

17675

FINANCIAL REPORTING FOR THE QUARTER ENDED 31 DECEMBER 2024 (MID-YEAR)

This report is submitted simultaneously to the Financial Services Portfolio Committee, Executive Committee and Council.

PURPOSE

1. To submit to Council the financial position of the uMhlathuze Municipality for the quarter ended 31 December 2024, 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.
2. To disclose to Council the cost containment savings as required in terms of Regulation 15 of Municipal Cost Containment Regulations (MCCR).
3. To submit to Council for noting that following the Mid-Year Review, suggested interventions for the 2024/2025 Adjustments Budget to be considered in February 2025.

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 compliant
		5.1.1.2 mSCOA compliant
		5.1.1.3 Review of all related financial policies
		5.1.1.4 Compliance with all MFMA and relevant local government financial legislation
	5.2.1 Sustainable Financial management (Expenditure and Revenue)	5.2.1.1 Provide continuous Internal Communication and support 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 Accurate and timeous payments of creditors
		5.2.1.6 Apply adequate financial management methodologies
	5.3.1 Supply Chain Management	5.3.1.1 Demand and acquisition management
		5.3.1.2 Accurate contracts and logistics management
		5.3.1.3 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 AA (DMS 1704139)**;
- ❑ Component 2: Monthly projections of expenditure (operating and capital) and revenue for each vote **Annexure AB (DMS 1704139)**;
- ❑ Component 3: Quarterly projections of service delivery targets and performance indicators for each vote **Annexure AC - AK (DMS 1704139)**;
- ❑ Component 4: Ward information for expenditure and service delivery **Annexure AL and AM (DMS 1704139)**; and
- ❑ Component 5: Detailed capital works plan broken down by ward over three years **Annexure AN (DMS 1704139)**.

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.

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PART 1 - IN-YEAR REPORTING

1. MAYORAL REPORT FOR THE MONTH OF DECEMBER 2024

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 2024, and the performance of the Municipality against its budget is in line with the adopted budget that was approved by Council in May 2024. 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 2024 (year to date actual) shows a deficit of R36,9 million. However, this figure is not a true reflection because Equitable Share amounting to 75% of years' allocation is received in advance. Therefore, in terms of proportional allocation the Municipality is sitting with a deficit of R175,9 million. The performance in this area is **Not Acceptable**.

Capital Budget

Council is at the end of second quarter of the financial year and capital expenditure is at R279 million (45,82%). This is based on the Adopted Budget of R610,9 million. The performance in this area is **Acceptable**.

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 0,8:1 Cash in Bank against average monthly liability's (302 381/376 367). This is below the norm therefore the performance in this area is **Not acceptable**.

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 2024:

DESCRIPTION	ADOPTED BUDGET 2024/2025	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL DECEMBER 2024 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	%
Revenue (excl capital grants)	5 599 451 800	2 875 221 550	2 840 997 616	98,81%
Expenditure	5 589 918 300	2 873 869 400	2 877 850 678	100,14%
Operating Surplus/(Deficit)	9 533 500	1 352 150	(36 853 062)	
Less:				
Equitable Share Received in Advance	-	-	(139 062 500)	
Net Operating Surplus/(Deficit)	9 533 500	1 352 150	(175 915 562)	

Revenue excludes capital grants which are shown under 3.4 Capital Budget Summary source of funding.

Below is the financial performance dashboard extracted from **SAP Reports and Dashboard Module**. It depicts the results as at the end of the month of December 2024 (year to date).

NB: Management is encouraged to make use of the dashboard for ease of reference on the financial performance and capital expenditure. Department to liaise with the Budget Office and ICT for assistance with reports and dashboard.



COU - FINANCIAL PERFORMANCE DASHBOARD FOR: DECEMBER, 2024

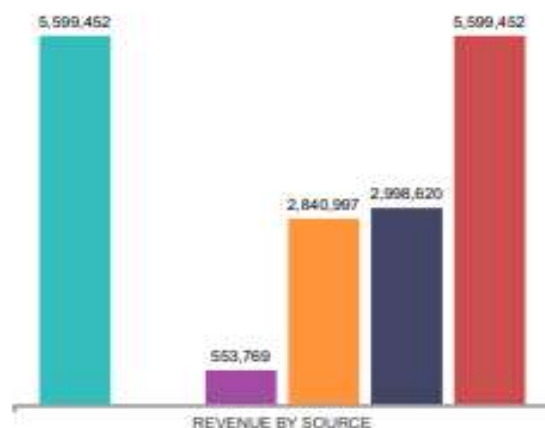


Operating Revenue (R '000)		Operating Expenditure (R '000)		Capital Transfers & Subsidies (R '000)		Surplus/(Deficit) for the year excluding Transfers & Subsidies (R '000)	
5,599,452	Original Budget	5,589,918	Original Budget	219,003	Original Budget	9,534	Original Budget
0	Adjusted Budget	0	Adjusted Budget	0	Adjusted Budget	0	Adjusted Budget
553,769	Monthly Actual	459,122	Monthly Actual	25,761	Monthly Actual	94,647	Monthly Actual
2,840,997	YTD Actual	2,877,851	YTD Actual	136,015	YTD Actual	-36,854	YTD Actual
2,998,620	YTD Budget	2,499,949	YTD Budget	148,258	YTD Budget	498,671	YTD Budget
5,599,452	System Budget	5,589,918	System Budget	219,003	System Budget	9,534	System Budget

Overview Revenue & Expenditure Analysis

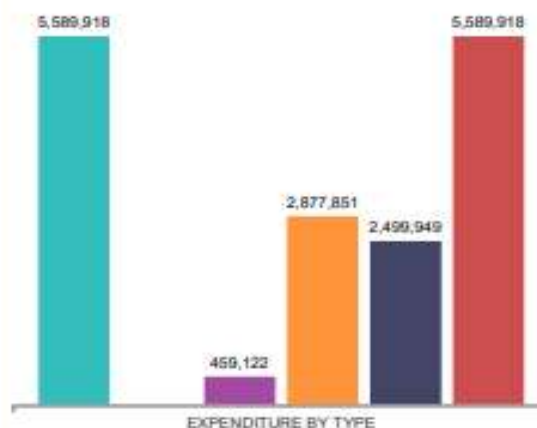
- ☒ Original Budget
- ☐ Adjusted Budget
- ☐ Monthly Actual
- ☐ YTD Actual
- ☐ YTD Budget
- ☐ System Budget

Operating Revenue (R '000)



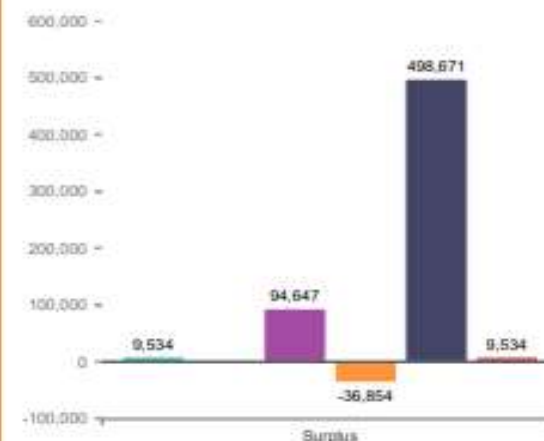
Original Budget
Adjusted Budget
Monthly Actuals
Year to Date Actuals
Year to Date Budget
Full Year Forecast

Operating Expenditure (R '000)



Original Budget
Adjusted Budget
Monthly Actuals
Year to Date Actuals
Year to Date Budget
Full Year Forecast

Surplus (R '000)



Original Budget
Adjusted Budget
Monthly Actuals
Year to Date Actuals
Year to Date Budget
Full Year Forecast

3.2 Cash Flow Situation

Council's Working Capital:

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 0,80:1 (302 381/376 367).

It is absolutely important that readers of the report know that "Working Capital" does not address the real amount of funds that Council should have in place when taking into account all statutory requirements as per Councils Cash, Investments and Reserves Policy. As at 31 December 2024 that figure should be R1 381 billion and not R302 million.

3.3 Grants Balances

DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2024/25	AMOUNT RECEIVED AS AT 31/12/2024	ACTUAL EXPENDITURE AS AT 31/12/2024	% EXPENDITURE TO AMOUNT RECEIVED	% EXPENDITURE TO TOTAL	COMMENTS
NATIONAL TREASURY						
Equitable Share	556 251 000	417 188 000	278 125 500	67%	50%	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	151 498 000	121 198 000	73 849 363	61%	49%	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	2 500 000	2 500 000	505 189	20%	20%	The purpose of this grant is to promote and support reforms in financial mamagement by building capacity in municipalities to implement Finance Management Act (MFMA).
Water services infrastructure grant	60 000 000	38 600 000	38 600 000	100%	64%	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	2 674 000	1 871 000	820 731	44%	31%	The grant is for the operational expenditure for EPWP.Expenditure shown has been incurred in the period under review,
Integrated National Electrification Programme Grant	9 850 000	3 940 000		0%	0%	The award of the bid has been adjudicated and the appointment of the service provider was finalised finalised during December 2024. Work will commence once the service level agreement is finalised.
Energy Efficiency and Demand Management	5 500 000	3 500 000	180 607	5%	3%	To provide subsidies to municipalities to implement energy efficiency and demand side management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency. No capital expenditure has been incurred in the period under review.
TOTAL NATIONAL TREASURY GRANTS	788 273 000	588 797 000	392 081 391	67%	50%	

DESCRIPTION OF GRANT	ADOPTED GRANTS BUDGET 2024/25	AMOUNT RECEIVED AS AT 31/12/2024	ACTUAL EXPENDITURE AS AT 31/12/2024	% EXPENDITURE TO AMOUNT RECEIVED	% EXPENDITURE TO TOTAL	COMMENTS
PROVINCIAL TREASURY						
Provincialisation of Libraries	10 016 000	10 016 000	18 988 507	190%	190%	Expenditure shown is the total actual operating costs of the Libraries for the period under review.The MOA has been signed and submitted to KZN DSAC.
Community Library Services Grant (Cyber cadets)	2 124 000	2 124 000	1 024 423	48%	48%	Expenditure shown is the total actual operating costs of the Cyber cadets for the period under review.The MOA has been signed and submitted to KZN DSAC.
Housing Operating Account	4 429 000	2 422 697	11 375 990	470%	257%	Expenditure shown is the total actual operating cost of the Human Settlements Section excluding Hostel Operating costs for the period under review.
Museum Subsidy	260 000	-	1 833 480	0%	705%	Expenditure shown is the total actual operating costs of the Museum for the period under review.
TOTAL PROVINCIAL TREASURY GRANTS	16 829 000	14 562 697	33 222 400	228%	197%	
TOTAL GRANTS AND SUBSIDIES	805 102 000	603 359 697	425 303 790	70%	53%	

3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 31 December 2024:

FUNCTION	ADOPTED BUDGET 2024/2025	ACTUAL DECEMBER 2024 (YTD)	% OF ADOPTED BUDGET SPENT
	R	R	%
Executive and Council	36 000	9 800	27,22%
Finance and Administration	58 751 000	5 107 888	8,69%
Community and Social Services	9 249 000	252 783	2,73%
Sport and Recreation	19 361 000	12 644 045	65,31%
Public Safety	675 000	-	0,00%
Housing	3 198 000	-	0,00%
Planning and Development	35 175 000	6 679 375	18,99%
Road Transport	69 023 000	66 313 211	96,07%
Environmental Protection	78 000	-	0,00%
Air Transport - Air port	12 399 000	5 216 437	42,07%
Energy Sources	76 690 300	2 328 565	3,04%
Water Management	246 308 700	122 424 608	49,70%
Waste Water Management	64 815 000	59 006 241	91,04%
Waste Management	15 235 000	-	0,00%
	610 994 000	279 982 952	45,82%

The total adopted Capital Budget funding structure is as follows:

SOURCE OF FUNDING	ADOPTED BUDGET 2024/2025	ACTUAL DECEMBER 2024 (YTD)	% OF ADOPTED BUDGET SPENT
	R	R	%
Borrowing	380 000 000	148 557 340	39,09%
Capital Replacement Reserve	11 991 000	829 016	6,91%
Integrated Urban Development Grant	143 923 000	65 075 130	45,22%
Government Grants - National	74 580 000	64 826 888	86,92%
Government Grants - Provincial	500 000	-	0,00%
Self Insurance Reserves	-	694 578	0,00%
TOTAL	610 994 000	279 982 952	45,82%



COU - CAPEX DASHBOARD FOR: DECEMBER, 2024



Original Budget (R '000)	Adjusted Budget (R '000)	Monthly Actual (R '000)	YTD Actual (R '000)	YTD Budget (R '000)	YTD Variance (R '000)
610,994	0	43,813	279,983	357,382	-77,399

[Overview](#)[C5C CAPEX-MAIN](#)[SC13A-NEW](#)[SC13B-RENEW](#)[SC13E-UPGRADE](#)[C5C CAPEX-MAIN-Detail](#)[SC13A-NEW-Detail](#)[SC13B-RENEW-Detail](#)[SC13E-UPGRADE-Detail](#)

ALL VOTES



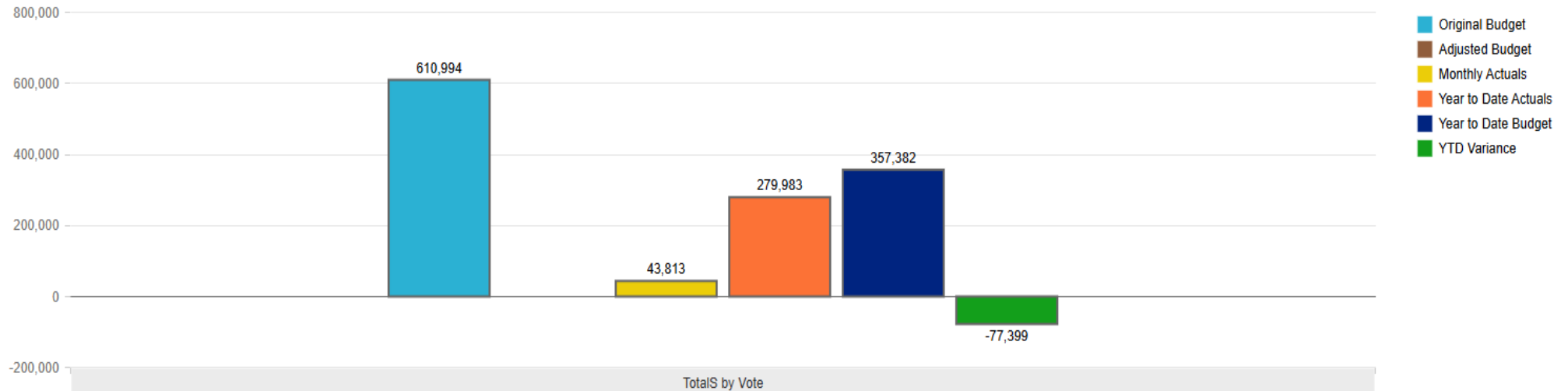
Total by Vote

Functional Classification

Funded By

ALL VOTES

Total Capex (R '000)



NOTES:

OFFICIAL FINAL VERSION

RPT 179654
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3.5 Expenditure per Category

EXPENDITURE BY TYPE	ADOPTED BUDGET 2024/2025	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL DECEMBER 2024 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	%
Employee related costs	1 257 067 700	628 533 850	570 855 438	90,82%
Remuneration of Councillors	35 202 700	17 601 350	17 016 912	96,68%
Bulk Purchases - Electricity	1 802 030 900	966 715 900	950 035 243	98,27%
Inventory consumed - Water	325 340 000	162 670 000	145 252 860	89,29%
Inventory consumed - Materials	167 493 600	83 746 800	95 460 574	113,99%
Debt Impairment	274 732 500	137 366 250	114 816 130	83,58%
Depreciation and asset impairment	305 949 500	162 974 750	175 939 271	107,95%
Finance Charges	178 823 500	92 411 750	94 957 176	102,75%
Contracted Services	475 795 300	237 897 650	269 640 884	113,34%
Transfers and Subsidies	7 582 000	4 000 800	278 926	6,97%
Irrecoverable debts written off	-	-	5 381 305	0,00%
Operational costs	389 896 200	194 948 100	187 256 098	96,05%
Losses - Water Inventory (note 1)	370 004 400	185 002 200	250 959 860	135,65%
TOTAL	5 589 918 300	2 873 869 400	2 877 850 678	100,14%

The above table represents operating expenditure per category as at 31 December 2024.

NB: Refer to Section 5 in this report for the Proposed 2024/2025 Adjusted Budget figures.

WATER LOSS OR NON REVENUE WATER BROKEN DOWN

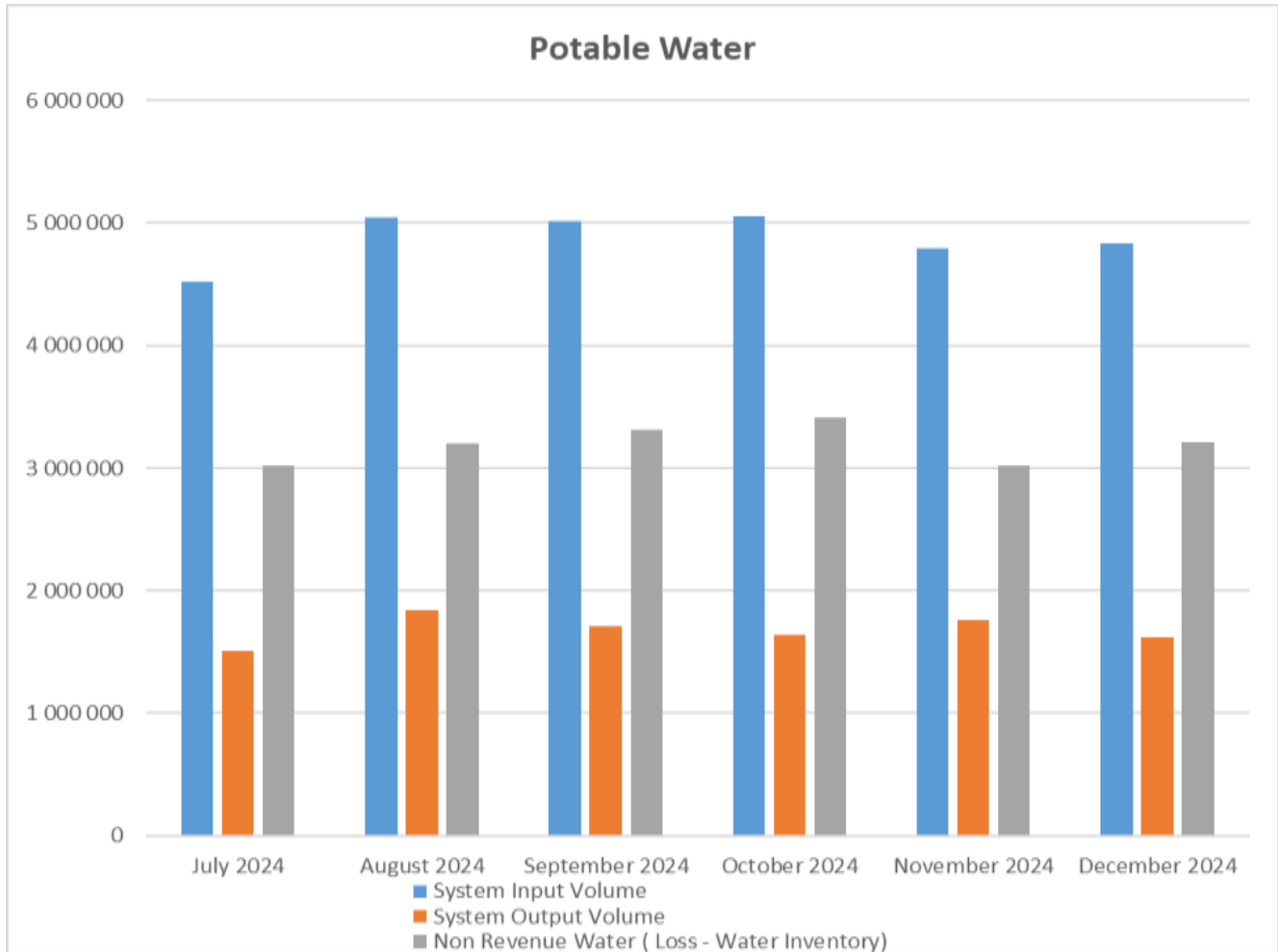
In terms of Version 6.5 of the mSCOA Chart it is required that municipalities account for their water purchases, water production as well their losses in accordance with the water balance model. In financial terms water is referred to as water inventory. This model is derived from the Internal Water Associations Water Balance Model adopted by the Department of Water and Sanitation (DWS) and the National Treasury. It ensures that this very scarce resource is accounted for both in kilolitres and in rands.

NON REVENUE WATER (WATER LOSS) PER CATEGORY:

Water Inventory - in Rands						
Water Inventory	Adopted Budget			Year to Date Actuals		
	Total	Potable	Clarified	Total	Potable	Clarified
	R	R	R	R	R	R
Output						
Inventory consumed - Water Billed (Authorised)	318 387 100	298 002 400	20 384 700	143 814 714	132 226 912	11 587 802
Inventory consumed - Water Unbilled (Authorised)	6 952 900	6 725 400	227 500	1 438 147	1 322 269	115 878
Total - Inventory consumed - Water	325 340 000	304 727 800	20 612 200	145 252 861	133 549 181	11 703 680
Non Revenue Water (Loss - Water Inventory)	369 949 800	367 816 800	2 133 000	250 903 271	249 008 344	1 894 927
Total Water Inventory (Consumed plus losses)	695 289 800	672 544 600	22 745 200	396 156 132	382 557 525	13 598 607

Water Inventory - in Units (kl)						
Water Inventory	Adopted Budget			Year to Date Actuals		
	Total	Potable	Clarified	Total	Potable	Clarified
	kl	kl	kl	kl	kl	kl
Output						
Inventory consumed - Water Billed (Authorised)	29 777 318	25 027 318	4 750 000	11 642 874	10 084 492	1 558 382
Inventory consumed - Water Unbilled (Authorised)	617 827	564 827	53 000	116 429	100 845	15 584
Total - Inventory consumed - Water	30 395 145	25 592 145	4 803 000	11 759 303	10 185 337	1 573 966
Non Revenue Water (Loss - Water Inventory)	31 387 591	30 890 591	497 000	19 357 648	19 076 123	281 525
Non Revenue Water (% Loss - Water Inventory)	50,8%	54,7%	9,4%	62,2%	65,2%	15,2%
Total Water Inventory (Consumed plus losses)	61 782 736	56 482 736	5 300 000	31 116 951	29 261 460	1 855 491

Potable Water Inventory - in Units (kl)						
Water Inventory	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024
System Input Volume	4 522 239	5 044 436	5 016 592	5 053 885	4 788 885	4 835 422
System Output Volume	1 504 562	1 840 172	1 707 798	1 644 168	1 764 576	1 623 215
Non Revenue Water (Loss - Water Inventory)	3 017 677	3 204 264	3 308 794	3 409 717	3 024 309	3 212 207



NON REVENUE WATER (WATER LOSS PER WATER SUPPLY ZONE):

	Dec-24				Ytd Actual As At 31 December 2024			
	Zone 1 (Richards Bay , Nseleni, Khoza, Mandlanzini, Meerensee , Mzingazi)	Zone 2 (Empangeni, Ngwelezane,Zungu)	Zone 3 (Esikhaleni, Felixton, Vulendlela, Mkwanzazi North & South)	Zone 4 (Richards Bay Clarified Water)	Zone 1 (Richards Bay , Nseleni, Khoza, Mandlanzini, Meerensee , Mzingazi)	Zone 2 (Empangeni, Ngwelezane,Zungu)	Zone 3 (Esikhaleni, Felixton, Vulendlela, Mkwanzazi North & South)	Zone 4 (Richards Bay - Clarified Water)
	KL	KL	KL	KL	KL	KL	KL	KL
System Input (Purchased and Produced)	1 898 314	1 943 084	994 024	341 525	11 077 932	12 409 988	5 773 539	1 855 491
Kl/Day	61 236	62 680	32 065	11 017	361 295	404 893	188 274	60 637
System Out Put - Inventory Consumed	956 607	507 094	175 747	337 678	6 042 913	3 093 124	1 049 300	1 573 966
Kl/Day	30 858	16 358	5 669	10 893	197 262	100 879	34 189	51 413
Inventory consumed - Water Billed (Authorised)	947 136	502 073	174 007	334 335	5 983 082	3 062 499	1 038 911	1 558 382
Inventory consumed - Water Unbilled (Authorised)	9 471	5 021	1 740	3 343	59 831	30 625	10 389	15 584
Non Revenue Water (Water Loss)	941 707	1 435 990	818 277	3 847	5 035 019	9 316 864	4 724 239	281 525
Kl/Day	30 378	46 322	26 396	124	164 032	304 014	154 085	9 224
Water Losses:Apparent Losses:Customer Meter Inaccuracies	84 754	129 239	73 645	346	453 152	838 518	425 181	25 337
Water Losses:Apparent Losses:Unauthoried Consumption (Theft)	47 085	71 800	40 914	192	251 751	465 843	236 212	192
Water Losses:Real Losses:Leakage and Overflows at Storage Tanks/Reservoirs	38 139	58 158	33 140	156	203 918	377 333	191 332	12 096
Water Losses:Real Losses:Leakage on Service Connections up to the point of Customer Meter	217 393	331 498	188 899	888	1 162 334	2 150 798	1 090 590	68 947
Water Losses:Real Losses:Leakage on Transmission and Distribution Mains	507 250	773 496	440 765	2 072	2 712 113	5 018 529	2 544 711	160 876
Water Losses:Data Transfer and Management Errors	47 085	71 800	40 914	192	251 751	465 843	236 212	14 076
Non Revenue Water (% Loss - Water Inventory)	49,6%	73,9%	82,3%	1,1%	45,5%	75,1%	81,8%	15,2%
Total Water Inventory (Consumed plus losses)	1 898 314	1 943 084	994 024	341 525	11 077 932	12 409 988	5 773 539	1 855 491

3.6 Revenue by Source

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

REVENUE BY SOURCE	ADOPTED BUDGET 2024/2025	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL DECEMBER 2024 (YTD)	% PRO-RATA ADOPTED BUDGET SPENT
	R	R	R	%
Exchange Revenue				
Service Charges – Electricity revenue	2 542 822 400	1 243 488 500	1 202 828 813	96,73%
Service Charges – Water revenue	643 500 000	298 831 000	274 495 722	91,86%
Service charges - Waste Water Management	132 281 600	65 789 000	66 979 068	101,81%
Service charges - Waste management	120 401 900	59 811 200	62 370 311	104,28%
Sale of Goods and Rendering of Services	75 525 600	27 608 300	18 534 408	67,13%
Agency services	8 364 800	4 182 400	4 256 707	101,78%
Interest earned from Receivables	29 400	14 700	1 634	11,12%
Interest from Current and Non Current Assets	45 000 000	20 500 000	18 335 181	89,44%
Rent on Land	1 911 700	955 850	966 301	101,09%
Rental from Fixed Assets	19 840 400	8 920 200	6 355 605	71,25%
Operational Revenue	11 627 000	5 813 500	9 850 316	169,44%
Non-Exchange Revenue				
Property rates	778 223 600	410 544 700	408 498 812	99,50%
Surcharges and Taxes	6 207 900	3 103 950	2 699 766	86,98%
Fines, penalties and forfeits	12 283 600	4 141 800	2 982 560	72,01%
Licence and permits	3 631 700	1 815 850	1 812 210	99,80%
Transfers and subsidies - Operational	587 345 000	414 473 000	433 695 177	104,64%
Interest	870 000	435 000	1 103 636	253,71%
Other Gains	27 840 600	13 920 300	13 946 970	100,19%
Gains on disposal of Assets	-	-	10 792 174	0,00%
Gains - Water Inventory	581 744 600	290 872 300	300 492 244	103,31%
TOTAL OPERATING REVENUE	5 599 451 800	2 875 221 550	2 840 997 616	98,81%
LESS: EQUITABLE SHARE				
Equitable Share Received in Advance	-	-	(139 062 500)	0,00%
TOTAL REVENUE	5 599 451 800	2 875 221 550	2 701 935 116	93,97%

The above table represents operating revenue by source as at 31 December 2024.

NB: Refer to Section 5 in this report for the Proposed 2024/24 Adjusted Budget figures.

The comments for the table above are as follows:

Service Charges - Water Revenue

The water revenue service has improved despite the shutdown challenges which were experienced at the beginning of the financial year.

Sales of goods and rendering of services

Housing Grant not yet received.

Interest earned from Receivables

Interest from staff is billed as and when results are submitted and the employee failed a subject/s, Revenue Section and HR are working together in order to streamline the process and improve the service.

Rental from Fixed Assets

Revenue will stabilise when the configuration for some of the rental accounts has been finalised.

Surcharges and Taxes

The revenue has improved. However, there are challenges with two companies hence the under-performance.

Fines, Penalties and Forfeits

The tender for issuing traffic fines lapsed and was not renewed, less traffic fines are currently issued by the Traffic Department.

Water Loss Section - Page 15 of 44:

Due to reduced water revenue, an investigation was conducted and it was discovered that most of the townships have dual lines. This means that customers can access water from both the metered lines and the un-metered line. Further investigation revealed that this has been an ongoing problem for the City for many years and was not resolved. The water loss will not be reduced until such issues are addressed.

3.7 Creditors Age Analysis

Creditors age analysis by customer type

Creditors Age Analysis By Customer Type	0 - 30 Days
	R
Bulk Electricity	142 965 460
PAYE deductions	17 765 491
Pensions / Retirement deductions	14 291 448
Trade Creditors	22 459 759
Other	33 911
Total By Customer Type	197 516 068



The above table represents the ageing of creditors outstanding as at 31 December 2024. As per the National Treasury Circular 71 uniform ratios the formula to calculate the creditors payment period is as follows - *Trade creditors outstanding/credit purchases (operating and capital) x 365*. Based on the formula, the creditors payment period as at end of December 2024 is **27 days**. It must be noted that amounts over 90 days are invoices that were accrued due to year-end cut-off. However, final sign off and verification still needed to be done by User Departments.

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:

Nil

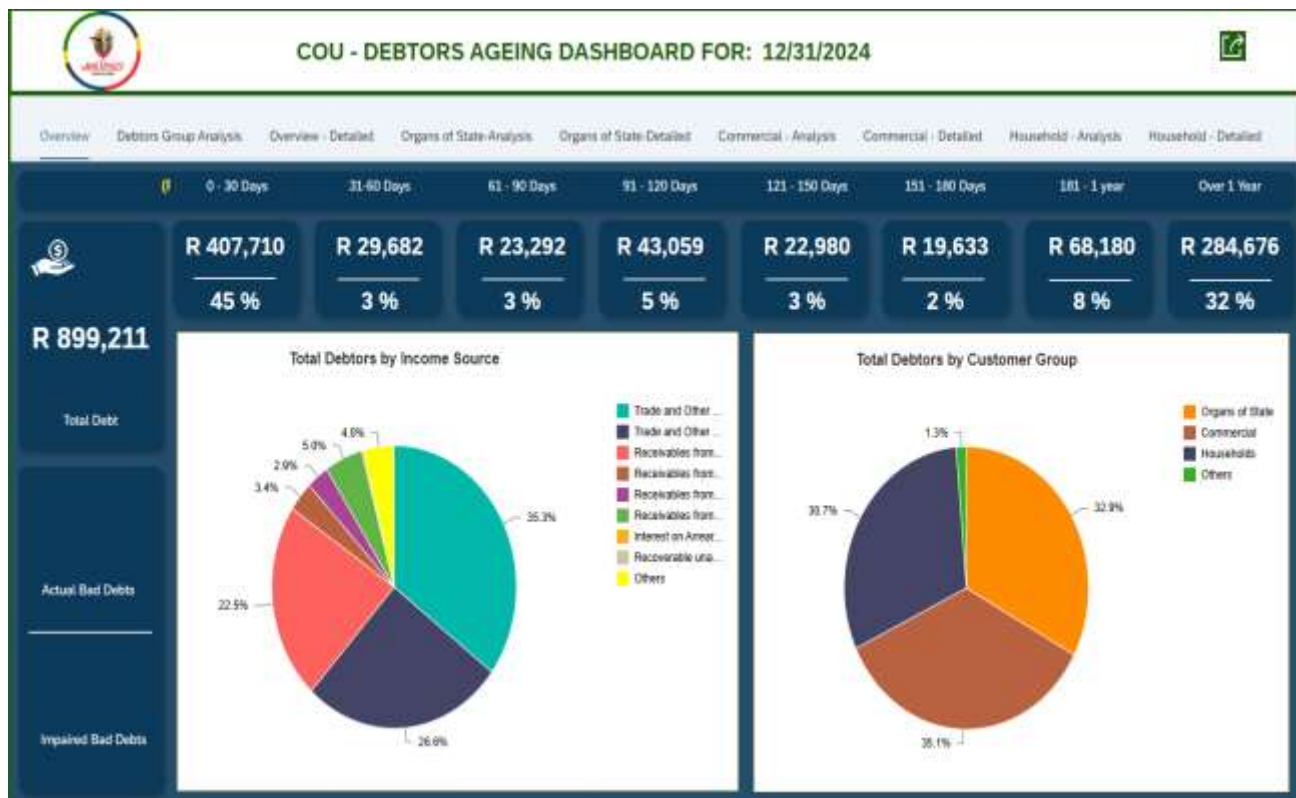
3.8 Debtors Age Analysis

➤ Debtors Age Analysis by Category

DEBTORS AGE ANALYSIS BY CATEGORY	0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
Organs of State	161 312 568	8 571 780	7 464 276	118 104 473	295 453 098
Business	184 006 375	8 785 058	6 027 640	116 774 917	315 593 990
Households	61 332 313	11 344 050	9 651 768	193 895 186	276 223 316
Other	1 058 845	980 673	148 156	9 752 633	11 940 307
Total	407 710 100	29 681 562	23 291 840	438 527 209	899 210 711
%	45,34%	3,30%	2,59%	48,77%	

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%

PAYMENT RATIO							
RATIO	FORMULA	NORM / RANGE	INPUT DESCRIPTION	12 Month Rolling %	Current Financial Year-to-date %	Month-to-Month %	INTERPRETATION
1	Collection Rate - Rolling 12 Months	95%	Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off / Billed Revenue x 100	96,38%	95,45%	97,14%	Please refer to page 5 of MFMA Circular No. 71
			Gross Debtors closing balance end Dec 2024	711 174 181	711 174 181	711 174 181	
			Gross Debtors opening balance January 2023	626 328 048	614 250 181	702 060 647	
			Bad debts written Off Dec 2023 to Nov 2024	49 300 034	-	-	
			Billed Revenue Dec 2023 - Nov 2024	3 708 832 007	2 130 251 953	319 037 189	

➤ **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

NETT DEBTORS IN DAYS					
RATIO	FORMULA	NORM / RANGE	INPUT DESCRIPTION	12 Month Rolling %	INTERPRETATION
2	Net Debtors Days	30 days		42,95 days	Please refer to page 6 of MFMA Circular No. 71
			Gross Debtors closing balance end Dec 2024	711 174 181	
			Bad debts Provision / Impairment 2024 / 2025	274 732 500	
			Billed Revenue January 2024 to December 2024	3 708 832 007	

➤ **Top 10 Debtors**

TOP TEN DEBTORS FROM ALL CATEGORIES							
Account No	Consumer Type	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days +	Total
1854904	PRIVATE BUSINESS	-	-	-	-	22 377 590	22 377 590
531788	STATE OWNED ENTITIES	137	-	-	-	21 328 793	21 328 930
30000543	PRIVATE BUSINESS	580 710	580 710	-	290 355	7 672 654	9 124 429
1153881	PRIVATE BUSINESS	69 841	141 628	80 653	117 836	7 254 525	7 664 484
416383	PRIVATE BUSINESS	85 344	85 344	170 688	-	6 971 109	7 312 484
2328365	STATE OWNED ENTITIES	-	-	-	-	6 496 650	6 496 650
1610626	PRIVATE BUSINESS	-	-	-	-	6 185 169	6 185 169
2369555	STATE OWNED ENTITIES	442 567	221 306	221 347	221 347	5 938 770	7 045 338
501543	STATE OWNED ENTITIES	171 252	88 941	131 289	128 385	5 609 156	6 129 023
2367149	STATE OWNED ENTITIES	379 213	189 626	189 661	189 661	5 088 634	6 036 796
		1 729 064	1 307 555	793 639	947 586	94 923 049	99 700 893

Government Debt

The Top Ten (10) Government debtors are as follows:

GOVERNMENT & STATE OWNED ENTITIES DEBT						
Government Departments	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
National	5 662 043	521 691	338 119	274 263	2 318 658	9 114 774
Provincial	9 470 029	3 914 328	5 904 554	29 090 227	28 274 535	76 653 673
Government accounts in Dispute	12 596	6 298	6 298	6 298	754 748	786 238
National Departments	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
National Public Works	5 143 800	312 877	121 649	58 799	1 080 099	6 717 223
SA Revenue Services	50 097	8 784	7 513	7 591	41 258	115 243
Stats SA	36 863	4 290	4 620	3 685	49 816	99 274
Dept of Agriculture and Rural Development & land Reform	80 803	22 303	22 261	21 555	705 401	852 323
Department of Water Affairs and Sanitation	350 481	173 437	182 075	182 633	442 084	1 330 711
	5 662 043	521 691	338 119	274 263	2 318 658	9 114 774
Provincial Departments	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
Public Works	58 787	25 992	(197 866)	(156 985)	10 246 649	9 976 578
Education	2 247 649	594 753	485 479	177 358	6 458 649	9 963 888
Tvet Colleges	3 202 877	3 164 627	5 410 078	28 953 022	6 618 258	47 348 862
Human Settlement	113 579	28 617	24 972	28 446	923 216	1 118 831
Department of Transport	236 166	14 730	14 468	12 674	173 325	451 364
Department of Health	3 463 829	17 169	98 361	-	3 814 071	7 393 431
Department of Social Welfare	147 141	68 438	69 062	75 712	40 367	400 719
	9 470 029	3 914 328	5 904 554	29 090 227	28 274 535	76 653 673
Other Organs of State	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
Transnet	14 138 227	3 635 625	421 044	213 164	(119 680)	18 288 379
ESKOM	304 869	33 897	40 352	38 770	285 373	703 260
Ingonyama Trust Board	870 225	435 157	435 237	435 237	27 704 573	29 880 430
Telkom	627 948	1 636	1 754	(194 534)	24 610	461 415
Foskor	38 704 829	17 302	-	-	-	38 722 132
SA Post Office	32 593	2 129	2 268	541	44 680	82 211
Richards Bay IDZ	3 606 318	-	-	-	-	3 606 318
Mhlathuze Water Board	5 610 724	233 054	232 530	232 530	22 723 971	29 032 808
King Cetshwayo District Municipality	8 926 886	177 194	131 289	128 385	5 609 156	14 972 911
	72 822 619	4 535 994	1 264 475	854 093	56 272 683	135 749 864

3.9 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 R173 351,81 as per **Annexure AP - DMS 1704139**.

Councillors debt amounts to R31 725,81 as per **Annexure AO - DMS 1704139**.

3.10 MFMA Circular number 71 Uniform Financial Ratios

MFMA Circular 71 contained on **DMS 928606** sets out requirements for financial ratios and norms. This Circular covers various aspects of a municipality's finances, such as financial position, financial performance and budget implementation. These ratios also aid in long-term financial planning and can be used to track progress over a number of years. Norms or standards have been assigned to each financial ratio.

This template is included as **Annexure AF** is available on **DMS 1704139**.

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 2024:

GLASS REPLACEMENT CLAIMS										
DATE	CLAIM NUMBER	CATEGORY	DETAILS OF INCIDENT	VEHICLE	AREA	TKT	DPT/SECT	EXCESS	DAMAGE	CLL COST
05/11/2024	222024/47	Glass Replacement	V1233 - Whilst conducting an inspection ST Shabalala noticed the windscreen was cracked	V1233 - NRB 77807	Esikhawini	648	I&TS - Roads and Stormwater	-	1 942,50	1 942,50
17/11/2024	222024/50	Glass Replacement	V2015 - Driven by MM Ndlovu - windscreen was damaged by a stone that picked up by a passing truck	V2015 - NRB 17619	R34	1333	I&TS - Roads and Stormwater	-	-	-
13/11/2024	222024/53	Glass Replacement	V1436 - Driven by LJ Van Zyl cracked windscreen	V1436 - NRB 86001	John Ross	1327	I&TS - Water and Sanitation	-	2 127,50	2 127,50
25/11/2024	222024/57	Glass Replacement	V1653 - Driven by JB Ntuli was damaged when damaged by a tree	V1653 - NRB 69365	Meerensee	1344	I&TS - Water and Sanitation	-	11 914,00	11 914,00
								-	15 984,00	15 984,00

PUBLIC LIABILITY CLAIM						
DATE	CLAIM NUMBER	CATEGORY	DETAILS OF INCIDENT	EXCESS	DAMAGE	CLL COST
07/11/2024	222024/55	Public Liability	M Hlongwane is claiming for damages to his windscreen	0,00	2 050,00	2 050,00
				0,00	2 050,00	2 050,00

THEFT CLAIMS											
DATE	CLAIM NUMBER	CATEGORY	DETAILS OF INCIDENT	VEHICLE	AREA	TKT	VOTE NO	DPT/SECT	EXCESS	DAMAGE	CLL COST
10/11/2024	222024/36	Theft	V2041 - Driven by MT Mkhwanazi vehicle keys were stolen or misplaced	V2041 - NRB 45584	Esikhawini	1273	I&TS - Roads	I&TS - Roads	-	-	-
06/11/2024	222024/48	Theft	V1533 - Wheel stolen off of trailer	V1533	Esikhawini		I&TS - Roads and	I&TS - Roads and Stormwater	-	-	-
27/11/2024	222024/58	Theft	Nosihle Vilakazi's laptop was stolen at Esikhawini H4159 2 Thokozani Street		Esikhawini	1348			-	-	-

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PROPERTY DAMAGE CLAIMS											
DATE	CLAIM NUMBER	CATEGORY	DETAILS OF INCIDENT	VEHICLE	AREA	TKT	DPT/SECT	DPT/SECT	EXCESS	DAMAGE	CLL COST
22/10/2024	222024/39	Property Damage	Copper pipes stolen off of 2 aircons at Mandlazini Hall		Mandlazini	1288	Comms - Halls	Comms - Halls	-	-	-
24/10/2024	222024/40	Property Damage	Copper pipes stolen off of 2 additional aircons at Mandlazini Hall		Mandlazini	1288	Comms - Halls	Comms - Halls	-	-	-
12/11/2024	222024/52	Property Damage	Jared Fouche's laptop screen cracked			1326		EES	-	1 999,00	1 999,00
									-	1 999,00	1 999,00

DAMAGES TO COUNCIL VEHICLES										
DATE	CLAIM NUMBER	CATEGORY	DETAILS OF INCIDENT	VEHICLE	AREA	TKT	DPT/SECT	EXCESS	DAMAGE	CLL COST
20/10/2024	222024/37	Vehicle Damage	V2051 - Driven by QC Dlamini vehicle keys were damaged	V2051 - NRB 62824	Tuzi Gazi	1283	I&TS - Waste Services	0.00	0.00	0.00
23/10/2024	222024/38	Vehicle Damage	V1355 - Driven by NM Khumalo was damaged when collided with TP BD 68 RS-ZN	V1355 - NRB 89176	John Ross	1285	EES	0.00	0.00	0.00
20/10/2024	222024/41	Vehicle Damage	V2014 - Driven by SS Gumede damaged its right side door when it swung open and smashed against the wall	V2014 - NRB 99454	Empangeni	1300	Comms - Fire	0.00	0.00	0.00
12/10/2024	222024/42	Vehicle Damage	V2024 - Driven by TM Mantengu was involved in an accident when the water tanker overturned	V2024 - NRB 99050	Ntambanana		I&TS - Water and Sanitation	0.00	0.00	0.00
30/10/2024	222024/44	Vehicle Damage	V2055 - Driven by P Maphumulo was damaged by a truck black DAF , semi trailer LBT 176MP and trailer LBT 228MP	V2055 - NUF 62823	Alumina Allee	1290	Traffic Services	0.00	0.00	0.00
02/11/2024	222024/46	Vehicle Damage	V2038 - Driven by N Nzuza damaged the precast wall of Fernview Complex	V2038 - NRB 43725	Brackenham	1315	I&TS - Waste Services	0.00	0.00	0.00
13/11/2024	222024/49	Vehicle Damage	V1376 - Driven by Nhleko was damaged when he collided with a Corsa	V1376 - NRB 89518	Via Nkoninga	1312	Comms - Fiire and Rescue	0,00	28 349,50	28 349,50
13/11/2024	222024/51	Vehicle Damage	V1385 - Driven by B Ngobese was damaged when an oncoming truck side swept it	V1385 - NRB 89522	R34	1332	Traffic Services	0.00	0.00	0.00
20/11/2024	222024/54	Vehicle Damage	V2014 - Driven by LK Ntshangase, driver door was damaged by V0483	V2014 - NRB 99454	Alton	1338	Comms - Fire and Rescue	0.00	0.00	0.00
08/11/2024	222024/56	Vehicle Damage	V1212 - Driven by ZP Mnqadi was bumped by TP vehicle NUF 22964	V1212 - NRB 56057	Empangeni	1316	City Development	0.00	0.00	0.00
27/11/2024	222024/59	Vehicle Damage	V1476 - Driven by NS Mbatha was damaged when TP vehicle bumped it when it parked on the side of the road	V1476 - NRB 94179	Empembeni	1346	I&TS - Water and Sanitation	0.00	0.00	0.00
08/12/2024	222024/61	Vehicle Damage	V0382 - Driven by P Lushozi was damaged when he accidentally hit a cow	V0382 - NRB 57846		1357	I&TS - Water and Sanitation	0.00	0.00	0.00
13/12/2024	222024/62	Vehicle Damage	V1413 - Driven by Justice Mthembu was damaged when he hit into a dog	V1413 - BK37TPZN	Mandlankala		Comms - Security Services	0.00	0.00	0.00
17/12/2024	222024/63	Vehicle Damage	V1498 - Driven by Ntombi Chamane was damaged when it bumped into TP vehicle BM44HD-ZN	V1498 - NRB 35398	Tanner Rd	1366	Traffic Services	0.00	0.00	0.00
								0,00	28 349,50	28 349,50

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- Public liability claims were significantly low, although still evident, and there were no pothole damages reported this quarter.
- Pothole claims do not necessarily imply poor repairs and maintenance, there are other contributing factors. Due to extreme weather conditions and heavy traffic usage (specifically haulage trucks), exceeding that what the road was designed for. The extent to which pothole risks arise are often beyond the capacity which a Municipality can contain.

It is important to note that Council can only be held liable when there is evident gross negligence on the part of the Municipality.

- There has been an increase in motor vehicle accidents, this category as well lacks thorough investigations and consequence management, the urgency of this cannot be expressed enough.
- Non-cooperation from user departments makes ascertaining council costs for vehicle damages difficult as quotations for repairs are not always provided.
- Theft of laptops have once again occurred, however the laptop was not stolen off Council property, but from a private home.
- This quarter noted reports of damaged property and a loss of vehicle keys and a trailer wheel.
- Delayed reporting of incidents and the dire lack of co-operation from departments remains a challenge in finalising claims and as such this can attract unnecessary legal action.
- Vehicle inspection check sheets must be re-introduced as it has been very effective previously,
- It is also noted that vehicle inspections are still not being done.

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 (Excl VAT)	Erf Number	Details
	R		
05/09/2024	3 652 173,91	Erf 16593	WALLACE PROPERTY SERVICES
19/08/2024	1 840 000,00	Erf 7428	IZINGALABEZI CONSULTING ENGINEERS
16/10/2024	5 180 750,00	Erf 16596	DNK PROPERTIES – LOT 8977 ALTON CC
	10 672 923,91		

4.3 COST CONTAINMENT POLICY

The implementation of Municipal Cost Containment Regulations (MCCR) was effective from 1 July 2019. The containment policy (**DMS 1407523**) was approved by Council in terms of Council Resolution number 14091 dated 26 August 2020 (RPT 167608):

ANNEXURE D: COST CONTAINMENT REPORT AS AT 31 DECEMBER 2024					
COST CONTAINMENT MEASURES	ADOPTED BUDGET 2024/25	SYSTEM BUDGET	PRO-RATA SYSTEM BUDGET (YTD)	ACTUAL DEC 2024 (YTD)	SURPLUS/ (DEFICIT)
Advertisement & Marketing	4 911 700	5 471 400	2 735 700	992 486	1 743 214
Sponsorship Events and Catering Services	3 693 500	3 665 200	1 832 600	815 124	1 017 476
Conference, meetings and study tours	1 028 800	654 100	327 050	106 912	220 138
Entertainment	335 400	135 400	67 700	-	67 700
Communications:SMS Bulk Message Service	980 500	980 500	490 250	659 392	(169 142)
Consultants Sevices	121 505 000	159 890 200	79 945 100	77 350 291	2 594 809
Travel and subsistence allowance (incl accommodation)	3 602 000	2 804 000	1 402 000	948 337	453 663
Vehicle hire for Public office bearers	230 800	280 800	140 400	241 479	(101 079)
TOTAL	136 287 700	173 881 600	86 940 800	81 114 021	5 826 779

4.4 Over-expenditure

The table below represents operating budget over-expenditures as at 31 December 2024:

Commitment Item	Commitment Item Description	Current Budget	Pro-rata Budget (YTD)	Actuals (Incl Commitments) as at 31/12/2024	Over-expenditure
4400000900	IE:CS:Busi Adv:Project Management	118 806 500	59 403 250	67 836 051	(8 432 801)
4400001100	IE:CS:Busi Adv:Qualification Verification	39 000	19 500	30 000	(10 500)
4400001900	IE:CS:Con&Pro Ser:Inf&Plann:Geoinformatic Services	3 842 600	1 921 300	2 622 590	(701 290)
4400002600	IE:CS:Legal Advice and Litigation	4 793 200	2 396 600	4 419 279	(2 022 679)
4400003200	IE:CS:Contr:Event Promoters	482 900	241 450	279 000	(37 550)
4400003400	IE:CS:Contr:Fire Protection	530 400	265 200	460 665	(195 465)
4400003650	IE:CS:Contractors:Electrical Installations	55 600	27 800	274 200	(246 400)
4400003700	IE:CS:Contr:Maint Buildings & Facilities	12 739 700	6 369 850	11 282 938	(4 913 088)
4400003800	IE:CS:Contractors:Maintenance of Equipment	24 398 900	12 199 450	19 982 592	(7 783 142)
4400003900	IE:CS:Contractor:Maintenance of Unspecified Assets	103 532 300	51 766 150	78 481 503	(26 715 353)
4400004200	IE:CS:Contr:Pest Control and Fumigation	426 200	213 100	281 136	(68 036)
4400004400	IE:CS:Contractors:Plants,Flowers&Other Decorations	30 000	15 000	25 000	(10 000)
4400004500	IE:CS:Contr:Safeguard and Security	78 837 400	39 418 700	62 244 361	(22 825 661)
4400004600	IE:CS:Contr:Sports and Recreation	133 000	66 500	74 250	(7 750)
4400004750	IE:CS:Contr:Shark Nets	2 886 400	1 443 200	2 757 230	(1 314 030)
4400005000	IE:CS:Alien Vegetation Control	907 900	453 950	869 890	(415 940)
4400005400	IE:CS:Occupational Health and Safety	687 900	343 950	386 449	(42 499)
4400006300	IE:CS:Outsour Services:Cleaning Services	9 284 900	4 642 450	8 472 854	(3 830 404)

Commitment Item	Commitment Item Description	Current Budget	Pro-rata Budget (YTD)	Actuals (Incl Commitments) as at 31/12/2024	Over-expenditure
4400006500	IE:CS:Conne/Dis-connection:Water	8 132 000	4 066 000	6 074 824	(2 008 824)
4400006700	IE:CS:Internal Auditors	6 647 800	3 323 900	3 325 764	(1 864)
4400006900	IE:CS:Meter Management	19 970 400	9 985 200	10 561 268	(576 068)
4400007300	IE:CS:Sewerage Services	21 956 900	10 978 450	20 923 690	(9 945 240)
4400007900	IE:CS:Outsour Services:Clearing & Grass Cutting	12 500	6 250	238 360	(232 110)
4450000100	IE:Consumption:Fuel & Oil	34 636 800	17 318 400	18 891 567	(1 573 167)
4450000200	IE:Inventory Consumed:Finished Goods	1 318 400	659 200	814 975	(155 775)
4450000300	IE:Inventory Consumed:Materials and Supplies	103 039 400	51 519 700	77 063 351	(25 543 651)
4450000500	IE:Op Cost:Inventory Consumed:Materials & Supplies	15 165 800	7 582 900	13 222 598	(5 639 698)
4500000600	IE:Op Cost:Adver,Pcity&Market:Municipal Newsletter	695 200	347 600	386 468	(38 868)
4500000800	IE:Op Cost:Adver,Pcity&Market:Staff Recruitment	173 100	86 550	105 840	(19 290)
4500002000	IE:Op Cost:Communications:SMS Bulk Message Service	980 500	490 250	810 245	(319 995)
4500002400	IE:Op Cost:Dumping Fees (District Council)	13 351 100	6 675 550	7 277 444	(601 894)
4500002600	IE:Op Cost:Entertainment:Mayor	25 800	12 900	24 720	(11 820)
4500002800	IE:Op Cost:External Audit Fees	6 435 400	3 217 700	6 427 117	(3 209 417)
4500003100	IE:Op Cost:Software Licences	24 848 100	12 424 050	19 803 511	(7 379 461)
4500004000	IE:Op Cost:Levies Paid-Water Resource Manag Charge	43 394 200	21 697 100	23 060 195	(1 363 095)
4500005300	IE:Op Cost:Signage	589 800	294 900	504 022	(209 122)
4500005500	IE:Op Cost:Storage of Files (Archiving)	444 200	222 100	224 780	(2 680)
4500007610	IE:Op Cost:Travel & Subsis:Non-employees (Accomm)	65 100	32 550	63 600	(31 050)
4500007700	IE:Op Cost:Uniform and Protective Clothing PPE	9 316 600	4 658 300	6 342 076	(1 683 776)
4500007800	IE:Op Cost:Vehicle Tracking	3 872 600	1 936 300	2 257 485	(321 185)
4500008010	IE:Op Cost:Hire Charges:Mach & Equip: Jetting Mach	924 900	462 450	691 840	(229 390)
4500008040	IE:Op Cost:Hire Charges:Mach & Equip: TLB	957 500	478 750	691 480	(212 730)
4500008050	IE:Op Cost:Hire Charges:Mach & Equip: Other	5 860 400	2 930 200	3 072 340	(142 140)
4500008100	IE:Op Cost:Hire Charges:Transport Assets	7 860 600	3 930 300	6 860 591	(2 930 291)
4500008500	IE:Op Cost:Uniform & Protective Clothing Specials	3 826 100	1 913 050	2 867 966	(954 916)
4500008600	IE:Op Cost:Telephone, Fax, Telegraph and Telex	1 617 800	808 900	948 158	(139 258)

5. **PROPOSED ADJUSTED BUDGET FOR CONSIDERATION IN JANUARY 2025**

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 January 2025. 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 2024/2025 Capital budget:

FUNCTION	ADOPTED BUDGET 2024/2025	PROPOSED ADJUSTMENT BUDGET 2024/2025	INCREASE/ (DECREASE)
	R	R	R
Executive and Council	36 000	52 000	16 000
Finance and Administration	58 751 000	65 842 700	7 091 700
Community and Social Services	9 249 000	11 135 700	1 886 700
Sport and Recreation	19 361 000	31 117 700	11 756 700
Public Safety	675 000	675 000	-
Housing	3 198 000	3 198 000	-
Planning and Development	35 175 000	49 075 000	13 900 000
Road Transport	69 023 000	94 418 400	25 395 400
Environmental Protection	78 000	78 000	-
Air Transport - Air port	12 399 000	12 399 000	-
Energy Sources	76 690 300	76 690 300	-
Water Management	246 308 700	202 882 200	(43 426 500)
Waste Water Management	64 815 000	68 425 200	3 610 200
Waste Management	15 235 000	11 816 000	(3 419 000)
	610 994 000	627 805 200	16 811 200

The total proposed 2024/2025 Adjusted Capital budget funding structure is as follows:

SOURCE OF FUNDING	ADOPTED BUDGET 2024/2025	PROPOSED ADJUSTMENT BUDGET 2024/2025	INCREASE/ (DECREASE)
	R	R	R
Borrowing	380 000 000	380 157 400	157 400
Capital Replacement Reserve	11 991 000	18 074 400	6 083 400
Integrated Urban Development Grant	143 923 000	144 863 000	940 000
Government Grants - National	74 580 000	81 512 600	6 932 600
Government Grants - Provincial	500 000	632 500	132 500
Self Insurance Reserves	-	2 565 300	2 565 300
TOTAL	610 994 000	627 805 200	16 811 200

5.2 Proposed Operating Adjusted Budget

The Proposed Adjustment Budget 2024/2025 Operating Expenditure figures are indicated below:

EXPENDITURE BY TYPE	ADOPTED BUDGET 2024/2025	PROPOSED ADJUSTMENT BUDGET 2024/2025	INCREASE/ (DECREASE)
	R	R	R
Employee related costs	1 257 067 700	1 197 348 600	(59 719 100)
Remuneration of Councillors	35 202 700	38 433 400	3 230 700
Bulk Purchases - Electricity	1 802 030 900	1 802 030 900	-
Inventory consumed - Water	325 340 000	325 340 000	-
Inventory consumed - Materials	167 493 600	160 640 800	(6 852 800)
Debt Impairment	274 732 500	202 711 600	(72 020 900)
Depreciation and asset impairment	305 949 500	352 759 100	46 809 600
Finance Charges	178 823 500	178 823 500	-
Contracted Services	411 502 300	519 426 100	107 923 800
Contracted Services - Housing Agreements Construction Contract	64 293 000	65 010 000	717 000
Transfers and Subsidies	7 582 000	6 432 000	(1 150 000)
Operational costs	389 896 200	398 934 100	9 037 900
Losses - Water Inventory	370 004 400	370 004 400	-
TOTAL	5 589 918 300	5 617 894 500	27 976 200

The Proposed Adjustment Budget 2024/2025 Operating Adjusted Revenue figures are indicated below:

REVENUE BY SOURCE	ADOPTED BUDGET 2024/2025	PROPOSED ADJUSTMENT BUDGET 2024/2025	INCREASE/ (DECREASE)
	R	R	R
Exchange Revenue			
Service Charges – Electricity revenue	2 542 822 400	2 348 456 700	(194 365 700)
Service Charges – Water revenue	643 500 000	572 907 000	(70 593 000)
Service charges - Waste Water Management	132 281 600	132 281 600	-
Service charges - Waste management	120 401 900	120 401 900	-
Sale of Goods and Rendering of Services	11 232 600	11 617 200	384 600
Housing Agreements Construction Contract	64 293 000	65 010 000	717 000
Agency services	8 364 800	8 364 800	-
Interest earned from Receivables	29 400	29 400	-
Interest from Current and Non Current Assets	45 000 000	45 000 000	-
Rent on Land	1 911 700	2 811 700	900 000
Rental from Fixed Assets	19 840 400	16 264 500	(3 575 900)
Operational Revenue	11 627 000	15 736 400	4 109 400
Non-Exchange Revenue			
Property rates	778 223 600	778 223 600	-
Surcharges and Taxes	6 207 900	7 832 900	1 625 000
Fines, penalties and forfeits	12 283 600	5 313 500	(6 970 100)
Licence and permits	3 631 700	3 631 700	-
Transfers and subsidies - Operational	587 345 000	592 697 200	5 352 200
Interest	870 000	1 870 000	1 000 000
Other Gains	27 840 600	27 845 000	4 400
Gains - Water Inventory	581 744 600	581 744 600	-
Capital Grants and Subsidies	219 003 000	227 008 100	8 005 100
TOTAL OPERATING REVENUE	5 818 454 800	5 565 047 800	(253 407 000)
Less:			
Capital Grants and Subsidies	(219 003 000)	(227 008 100)	(8 005 100)
TOTAL REVENUE	5 599 451 800	5 338 039 700	(261 412 100)

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

DESCRIPTION	ADOPTED BUDGET 2024/2025	PROPOSED ADJUSTMENT BUDGET 2024/2025	INCREASE/(DEC REASE)
	R	R	R
Revenue (excl capital grants)	5 599 451 800	5 338 039 700	(261 412 100)
Expenditure	5 589 918 300	5 617 894 500	27 976 200
Operating Surplus/(Deficit)	9 533 500	(279 854 800)	(289 388 300)

6. **IN-YEAR BUDGET STATEMENT TABLES**

The following monthly budget statement tables (**DMS 1718228**) 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 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.”

- **Supply Chain Management Policy Amendment**

There was no Policy amendment in quarter 2 of 2024/2025

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 considering the legislative requirements that should be fulfilled to avoid Unauthorised, Irregular, Fruitless and Wasteful (UIFW) expenditure. Furthermore, certain functions were transferred to the unit without increasing the staff, i.e. travelling and bid report writing. There were no vacancies filled during the quarter under review.

- **Internal Audit**

There was three follow ups and one new finding from Internal Audit function in Quarter 2 of 2024/2025 financial year.

- **Training and workshops**

The Supply Chain Management Policy, Clause 8 stipulates that 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
11-Nov-24	4	Inventory Management: Water Inventory	National Treasury
28-Nov-24	6	Virtual Training On Contract Management	KZN Treasury

- **Supply Chain Management Module - uMSAP**

During the quarter, as a requirement from National Treasury, the Department embarked on a project to interface Central Supply Database with Council's database. After the complete exercise, it will reduce the time and resources required to complete the database application forms. The Unit will only need the MAAA_____ CSD registration number and the confirmation of the bank details.

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-24	59
Nov-24	24
Dec-24	18
	101

- **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 AQ on DMS 1704139.**

- **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 City 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.

Number of Deviations for Quarter 2 amounting to R16 223 735.68 (view Annexure AR – DMS 1704139):

DEVIATIONS AS AT THE QUARTER ENDED 31 DECEMBER 2024						
DEPARTMENT	QUARTER 1		QUARTER 2		TOTAL NUMBER OF DEVIATION (YTD)	TOTAL AMOUNT OF DEVIATIONS (YTD)
	No.	Value	No.	Value		
Corporate Services (CS)	2	13 369 387	-	-	2	13 369 387
Financial Services (FS)	1	2 715 564	-	-	1	2 715 564
Technical Services (TS)	-	-	-	-	-	-
Electricity and Energy Services (EES)	-	-	1	33 365	1	33 365
City Development	-	-	-	-	-	-
Community Services (COMS)	1	68 916	1	36 504	2	105 420
Office of the Municipal Manager	-	-	-	-	-	-
Total	4	16 153 867	2	69 869	6	16 223 736

AWARDED TENDERS FOR THE FIRST QUARTER

MONTH	NUMBER OF AWARDS	TOTAL
Oct-24	11	87 404 128
Nov-24	4	74 928 918
Dec-24	4	10 799 190
TOTAL	19	173 132 237

TENDER NUMBERS ISSUED, PUBLISHED, CANCELLED AND SITTING OF BID COMMITTEES				
Tender numbers issued to user departments	Number of tenders published	Number of tenders Cancelled	Number of Bid Committees seated and cancelled	
			Seated	Cancelled
16	6	7	BSC 6	7
			BEC 14	5
			BAC 16	5

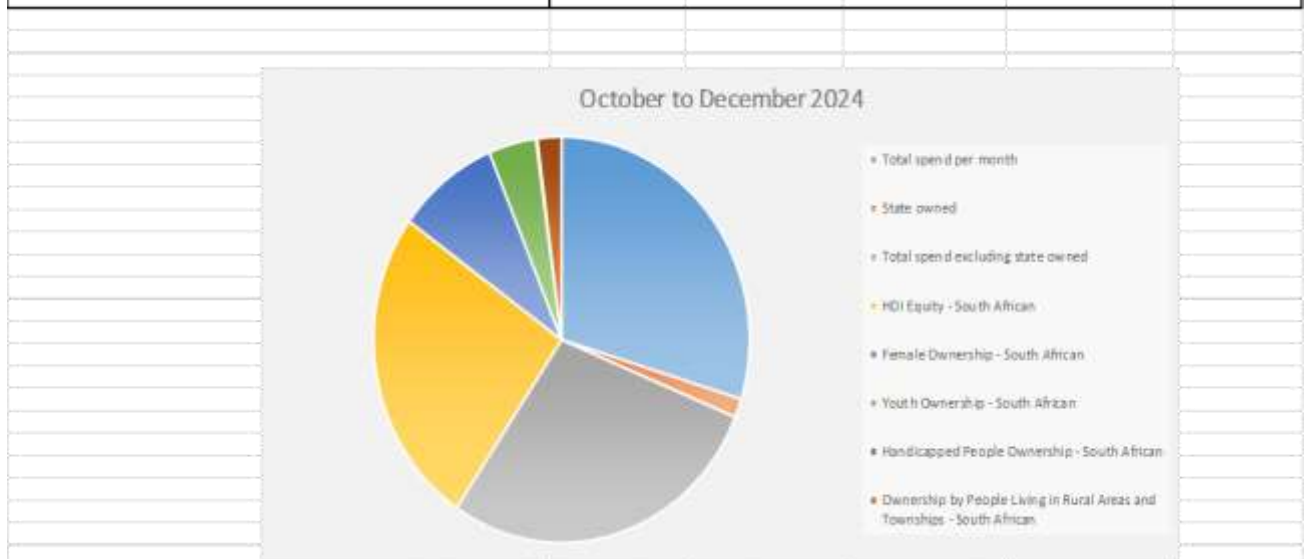
Number of Tenders where Validity Period were extended	
Number	Reasons
22	Due to the tender being referred back from the Committees for various reasons such as lack of supporting documentation and information.

Number of section 32 and value			
Number	The name of the Entity that SCM Regulation 32 was sourced from.	Awarded to	Total value of tenders awarded through SCM Regulation 32.
1	National Treasury	Vodacom (PTY) LTD	R3 903 261.00 VAT Incl
1	National Treasury	Toyota South Africa	R770 250,12 VAT Incl

APPROVAL OF TENDERS NOT RECOMMENDED	
	Total
Number of approved Tenders not recommended by Bid Evaluation in terms of supply chain management policy clause 29(7)(a)	0

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

	October 2024	November 2024	December 2024	Total per group	Percentages
Total spend per month	102 523 587,12	107 502 707,69	135 130 483,19	345 156 778,00	
State owned	5 205 790,50	1 661 908,45	354 443,18	7 222 142,13	
Total spend excluding state owned	97 317 796,62	105 840 799,24	134 776 040,01	337 934 635,87	
HDI Equity - South African	87 852 732,94	94 912 895,35	127 788 233,61	310 553 861,90	91,90%
Female Ownership - South African	30 330 612,26	53 050 114,89	51 806 880,78	135 187 607,93	40,00%
Youth Ownership - South African	14 120 706,27	19 880 777,21	13 993 126,10	47 994 609,58	14,20%
Handicapped People Ownership - South African	451 456,00	2 571 282,80	324 096,50	3 346 835,30	0,99%
Ownership by People Living in Rural Areas and Townships - South African	7 098 069,79	16 246 918,56	11 654 799,02	34 999 787,37	10,36%



- **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 complain 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**

01 OCTOBER TO 31 DECEMBER 2024	
REPORT ON OBJECTIONS AND COMPLAINTS (In terms of SCMP, clause 49)	
Details of objections or complains for tenders	Tender 8/2/1/UMH1244-22/23 – Mills Fitchet Africa (Pty) Ltd
Against the procurement process	1
Against the decision or action	1
MUNICIPAL BIDS APEALS TRIBUNAL (in terms of SCMP, clause 50A)	
Case referred by bidder	None
RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES (In terms of SCMP, Clause 50)	
Details of decision or action and queries taken in the implementation of the procurement process in terms of the supply chain management system; or any matter arising from a contract awarded in the course of the supply chain management system;	The ongoing objection/ complaint by Mills Fitchet Africa (Pty) Ltd for tender 8/2/1/UMH1244-22/23 is currently in court.

CONTRACT AND LOGISTICS MANAGEMENT

CONTRACT REGISTER – QUARTER 2	
Details	Number
Contracts Expiring in 6 months	42
Total Contracts Carried Over from 30/09/2024	188
Total Effective Contracts 2024/25 - Quarter 2	164
Total Contracts closed in 2024/25 - Quarter 2	19
Total Captured in Quarter 2	9
Number of Contracts amended using 15% and 20 threshold	5

VIRIATION ORDER AND EXPANSIONS			
Contracts which were amended using the 15% and 20% thresholds contained in MFMA Circular 62			
Tender Number	Tender Description	Awarded to	Total Variance Order
8/2/1/UMH673-20/21	Provision of storage facility and the management of document and recording/Media for uMhlathuze Municipality for a period of Three (3) Years	METROFILE	R271 910.61
8/2/1/UMH793-20/21	Provision of SAP Support, Mantanance and New Implementation services	LIEPZIG ADVISORY	R 11 696 430.11
8/2/1/UMH655-20/21 PR04	Richards Bay Improvement Phase III Portion 1 Pipe Replacement in Alton South and CBD	SILVER STREAK TRADING 587 22	R18 150 440, 72
8/2/1/UMH655-20/21 PR03	Richards Bay Improvement Phase III Portion 1 Pipe Replacement in Alton North and CBD	ENELAD (PTY) LTD	R 11 544 110.19
8/2/1/UMH475-18/19	Upgarde of Ntambanana Water Supply Phase 2 Construction of bulk water pipeline and pumpstation	C M S WATER ENGINEERING AND N J R PROJECTS (PTY) LTD	R 6 803 583.37

• Monthly Stock Count

The stock count results for Quarter 2 ending 31 December 2024 are as follows:

STOCK TAKE RECONCILLIATION FOR THE PERIOD ENDED 31 DECEMBER 2024	
DESCRIPTION	AMOUNT
Stock value before stocktake	36 148 278
Positive Variance	24 539
Negative Variance	(52 233)
Fuel Value Before Stock Take	-
Unfavourable Variances - Fuel	-
Favourable Variances - Fuel	-
Inventory Value After Stock Take (Before receipt and issues during stock take)	36 120 584

PART 3 - SUPPORTING DOCUMENTATION

8. DEBTORS ANALYSIS

Refer to supporting table SC3 - Aged Debtors (**Annexure M**) for the month ended 31 December 2024.

9. CREDITORS ANALYSIS

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) for the month ended 31 December 2024.

10. INVESTMENT PORTFOLIO ANALYSIS

Refer to supporting table SC5 - Investment portfolio (**Annexure O**) for the month ended 31 December 2024.

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 2024.

12. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) for the month ended 31 December 2024.

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 AN**.

Although the detailed Component 5 is attached as **Annexure AN**, 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 AN**, each vote is illustrated in number order on the extreme left, vote detail of which is illustrated over 3 pages):

DEPARTMENT	ADOPTED BUDGET 2024/2025	SUPPLEMENTS/ (RETURNS)	VIREMENTS	FINANCIAL SYSTEM BUDGET 2024/25	ACTUAL DEC 2024 (YTD)	% OF PROPOSED ADJUSTED BUDGET SPENT
DEPUTY MUNICIPAL MANAGER: CITY DEVELOPMENT	38 443 000	1 496 400	13 900 000	53 839 400	6 679 375	12%
CITY DEVELOPMENT	38 443 000	1 496 400	13 900 000	53 839 400	6 679 375	12%
DEPUTY MUNICIPAL MANAGER: COMMUNITY SERVICES	29 357 000	-	11 765 200	41 122 200	12 692 821	31%
COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY	5 288 000			5 288 000	9 900	0%
COMMUNITY SERVICES - RECREATION AND ENVIRONMENTAL SERVICES	23 980 000		11 756 700	35 736 700	12 644 045	35%
COMMUNITY SERVICES - PROTECTION SERVICES	89 000		8 500	97 500	38 876	40%
DEPUTY MUNICIPAL MANAGER: CORPORATE SERVICES	47 294 000	1 986 700	134 800	49 415 500	9 660 654	20%
CORPORATE SERVICES - ADMINISTRATION	12 416 000	1 986 700	(3 500)	14 399 200	5 467 600	38%
CORPORATE SERVICES - ICT	34 725 000		215 100	34 940 100	4 193 054	12%
CORPORATE SERVICES - LEGAL SERVICES	-	-	-	-	-	0%
CORPORATE SERVICES - HUMAN RESOURCES	153 000	-	(76 800)	76 200	-	0%
CHIEF FINANCIAL OFFICER	14 609 000	-	(100 000)	14 509 000	1 124 743	8%
FINANCIAL SERVICES	14 609 000		(100 000)	14 509 000	1 124 743	8%
DEPUTY MUNICIPAL MANAGER: ELECTRICAL AND ENERGY SERVICES	100 402 300	5 455 500	-	105 857 800	3 184 143	3%
ELECTRICAL SUPPLY SERVICES	100 402 300	5 455 500		105 857 800	3 184 143	3%
DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE SERVICES	380 836 700	7 872 600	(25 700 000)	363 009 300	246 631 417	68%
ENGINEERING SUPPORT SERVICES	124 514 700	940 000	(25 700 000)	99 754 700	45 014 280	45%
TRANSPORT, ROADS AND STORMWATER	40 543 000	6 932 600	29 585 400	77 061 000	58 295 017	76%
WATER AND SANITATION	215 779 000		(29 585 400)	186 193 600	143 322 120	77%
OFFICE OF THE MUNICIPAL MANAGER	52 000	-	-	52 000	9 800	19%
TOTAL OFFICE OF THE MUNICIPAL MANAGER	52 000			52 000	9 800	19%
TOTAL CAPITAL BUDGET	610 994 000	16 811 200	-	627 805 200	279 982 952	45%

14. CAPITAL PROGRAMME PERFORMANCE

Refer to the following tables for the month ended 31 December 2024:

- ❑ 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 1716551** (**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 AT (DMS 1704139)** 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.

“(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:”

R31 477 746,21 (NPA vehicle licence pay over).

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

R8 853,00

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

R1 210 458,33 (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 2024 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. the cost containment savings as required in terms of Regulation 15 of Municipal Cost Containment Regulations (MCCR) be noted;
4. 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; and
5. the financial position of the uMhlathuze Municipality as at 31 December 2024, 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 1718228)** including the quarterly requirements in terms of Section 52(d) be noted.