

18102








FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2025 (INTERIM)

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 30 June 2025, as required in terms of the Municipal Finance Management Act, 2003 (Act No 56 of 2003). The monthly and quarterly requirements in terms of Sections 71 and Section 52(d) respectively are 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).

IDP STRATEGY AND OBJECTIVES

NATIONAL KPA 5 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
SUSTAINABLE DEVELOPMENT GOALS:       		
STRATEGIES	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 financial related 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

Section 71 of the Municipal Finance Management Act (MFMA), (Act 56 of 2003) prescribes certain conditions that need to be complied with in terms of the mentioned Act.

The Accounting Officer of the Municipality must report, by no later than 10 working days after the end of each month, to the Mayor and the relevant Provincial Treasury, a statement in the **prescribed format** on the state of the Municipality's budget.

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 thirty (30) days of the end of each quarter submit a report to Council on the implementation of the budget and the financial state of affairs of the Municipality.

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. The 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 2010/11 Budget as well as the in-year reporting effective from January 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.

The Minister of Finance has, in terms of Section 168 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003), and acting with the concurrence of the Minister of Cooperative Governance and Traditional Affairs issued the Municipal Regulations on Standard Chart of Accounts as set out in Government Gazette No 37577 (**DMS 974357**) dated 22 April 2014.

These Regulations apply to all Municipalities and Municipal entities and indicate its applicability and relevance to each specific Municipal environment while accommodating organisational uniqueness and structural differences. These regulations took effect on 1 January 2017.

The objective of these regulations is to provide for a national standard, uniform recording and classification of municipal budget and financial information at transactional level by prescribing a standard chart of accounts for municipalities.

Once these regulations are effective the financial reporting will be aligned (budget reporting and financial statements reporting). The regulations require that the financial system used by Municipalities must be compliant with the standard chart of accounts. This means that the financial systems of Municipalities must be capable to accurately record all financial transactions in terms of the required segments. The current financial system used by the Municipality does not provide for the recording of financial transactions as required by the regulations.

The implementation of these regulations requires that the Municipality must proactively procure a financial system solution that will be compliant with the standard chart of accounts. Of similar importance is the provision for training of responsible officials to ensure that they attend the trainings and workshops to be provided by National Treasury.

- ❖ In terms of Council Resolution 8901 dated 26 November 2013, Council was selected as a Pilot Site for the mSCOA implementation.

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 1738492)**;
- ❑ Component 2: Monthly projections of expenditure (operating and capital) and revenue for each vote **Annexure AB (DMS 1738492)**;
- ❑ Component 3: Quarterly projections of service delivery targets and performance indicators for each vote **Annexure AC - AK (DMS 1738492)**;
- ❑ Component 4: Ward information for expenditure and service delivery **Annexure AL and AM (DMS 1738492)**; and
- ❑ Component 5: Detailed capital works plan broken down by ward over three years **Annexure AN (DMS 1738492)**.

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 JUNE 2025

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 June 2025, and the performance of the Municipality against its budget is in line with the adjusted budget that was approved by Council in February 2025. 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 June 2025 (year to date actual) shows a deficit of R353,7 million. It was anticipated that with the current controls and cost containment, the deficit to reduce until a surplus is realised. However, actual deficit is more than R285 million deficit budgeted for.

The performance in this area is **Not Acceptable**.

Capital Budget

Council is at the end of fourth quarter in financial year 2024/25 and capital expenditure is at R513 million (84,76%). This is based on the Adjusted Budget of R627,8 million. Expenditure year to date should be 90% to 100% of the system budget. Council could not achieve such and the reason would be some purchase orders were brought in later into the system making it impossible or rather impractical to be actuals at end of June 2025.

The performance in this area is **Not 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 0,67:1 Cash in Bank against average monthly liability's (R254m/R382m).

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 30 June 2025:

DESCRIPTION	ADJUSTED BUDGET 2024/2025	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL JUNE 2025 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Revenue (excl capital grants)	5 338 039 747	5 338 039 747	5 224 227 178	97,87%
Expenditure	5 623 917 106	5 623 917 106	5 577 926 367	99,18%
Operating Surplus/(Deficit)	(285 877 359)	(285 877 359)	(353 699 189)	

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 June 2025 (year to date).

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



COU - FINANCIAL PERFORMANCE DASHBOARD FOR: JUNE, 2025



Operating Revenue (R '000)

5,599,452	Original Budget
5,338,040	Adjusted Budget
416,462	Monthly Actual
5,224,227	YTD Actual
5,338,040	YTD Budget
	System Budget

Operating Expenditure (R '000)

5,589,918	Original Budget
5,623,917	Adjusted Budget
608,747	Monthly Actual
5,577,926	YTD Actual
5,623,917	YTD Budget
5,623,917	System Budget

Capital Transfers & Subsidies (R '000)

219,003	Original Budget
227,008	Adjusted Budget
34,453	Monthly Actual
211,136	YTD Actual
227,008	YTD Budget
0	System Budget

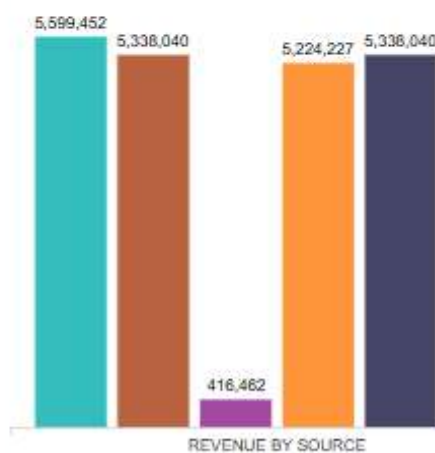
Surplus/(Deficit) for the year excluding Transfers & Subsidies (R '000)

9,534	Original Budget
-285,877	Adjusted Budget
-192,285	Monthly Actual
-353,699	YTD Actual
-285,877	YTD Budget
	System Budget

Overview Revenue & Expenditure Analysis

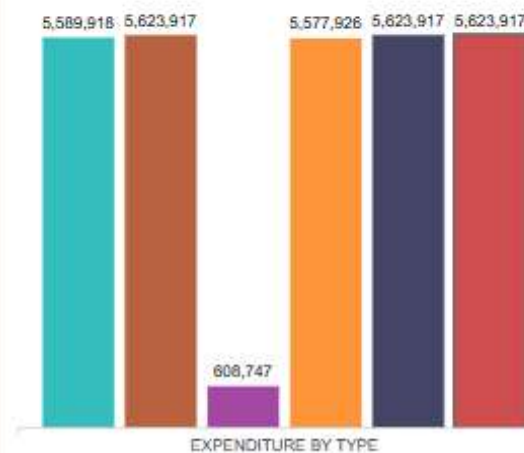
- ☒ Original Budget
- ☐ Adjusted Budget
- ☐ Monthly Actual
- ☐ YTD Actual
- ☐ YTD Budget
- ☐ System Budget

Operating Revenue (R '000)



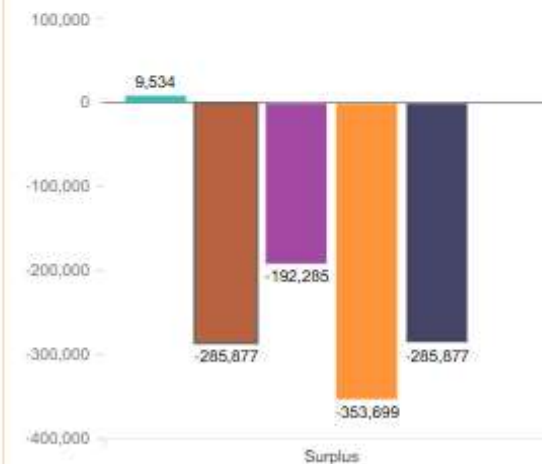
Original Budget
Adjusted Budget
Monthly Actuals
Year to Date Actuals
Year to Date Budget
Full Year Forecast

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 0,67:1 (R254 m / R382 m). Working Capital R254 m and Average Creditors R382 m.

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 under Cash and Cash Equivalents when taking into account all statutory requirements as per Councils Cash, Investments and Reserves Policy (Project Retention Monies, Loan Redemptions, Consumer Deposits, Leave and Bonus Provisions, Unspent Grants and Borrowings, Insurance Reserves and Capital Replacement Reserves). As at 30 June 2025 the Cash and Cash Equivalents is R254 million this that figure should be R1.427 billion.

3.3 Grants Balances

DESCRIPTION OF GRANT	REVISED GRANTS BUDGET 2024/25	AMOUNT RECEIVED AS AT 30/06/2025	ACTUAL EXPENDITURE AS AT 30/06/2025	% EXPENDITURE TO TOTAL	COMMENTS
NATIONAL TREASURY					
Equitable Share	556 251 000	556 251 000	556 251 000	100%	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	152 438 000	152 438 000	152 438 000	100%	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	2 500 000	100%	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	38 600 000	38 600 000	60 000 000	155%	The original Budget for this grant was R 60 000 000, National Treasury issued an amended DORA on 25 March 2025 which reduced the allocation to R38 600 000. The budget of R 60 000 000 was fully spent as at 31 May 2025 therefore, the municipality ought to fund the shortfall of R 21 400 000 from own funding.
Extended Public Works Pogramme	2 437 000	2 437 000	2 437 000	100%	The grant is for the operational expenditure for EPWP.Expenditure shown has been incurred in the period under review,
Integrated National Electrification Programme Grant	7 910 000	7 910 000	7 910 000	100%	The grant is to address the electrification backlog of all exisiting and planned residential dwellings and to install all relevant bulk infrastructure.
Energy Efficiency and Demand Management	5 500 000	5 500 000	5 500 000	100%	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.
TOTAL NATIONAL TREASURY GRANTS	765 636 000	765 636 000	787 036 000	103%	

DESCRIPTION OF GRANT	REVISED GRANTS BUDGET 2024/25	AMOUNT RECEIVED AS AT 30/06/2025	ACTUAL EXPENDITURE AS AT 30/06/2025	% EXPENDITURE TO TOTAL	COMMENTS
PROVINCIAL TREASURY					
Provincialisation of Libraries	10 016 000	10 016 000	37 753 919	377%	Expenditure shown is the total actual operating costs of the Libraries for the period under review.
Community Library Services Grant (Cyber cadets)	2 124 000	2 124 000	2 124 000	100%	Expenditure shown is the total actual operating costs of the Cyber cadets for the period under review.
Housing Operating Account	4 429 000	3 678 366	22 148 738	500%	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	-	3 869 469	0%	The payment for the subsidy has been deferred to 2025/26 financial year. KZN DSAC advised that the memorandum of agreement was not concluded in time to process the payment in the current financial year.
TOTAL PROVINCIAL TREASURY GRANTS	16 829 000	15 818 366	65 896 126	392%	
TOTAL GRANTS AND SUBSIDIES	782 465 000	781 454 366	852 932 125	109%	

3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 30 June 2025:

FUNCTION	ADJUSTED BUDGET 2024/2025	SYSTEM BUDGET 2024/25	ACTUAL JUNE 2025 (YTD)	% OF SYSTEM BUDGET SPENT
	R	R	R	%
Mayor and Council	52 000	52 000	15 072	28,98%
Finance and Administration	65 842 700	57 132 100	39 101 784	68,44%
Community and Social Services	11 135 700	11 162 500	3 585 214	32,12%
Sport and Recreation	31 117 700	55 075 000	39 457 717	71,64%
Public Safety	675 000	374 600	66 160	17,66%
Housing	3 198 000	2 198 000	1 360 642	61,90%
Planning and Development	49 075 000	46 935 600	26 059 837	55,52%
Road Transport	94 418 400	101 615 600	92 675 054	91,20%
Environmental Protection	78 000	78 000	-	0,00%
Air Transport - Air port	12 399 000	21 100 000	12 084 620	57,27%
Energy Sources	76 690 300	60 219 000	51 182 607	84,99%
Water Management	202 882 200	160 355 200	167 686 709	104,57%
Waste Water Management	68 425 200	87 252 700	79 728 477	91,38%
Waste Management	11 816 000	1 830 000	144 034	7,87%
	627 805 200	605 380 300	513 147 928	84,76%

Capital expenditure year to date of 85 % have the following concerns and causes:

Many projects above were delayed or deferred due to budget constraints, indicating that the municipality's funding allocation for capital projects may not be sufficient. Delays in SCM processes, such as tendering and procurement, have impacted project timelines, highlighting the need for improved efficiency in these processes. Some projects have made significant progress, while others have been plagued by delays, indicating varying levels of project management effectiveness. The lack of comments from user departments on several projects suggests potential communication gaps or inadequate reporting.

The total adopted Capital Budget funding structure is as follows:

SOURCE OF FUNDING	ADJUSTED BUDGET 2024/2025	SYSTEM BUDGET	ACTUAL JUNE 2025 (YTD)	% OF SYSTEM BUDGET SPENT
	R	R	R	%
Borrowing	380 157 400	380 157 400	295 216 377	77,66%
Capital Replacement Reserve	18 074 400	18 129 600	32 847 881	181,18%
Integrated Urban Development Grant	144 863 000	144 863 000	132 440 242	91,42%
Government Grants - National	81 512 600	58 172 600	51 247 388	88,10%
Government Grants - Provincial	632 500	1 423 400	701 462	49,28%
Public Contribution (Donation)	-	69 000	-	0,00%
Self Insurance Reserves	2 565 300	2 565 300	694 578	27,08%
TOTAL	627 805 200	605 380 300	513 147 928	84,76%



COU - CAPEX DASHBOARD FOR: JUNE 2025



Original Budget (R '000)

610,994

Adjusted Budget (R '000)

627,805

Monthly Actual (R '000)

75,924

YTD Actual (R '000)

513,148

YTD Budget (R '000)

627,805

YTD Variance (R '000)

-114,657

Overview

SCC CAPEX-MAIN

SC13A-NEW

SC13B-RENEW

SC13E-UPGRADE

C5C CAPEX-MAIN-Detail

SC13A-NEW-Detail

SC13B-RENEW-Detail

SC13E-UPGRADE-Detail

ALL VOTES

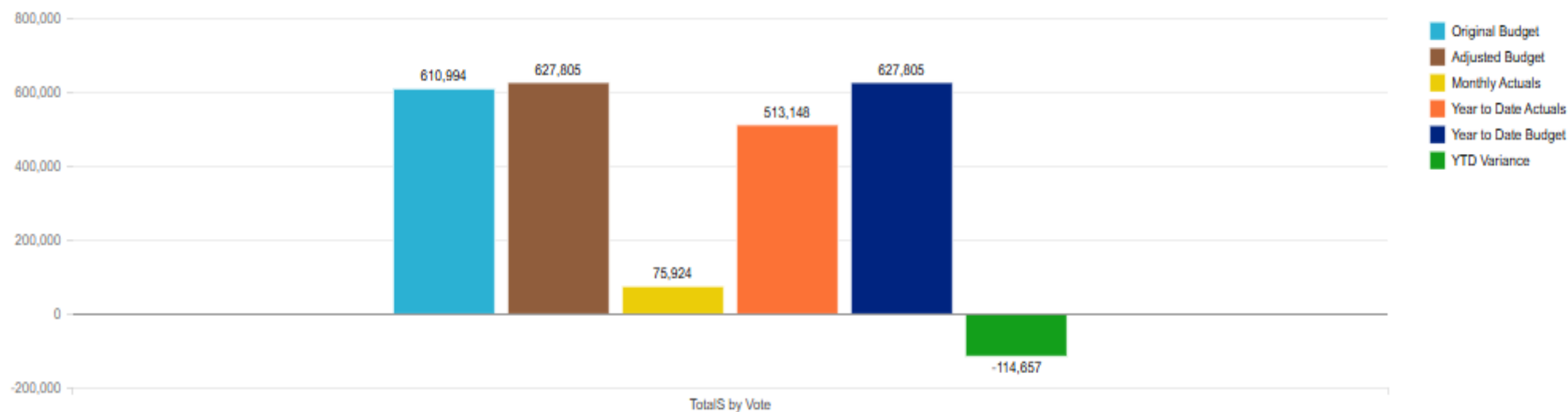
Total by Vote

Functional Classification

Funded By

ALL VOTES

Total Capex (R '000)



NOTES:

OFFICIAL FINAL VERSION

RPT 180884
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3.5 Expenditure per Category

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2024/2025	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL JUNE 2025 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Employee related costs	1 197 348 600	1 197 348 600	1 140 430 216	95,25%
Remuneration of Councillors	38 433 400	38 433 400	33 860 712	88,10%
Bulk Purchases - Electricity	1 802 030 900	1 802 030 900	1 785 308 828	99,07%
Inventory consumed - Water	320 816 181	320 816 181	296 747 728	92,50%
Inventory consumed - Materials	165 164 619	165 164 619	181 551 194	109,92%
Debt Impairment	202 711 600	202 711 600	197 613 600	97,49%
Depreciation and asset impairment	352 759 106	352 759 106	339 881 419	96,35%
Finance Charges	184 846 100	184 846 100	189 650 200	102,60%
Contracted Services	584 436 100	584 436 100	506 271 644	86,63%
Transfers and Subsidies	6 432 000	6 432 000	2 579 763	40,11%
Irrecoverable debts written off	-	-	45 644 553	0,00%
Operational costs	398 934 100	398 934 100	353 544 647	88,62%
Loss on Disposal of Land	-	-	996 856	0,00%
Losses - Water Inventory (note 1)	370 004 400	370 004 400	503 845 006	136,17%
TOTAL	5 623 917 106	5 623 917 106	5 577 926 367	99,18%

The above table represents operating expenditure per category as at 30 June 2025.

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:

	Potable	Potable	Potable	Potable	Potable	Potable	Potable	Potable	Potable	Potable	Potable	Potable
	July	August	September	October	November	December	January	February	March	April	May	As At 30 June 2025
	KI	KI	KI	KI	KI	KI	KI	KI	KI	KI	KI	KI
System Input	4 522 239	5 044 436	5 016 592	5 053 885	4 788 885	4 835 422	4 802 090	4 608 758	4 818 062	4 727 427	5 138 146	53 355 942
Purchased	1 606 763	2 014 031	2 030 415	1 978 918	1 944 580	2 238 910	1 775 109	1 907 927	1 860 237	2 147 259	2 258 333	21 762 482
Produced	2 915 476	3 030 405	2 986 177	3 074 967	2 844 305	2 596 512	3 026 981	2 700 831	2 957 825	2 580 168	2 879 813	31 593 460
System Out Put - Inventory Consumed	1 519 608	1 858 574	1 724 876	1 660 610	1 782 222	1 639 447	1 685 912	2 041 379	1 740 595	1 729 849	1 742 026	19 125 098
Inventory consumed - Water Billed (Authorised)	1 504 562	1 840 172	1 707 798	1 644 168	1 764 576	1 623 215	1 669 220	2 021 167	1 723 361	1 712 722	1 724 778	18 935 740
Inventory consumed - Water Unbilled (Authorised)	15 046	18 402	17 078	16 442	17 646	16 232	16 692	20 212	17 234	17 127	17 248	189 357
Water Lossess	3 002 631	3 185 862	3 291 716	3 393 275	3 006 663	3 195 975	3 116 178	2 567 379	3 077 467	2 997 578	3 396 120	34 230 844
Apparent Losses:	420 368	446 021	460 840	475 059	420 933	447 436	436 265	359 433	430 845	419 661	475 457	4 792 318
Water Losses:Apparent Losses:Customer Meter Inaccuracies	270 237	286 728	296 254	305 395	270 600	287 638	280 456	231 064	276 972	269 782	305 651	3 080 776
Water Losses:Apparent Losses:Unauthorised Consumption	150 132	159 293	164 586	169 664	150 333	159 799	155 809	128 369	153 873	149 879	169 806	1 711 542
Real Losses:	2 582 263	2 739 841	2 830 876	2 918 217	2 585 730	2 748 538	2 679 913	2 207 946	2 646 622	2 577 917	2 920 663	29 438 526
Water Losses:Real Losses:Leakage and Overflows at Storage Tanks/Reservoirs	121 607	129 027	133 314	137 428	121 770	129 437	126 205	103 979	124 637	121 402	137 543	1 386 349
Water Losses:Real Losses:Leakage on Service Connections up to the point of Customer Meter	693 157	735 456	759 893	783 338	694 088	737 791	719 370	592 680	710 433	691 991	783 994	7 902 190
Water Losses:Real Losses:Leakage on Transmission and Distribution Mains	1 617 367	1 716 064	1 773 083	1 827 788	1 619 539	1 721 512	1 678 529	1 382 919	1 657 678	1 614 645	1 829 320	18 438 444
Water Losses:Data Transfer and Management Errors	150 132	159 293	164 586	169 664	150 333	159 799	155 809	128 369	153 873	149 879	169 806	1 711 542
% Loss - Water Inventory	66,4%	63,2%	65,6%	67,1%	62,8%	66,1%	64,9%	55,7%	63,9%	63,4%	66,1%	64,2%
Total Water Inventory (Consumed plus losses)	4 522 239	5 044 436	5 016 592	5 053 885	4 788 885	4 835 422	4 802 090	4 608 758	4 818 062	4 727 427	5 138 146	53 355 942

		Clarified	Clarified	Clarified	Clarified	Clarified	Clarified	Clarified	Clarified	Clarified	Clarified	Clarified	Clarified
		July	August	September	October	November	December	January	February	March	April	May	As At 30 June 2025
		KI	KI	KI	KI	KI	KI	KI	KI	KI	KI	KI	KI
System Input		199 199	363 384	393 191	223 772	334 418	341 525	333 447	346 680	383 905	168 610	205 563	3 293 694
Purchased		199 199	363 384	393 191	223 772	334 418	341 525	333 447	346 680	383 905	168 610	205 563	3 293 694
System Out Put - Inventory Consumed		199 199	218 329	375 272	223 774	219 714	337 678	274 877	346 680	251 084	168 610	89 435	2 704 652
Inventory consumed - Water Billed (Authorised)		197 227	216 167	371 556	221 558	217 539	334 335	272 155	343 248	248 598	166 941	88 550	2 677 874
Inventory consumed - Water Unbilled (Authorised)		1 972	2 162	3 716	2 216	2 175	3 343	2 722	3 432	2 486	1 669	885	26 779
Water Lossess		-	145 055	17 919	-	114 704	3 847	58 570	-	132 821	-	116 128	589 044
Apparent Losses:		-	13 055	1 613	-	10 323	346	5 271	-	11 954	-	10 451	53 014
Water Losses:Apparent Losses:Customer Meter Inaccuracies	9,000%	-	13 055	1 613	-	10 323	346	5 271	-	11 954	-	10 451	53 014
Water Losses:Apparent Losses:Unauthorised Consumption	0,000%	-	-	-	-	-	-	-	-	-	-		-
Real Losses:		-	132 000	16 307	-	104 380	3 500	53 299	-	120 867	-	105 676	536 030
Water Losses:Real Losses:Leakage and Overflows at Storage Tanks/Reservoirs	4,300%	-	6 237	771	-	4 932	165	2 519	-	5 711	-	4 993	25 329
Water Losses:Real Losses:Leakage on Service Connections up to the point of Customer Meter	24,510%	-	35 553	4 392	-	28 114	943	14 356	-	32 554	-	28 463	144 375
Water Losses:Real Losses:Leakage on Transmission and Distribution Mains	57,190%	-	82 957	10 248	-	65 599	2 200	33 496	-	75 960	-	66 413	336 874
Water Losses:Data Transfer and Management Errors	5,000%	-	7 253	896	-	5 735	192	2 929	-	6 641	-	5 806	29 452
% Loss - Water Inventory		0,0%	39,9%	4,6%	0,0%	34,3%	1,1%	17,6%	0,0%	34,6%	0,0%	56,5%	17,9%
Total Water Inventory (Consumed plus losses)		199 199	363 384	393 191	223 774	334 418	341 525	333 447	346 680	383 905	168 610	205 563	3 293 696

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

	Jun-25				YTD AS AT 30 June 2025				YTD AS AT 30 June 2025			
	Zone 1 (Richards Bay , Nseleni, Khoza, Mandlanzini, Meerensee , Mzingazi)	Zone 2 (Empangeni, Ngwelezane,Zungu)	Zone 3 (Esikhaleni, Felixton, Vulindlela, 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, Vulindlela, Mkwanzazi North & South)	Zone 4 (Richards Bay - Clarified Water)	Total Potable		Clarified	
	KL	KL	KL	KL	KL	KL	KL	KL	KL	%	KL	%
System Input (Purchased and Produced)	2 359 571	2 110 298	923 946	338 477	22 685 913	24 608 586	11 455 258	3 632 173	58 749 757	100%	3 632 173	100%
Kl/Day	78 652	70 343	30 798	11 283	746 650	809 241	376 618	119 693	1 932 509		119 693	
System Out Put - Inventory Consumed	1 113 167	504 661	153 983	338 477	12 769 433	6 108 840	2 018 637	3 043 129	20 896 909	36%	3 043 129	84%
Kl/Day	37 106	16 822	5 133	11 283	421 053	201 184	66 449	100 549	688 686		100 549	
Inventory consumed - Water Billed (Authorised)	1 102 146	499 664	152 458	335 126	12 643 002	6 048 357	1 998 650	3 012 999	20 690 009		3 012 999	
Inventory consumed - Water Unbilled (Authorised)	11 021	4 997	1 525	3 351	126 430	60 484	19 987	30 130	206 900		30 130	
Non Revenue Water (Water Loss)	1 246 404	1 605 637	769 963	-	9 916 480	18 499 746	9 436 621	589 044	37 852 848	64%	589 044	16%
Kl/Day	41 547	53 521	25 665	-	324 881	606 494	309 286	19 144	1 240 662		19 144	
Water Losses: Total Apparent Losses	174 497	224 789	107 795	-	1 388 307	2 589 964	1 321 127	53 206	5 299 399	9%	53 206	1%
Water Losses: Total Real Losses	1 071 907	1 380 848	662 168	-	8 528 173	15 909 781	8 115 494	535 838	32 553 449	55%	535 838	15%
Non Revenue Water (% Loss - Water Inventory)	52,8%	76,1%	83,3%	0,0%	43,7%	75,2%	82,4%	16,2%	64,4%		16,2%	
Total Water Inventory (Consumed plus losses)	2 359 571	2 110 298	923 946	338 477	22 685 913	24 608 586	11 455 258	3 632 173	58 749 757	100%	3 632 173	100%

3.6 Revenue by Source

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

REVENUE BY SOURCE	ADJUSTED BUDGET 2024/2025	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL JUNE 2025 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Exchange Revenue				
Service Charges – Electricity revenue	2 348 456 700	2 348 456 700	2 276 703 051	96,94%
Service Charges – Water revenue	572 907 000	572 907 000	558 924 269	97,56%
Service charges - Waste Water Management	132 281 600	132 281 600	134 860 408	101,95%
Service charges - Waste management	120 401 900	120 401 900	124 716 380	103,58%
Sale of Goods and Rendering of Services	76 627 247	76 627 247	27 492 212	35,88%
Agency services	8 364 800	8 364 800	10 101 802	120,77%
Interest earned from Receivables	29 400	29 400	4 556	15,50%
Interest from Current and Non Current Assets	45 000 000	45 000 000	37 946 806	84,33%
Rent on Land	2 811 700	2 811 700	2 085 788	74,18%
Rental from Fixed Assets	16 264 500	16 264 500	12 537 169	77,08%
Operational Revenue	15 736 400	15 736 400	22 174 659	140,91%
Non-Exchange Revenue				
Property rates	778 223 600	778 223 600	754 392 393	96,94%
Surcharges and Taxes	7 832 900	7 832 900	9 433 626	120,44%
Fines, penalties and forfeits	5 313 500	5 313 500	15 955 456	300,28%
Licence and permits	3 631 700	3 631 700	3 657 984	100,72%
Transfers and subsidies - Operational	592 697 200	592 697 200	581 233 489	98,07%
Interest	1 870 000	1 870 000	1 674 065	89,52%
Other Gains	27 840 801	27 840 801	28 502 003	102,37%
Gains on disposal of Assets	-	-	12 656 614	0,00%
Gains - Water Inventory	581 748 799	581 748 799	609 174 446	104,71%
TOTAL OPERATING REVENUE	5 338 039 747	5 338 039 747	5 224 227 178	97,87%

The above table represents operating revenue by source as at 30 June 2025.

Below are the reasons for the decline in revenue on the 2024/25 MTREF:

1. Sales of Goods & Rendering of Services

The variance reflects a delay in the anticipated Housing Grant—funds have not yet been received, resulting in reduced revenue.

2. Interest Earned from Receivables

Interest collected was lower than expected, indicating effective implementation of credit-control measures that have reduced outstanding balances.

3. Rent on Land

The shortfall is due to several leases remaining incomplete during the 2024/25 financial year. This led to higher anticipated revenue that wasn't realized.

4. Rental from Fixed Assets

Revenue was impacted by the reduction and termination of the high-value Eyamakhosi lease. A new lease agreement is still pending, contributing to the variance.

The table below demonstrates the number of straight connections for various customers per town:

	MAY 2025 STRAIGHT CONNECTIONS			LEAKING	JUNE 2025 STRAIGHT CONNECTIONS			LEAKING
TOWN	BUSINESS	RESIDENTIAL	METERS		BUSINESSES	RESIDENTIAL	METERS	
Dube	10	1 167	4		10	2 027	3	
Empangeni	152	463	37		191	544	19	
Esikhaleni	10	96	12		11	107	24	
Khoza	5	212	5		6	230	13	
Madlebe	3	833	78		4	1 090	75	
Mandlazini		47				59		
Mkhwanazi North	10	349			11	356	31	
Mkhwanazi South					4	571	2	
Mzingazi		10	1			12	2	
Ngwelezane	6	106	7		5	109	10	
Nseleni	3	14	3		4	21		
Richards Bay	129	114	37		133	118	40	
Vulindlela	-	12	4		2	12	1	
TOTALS	328	3 423	188		381	5 256	220	

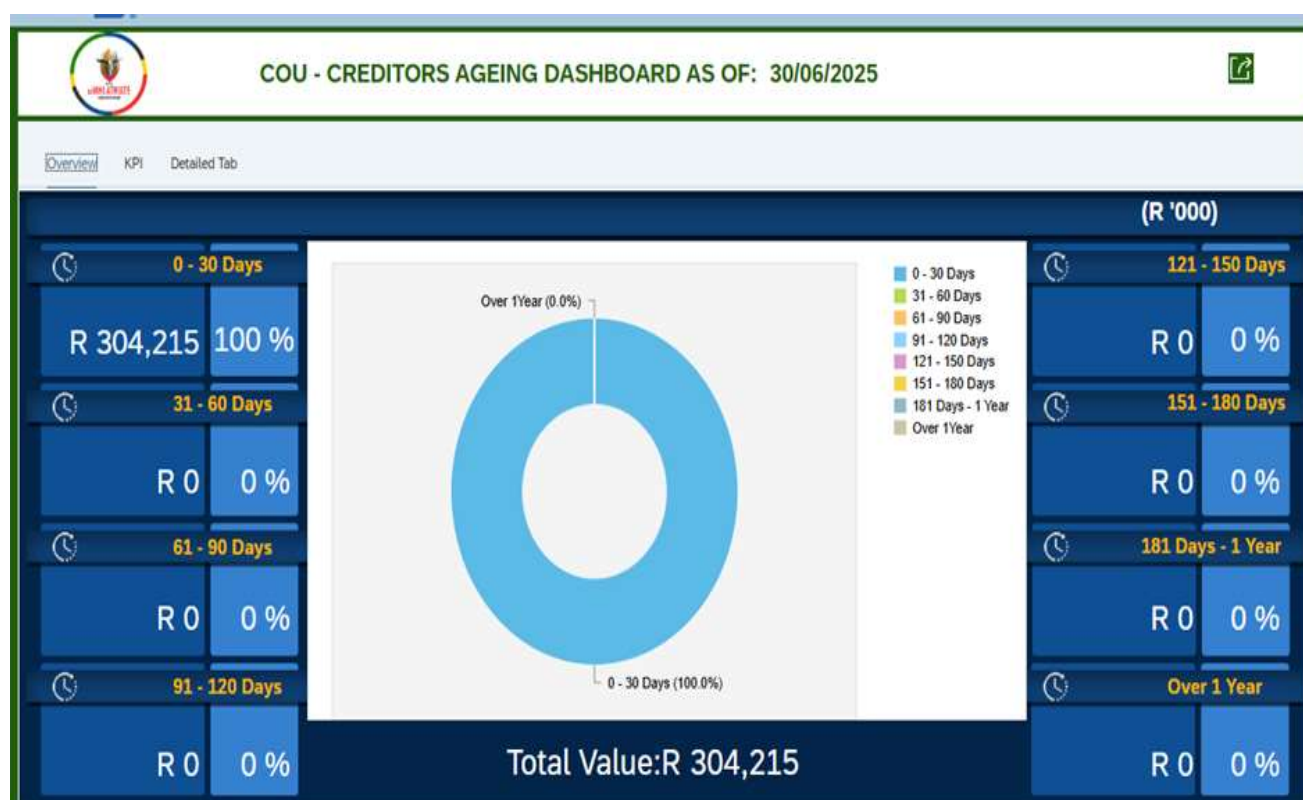
Increase in Straight Connections for Domestic Customers

There has been a significant increase in straight (unauthorized or unmetered) water connections for domestic customers. This is largely due to the delay in awarding the IT&S water meter supply contract. The rise in straight connections worsens the already critical issue of water losses and requires urgent intervention.

3.7 Creditors Age Analysis

Creditors age analysis by customer type:

Creditors Age Analysis By Customer Type	0 - 30 Days
	R
Bulk Electricity	200 993 522
PAYE deductions	16 865 714
Pensions / Retirement deductions	14 335 864
Trade Creditors	70 604 372
Other	1 415 222
Total By Customer Type	304 214 694



The above table represents the ageing of creditors outstanding as at 30 June 2025. 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 June 2025 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.

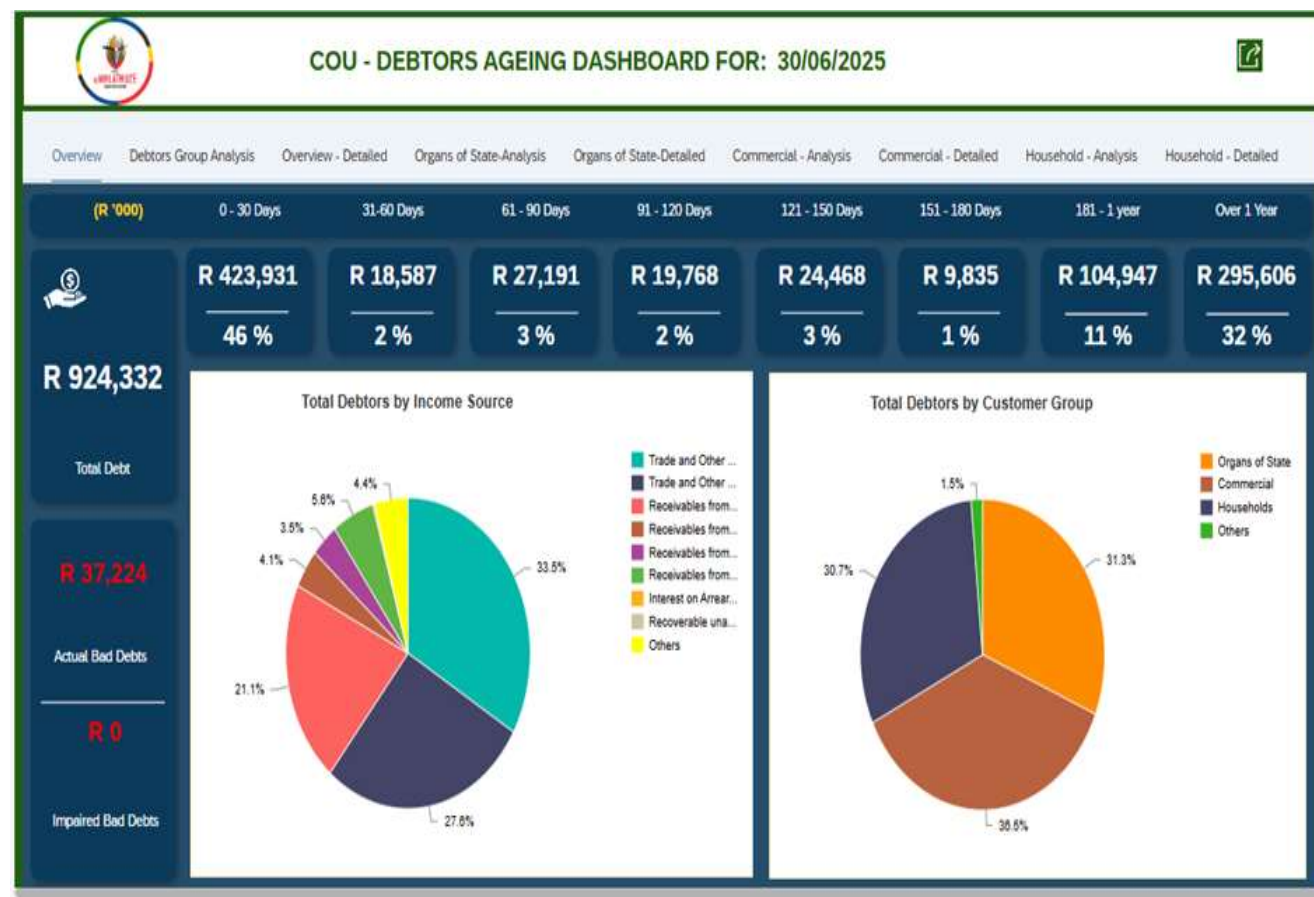
3.8 Debtors Age Analysis

➤ 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	166 734 292	4 834 602	7 771 447	109 613 834	288 954 175
Business	189 891 561	5 838 821	7 536 927	134 457 926	337 725 234
Households	66 272 715	7 569 666	11 404 642	198 602 061	283 849 084
Other	1 032 865	343 497	477 774	11 949 357	13 803 492
Total	423 931 432	18 586 585	27 190 790	454 623 178	924 331 985
%	45,86%	2,01%	2,94%	49,18%	

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:

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

PAYMENT RATIO'S					
RATIO	FORMULA	NORM / RANGE	INPUT DESCRIPTION	12 Month Rolling %	INTERPRETATION
1	Collection Rate - Rolling 12 Months	95%		97,59%	Please refer to page 5 of MFMA Circular No. 71
			Gross Debtors closing balance end June 2025	731 717 283	
			Gross Debtors opening balance July 2024	673 091 459	
			Bad debts written Off July 2024 to June 2025	37 224 180	
			Billed Revenue July 2024 - June 2025	3 983 563 535	

➤ 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:

<i>Formula (As per circular 71)</i>	<i>Norm</i>
((Gross Debtors - Bad Debt Provision) / Billed Revenue)) × 365	The norm is 30 Days

NETT DEBTORS IN DAYS					
4	Net Debtors Days	((Gross Debtors - Bad Debt Provision) / Actual Billed Revenue)) × 365	30 days		41,87 days
				Gross Debtors closing balance end June 2025	731 717 283
				Bad debts Provision / Impairment 2024 / 2025	274 732 500
				Billed Revenue July 2024 - June 2025	3 983 563 535

➤ **Top 10 Debtors**

TOP 10 DEBTORS							
Contract Account	Consumer Type	0-30 days	31-60 Days	61-90 Days	91-120 Days	121+ Days	Total
000001854904	PRIVATE BUSINESS	-	-	-	-	22 333 088	22 333 088
000000531788	STATE OWNED ENTITIES	-	-	-	-	21 328 930	21 328 930
000000188345	STATE OWNED ENTITIES	3 850 838	-	1 804 607	2 334 071	20 756 826	28 746 341
000030000543	SUNDRIES AND OTHER	792 710	290 355	290 355	290 355	9 414 784	11 078 559
000001153881	PRIVATE BUSINESS	69 094	34 547	69 094	-	7 685 052	7 857 786
000000416383	PRIVATE BUSINESS	170 688	0	85 344	85 344	7 483 172	7 824 547
000002369555	STATE AGRI INGONYAM	438 050	221 215	219 025	221 215	7 264 363	8 363 867
000002328365	STATE OWNED ENTITIES	-	-	-	-	6 496 650	6 496 650
000001610626	PRIVATE BUSINESS	-	-	-	-	6 254 892	6 254 892
000002367149	STATE HOUSEHOLD PROV	375 343	189 548	187 671	189 548	6 224 468	7 166 578
		5 696 721	735 665	2 656 095	3 120 533	115 242 223	127 451 237

Government Debt

The Government debtors are as follows:

Government Departments - Summary of ALL Debt						
Government Departments	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
National	8 586 168	3 390 427	2 344 023	1 086 474	3 413 013	18 820 104
Provincial	14 317 788	-48 733	2 089 753	2 753 116	43 565 176	62 677 098
Government accounts in Dispute	12 596	6 298	6 298	6 298	792 536	824 026
National Departments	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
National Public Works	8 104 360	3 163 293	2 133 381	854 282	976 035	15 231 352
SA Revenue Services	21 348	6 822	6 639	8 753	93 788	137 350
Stats SA	30 774	21 292	6 413	-	-	58 479
Dept of Agriculture and Rural Development & land Reform	77 894	22 303	22 862	22 219	837 702	982 980
Department of Water Affairs and Sanitation	351 791	176 717	174 727	201 220	1 505 488	2 409 943
	8 586 168	3 390 427	2 344 023	1 086 474	3 413 013	18 820 104
Provincial Departments	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
Public Works	65 249	25 561	-217 952	26 739	6 531 371	6 430 968
Education	2 079 083	39 012	148 349	262 316	6 021 615	8 550 375
Tvet Colleges	5 070 683	312 769	2 091 037	2 417 848	25 945 897	35 838 234
Human Settlement	155 696	40 311	43 301	27 321	990 372	1 257 001
Department of Transport	331 719	15 261	14 133	16 873	252 171	630 157
Department of Health	6 356 374	-482 692	10 886	2 019	3 823 750	9 710 337
COGTA						
Department of Social Welfare	258 983	1 045	-	-	-	260 028
SANRAL	-	-	-	-	-0	-0
	14 317 788	-48 733	2 089 753	2 753 116	43 565 176	62 677 098
Other Organs of State	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
Transnet	11 249 625	407 759	-10 242	3 754	1 379 297	13 030 194
ESKOM	215 121	7 613	2 688	2 589	118 742	346 753
Telkom	639 543	794	925	945	35 124	677 331
Foskor	42 319 075	20 473	-	-	-	42 339 548
SA Post Office	45 171	483	1 405	1 347	52 993	101 400
Richards Bay IDZ	2 217 194	-120 353	-50 418	-	-	2 046 424
Mhlathuze Water Board	2 956 167	233 264	236 012	233 264	24 125 675	27 784 381
King Cetshwayo District Municipality	8 579 786	-	127 770	111 115	1 960 157	10 778 828
	68 221 684	550 033	308 140	353 014	27 671 988	97 104 859
Ingonyama Trust Board	861 819	434 979	431 213	434 979	30 311 046	32 474 035

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 R159 988,62 as per **Annexure AP - DMS 1738492**.

Councillors debt amounts to R39 612,46 as per **Annexure AO - DMS 1738492**.

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** and is available on **DMS 1738492**.

4. EXCEPTION REPORTING ON OPERATING EXPENSES - FOR ENTIRE MUNICIPALITY

4.1 LOSSES TO COUNCIL'S PROPERTY

The tables below represent losses to Council's property for the period 1 April to 30 June 2025:

GLASS REPLACEMENT CLAIMS										
DATE	CLAIM NUMBER	CATEGORY	DETAILS OF INCIDENT	VEHICLE	V TYPE	AREA	DPT/SECT	EXCESS	DAMAGE	CLL COST
17/04/2025	222024/121	Glass Replacement	V1493 - Whilst driven by S Mkhize the windscreen was damaged when a stone picked up and struck the glass	V1493 - CJ 78 PT ZN	BMW	John Ross	Comms - Traffic	-	4 233,15	4 233,15
01/07/2025	222024/142	Glass Replacement	V2057 - Driven by BB Sivulo was damaged when someone threw an object at the window, the window broke and Sivulo was hurt	V2057 - BW 45 LC ZN	Isuzu	Richards Bay	Comms - Solid Waste	-	-	-
12/03/2022	222024/144	Glass Replacement	V1244 - Driven by SM Mngobokazi - a stone picked up and chipped the windscreen which spread over time and cracked	V1244 - NRB 26084	Nissan NP 300	Richards Bay	I&TS - Building and Structures	-	-	-
								-	4 233,15	4 233,15

THEFT CLAIMS										
DATE	CLAIM NUMBER	CATEGORY	DETAILS OF INCIDENT	VEHICLE	V TYPE	AREA	DPT/SECT	EXCESS	DAMAGE	CLL COST
21/05/2025	222024/138	Theft	Yacoob Dawood's laptop was stolen from his property during a break in			Richards Bay	Comms - Fire and Rescue	-	-	-

PUBLIC LIABILITY CLAIMS										
DATE	CLAIM NUMBER	CATEGORY	DETAILS OF INCIDENT	VEHICLE	V TYPE	AREA	DPT/SECT	EXCESS	DAMAGE	CLL COST
24/02/2025	222024/107	Public Liability	V1250 driven by Jacobus Kruger was involved in a collision with TP P Mbuyazi driving BN 85 Fy ZN	V1250 - NRB 85814	Nissan NP 300	Richards Bay	Energy Services - Fleet	5 000,00	-	-
22/04/2025	222024/111	Public Liability	V1471 - Driven by NS Mbatha - was involved in a TP collision whilst reversing in the Civic Centre Parking area	V1471 - NRB 94183	Nissan NP 300	Richards Bay	I&TS - Water and Sanitation	-	-	-
25/04/2025	222024/117	Public Liability	Damian Adams is claiming for damages to his vehicle allegedly caused during a rear collision with NRB 77151	V1462 - NRB 77151	Powerstar - Crane	Richards Bay	I&TS - Roads and Stormwater	-	-	-
25/04/2025	222024/118	Public Liability	T Varden is claiming for damages to his vehicle allegedly caused during a rear collision with NUF 63436 caused by V1462	V1462 - NRB 77151	Powerstar - Crane	Richards Bay	I&TS - Roads and Stormwater	-	-	-
15/03/2025	222024/122	Public Liability	Yusuf Ismail is claiming for damages allegedly caused to his property by a sewerage blockage			Empangeni	Comms - Water and Sanitation	-	-	-
29/03/2025	222024/123	Public Liability	Thabani Leon Mlonde is claiming for damages to his vehicle tyres allegedly caused by a pothole			Dune Route	I&TS - Roads & Stormwater	-	-	-
26/02/2025	222024/124	Public Liability	Thabiso M Moloi is claiming for damages to his vehicle tyres allegedly caused by a pothole			Empangeni	I&TS - Roads & Stormwater	-	-	-
21/03/2025	222024/125	Public Liability	Nduduso Celeis claiming for damages to his vehicle tyre and rim were allegedly caused by a pothole			Richards Bay	I&TS - Roads & Stormwater	-	-	-
12/05/2025	222024/127	Public Liability	V2058 - Driven by NL Mpanza damaged the wall of Esikhaleni Primary school whilst exiting	V2058	Refuse Compactor	Eikhaleni	Comms - Solid Waste	-	-	-
25/04/2025	222024/134	Public Liability	V1462 - Driven by WM Mthethwa was allegedly involved in a third party collision with BJ 70 RN ZN and NUF 63436	V1462 - NRB 77151	Powerstar - Crane	Richards Bay	I&TS - Roads & Stormwater	-	-	-
05/12/2025	222024/136	Public Liability	Nondumiso Mashiane is claiming for damages to her property wall allegedly caused by a high mast pole that broke			Ngwelezane	Electrical and Energy Services	-	-	-
11/06/2025	222024/140	Public Liability	Marcus Havemann is claiming for damaged to his vehicle allegedly caused by V1360 when the door swung back due to heavy wind	V1360 - NRB 89170	Ford Ranger	Richards Bay	Corporate Services - ICT	-	-	-
27/04/2025	222024/141	Public Liability	Kwenzawakufani Buthelezi is claiming for damages to his vehicle allegedly caused by a collision with BV 48 SP - ZN	BV 48 SP - ZN	Isuzu	Richards Bay	Comms - Solid Waste	-	-	-
								5 000	-	-

NOTES:

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DAMAGES TO COUNCIL VEHICLES										
DATE	CLAIM NUMBER	CATEGORY	DETAILS OF INCIDENT	VEHICLE	V TYPE	AREA	DPT/SECT	EXCESS	DAMAGE	CLL COST
04/09/2024	222024/108	Vehicle Damage	V1459 - Driven by M Zondi was damaged when a stone picked up and damaged the windscreen	V1459 - NRB 89416	Ford Ranger	Alumina Allee	I&TS - Building and Structures	-	-	-
03/04/2025	222024/109	Vehicle Damage	V1427 - Driven by TW Mdlalose was damaged when vehicle slipped and broke 5 poles, fence and windscreen	V1427 - NRB 71410	Toyota Hino	Matshana	Comms - Waste Management	-	7 779	7 779
23/12/2024	222024/110	Vehicle Damage	V1349 - The key broke in the ignition when the driver started the vehicle	V1349 - NRB 89186	Ford Ranger	Empangeni	I&TS - Water and Sanitation	-	6 675	6 675
10/04/2025	222024/112	Vehicle Damage	V2012 - Driven by Sakhile Nxumalo was damaged when a TP vehicle collided with the side of the tanker and drove off	V2012 - NRB 27282	UD Water Tanker	Macekane	I&TS - Water and Sanitation	-	-	-
07/04/2025	222024/113	Vehicle Damage	V1672 - Driven by SQ Mabaso - the wheel of the trailer loosened and fell off and the electric cable got damaged	V1672 - FLJ 353 X	Jetting Machine	Richards Bay	I&TS - Urban Roads	-	-	-
13/04/2025	222024/114	Vehicle Damage	V1456 - Driven by Moses Ngobese was damaged when the vehicle was driven into a trench	V1456 - NRB 91785	Nissan Quester	Macekane	I&TS - Water and Sanitation	-	-	-
16/04/2025	222024/115	Vehicle Damage	V1492 - Driven by Michael Gumede - lost the fuel cap which may have loosened whilst he was driving	V1492 - NRB 97028	Powerstar - Crane	Esikhaleni	I&TS - Roads and Stormwater	-	-	-
11/04/2025	222024/116	Vehicle Damage	V0471 - Driven by Tracy Shabalala was damaged when the driver reversed into a TLB that she did not notice	V0471 - NRB 9987	Nissan UD 35	Esikhaleni	I&TS - Roads and Stormwater	-	-	-
29/04/2025	222024/119	Vehicle Damage	V2056 - Driven by SH Dladla was damaged when the steps of the compactor got stuck in the mud	V2056 -	Isuzu Compactor	Ngwelezane	Comms - Solid Waste	-	-	-
06/05/2025	222024/120	Vehicle Damage	V1210 - Driven by LNH Lukhele was damaged when the bonnet allegedly flew open whilst she was driving	V1210 - NRB 44025	Chev Sedan	N2	Comms - Traffic	-	16 339	16 339
06/05/2025	222024/120	Vehicle Damage	V1210 - Driven by LNH Lukhele was damaged when the bonnet allegedly flew open whilst she was driving	V1210 - NRB 44025	Chev Sedan	N2	Comms - Traffic	-	850	850
09/05/2025	222024/126	Vehicle Damage	V2041 - Driven by MT Mkhwanazi was damaged when the driver reversed into a pole	V2041 - NRB 45584	VW Crafter	Eikhhaleni	I&TS - Roads & Stormwater	-	-	-
18/12/2024	222024/128	Vehicle Damage	V0387 - Driven by Phumelani Ngcobo was involved in a collision with a third party	V0387 - NRB 75313	UD Water Tanker	Ntambanana	Comms - Water and Sanitation	-	-	-
08/05/2025	222024/129	Vehicle Damage	V1456 - Driven by Phumelani Ngcobo was damaged when the truck slipped and collided with a tree	V1456 - NRB 91785	UD Water Tanker	Ntambanana	Comms - Water and Sanitation	-	-	-
12/05/2025	222024/130	Vehicle Damage	V1656 - Driven by Thulani Mthembu was damaged when a stick picked up and damaged the hydraulic pipe	V1656	Excavator	Hlanganani	I&TS - Roads & Stormwater	-	-	-
07/10/2024	222024/133	Vehicle Damage	V1497 - Driver L Phungula had parked off the vehicle and when he returned he noticed that the headlamp was damaged	V1497 - NRB 67642	Audi	Empangeni	Comms - Traffic	-	-	-
16/05/2025	222024/135	Vehicle Damage	V1417 - Driven by BR Zuma - the door handle broke off when he opened the door	V1417 - NRB 92560	UD Compactor	Richards Bay	Comms - Solid Waste	-	-	-
13/06/2025	222024/137	Vehicle Damage	V1412 - Driven by RTM Ndlovu was damaged when a TP with registration NUF 28255 collided into the rear of V1412	V1412 - NRB 72578	VW Polo	Esikhaleni	Comms - Water and Sanitation	-	-	-
13/05/2025	222024/139	Vehicle Damage	V1450 - Driven by SJ Gumede was damaged when an oncoming TP collided into it	V1450 - NRB 88837	Ford Ranger	Port Durnford	Comms - Water and Sanitation	-	-	-
19/05/2025	222024/143	Vehicle Damage	V1102 - Driven by BG Mthembu was damaged when he collided into the rear of a TP vehicle	V1102 - NRB 16326	Isuzu KB 200	Richards Bay	Comms - Solid Waste	-	-	-
28/05/2025	222024/145	Vehicle Damage	V1416 - Was damaged when it was set alight by unknown persons	V1416 - NRB 76033	UD	Esikhaleni	Comms - Solid Waste	-	-	-
30/05/2025	222024/146	Vehicle Damage	V2037 - Driven by S Dladla was damaged whilst refuse was being filled into the compactor	V2037 - NRB 92698	FAW	Ntambanana	Comms - Solid Waste	-	-	-
28/05/2025	222024/147	Vehicle Damage	V1642 - Was damaged whilst being in use, the cause of the damage is unknown	V1642 - NRB 50877	Bell	Empangeni	Comms - Solid Waste	-	-	-
26/06/2025	222024/148	Vehicle Damage	V2050 - Driven by L Mgubane was damaged when he rolled into the tow truck that he was escorting	V2050 - NUF 62826	Toyota Corolla	Empangeni	Comms - Traffic	-	-	-
13/03/2025	222024/100	Vehicle Damage	V1624 - Driven by JM Mkhwanazi was damaged when a stone picked up and shattered the windscreen	V1624 - NRB 88869	Bell TLB	Nseleni	I&TS - Roads and Stormwater	-	-	-
14/03/2025	222024/101	Vehicle Damage	V2064 - Driven by NL Mpanza was damaged whilst offloading a skip	V2064 - GCK993X	UD Compactor	Esikhawini	Comms - Solid Waste	-	-	-
								-	31 644	31 644

NOTES:

OFFICIAL FINAL VERSION

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- Public liability claims remain problematic, damages allegedly caused by potholes and vehicle collisions were increased this term. It is also noticed that legal approaches have also increased.
- 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.
- Delayed reporting of incidents and lack of co-operation from departments remain a challenge in finalising claims and attract unnecessary legal action.
- Vehicle inspection check sheets must be re-introduced as it has been very effective previously.
- Vehicle inspection check sheets must be re-introduced as it has been very effective previously.

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:

- **No Land sales for the quarter ended 30 June 2025.**

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 14091 dated 26 August 2020 (**RPT 167608**):

ANNEXURE D: COST CONTAINMENT REPORT AS AT 30 JUNE 2025				
COST CONTAINMENT MEASURES	ADJUSTED BUDGET 2024/25	PRO-RATA ADJUSTED BUDGET (YTD)	ACTUAL JUNE 2025 (YTD)	SURPLUS/ (DEFICIT)
Advertisement & Marketing	4 911 700	4 036 000	2 004 986	2 031 014
Sponsorship, Events and Catering Services	3 554 600	3 269 600	1 765 946	1 503 654
Conference, meetings and study tours	540 100	309 500	108 691	200 809
Entertainment	335 400	135 400	-	135 400
Communications:Radio and TV Transmission and SMS Bulk Message Service	3 194 100	3 194 100	2 270 382	923 718
Consultants Sevices	211 977 500	210 813 800	187 984 147	22 829 653
Travel and subsistence allowance (incl accommodation)	3 602 000	2 295 200	1 605 397	689 803
Vehicle hire for Public office bearers	280 800	280 800	442 901	(162 101)
TOTAL	228 396 200	224 334 400	196 182 450	28 151 950

4.4 OVER-EXPENDITURE

Table below is the over-expenditure per commitment items as at 30 June 2025. These are based on the year to date budget for the fourth quarter of 2024/2025 financial year. This is an indication that the allocated budget for the year did not cover the expenditure. Departments are urged to spend within the budget limit to avoid disruption of service delivery.

Commitment Item	Commitment Item Description	System Budget 2024/2025	Actuals As At 30 June 2025	Over Spent
4400004500	Contracted Services:Contractors:Safeguard and Security	71 180 600	99 443 104	(28 262 504)
4450000100	Inventory Consumed:Consumables: Fuel	41 953 900	46 435 189	(4 481 289)
4500004000	Levies Paid - Water Resource Management Charges	43 394 200	50 885 005	(7 490 805)
4500004500	Operational Cost:Municipal Services EskomDirect	18 657 000	22 963 548	(4 306 548)
4700000200	Transfers and Subsidies:Operational:Monetary Allocations:Grant In Aid	916 900	992 658	(75 758)
Total				(44 616 904)

Fuel and Oil-there is a budget overspent this 4th quarter arising from Fuel module that has been introduced at the beginning of May. Some departments did not initially budget correctly for this commitment item and hence this also affect service delivery for instance trucks which collect bins have no fuel.

Safeguard and Security – this commitment item is over-spent against system budget by R28 m and this was anticipated since by end of March we were at R15 m deficit. It is clear that Security Services will not be able to meet its obligation to pay outstanding invoices as at end of June 2025.

Water and Electricity-It is concerning that the council is obligated to pay for water and electricity however the actuals in this quarter are more than the pro-data budget and outstanding invoices might not be processed and this could contribute more to deficit. Going forward these invoices might be pushed to 2025/26 finance and hence affects its budget. Water is overspending by R7 million and Electricity by R4 million as at end of June 2025.

Over Expenditure received after Adjustment Budget

FUNCTION	FUNCTION DESCRIPTION	PROJECT NUMBER	PROJECT DESCRIPTION	GL CODE	REASON	AMOUNT
DQ	Purification Works	D/DQ6BA1.001	OP Cost Purification Works.	4450000500	Funds required for the supply and delivery of Chemicals for water and waste water treatment plants.	4 092 000
DQ	Purification Works	D/DQ6BA1.001	OP Cost Purification Works.	4450000500	Funds required for the supply and delivery of Chemicals for water and waste water treatment plants.	5 830 400
BK	Information Technology	D/BK7BA1.001	OP Cost Information Technology	4500003100	Funds required for payment of Software licenses.	8 712 000
DN	Water Distribution-Urban Water	D/DN6BA1.001	OP Cost Urban Water	4400002600	Funds required for Legal Advice and Litigation fees. RPT 180444	4 877 200
DC	Solid waste removal	D/DC4BA1.001	OP Cost Solid waste	4500002400	Funds required for the payment of outstanding invoices for dumping fees.	3 601 000
						27 112 600

The table above represents operating budget over-expenditures processed as at 30 June 2025:

5. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables (**DMS 1756862**) respectively have been prepared in accordance with the Municipal Budgeting and Reporting Regulations:

TABLE NUMBER	DESCRIPTION	ANNEXURE
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

6. 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 4 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 November 2017, the submission of this report has commenced.

- **Staffing**

Staffing in the 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 were two (2) follow ups and one (1) new finding from Internal Audit function in Quarter 4 of 2024/25 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 trainings were attended:

Date	Number of Beneficiaries	Training/Workshop	Service Provider
17/06/2025	9	MFMP Training (Risk Management)	Sanda Skills Development

- **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 completion of the 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
Apr-25	31
May-25	31
Jun-25	29
	91

- 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 1738492**:

- 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 Year to Date at end of Quarter 4 amounting to R 17 792 964,87 (view Annexure AR – DMS 1738492). Therefore, there was one deviation for quarter 4.

DEVIATIONS AS AT THE QUARTER ENDED 30 JUNE 2025										
	QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		TOTAL NUMBER OF DEVIATION (YTD)	TOTAL AMOUNT OF DEVIATIONS (YTD)
DEPARTMENT	No.	Value	No.	Value	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
Electricity and Energy Services (EES)	-	-	1	33 365	-	-	1	1 569 229	2	1 602 594
Community Services (COMS)	1	68 916	1	36 504	-	-	-	-	2	105 420
Total	4	16 153 867	2	69 869	-	-	1	1 569 229	7	17 792 965

AWARDED TENDERS FOR THE FOURTH QUARTER

MONTH	NUMBER OF AWARDS	TOTAL
Apr-25	5	8 062 080
May-25	9	75 636 820
Jun-24	7	19 274 860
TOTAL	21	102 973 761

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
14	3	2	BSC 8	6
			BEC 16	4
			BAC 19	4

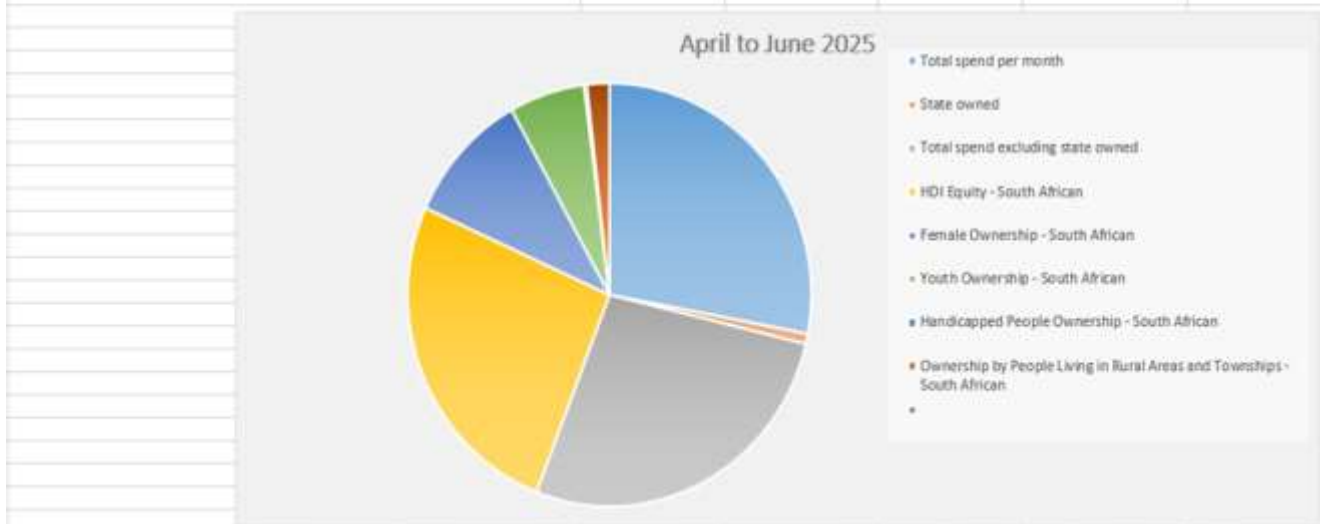
Number of Tenders where Validity Period were extended	
Number	Reasons
27	Due to the tender being referred back from the Committees for various reasons such as lack of supporting documentation and information.

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	Mathabatha Noko Ramphela (Pty) Ltd	R 3 760 437.41
2	National Treasury	Volkswagen of South Africa (Pty) Ltd	R 2 249 209.56
3	National Treasury	Keyspirit Trading	R 4 136 097.05
		Isipho Capital Motors	R 1 794 364.09
4	National Treasury	Isuzu Motors South Africa (Pty) Ltd	R 897 192.39
5	National Treasury	Isuzu Motors South Africa (Pty) Ltd	R 969 596.08
		Toyota South Africa Motors (PTY) LTD	R 1 009 569.42
6	National Treasury	TATA AFRICA HOLDINGS SA (PTY) LTD	R 9 732 050.00
7	National Treasury	Toyota South Africa Motors (Pty) Ltd	R 1 138 998.27

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 4:

	April 2025	May 2025	June 2025	Total per group	Percentages
Total spend per month	63 304 092,53	77 358 577,06	98 527 772,93	239 190 442,52	
State owned	1 779 902,05	1 919 835,79	2 473 752,89	6 173 490,73	
Total spend excluding state owned	61 524 190,48	75 438 741,27	96 054 020,04	233 016 951,79	
HDI Equity - South African	58 519 862,81	84 600 357,76	124 216 425,67	267 336 646,24	114,73%
Female Ownership - South African	23 112 134,01	26 591 601,51	28 584 231,26	78 287 966,78	33,60%
Youth Ownership - South African	13 668 567,04	14 215 976,74	36 904 268,36	64 788 812,14	27,80%
Handicapped People Ownership - South African	522 250,47	111 211,18	535 544,97	1 169 006,62	0,50%
Ownership by People Living in Rural Areas and Townships - South African	4 057 676,68	8 883 476,22	19 788 594,25	32 729 747,15	14,05%



- 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 APRIL 2025 TO 30 JUNE 2025	
REPORT ON OBJECTIONS AND COMPLAINTS (In terms of SCMP, clause 49)	
Details of objections or complains for tenders	<ul style="list-style-type: none">• Tender 8/2/1/UMH1244-22/23 – Mills Fitchet Africa (Pty) Ltd• Tender 8/2/1 UMH1369-23/24 – Provantage (Pty) Ltd; and• Tender 8/2/1/UMH952-21/22 – SA Water Product (Pty) Ltd• Tender 8/2/1/UMH1442-23/24 – Black Dinesty
Against the procurement process	None
Against the decision or action	4
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;	<ol style="list-style-type: none">1. The ongoing objection/ complaint by Mills Fitchet Africa (Pty) Ltd for tender 8/2/1/UMH1244-22/23 is currently in court.2. The objection for tender 8/2/1/UMH1369-23/24 is currently with the attorneys; and3. The objection for tender 8/2/1/UMH952-21/22 is currently with Legal Services4. The objection for tender 8/2/1/UMH1442-23/24 was dealt with in terms of the SCMP clause 50, the bidder accepted the reasons for their non-award and withdrew the objection.

CONTRACT AND LOGISTICS MANAGEMENT

CONTRACT REGISTER-QUARTER 4	
Details	Number
Contracts Expiring in 6 months	35
Total Contracts Carried Over from 31/03/2025	177
Total Effective Contracts as of 30/06/2025	189
Total Contracts closed in Q4	15
Total Captured in Q4	15
Number of Contracts amended using 15% and 20% threshold	5

VARIATION ORDER AND EXPANSIONS			
Contracts that 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/UMH655-20/21 PR08	IMPROVEMENTS/RENOVATIONS TO EMPANGENI SWIMMING POOL	SILULEME TRADING	R3 875 649.50
8/2/1/UMH564-19/20 PR01	IMPLEMENTING AND INVESTIGATING MANDLANZINI AND BIRDSWOOD MV NETWORK NORMALIZATION	AFRILECTICAL CONSULTING ENGINEERS	R5 974 628.44
8/2/1/UMH546-19/20	SUPPLY, DELIVERY, AND OFF-LOADING OF ELECTRICAL CABLES FOR A PERIOD OF THREE (3) YEARS AS AND WHEN REQUIRED	ABERDARE CABLES (PTY) LTD	R2 151 748.90
8/2/1/UMH546-19/20	SUPPLY, DELIVERY, AND OFF-LOADING OF ELECTRICAL CABLES FOR A PERIOD OF THREE (3) YEARS AS AND WHEN REQUIRED	ACTOM (Pty) Ltd	R4 106 880.00
8/2/1/UMH575-19/20	SUPPLY, DELIVERY, AND OFF-LOADING OF WATER TREATMENT CHEMICALS FOR WATER TREATMENT WORKS AND WASTE WATER TREATMENT WORKS AS AND WHEN REQUIRED	ZAR INDUSTRIAL SERVICES	R15 239 506.45

- Monthly Stock Count**

The stock count results for Quarter 4 ending 30 June 2025 are as follows:

STOCK TAKE RECONCILLIATION FOR THE PERIOD ENDED 30 JUNE 2025	
DESCRIPTION	AMOUNT
Stock value before stocktake	59 118 625
Positive Variance	412 400
Negative Variance	(628 101)
Fuel Value Before Stock Take	1 431 171
Unfavourable Variances - Fuel	(5 824)
Favourable Variances - Fuel	3 462
Inventory Value After Stock Take (Before receipt and issues during stock take)	60 331 733
Issues during stock take	(8 039 586)
Receipts during stock take	795 735
Stock Written Off	(100 121)
Inventory for the Quarter	52 987 761
Fleet Sub-Stores module	642 378
Inventory for the Year	53 630 139

PART 3 - SUPPORTING DOCUMENTATION

7. DEBTORS ANALYSIS

Refer to supporting table SC3 - Aged Debtors (**Annexure M**) for the month ended 30 June 2025.

8. CREDITORS ANALYSIS

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) for the month ended 30 June 2025.

9. INVESTMENT PORTFOLIO ANALYSIS

Refer to supporting table SC5 - Investment portfolio (**Annexure O**) for the month ended 30 June 2025.

10. 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 30 June 2025.

11. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) for the month ended 30 June 2025.

12. 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	ADJUSTED BUDGET 2024/2025	SUPPLEMENTS /(RETURNS)	VIREMENTS	FINANCIAL SYSTEM BUDGET 2024/25	ACTUAL JUNE 2025 (YTD)	% OF SYSTEM BUDGET SPENT
DEPUTY MUNICIPAL MANAGER: CITY DEVELOPMENT	53 839 400	70 400	(3 139 400)	50 770 400	28 441 455	56%
CITY DEVELOPMENT	53 839 400	70 400	(1 000 000)	52 909 800	13 248 906	25%
DEPUTY MUNICIPAL MANAGER: COMMUNITY SERVICES	41 122 200	844 700	20 401 700	62 368 600	42 076 977	67%
COMMUNITY SERVICES - HEALTH AND PUBLIC SAFETY	5 288 000	600 000	(3 100 400)	2 787 600	220 094	8%
COMMUNITY SERVICES - RECREATION AND ENVIRONMENTAL SERVICES	35 736 700	175 700	23 502 100	59 414 500	41 818 008	70%
COMMUNITY SERVICES - PROTECTION SERVICES	97 500	69 000	-	166 500	38 876	23%
DEPUTY MUNICIPAL MANAGER: CORPORATE SERVICES	49 415 500	-	(5 384 500)	44 031 000	29 253 732	66%
CORPORATE SERVICES - ADMINISTRATION	14 399 200	-	8 701 000	23 100 200	12 561 187	54%
CORPORATE SERVICES - ICT	34 940 100	-	(14 085 500)	20 854 600	16 692 546	80%
CORPORATE SERVICES - LEGAL SERVICES		-	-	-	-	0%
CORPORATE SERVICES - HUMAN RESOURCES	76 200	-	-	76 200	-	0%
CHIEF FINANCIAL OFFICER	14 509 000	-	100 000	14 609 000	5 727 975	39%
FINANCIAL SERVICES	14 509 000	-	100 000	14 609 000	5 727 975	39%
DEPUTY MUNICIPAL MANAGER: ELECTRICAL AND ENERGY SERVICES	105 857 800	(1 940 000)	(11 977 100)	91 940 700	71 684 983	78%
ELECTRICAL SUPPLY SERVICES	105 857 800	(1 940 000)	(11 977 100)	91 940 700	71 684 983	78%
DEPUTY MUNICIPAL MANAGER: INFRASTRUCTURE SERVICES	363 009 300	(21 400 000)	(700)	341 608 600	335 947 735	98%
ENGINEERING SUPPORT SERVICES	99 754 700	-	(14 940 800)	84 813 900	79 244 543	93%
TRANSPORT, ROADS AND STORMWATER	77 061 000	-	8 096 800	85 157 800	75 134 448	88%
WATER AND SANITATION	186 193 600	(21 400 000)	6 843 300	171 636 900	181 568 744	106%
OFFICE OF THE MUNICIPAL MANAGER	52 000	-	-	52 000	15 072	29%
TOTAL OFFICE OF THE MUNICIPAL MANAGER	52 000	-	-	52 000	15 072	29%
TOTAL CAPITAL BUDGET	627 805 200	(22 424 900)	-	605 380 300	513 147 928	85%

13. **CAPITAL PROGRAMME PERFORMANCE**

Refer to the following tables for the month ended 30 June 2025:

- 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**).

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

Refer to **DMS 1756985** (**Annexure AR**).

PART 4 - OTHER LEGISLATION REQUIREMENTS

15. **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 1738492)** 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).”

“(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:”

R 27 405 813,11 (NPA vehicle licence pay over).

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

R 46 194,78

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

R 197 110,93 (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 financial position of the uMhlathuze Municipality as at 30 June 2025, 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 1756862)** including the quarterly requirements in terms of Section 52(d) be noted;
2. the cost containment savings as required in terms of Regulation 15 of Municipal Cost Containment Regulations (MCCR), be noted; and
3. stock valued at R 100 121 be written off as at 30 June 2025; and
4. the amount of **R71 729 504 (detailed under Part 4 – Section 4.4))** which is recorded as unbudgeted and unavoidable expenditure in the Financial Report for the City of uMhlathuze for the year ended 30 June 2025, be condoned.