submitted to Council;”

5.1 Proposed Capital Budget

The table below represents Proposed 2020/21 Capital budget:

FUNCTION	ADJUSTED BUDGET 2020/2021	PROPOSED SECOND ADJUSTED BUDGET 2020/2021	INCREASE / (DECREASE)
	R	R	%
Finance and Administration	103 533 000	105 357 300	1 824 300
Community and Social Services	50 884 600	54 964 600	4 080 000
Energy Sources	96 644 900	95 664 900	(980 000)
Executive and Council	51 000	51 000	-
Environmental Protection	2 834 900	2 834 900	-
Housing	6 339 900	6 339 900	-
Planning and Development	10 852 800	10 852 800	-
Public Safety	1 301 100	1 229 800	(71 300)
Road Transport	213 504 800	211 430 700	(2 074 100)
Sport and Recreation	49 987 900	45 937 900	(4 050 000)
Waste Management	5 382 500	5 382 500	-
Waste Water Management	54 246 300	72 457 100	18 210 800
Water	315 948 400	298 387 700	(17 560 700)
	911 512 100	910 891 100	(621 000)

The total proposed 2020/21 Adjusted Capital budget funding structure is as follows:

SOURCE OF FUNDING	ADJUSTED BUDGET 2020/2021	PROPOSED SECOND ADJUSTED BUDGET 2020/2021	INCREASE / (DECREASE)
	R	R	R
Borrowing	174 011 300	174 448 900	437 600
Capital Replacement Reserve	554 143 600	553 085 000	(1 058 600)
Integrated Urban Development Grant	153 857 200	153 857 200	-
Government Grants - National	29 500 000	29 500 000	-
TOTAL	911 512 100	910 891 100	(621 000)

Although the departments have submitted Proposed Adjusted Budget figures, EMCO has requested the departments relook at their submissions in light of the poor capital expenditure. It is expected that the project capital budget of R911 million will reduce to a more realistic budget and that those projects be budgeted for in the 2021/22 MTREF.

5.2 Proposed Operating Budget

The Proposed Adjustment Budget 2020/21 Operating Expenditure figures are indicated below:

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2020/2021	PROPOSED SECOND ADJUSTED BUDGET 2020/2021	INCREASE/ (DECREASE)
	R	R	R
Employee related costs	987 684 300	981 780 700	(5 903 600)
Remuneration of Councillors	34 025 600	34 316 700	291 100
Debt Impairment	90 060 600	90 060 600	-
Depreciation and asset impairment	480 252 300	418 999 300	(61 253 000)
Finance Charges	79 943 200	79 943 200	-
Bulk Purchases - Electricity	1 027 696 400	1 027 696 400	-
Bulk Purchases - Water	110 419 500	120 664 200	10 244 700
Other Materials	144 085 500	151 203 200	7 117 700
Contracted Services	327 958 900	345 933 200	17 974 300
Transfers and grants	14 378 000	14 378 000	-
Other Expenditure	297 573 100	338 766 700	41 193 600
TOTAL OPERATING EXPENDITURE	3 594 077 400	3 603 742 200	9 664 800

Below are explanations for major increase/ decreases in expenditure:

- ❖ Included in employee related costs which has **decreased** by **R5,9 m** this is as a result of various funded vacant posts that will only be filled in the later part of the financial year as well as the movement of Post Retirement Benefit – Gains from Revenue to Expenditure resulting in a zero increase in this item.
- ❖ Contracted, consultancy and Professional fees **increased** as follows:
 - Contracted Services – Air Traffic Operations = **R9 million**;
 - Consultants and Professional Services – Internal Audit = **R1,5 million**;
 - Contracted Services – Sewerage Services = **R3,6 million**;
 - Contracted Services – Shark Nets = **R 3 million**;

- Internal Services – Municipal Services = **R21 million**; and
- Insurance Premiums = **R2 million**.

The Proposed Adjustment Budget 2020/21 Operating Revenue figures are indicated below:

REVENUE BY SOURCE	ADJUSTED BUDGET 2020/2021	PROPOSED SECOND ADJUSTED BUDGET 2020/2021	INCREASE/ (DECREASE)
	R	R	R
Rates	540 840 000	559 407 800	18 567 800
Service Charges – Electricity revenue	1 666 176 600	1 664 181 200	(1 995 400)
Service Charges – Water revenue	411 574 300	409 045 500	(2 528 800)
Service Charges – Refuse revenue	117 414 400	102 477 200	(14 937 200)
Service Charges – Sanitation revenue	111 886 000	108 194 800	(3 691 200)
Rental of facilities and equipment	11 163 700	10 054 900	(1 108 800)
Interest earned – external investments	63 000 000	58 000 000	(5 000 000)
Interest earned – outstanding debtors	114 000	114 000	-
Fines	10 596 900	7 506 900	(3 090 000)
Licences and permits	3 406 700	3 406 700	-
Agency services	5 970 400	5 970 400	-
Operating Grants and Subsidies	490 259 800	490 759 800	500 000
Other Revenue	64 008 800	35 175 500	(28 833 300)
TOTAL OPERATING REVENUE	3 496 411 600	3 454 294 700	(42 116 900)

A summary of the above proposed adjustment operating budget is as follows:

DESCRIPTION	ADJUSTED BUDGET 2020/2021	PROPOSED SECOND ADJUSTED BUDGET 2020/2021	INCREASE/ (DECREASE)
	R	R	R
Revenue (excluding capital grants)	3 496 411 600	3 454 294 700	(42 116 900)
Expenditure	3 594 077 400	3 603 742 200	9 664 800
Surplus/(Deficit)	(97 665 800)	(149 447 500)	(51 781 700)

The table below depicts further decreases and increases in revenue and expenditure:

Increases/Decreases In Revenue and Expenditure		
	Revenue	Expenditure
	R	R
Special Adjusted Budget 2020/2021 Budget (Excluding Capital Grants)	3 496 411 600	3 594 077 400
Property Rates	18 567 800	
Service Charges – Electricity revenue	(1 995 400)	
Service Charges – Water revenue	(2 528 800)	
Service Charges – Refuse revenue	(14 937 200)	
Service Charges – Sanitation revenue	(3 691 200)	
Interest earned – external investments	(5 000 000)	
Transfers Recognised - Operational	500 000	
Fines	(3 090 000)	
Post Employment Medical Benefits	(26 539 200)	
Other Net Effect of Increases and (Decreases) In Revenue	(3 402 900)	
Employee Related Costs:		(5 903 600)
Remuneration of Councillors		291 100
Bulk Purchases - Water		10 244 700
Depreciation and asset impairment		(61 253 000)
Materials and Supplies - Maintenance		1 072 900
Materials and Supplies - Non Maintenance		1 360 200
Materials and Supplies - Chemicals		4 684 600
Contracted Services - Air Traffic and Navigation		7 800 000
Contracted Services - Air Traffic - Maintenance of Buildings and Facilities		750 000
Contracted Services - Air Traffic - Security		400 000
Contracted Services - Internal Auditors		1 500 000
Contracted Services - Sewerage Services		3 612 000

Increases/Decreases In Revenue and Expenditure		
	Revenue	Expenditure
	R	R
Contracted Services - Meter Management		1 000 000
Contracted Services - Shark Nets		3 000 000
Contracted Services - Cleaning Services		1 482 300
Contracted Services - Medical Services		320 000
Other Expenditure - Bank Charges		1 553 500
Other Expenditure - Specialised Computer Service		1 823 400
Other Expenditure - Insurance		6 646 100
Other Expenditure - Levies Paid - Water Resource Management Charges		5 456 900
Other Expenditure -Municipal Services		21 240 900
Other Expenditure - Hire Charges		3 586 900
Other Net Effect of Increases and (Decreases)		(1 004 100)
Proposed Draft 2020/2021 Second Adjustment Budget	3 454 294 700	3 603 742 200

6. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 1442150**) respectively have been prepared in accordance with the Municipal Budgeting and Reporting Regulations:

TABLE NUMBER	DESCRIPTION	ANNEX
Table C1	Monthly Budget Statement Summary	A
Table C2	Monthly Budget Financial Performance (Standard Classification)	B
Table C2C	Monthly Budget Financial Performance (Detail) (Standard Classification)	C
Table C3	Monthly Budget Financial Performance (Revenue and Expenditure by Municipal Vote)	D
Table C3C	Monthly Budget Financial Performance (Detail) (Revenue and Expenditure by Municipal Vote)	E
Table C4	Monthly Budget Financial Performance (Revenue by source and Expenditure by Item)	F
Table C5	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	G
Table C5C	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	H
Table C6	Monthly Budgeted Financial Position	I
Table C7	Monthly Budgeted Cash Flows	J
Table SC1	Material variance explanations	K
Table SC2	Monthly Performance indicators	L
TABLE NUMBER	DESCRIPTION	ANNEX

Table SC3	Aged Debtors	M
Table SC4	Aged Creditors	N
Table SC5	Investment Portfolio	O
Table SC6	Transfers and grant receipts	P
Table SC7(1)	Transfers and grant expenditure	Q
Table SC7(2)	Expenditure Against Approved Rollovers	R
Table SC8	Councillor and Staff Benefits	S
Table SC9	Monthly actuals and revised targets for cash receipts (cash flow)	T
Table SC12	Monthly capital expenditure trend	U
Table SC13a	Monthly capital expenditure on new assets by asset class	V
Table SC13b	Monthly capital expenditure on the renewal of existing assets by asset class	W
Table SC13c	Monthly repairs and maintenance expenditure by asset class	X
Table SC13d	Monthly depreciation by asset class	Y

PART 2 - SUPPORTING DOCUMENTATION

7. SUPPLY CHAIN MANAGEMENT POLICY

LEGISLATIVE FRAMEWORK

- Supply Chain Management Policy
- Contract Management Policy

SUPPLY CHAIN MANAGEMENT POLICY

- **Oversight Role of Council**

Clause 6 of the Municipal Supply Chain Management Policy requires:

“6.3 The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.

6.4 The reports must be made public in accordance with section 21A of the Municipal Systems Act.”

CONTRACT MANAGEMENT POLICY

- **Statutory reporting and compliance**

Clause 7(4) of Contract Management Policy requires Contract Management Unit to maintain contract register and Provincial Circular No. 2 of 2016/2017 in relation to Contract Management also required all municipalities to submit updated Contract Registers by the 7th of every month. As from 7 December 2017, the submission of this report commenced.

- **Staffing**

Staffing in Supply Chain Management Unit (SCMU) remains critical. The vacant position of the Accountant Demand that became vacant due to the medical boarding will be filled in the third quarter. The other two (2) positions that are due to the dismissal will be finalise after the outcome of the appeal process.

- **Internal Audit**

There was no Internal Audit for Quarter 2 of 2020/21 financial year.

- **Training and workshops**

The Supply Chain Management Policy, Clause 8, the training of officials involved in implementing the Supply Chain Management Policy should be in accordance with National Treasury guidelines on Supply Chain Management Training. The following training was attended:

Date	Number of Beneficiaries	Training/Workshop	Service Provider
Continuous	5	MFMPMunicipal Finance Management Programme	LG Seta

DEMAND AND ACQUISITION MANAGEMENT

- **Capturing of vendors on Council's database**

The total number of vendors registered in this quarter:

MONTH	NUMBER OF VENDORS
Oct-20	166
Nov-20	125
Dec-20	33
	324

- **Reporting of Supply Chain Management awards above R100 000 captured on the National Treasury database.**

Sections 74(1) and 104(1)(b) of the Municipal Finance Management Act (MFMA) prescribes the following regarding general reporting obligations:

"The accounting officer of a municipality [and municipal entity] must submit to the National Treasury, the provincial treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required."

Since 1 July 2006, in terms of National Treasury Circular MFMA Circular No 34, Municipalities and Municipal Entities are required to submit a separate report for each contract awarded (and signed) above R100 000, and which must be submitted within 15 days of the end of each month. A backlog still exists with the capturing of data, mainly due to the fact that the database is very slow during working hours.

A list of orders in excess of R100 000 is included under - **Annexure AP on DMS 1426866.**

- **Reporting on the Supply Chain Management Policy in terms of Section 36 (2) in which any deviation from the Supply Chain Management Policy must be approved by the Municipal Manager.**

The Supply Chain Management Policy, prescribe on Clause 36(2) *The accounting officer must record the reasons for any deviations in terms of sub Clauses (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.* The reporting is delegated to the User Department to complete this task.

There were seven (7) deviations for the first quarter which amounts to R36 895 331 (Annexure AO - DMS 1426866):

DEVIATIONS AS AT THE END OF QUARTER 1 ENDED 31 DECEMBER 2021						
	QUARTER 1		QUARTER 2		TOTAL NUMBER OF DEVIATION (YTD)	TOTAL AMOUNT OF DEVIATIONS (YTD)
DEPARTMENT	No.	Value	No.	Value		
Corporate Services (CS)	4	7 577 243	1	292 136	05	7 869 379
Financial Services (FS)	-	-	-	-	00	-
Technical Services (TS)	-	-	5	29 624 956	05	29 624 956
Electricity and Energy Services (EES)	-	-	1	287 881	01	287 881
City Development	-	-	-	-	00	-
Community Services (COMS)	-	-	2	6 690 358	02	6 690 358
Office of the Municipal Manager	-	-	-	-	00	-
Total	4	7 577 243	9	36 895 331	13	44 472 574

AWARDED TENDERS FOR THE SECOND QUARTER

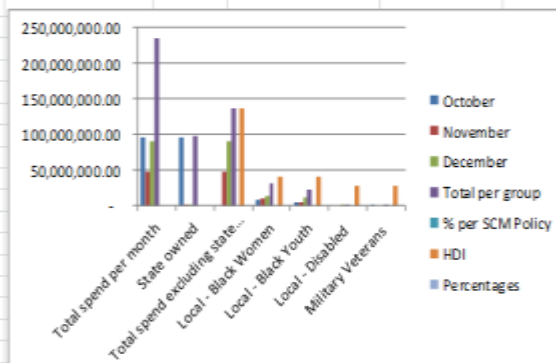
MONTH	NUMBER OF AWARDS	TOTAL
Oct-20	6	277 279 206
Nov-20	7	51 661 504
Dec-20	3	2 649 009
TOTAL	16	331 589 718

Number of tenders numbers issued to user departments	Number of tenders published	Number of tenders Cancelled	Number of Bid Committees seated and cancelled	
			Seated	Cancelled
0	12	0	BSC	0
			BEC	0
			BAC	0

Number of Tenders where Validity Period were extended	
Number	Reasons
0	Committees were not sitting as usual due to Covid 19 regulation and infections

- **Purchase Order report reflecting how SCM performed on each category in Quarter 2:**

	October	November	December	Total per group	% per SCM Policy	HDI	Percentages
Total spend per month	96,556,684.94	48,132,295.76	89,895,877.33	234,584,858.03			
State owned	96,556,684.94	457,382.80	27,694.40	97,041,762.14			
Total spend excluding state owned	-	47,674,912.96	89,868,182.93	137,543,095.89	0%	137,543,095.89	
Local - Black Women	8,866,073.43	9,355,358.14	13,760,394.71	31,981,826.28	30%	41,262,928.77	78%
Local - Black Youth	5,586,578.08	4,448,582.09	12,495,693.13	22,530,853.30	30%	41,262,928.77	55%
Local - Disabled	-	-	278,441	278,441.03	20%	27,508,619.18	1%
Military Veterans	154,439.25	-	-	154,439.25	20%	27,508,619.18	1%



• **Report on Objections and Complaints**

Refer to Section 1 of this report for a detailed list:

In terms of the Supply Chain Management Policy, Clause 49, *Persons aggrieved by **decisions** or **actions** taken in the implementation of this Supply Chain Management system, may lodge within 14 days of the decision or action:*

- (a) *if the **objection or complaint is against the procurement process**, submit a written **objection or complaint against the decision or action** to the accounting officer of the municipality who shall, in turn, within 24 hours refer the written objection or complaint to the dependent and impartial refer the written objection or complaint to the dependent and impartial person referred to in Clause 50 for resolution:*

(b) **Objections and Complaints Table:**

OCTOBER TO DECEMBER 2020	
REPORT ON OBJECTIONS AND COMPLAINTS (In terms of SCMP, clause 50)	
Details of objections or complains for tenders	Inquiry for Non award for Tender UMH649-19/20
Against the procurement process	YES
Against the decision or action	YES

CONTRACT AND LOGISTICS MANAGEMENT

CONTRACT REGISTER – QUARTER 2	
Details	Number
Contracts Expiring in 6 months	43
Total Contracts Carried Over from Quarter 1	145
Total Effective Contracts 2020/21 - Quarter 2	144
Total Contracts closed in 2020/21 - Quarter 2	12
Total Captured in Quarter 2	11
Number of Contracts amended using 15% and 20 threshold	0

• Monthly Stock Count

The stock count results for quarter 2 ending 31 December 2020 are as follows:

STOCK RESULTS AS AT 31 DECEMBER 2020	
DESCRIPTION	AMOUNT
Stock value before stocktake (21/12/2020)	19 139 302,65
Issued During Stock take - Fuel	-
Variance - stock loss	-64 719,74
Stock value after stocktake (24/12/2020)	21 797 246,61

The above table reflect figures as at 31 December 2020, no system transacting was done for Quarter 2.

PART 3 - SUPPORTING DOCUMENTATION

8. DEBTORS ANALYSIS

Refer to supporting table SC3 - Aged Debtors (**Annexure M**) for the month ended 31 December 2020.

9. CREDITORS ANALYSIS

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) for the month ended 31 December 2020.

10. INVESTMENT PORTFOLIO ANALYSIS

Refer to supporting table SC5 - Investment portfolio (**Annexure O**) for the month ended 31 December 2020.

11. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Refer to supporting table SC6 - Transfers and grant receipts (**Annexure P**) and supporting table SC7 - transfers and grant expenditure (**Annexure Q**) for the month ended 31 December 2020.

12. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) for the month ended 31 December 2020.

13. MATERIAL VARIANCES TO THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP COMPONENT 5 SUMMARISED)

The first quarter progress on the quarterly projections of Service Delivery Targets and performance indicators is indicated on **Annexures AK**.

Although the detailed Component 5 **is attached as Annexure AK**, the tables below depict a summary of the most applicable components thereof.

NB: (Please note when looking at the detailed version of Component 5 **attached as Annexure AK** each vote is illustrated in number order on the extreme left, vote detail of which is illustrated over 3 pages):

DEPARTMENT	ADJUSTED BUDGET 2020/21	ACTUAL YTD AT 31/12/2020	PERCENTAGE SPENT OF ADJUSTED BUDGET (SYSTEM)
DEPUTY MUNICIPAL MANAGER: CITY DEVELOPMENT	38 768 900	2 733 653	7%
CITY DEVELOPMENT	38 768 900	2 733 653	7%
DEPUTY MUNICIPAL MANAGER: COMMUNITY SERVICES	73 800 000	7 905 293	11%
COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY	17 763 900	3 093 224	17%
COMMUNITY SERVICES - RECREATION AND ENVIRONMENTAL SERVICES	55 245 200	4 737 449	9%
COMMUNITY SERVICES - PROTECTION SERVICES	790 900	74 620	9%
DEPUTY MUNICIPAL MANAGER: CORPORATE SERVICES	66 660 700	16 231 869	24%
CORPORATE SERVICES - ICT	65 986 400	16 030 799	24%
CORPORATE SERVICES - HUMAN RESOURCES	674 300	201 070	30%
DEPUTY MUNICIPAL MANAGER: ELECTRICAL AND ENERGY SERVICES	118 665 000	28 415 135	24%
ELECTRICAL SUPPLY SERVICES	118 665 000	28 415 135	24%
DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE SERVICES	613 756 800	110 304 021	18%
ENGINEERING SUPPORT SERVICES	93 682 800	10 876 055	12%
TRANSPORT, ROADS AND STORMWATER	219 055 600	8 394 050	4%
WATER AND SANITATION	301 018 400	91 033 916	30%
OFFICE OF THE MUNICIPAL MANAGER	51 000	-	0%
TOTAL OFFICE OF THE MUNICIPAL MANAGER	51 000	-	0%
TOTAL CAPITAL BUDGET	911 702 400	165 589 971	18%

14. **CAPITAL PROGRAMME PERFORMANCE**

Refer to the following tables for the month ended 31 December 2020:

- ❑ Table C5 - Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding (**Annexure G**).
- ❑ Table C5C - Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding (**Annexure H**).
- ❑ Table SC12 - Monthly capital expenditure trend (**Annexure U**).
- ❑ Table SC13A - Monthly capital expenditure on new assets by asset class (**Annexure V**).
- ❑ Table SC13B - Monthly capital expenditure on the renewal of existing assets by asset class (**Annexure W**).
- ❑ Table SC13C - Monthly repairs and maintenance expenditure by asset class (**Annexure X**).
- ❑ Table SC13D - Monthly depreciation by asset class (**Annexure Y**).

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

Refer to **DMS 1442540 (Annexure AR)**.

PART 4 - OTHER LEGISLATION REQUIREMENTS

16. **WITHDRAWALS FROM MUNICIPAL BANK ACCOUNTS**

In accordance with Section 11(4) of the Municipal Finance Management Act 2003 (No 56 of 2003) the Accounting Officer must within 30 days after the end of each quarter table a consolidated report of all withdrawals made in terms of Sub-section (1) (b) to (j) during that quarter and submit a copy of the report to the relevant Provincial Treasury and the Auditor-General. Refer to **Annexure AP (DMS 1351405)** for Form D.

“Withdrawals from municipal bank accounts-

“(a) to defray expenditure authorised in terms of Section 26(4).”

None

“(b) to defray unforeseeable and unavoidable expenditure authorised in terms of Section 29(1).” See table below.

The tables below indicate the unforeseeable and unavoidable expenditure:

FUNCTION	FUNCTION DESCRIPTION	PROJECT	COMMITMENT ITEM	COMMITMENT ITEM DISCRIPTION	OVER-EXPENDITURE
DS	Revenue and Expenditure	D/DS7BA1.001	4300018500	IE:OC:Fines&Penalties:Breach of Contract	(57 713)
DK	Waste Water Treatment	D/DK5BA1.001	4300018500	IE:OC:Fines&Penalties:Breach of Contract	(5 261)
AL	Electricity: Distribution	M/AL3BA1.013	4400000300	IE:CS:Busi Advi:Busi Finance Management	(93 022)
DN	Water Distribution - Urban Water	M/DN6BA1.037	4400003900	IE:CS:Contractor:Maintenance of Unspecified Assets	(236 942)
BI	Occupational Clinic	D/BI7BA1.001	4400004100	IE:CS:Contr:Medical Services	(340 204)
BT	Housing	D/BT07A1.001	4400004500	IE:CS:Contr:Safeguard and Security	(46 043)
DK	Waste Water Treatment	M/DK5BA1.179	4400007300	IE:CS:Sewerage Services	(449 228)
BJ	Training and Industrial Relations	D/BJ7BA1.001	4400007700	IE:CS:Outsour Services:Cleaning Services	(593 984)
BF	Fleet Management	D/BF7BA1.001	4450000100	IE:Consumption:Fuel & Oil	(93 415)
DC	Solid Waste Removal	D/DC4BA1.001	4450000200	IE:Inventory Consumed:Finished Goods	(7 981)
BJ	Training and Industrial Relations	D/BJ7BA1.001	4450000300	IE:Inventory Consumed:Materials and Supplies	(214 525)
AI	Elect: Marketing and Customer relations	M/AI3BA1.006	4450000400	IE:Op Cost:Inventory Consumed:Materials & Supplies	(198 332)
AB	Buildings Maintenance	M/AB7BA1.070	4450000400	IE:Op Cost:Inventory Consumed:Materials & Supplies	(120 049)
AJ	Electricity Administration	D/AJ3BA1.001	4500000300	IE:Op Cost:Adver&Market:Corp&Municipal Activities	(45 000)
AF	Cyber Cadets: Grant	D/AF25A1.001	4500001300	IE:Op Cost:Bursaries (Employees)	(4 600)
AF	Cyber Cadets: Grant	D/AF25A1.001	4500005400	IE:Op Cost:Skills Development Fund Levy	(4 930)
BJ	Training and Industrial Relations	D/BJ7BA1.001	4500007700	IE:Op Cost:Uniform and Protective Clothing PPE	(319 486)
CY	Recreational Facilities - Swimming Pools	D/CY7BA1.001	4500008000	IE:Op Cost:Hire Charges:Machinery and Equipment	(50 000)
BV	Air Transport	D/BV7BA1.001	4500008800	IE:Op Cost:Permits	(21 430)
BN	Property Services	D/BN7BA1.001	4500008900	IE:Op Cost:Management Fee	(16 633)
CK	Fire Fighting and Protection	D/CK7BA1.001	4700000200	IE:Trf&Sub:Social Assistance:Grant In Aid	(28 500)
TOTAL					(2 947 278)

This unforeseeable and unavoidable expenditure needs to be authorised in terms of section 29 (3) and is captured accordingly in terms of recommendation 5.

“(c) in the case of a bank account opened in terms of Section 12 to make payments from the account in accordance with Sub-section (4) of that section.”

None

“(d) to pay over to a person or organ of state money received by the municipality on behalf of that person or organ of state:”

R35 080 497,69 (NPA vehicle licence pay over).

“(e) to refund money incorrectly paid into a bank account.”

R11 100,00

“(f) to refund guarantees sureties and security deposits.”

R853 952,08 (Refund of credit balances and deposits debtors accounts).

“(g) for cash management and investment purposes in accordance with Section 13.”

Refer to **Annexure O** and **Annexure S**.

ENVIRONMENTAL IMPLICATIONS

None

FINANCIAL IMPLICATIONS

This has been covered in details throughout the report.

LEGAL IMPLICATIONS

The monthly and quarterly financial report is prepared in terms of Section 71 and Section 72 of the Municipal Finance Management Act, 2003 (MFMA), (Act 56 of 2003).

COMMENTS OF THE CHIEF FINANCIAL OFFICER

Refer to the Executive summary contained in this report for comments.

RECOMMENDED THAT:

1. the Mid-Year Budget Report as at 31 December 2020 be noted;
2. the report be submitted to both the National Treasury and Provincial Treasury as stipulated in Section 72(1)(b) of the Municipal Finance Management Act, 2003 (Act 56 of 2003);
3. as a result of the Mid-Year Budget Report, a report dealing with the Adjustments Budget, in terms of Section 28 of the Municipal Finance Management Act be submitted to Council;
4. the financial position of the uMhlathuze Municipality as at 31 December 2020, as required in terms of Section 71 and Section 66 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003), and as set out in the monthly budget statement tables **(DMS 1442150)** including the quarterly requirements in terms of Section 52(d) be noted;
5. the amount of **R2 947 278 (part - 4 other legislative requirements - Section 15 (b) unforeseeable and unavoidable expenditure)**, be condoned in terms of Section 29 (3) and will be regularised in the 2020/20 adjusted budget accordingly; and
6. the total debt of **R1 742 343,00** in respect of Indigent households that was written off during the previous quarter, be noted.