



**MID-YEAR BUDGET AND
PERFORMANCE ASSESSMENT
REPORT FOR
DR NKOSAZANA DLAMINI ZUMA
LOCAL MUNICIPALITY
2021/22 FINANCIAL YEAR**

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1. PART 1 – IN YEAR REPORT

1.1 Purpose

To inform Council of progress made in the implementation of the budget and the performance outcomes in respect of the past first six months of the 2021/22 financial year, and to recommend whether an adjustments budget is necessary or not.

1.2. Mayors Report

Dr Nkosazana Dlamini Zuma Local Municipality is pleased to officially present the Section 72 Mid-Year Budget and performance assessment for 2021/22 financial year where we report on how the municipality has performed in the past six months, We also to report on how the municipality anticipate to fulfill its Constitutional mandate and ensure that Service delivery priorities, as identified in the Integrated Development Plan (IDP) are funded and implemented, in terms of Section 71 read with Section 72 of the MFMA which states that the Accounting Officer of a municipality must by the 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 budget 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;

It is by this Act that the Accounting Officer submitted this report and presented to Council. There have been no major changes on anticipated revenue both from our own revenue and from grants even though, there would be a need for adjustment budget as there were capital items that were budgeted to be procured in 2020/21 financial year but they will be procured in current financial year due to delays caused by covid-19 because of this, there would be a need also to revise the SDBIP priorities.

Honorable Speaker, the drastic effects of the Covid-19 pandemic continue across the South African economy, with the government scrambling across to divide for financial resources, to alleviate these rare circumstances caused by the pandemic. The economic impacts of Covid-19 are already shaped up to be significant, yet uneven, across the country. Not only are workers and businesses affected, but so too is the fiscal capacity of governments that rely on a healthy economy for their revenue. As the crisis unfolds, the impact on municipalities' bottom line will be driven not only by overall economic conditions but specifically the parts of the economy where revenue is generated: retail sales, tourism and holidays, income and wages, and real estate. Dr Nkosazana Dlamini Zuma local municipality is one of the municipalities that have been impacted negatively due to a loss of revenue streams as businesses, households and communities reel from the economic fallout caused by Covid-19.

Many budgeted community programmes were affected by lockdown rules. For example, Arts and Culture, Sport Development, Operation Sukuma Sakhe and many more could take place. The heavy rains have also affected many of our infrastructure projects, especially our road networks. Shifting of funds from non-essential activities to infrastructure maintenance must be considered as well

Essential service delivery, which is the core function of any municipality, has continued unabated throughout the lockdown period and I would like to salute the essential services officials for their heroic work during this time. Our safety measures have been put in place. The lockdown has caused a backlog at certain departments, especially community services and PWBS and I want to assure you that we are working hard to clear this backlog. The municipality have implemented strict measures to ensure the safety of officials, councillors and residents who visit our municipal offices. These include:

- Thermometers and sanitizers at the entrances to municipal buildings;
- Screening forms to be completed by staff and visitors daily;
- Protective gear such as face shields and masks are available to all councillors and officials;
- Workspaces, bathrooms, kitchens and vehicles are cleaned and sanitized continuously;
- Ward rooms, libraries remain closed to prevent face-to-face contact.

Our focus now is therefore driving efficiencies and doing more with less. Our core purpose remains service delivery and therefore the majority of our capital budget is invested in the maintenance, upgrading and expanding of our infrastructure to ensure quality service delivery to all our residents. The municipality have expanded its scope of basic services and free basic services to respond directly to the socio-economic impacts of the pandemic and prevent the transmission of communicable diseases i.e., cleaning of public places and so on. The municipality need to work hard in find ways to generate revenue.

We would not forget our main objective as the municipality which is to ensure that the communities of Dr Nkosazana Dlamini Zuma Municipality get access to basic services and thus we are confident that with the support from all stakeholders the Adjustment Budget would be complied in a manner that would ensure that this happens. Dr Nkosazana Dlamini Zuma Municipality therefore pledges its commitment to effective and efficient Service Delivery as outlined in the 2021/22 IDP and Budget.

Considering the above explanation, I hereby recommend that the council may approve the 2021/22 Mid-Year Budget and Performance Assessment.

I thank you.

Honourable Mayor
Councillor S.P Msomi

2. Resolutions

It is recommended that the Mayor note:

- The quarterly report on the implementation of the budget in terms of s52 (d) of the MFMA
- The Mid-Year Budget & Performance Assessment in terms of s72 of the MFMA
- The Preparation of the Adjustments Budget for Tabling to Council on or before the 28th February 2021
- The Revision of the projections for Revenue & Expenditure in the SDBIP

3. Executive Summary

- **Purpose**

The discussion that follows, in terms of MFMA Section 71 and Section 52(d), intends to inform Council on the progress made thus far in terms of implementing the 2020/2021 budget for the period ending 31 December 2021.

- **Legislative Requirements**

In terms of Section 72 of the MFMA, the Accounting Officer of the Municipality is required to submit a report in the prescribed format to the Mayor by the 25 January of each year, reviewing the financial performance of the municipality for the past first six months of the year. This mid-year report is a critical stage in the in-year reporting cycle. As part of the review, in terms of Section 72(3), the accounting officer needs to make recommendations as to whether an Adjustment Budget is necessary and recommend revised projections for revenue and expenditure to the extent that this may be necessary. Furthermore, Section 54(e)&(f) of the MFMA requires the Mayor identify any financial problems facing the municipality, including any emerging or impending financial problems and to consider and submit a report to Council by 31 January.

- **Midyear Budget & Performance Assessment**

The municipality's Performance of the approved budget is best summarised in table C1 under the heading "In Year Budget statement Tables". While the operational budget expenditure has not been good due to the postponement of many programmes in the first and second quarter due to national lockdown, accelerated implementation of the Capital projects would have to be sought in order to increase the provision of basic services to the communities the capital budget spending is far less than the 50% anticipated due to the delays caused by the national lockdown. Piling

outstanding consumer debts is continuing to be a challenge to the municipality and pose a threat to the municipality's liquidity position. The municipality is busy with strategies to try and deal with this challenge.

4. In -Year Budget Statement Tables

Budget Statement Tables Version 6.3 of the C Schedule is attached; the tables provide overall performance of the municipality in the past six months.

PERFORMANCE HIGHLIGHTS

SUMMARY OF FINANCIAL PERFORMAMCE	
Actual Revenue to Budgeted Revenue (Billed)	67%
Actual Revenue to Budgeted Revenue (Receipts)	42%
Actual Opex to Budgeted Opex	38%
Actual Capex to Budgeted Capex	29%
Employee related cost	44%
Councillors Remuneration	47%
Conditional Grants Expenditure	41%
Cash Coverage Ratio	9:1
Creditors Age Analysis	100% creditors paid
Debt Collection rate	94%

Monthly Budget Statements Summary

Table C1 below provides a summary of the overall performance in the Municipality and is unpacked in the sections that follow.

KZN436 Dr Nkosazana Dlamini Zuma - Table C1 Monthly Budget Statement Summary - M01 July

Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	34 318	36 226	36 226	2 832	17 503	18 113	(610)	-3%	36 226
Service charges	3 878	4 045	4 045	334	2 004	2 023	(18)	-1%	4 045
Investment revenue	6 424	6 338	6 338	266	2 431	3 169	(738)	-23%	6 338
Transfers and subsidies	168 530	147 721	147 721	48 588	110 435	73 860	36 574	50%	147 721
Other own revenue	9 231	10 450	10 450	976	4 672	5 225	(553)	-11%	10 450
Total Revenue (excluding capital transfers and contributions)	222 381	204 780	204 780	52 996	137 045	102 390	34 654	34%	204 780
Employee costs	66 929	86 453	86 453	10 148	38 377	43 226	(4 849)	-11%	86 453
Remuneration of Councillors	11 598	11 901	11 901	989	5 511	5 951	(440)	-7%	11 901
Depreciation & asset impairment	32 995	49 362	49 362	3 393	19 243	24 681	(5 438)	-22%	49 362
Finance charges	149	303	303	0	9	151	(143)	-94%	303
Materials and bulk purchases	2 973	4 090	4 090	429	1 428	2 045	(617)	-30%	4 090
Transfers and subsidies	2 031	2 068	2 068	90	560	1 034	(474)	-46%	2 068
Other expenditure	49 369	85 050	85 050	5 992	25 735	42 525	(16 789)	-39%	85 050
Total Expenditure	166 043	239 228	239 228	21 042	90 862	119 613	(28 750)	-24%	239 228
Surplus/(Deficit)	56 338	(34 447)	(34 447)	31 954	46 182	(17 222)	63 405	-368%	(34 447)
Transfers and subsidies - capital (monetary allocations)	29 067	36 508	36 508	6 754	14 475	18 254	(3 779)	-21%	36 508
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	85 405	2 061	2 061	38 708	60 657	1 032	59 625	5780%	2 061
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	85 405	2 061	2 061	38 708	60 657	1 032	59 625	5780%	2 061
Capital expenditure & funds sources									
Capital expenditure	75 833	92 800	92 800	10 649	27 138	46 400	(19 262)	-42%	92 800
Capital transfers recognised	0	36 508	36 508	5 873	12 587	18 254	(5 667)	-31%	36 508
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	6 149	56 292	56 292	4 776	14 551	28 146	(13 594)	-48%	56 292
Total sources of capital funds	6 149	92 800	92 800	10 649	27 138	46 400	(19 262)	-42%	92 800
Financial position									
Total current assets	207 167	172 970	172 970		51 821				172 970
Total non current assets	472 936	551 313	551 313		7 895				551 313
Total current liabilities	54 610	70 440	70 440		(940)				70 440
Total non current liabilities	18 211	20 554	20 554		-				20 554
Community wealth/Equity	521 878	633 288	633 288		-				633 288
Cash flows									
Net cash from (used) operating	267 452	81 165	81 165	7 696	89 567	40 583	(48 985)	-121%	81 165
Net cash from (used) investing	(17 036)	(83 170)	(83 170)	(4 604)	(4 612)	(41 585)	(36 972)	89%	(83 170)
Net cash from (used) financing	(2)	(20)	(20)	-	(0)	(20)	(20)	98%	(20)
Cash/cash equivalents at the month/year end	374 618	123 398	123 398	-	84 955	124 400	39 446	32%	(2 024)
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	(1 290)	2 029	2 167	1 691	1 610	1 656	7 594	57 741	73 199
Creditors Age Analysis									
Total Creditors	7 450	-	-	-	-	-	-	47	7 496

Financial Performance

Table C2 provides the statement of financial performance by standard classification

KZN436 Dr Nkosazana Dlamini Zuma - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M01 July

Description	Ref	Budget Year 2021/22								
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		210 202	192 881	192 881	51 225	129 670	96 440	33 230	34%	192 881
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		210 202	192 881	192 881	51 225	129 670	96 440	33 230	34%	192 881
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		6 802	5 284	5 284	1 053	3 377	2 642	735	28%	5 284
Community and social services		6 215	3 973	3 973	748	2 656	1 986	669	34%	3 973
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		586	1 311	1 311	304	721	655	65	10%	1 311
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		30 566	39 079	39 079	7 138	16 468	19 539	(3 071)	-16%	39 079
Planning and development		541	248	248	-	32	124	(92)	-74%	248
Road transport		30 025	38 831	38 831	7 138	16 436	19 415	(2 979)	-15%	38 831
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		3 878	4 045	4 045	334	2 004	2 023	(18)	-1%	4 045
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3 878	4 045	4 045	334	2 004	2 023	(18)	-1%	4 045
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	251 448	241 288	241 288	59 750	151 519	120 644	30 875	26%	241 288
Expenditure - Functional										
Governance and administration		104 607	150 132	150 132	12 197	55 971	75 066	(19 095)	-25%	150 132
Executive and council		20 684	23 513	23 513	2 311	10 115	11 756	(1 641)	-14%	23 513
Finance and administration		82 468	124 749	124 749	9 700	44 987	62 374	(17 388)	-28%	124 749
Internal audit		1 455	1 870	1 870	186	870	935	(66)	-7%	1 870
Community and public safety		22 674	33 341	33 341	3 405	13 548	16 670	(3 121)	-19%	33 341
Community and social services		12 142	17 045	17 045	1 754	6 835	8 522	(1 687)	-20%	17 045
Sport and recreation		134	-	-	25	83	-	83	#DIV/0!	-
Public safety		10 044	15 641	15 641	1 581	6 473	7 820	(1 348)	-17%	15 641
Housing		298	655	655	45	157	327	(170)	-52%	655
Health		56	-	-	-	-	-	-	-	-
Economic and environmental services		29 159	40 427	40 427	4 253	16 333	20 213	(3 881)	-19%	40 427
Planning and development		9 157	16 680	16 680	1 395	4 780	8 340	(3 560)	-43%	16 680
Road transport		20 002	23 747	23 747	2 859	11 553	11 874	(321)	-3%	23 747
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		7 591	11 189	11 189	919	4 071	5 595	(1 523)	-27%	11 189
Energy sources		281	1 000	1 000	-	-	500	(500)	-100%	1 000
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		7 310	10 189	10 189	919	4 071	5 095	(1 023)	-20%	10 189
Other		2 012	4 138	4 138	268	939	2 069	(1 130)	-55%	4 138
Total Expenditure - Functional	3	166 043	239 228	239 228	21 042	90 862	119 613	(28 750)	-24%	239 228
Surplus/ (Deficit) for the year		85 405	2 061	2 061	38 708	60 657	1 032	59 625	5780%	2 061

The table is assessing the mid-year revenue by department followed by an expenditure analysis.

The actual year to date revenue as at end December 2021 was R 151 ,5million against a year-to-date budget of R 120 ,6million.

Table C3 presents the same information as the table above, the difference being that it's by Municipal vote.

KZN436 Dr Nkosazana Dlamini Zuma - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) -

Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Executive and Council		1	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		210 192	192 777	192 777	51 225	129 671	96 388	33 283	34,5%	192 777
Vote 3 - Corporate Services		9	105	105	-	-	52	(52)	-100,0%	105
Vote 4 - Community Services		9 125	9 329	9 329	1 387	5 382	4 664	717	15,4%	9 329
Vote 5 - Public Works and Basic Services		31 580	38 831	38 831	7 138	16 435	19 415	(2 981)	-15,4%	38 831
Vote 6 - Planning and Development		541	248	248	-	32	124	(92)	-74,3%	248
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	251 448	241 288	241 288	59 750	151 519	120 644	30 875	25,6%	241 288
Expenditure by Vote	1									
Vote 1 - Executive and Council		22 139	25 383	25 383	2 497	10 984	12 691	(1 707)	-13,5%	25 383
Vote 2 - Budget and Treasury		58 972	99 593	99 593	7 204	31 518	49 796	(18 278)	-36,7%	99 593
Vote 3 - Corporate Services		23 463	25 056	25 056	2 496	13 434	12 528	906	7,2%	25 056
Vote 4 - Community Services		26 419	40 929	40 929	3 875	15 124	20 464	(5 340)	-26,1%	40 929
Vote 5 - Public Works and Basic Services		30 908	41 702	41 702	4 437	17 755	20 851	(3 096)	-14,8%	41 702
Vote 6 - Planning and Development		4 142	6 564	6 564	533	2 047	3 282	(1 235)	-37,6%	6 564
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	166 043	239 228	239 228	21 042	90 862	119 613	(28 750)	-24,0%	239 228
Surplus/ (Deficit) for the year	2	85 405	2 061	2 061	38 708	60 657	1 032	59 625	5779,7%	2 061

Summary of financial performance report for the period ending 31 December 2021. The SFP Table C4, is prepared on a similar basis to the prescribed budget format, detailing revenue by source, type and expenditure. The summary report indicates the following:

KZN436 Dr Nkosazana Dlamini Zuma - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		34 318	36 226	36 226	2 832	17 503	18 113	(610)	-3%	36 226
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		3 878	4 045	4 045	334	2 004	2 023	(18)	-1%	4 045
Rental of facilities and equipment		878	864	864	102	510	432	78	18%	864
Interest earned - external investments		6 424	6 338	6 338	266	2 431	3 169	(738)	-23%	6 338
Interest earned - outstanding debtors		5 355	6 193	6 193	508	2 925	3 096	(172)	-6%	6 193
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 631	418	418	285	668	209	460	220%	418
Licences and permits		414	664	664	28	233	332	(99)	-30%	664
Agency services		306	340	340	52	265	170	95	56%	340
Transfers and subsidies		168 530	147 721	147 721	48 588	110 435	73 860	36 574	50%	147 721
Other revenue		645	729	729	1	72	364	(292)	-80%	729
Gains		-	1 244	1 244	-	-	622	(622)	-100%	1 244
Total Revenue (excluding capital transfers and contributions)		222 381	204 780	204 780	52 996	137 045	102 390	34 654	34%	204 780
Expenditure By Type										
Employee related costs		66 929	86 453	86 453	10 148	38 377	43 226	(4 849)	-11%	86 453
Remuneration of councillors		11 598	11 901	11 901	989	5 511	5 951	(440)	-7%	11 901
Debt impairment		1 751	20 059	20 059	190	261	10 029	(9 768)	-97%	20 059
Depreciation & asset impairment		32 995	49 362	49 362	3 354	19 204	24 681	(5 478)	-22%	49 362
Finance charges		149	303	303	0	9	151	(143)	-94%	303
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		2 973	4 090	4 090	420	1 419	2 045	(626)	-31%	4 090
Contracted services		23 343	36 858	36 858	2 240	12 780	18 429	(5 649)	-31%	36 858
Transfers and subsidies		2 031	2 068	2 068	90	560	1 034	(474)	-46%	2 068
Other expenditure		24 275	28 134	28 134	3 452	12 584	14 066	(1 482)	-11%	28 134
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		166 043	239 228	239 228	20 883	90 704	119 613	(28 909)	-24%	239 228
Surplus/(Deficit)		56 338	(34 447)	(34 447)	32 112	46 341	(17 222)	63 563	(0)	(34 447)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		29 067	36 508	36 508	6 754	14 475	18 254	(3 779)	(0)	36 508
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		85 405	2 061	2 061	38 866	60 815	1 032			2 061
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		85 405	2 061	2 061	38 866	60 815	1 032			2 061
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		85 405	2 061	2 061	38 866	60 815	1 032			2 061
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		85 405	2 061	2 061	38 866	60 815	1 032			2 061

The total revenue raised including operational grants as at 31 December 2021 was R 137 ,037 million against a total budget of R 204 ,7million for the year and the YTD budget is R 102 ,3 Million as at 31 December 2021. This reflects a revenue rate of 67% against the total budget for the year.

The operating expenditure as at 31 December 2021 totals to R 90 ,8million against a total budget of R 239 ,2million and that is reflecting an expenditure rate of 38%. This suggests that operating Expenditure is down by 12% when comparing with 50% that was projected to be spent as at the end of the first half of the year.

Operating revenue material variances were in the following areas;

- **Rental on Facilities and Equipment:** (18%) Underestimation of revenue from ad-hoc rentals due to unpredicted changes on lockdown levels which has an effect on hire and use of municipal properties.
- **Interest on Investment:** (-23) negative variance as a result of low interest rates offered by financial institutions.
- **Licenses and Permits:**(-30) Low turn up rate than anticipated.
- **Fines, Penalties, Forfeits:** (220%) more traffic fines were issued than anticipated.
- **Agency Services:** (-56) due to delays by DOT in processing the cheque for the municipality for the agency fees.
- **Transfers and Subsidies:** (50%) reflects positive variance on transfers recognised due to the receipts of first and second allocation of grants as some grants are received as a once off lump sum.
- **Other Revenue:**(-80%) Decrease in the sale of tender documents because tender briefing sessions were suspended as a result of Corvid 19 pandemic and service providers are encouraged to download it on municipal website free of charge.
- **Gains and disposal on PPE:** (-100) The auction has not yet taken place; it will take place during the cause of the financial year.

Operating Revenue Analysis

The key revenue drivers at the preparation of the budget were operational grants, property rates and service charges, Interest on investments:

- Operational grants contributed 72% of the total operation revenue budget
- Property rates contributed 18% of the total operational revenue budget
- Interest earned from investments contributed 3% of the total operational revenue budget
- Service charges contributed 2% of the total operational revenue budget.
- Other revenue Items contributed 5% of the total operating revenue budget.

Equitable Share

The Municipality had total allocation of R 104 ,6million or 75% of the total allocation of R 139 ,4 million for the 2021/22 financial year has been received by the municipality. The third allocation of the Equitable share totalling to R 34 869 million is scheduled to be received by 15 March 2022.

Interest from Investments

The Municipality had R 206 ,4 million investments as at 31 December 2021. The municipality has generated a total interest revenue of R2 ,4million, which translate to 77% against YTD budget of R 3 ,2million.

The YTD revenue recognise under National Capital Grants is R14, 4million against the original budget of R 36 ,5million.

Operating Expenditure analysis

The YTD Operating Expenditure for the 2021/22 financial year is R 90,8million against YTD budget of R 119,6million which implies that the municipality has a negative variance of R -28,750 million in expenditure arising from different line items.

	Original Budget 2020/2021	Month Budget December 2019	YTD Budget	YTD actual paid	YTD % Spent
Operating Expenditure	239 227 632	19 935 636	119 613 816	90 862 448	76%

The operating expenditure has shown an under performance by 24% against the year-to-date.

However, there are material variances that have been reported against expenditure types such as contracted services, other materials, other expenditure and depreciation & asset impairment. The most of the operating expenditure projections were not within the normal range of projections posting a variance of more than 10%.

Operating expenditure material variances were in the following areas.

- **Employee related cost:** (-11%%) the variance is a result of the timing of filing of vacant positions.
- **Remuneration of councillors:** (-5) reflect negative variance for the month of December
- **Debt impairment:** (-97%) expenditure will be recognised at the end of the financial year. Debt impairment relates to long overdue customer accounts over 90 days. It is a non-cash item and is budgeted at a rate being the difference of the cash the municipality intends to collect and what is not collectable from customers.
- Items included in this category are bad debts written off which at the time of compiling report, there were no provisions recorded on the financial system resulting in this variance
- **Depreciation and Asset Impairment:**(-22%) Variance is due to delays in completion of the prior year projects which effect the capitalisation and subsequent depreciation of the assets.
- It is therefore the sooner the prior year projects are completed; the sooner the variance will be eliminated.
- **Finance charges:** (94%) Incorrect interest projections.
- **Inventory Consumed:** (-30%) Maintenance and repairing of assets is going according to the adopted maintenance plan, hence the variance.
- **Contracted Services:**(-30%) Reduction on a number of operational costs due to covid-19, the expenditure will improve as the year progress.
- **Transfers and Subsidies:** (-46%) This is the expenditure incurred in providing free basic services to the community, the year-to-date actual is below the projected as it is depended on the number of indigents buying electricity.

- **Other Expenditure:** (-10%) reflects variance which is below what was budgeted. This is due to cost containment regulations.
- We must be cautious to not automatically view this underspending as savings which may be used elsewhere due to the following:
- Historically, a large number of programmes commence in the third quarter.

Capital Expenditure – Table A

FUNDING SOURCE	2021/22 ORIGINAL BUDGET R'000	YTD Budget 31/12/2021	YTD Actual Expenditure AS AT 31/12/2021	Balances	% Spent
MIG	36 508 000	18 254 000	12 586 629	23 921 371	34%
INTERNAL	56 291 601	28 145 801	14 551 380	41 740 221	26%
TOTAL CAPEX	92 799 601	46 399 801	27 138 009	65 661 592	29%
INEP	12 720 000	6 360 000	3 172 034,15	9 547 966	25%
TOTAL INCLUDING INEP	105 519 601	52 759 801	30 310 043	75 209 558	29%

Table A above presents similar information as table C5 the difference is that table A includes Electrification projects that is not included on table C5 because in the construction process the municipality acts as an agent in terms of the service level agreement with Eskom.

The total capital budget for the 2021/2022 financial year is R 105 ,5 million inclusive of INEP and the MIG allocation is R 36 ,5 million. The cumulative capital expenditure for the period amounts to R 27 ,1Million. or 29% to the total budget. The municipality anticipated to spend 50% of the total capital budget as at the second quarter but the spending is sitting at 29% as at the second quarter because of the delays caused by national lockdown.

Therefore, the spending is sitting at 29% as at 31 December 2021 because of the delays caused by national lockdown and the delays on SCM processes and in some instance suitable service provider were not found which has led to the re-advertisement.

On the internal funding, the municipality has only spent 26% of its overall internal budget. The overall percentage of capital expenditure is 25% as at the end of December 2021(Incl. INEP).

Table C5 below presents capital expenditure for Dr Nkosazana Dlamini Zuma municipality that does not include electrification projects as the municipality act as an agent in the electrification projects.

Table C5 below reports on the capital expenditure by departments (municipal vote) and by standard classification. The bottom part of the schedule looks at the funding sources of the capital projects. The overall expenditure on capital expenditure is sitting at R 27 ,1million against a total budget of R92 ,8million as at the end of 31 December 2021 and that is 29% of the total capital budget excluding INEP Projects, and that is 58% against YTD budget, this shows a very low performance on the capital projects on the total capital budget for the year.

KZN436 Dr Nkosazana Dlamini Zuma - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	2020/21		Budget Year 2021/22						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		6 510	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		-	-	-	-	-	-	-	-	-
Vote 5 - Public Works and Basic Services		(709)	30 758	30 408	2 943	12 301	15 204	(2 903)	-19%	30 408
Vote 6 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	5 800	30 758	30 408	2 943	12 301	15 204	(2 903)	-19%	30 408
Single Year expenditure appropriation	2									
Vote 1 - Executive and Council		129	151	151	38	74	76	(2)	-3%	151
Vote 2 - Budget and Treasury		63 568	803	803	1 500	1 590	401	1 188	296%	803
Vote 3 - Corporate Services		439	1 708	1 708	275	449	854	(405)	-47%	1 708
Vote 4 - Community Services		4 937	11 147	11 147	1 952	2 385	5 573	(3 189)	-57%	11 147
Vote 5 - Public Works and Basic Services		894	48 072	48 422	3 941	10 341	24 211	(13 870)	-57%	48 422
Vote 6 - Planning and Development		65	160	160	-	-	80	(80)	-100%	160
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	70 033	62 042	62 392	7 705	14 837	31 196	(16 358)	-52%	62 392
Total Capital Expenditure	3	75 833	92 800	92 800	10 649	27 138	46 400	(19 262)	-42%	92 800
Capital Expenditure - Functional Classification										
Governance and administration		69 777	3 213	3 213	1 813	2 112	1 606	506	31%	3 213
Executive and council		129	151	151	38	74	76	(2)	-3%	151
Finance and administration		69 648	3 061	3 061	1 775	2 038	1 531	508	33%	3 061
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		5 807	11 347	11 347	2 128	2 560	5 673	(3 113)	-55%	11 347
Community and social services		1 037	4 049	4 049	176	245	2 024	(1 779)	-88%	4 049
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		4 770	7 298	7 298	1 952	2 315	3 649	(1 334)	-37%	7 298
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		250	74 740	74 740	6 708	22 466	37 370	(14 904)	-40%	74 740
Planning and development		69	72 153	69 653	6 884	19 057	34 826	(15 770)	-45%	69 653
Road transport		181	2 587	5 087	(176)	3 409	2 543	866	34%	5 087
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	3 500	3 500	-	-	1 750	(1 750)	-100%	3 500
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	1 000	1 000	-	-	500	(500)	-100%	1 000
Waste management		-	2 500	2 500	-	-	1 250	(1 250)	-100%	2 500
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	75 833	92 800	92 800	10 649	27 138	46 400	(19 262)	-42%	92 800
Funded by:										
National Government		0	36 508	36 508	5 873	12 587	18 254	(5 667)	-31%	36 508
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		0	36 508	36 508	5 873	12 587	18 254	(5 667)	-31%	36 508
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		6 149	56 292	56 292	4 776	14 551	28 146	(13 594)	-48%	56 292
Total Capital Funding		6 149	92 800	92 800	10 649	27 138	46 400	(19 262)	-42%	92 800

- **Statement of Financial Position**

The table C6 below displays the statement financial position of the municipality as at 31 December 2021.

KZN436 Dr Nkosazana Dlamini Zuma - Table C6 Monthly Budget Statement - Financial Position - M01 July

Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		110 177	39 734	39 734	(9 389)	39 734
Call investment deposits		48 998	83 684	83 684	60 993	83 684
Consumer debtors		40 486	45 040	45 040	2 083	45 040
Other debtors		7 506	4 311	4 311	(1 866)	4 311
Current portion of long-term receivables		-	-	-	-	-
Inventory		-	200	200	-	200
Total current assets		207 167	172 970	172 970	51 821	172 970
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		20 411	20 411	20 411	-	20 411
Investments in Associate		-	-	-	-	-
Property, plant and equipment		452 211	530 486	530 486	8 000	530 486
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		314	416	416	(105)	416
Other non-current assets		-	-	-	-	-
Total non current assets		472 936	551 313	551 313	7 895	551 313
TOTAL ASSETS		680 103	724 282	724 282	59 716	724 282
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		171	(171)	(171)	(171)	(171)
Consumer deposits		2	(20)	(20)	0	(20)
Trade and other payables		46 365	61 013	61 013	(770)	61 013
Provisions		8 072	9 618	9 618	-	9 618
Total current liabilities		54 610	70 440	70 440	(940)	70 440
Non current liabilities						
Borrowing		-	-	-	-	-
Provisions		18 211	20 554	20 554	-	20 554
Total non current liabilities		18 211	20 554	20 554	-	20 554
TOTAL LIABILITIES		72 820	90 994	90 994	(940)	90 994
NET ASSETS	2	607 283	633 288	633 288	60 657	633 288
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		516 649	628 049	628 049	-	628 049
Reserves		5 228	5 239	5 239	-	5 239
TOTAL COMMUNITY WEALTH/EQUITY	2	521 878	633 288	633 288	-	633 288

- **Cash Flow Statement**

Table C7 below display the Municipality's Cash Flow Statement for the Period ending 31 December 2021

The municipality had a closing balance of R 84 ,9million as at the end of December 2021 and that is favourable to the municipality

KZN436 Dr Nkosazana Dlamini Zuma - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2020/21	Budget Year 2021/22							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		24 999	26 021	26 021	5 557	25 751	13 011	12 741	98%	26 021
Service charges		2 363	2 911	2 911	285	1 362	1 456	(94)	-6%	2 911
Other revenue		1 193	17 290	17 290	104	892	8 645	(7 753)	-90%	17 290
Government - operating		244 490	160 441	160 441	-	77 018	80 220	(3 202)	-4%	160 441
Government - capital		20 658	36 508	36 508	11 000	25 600	18 254	7 346	40%	36 508
Interest		169	10 786	10 786	14	124	5 393	(5 269)	-98%	10 786
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(24 010)	(170 421)	(170 421)	(9 263)	(41 180)	(85 211)	(44 030)	52%	(170 421)
Finance charges		-	(303)	(303)	-	-	(151)	(151)	100%	(303)
Transfers and Grants		(2 409)	(2 068)	(2 068)	-	-	(1 034)	(1 034)	100%	(2 068)
NET CASH FROM/(USED) OPERATING ACTIVITIES		267 452	81 165	81 165	7 696	89 567	40 583	(48 985)	-121%	81 165
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	9 630	9 630	-	-	4 815	(4 815)	-100%	9 630
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(17 036)	(92 800)	(92 800)	(4 604)	(4 612)	(46 400)	(41 787)	90%	(92 800)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(17 036)	(83 170)	(83 170)	(4 604)	(4 612)	(41 585)	(36 972)	89%	(83 170)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		(2)	(20)	(20)	-	(0)	(20)	20	-98%	(20)
Payments										
Repayment of borrowing		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2)	(20)	(20)	-	(0)	(20)	(20)	98%	(20)
NET INCREASE/ (DECREASE) IN CASH HELD		250 415	(2 024)	(2 024)	3 092	84 955	(1 022)			(2 024)
Cash/cash equivalents at beginning:		124 203	125 422	125 422			125 422			-
Cash/cash equivalents at month/year end:		374 618	123 398	123 398		84 955	124 400			(2 024)

PART 2 – SUPPORTING DOCUMENTS

2.1 Debtors Age Analysis

The table SC3 Monthly Budget Statement below provides information and summarises the Debtors Age Analysis as at 31 December 2021.

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2021/22										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days			
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	3 828	1 723	1 896	1 413	1 321	1 109	6 064	34 503	51 857	44 411	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Management	1600	610	238	209	196	184	460	791	4 367	7 056	5 999	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-	
Interest on Arrear Debtor Accounts	1810	-	-	-	20	38	48	548	16 632	17 286	17 286	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	(5 727)	68	62	62	67	39	190	2 239	(3 001)	2 597	-	-	
Total By Income Source	2000	(1 290)	2 029	2 167	1 691	1 610	1 656	7 594	57 741	73 199	70 293	-	-	
2020/21 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200	(1 640)	463	427	425	437	397	2 439	23 063	26 012	26 761	-	-	
Commercial	2300	257	392	338	316	276	156	663	4 744	7 141	6 155	-	-	
Households	2400	571	881	1 168	720	673	895	3 423	21 490	29 821	27 200	-	-	
Other	2500	(478)	293	234	231	224	208	1 069	8 445	10 226	10 177	-	-	
Total By Customer Group	2600	(1 290)	2 029	2 167	1 691	1 610	1 656	7 594	57 741	73 199	70 293	-	-	

Table SC3 above reflects that the outstanding debt continues to grow due to non-payment by our customers. Between the months of July to December 2021, the increase in debtors was almost R73,1million.

The debtors book value amounted to R 79 080million while the outstanding amount including account with credit balances amount to R 73,1million as at 31 December 2021, and the debtor's collection is 94%. The debt is made up of the following:

- Government: R 21,813,291.76
- Business: R 7,690,099.34
- Households: R 31,702,861.38

- Agriculture: R 16,313,382.17
- Other: R 1,560,876.52

Consumer debtors amount to R 70 ,2million as at the end of December 2021.

The majority of debtors under this category is over 120 days and above. This has resulted in legal processes being undertaken by the municipality on defaulting customers. The estate late matters pose a legal challenge during the debt collection process. There are also certain accounts which are under scrutiny for various reasons, namely verification of government accounts prior to payment. The most significant debtors are reported to MANCO and Finance Portfolio Committee. The credit control measures are implemented especially for old debt.

The municipality appointed Attorneys and Conveyancers to assist with the collection of long outstanding debt.

The municipality introduced an incentive scheme from July 2021 as part of revenue improvement plans. The municipality is also participating in the Provincial Revenue Forum that assist municipalities with the recovery of government debt

2.2 Creditors Age Analysis

Table SC4 Monthly budget statement below provides information of the Aged Creditors as at 31 December 2021. The municipality pays its creditors within 30 days from the date of receiving fully completed invoice.

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2021/22								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	7 450	-	-	-	-	-	-	-	7 450
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	-	-	-	-	-	-	-	-	-
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	47	47
Total By Customer Type	1000	7 450	-	-	-	-	-	-	47	7 496

2.3 Investment Portfolio Analysis

The table SC5 below indicate the municipality's investment portfolio is sitting at R206 ,5million. No account was pledge as security in past six (6) months of the financial year. Investment portfolio has been diversified to reduce the investment risk across four major banks i.e. First National Bank, Ned Bank, Investec bank and STD bank.

The municipality does not have long-term investments, most of these investments are grants that the municipality received to spend in the budget year therefore cannot be invested for longer periods.

Interest received on investment as the end of December is 2, 4 million, an amount of 372 857 was accrued in investment interest income for the month of December 2021. The cash in bank as at 31 December 2021 amounted to R 4, 2million and investments amounted to R 206 ,5million with a total cash and cash equivalents of R 210,7million. The average interest rate on investment is at 4.525%. The cash coverage ratio as at 31 December 2021 is 9.1 based on average operating expenditure for the period. The norm as set out in the uniform financial ratios and norms circular 71 is 1 to 3 months. See below extract from SC 5.

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December									
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
R thousands									
Municipality									
FNB Call Deposit (74165605518)		2 Months		21/12/31	4 765	1,75	893	-	897
FNB Money Maket (62008452071)		1 Month		21/09/18	8 142	1,75	1 599	-	1 607
FNB Call Deposit (62544294987)		1 Month		21/10/30	41 105	1,75	5 675	-	5 716
FNB Call Deposit (62544297436)		1 Month		21/10/30	36 860	1,75	5 089	-	5 126
FBN Call Deposit (62550105011)		1 Month	-	21/10/30	1 458	1,75	201	-	203
FNB Business Money Market (62235619197)		1 Month	-	21/10/30	35 127	1,75	10 214	-	3 749
FNB Call Deposit (62810888935)		1 Month	-	21/10/22	1 797	1,75	462	-	464
FNB Call Deposit (62810887119)		1 Month	-	21/10/22	1 073	1,75	276	-	277
FNB Call Deposit (74906990821)		1 Month	-	21/10/22	198 794	4,20	30 191	-	30 390
FNB Call Deposit (74929084346)		1 Month	-	21/09/10	0	4,15	-	15 000	15 000
Ned Bank Investment (03/788109863500039)		1 Month	-	21/10/21	0	4,10	-	30 645	30 645
Ned Bank Investment (03/788109863500041)		1 Month	-	21/10/10	0	4,35	-	20 000	20 000
Investec Bank (110050834-450)		1 Month	-	21/10/10	90 633	3,35	10 342	-	10 432
Standard Bank (52070336)		1 Month	-	21/10/11	0		6	-	5
Standard Bank (478735995-0011)		2 Months	-	21/11/12	0	4,15	-	20 000	20 000
Standard Bank (478735995-0012)		1 Month	-	21/10/30	0	4,30	-	31 339	31 339
ABSA Business Bank (2079795620)		2 months	-	21/11/01	217 326	3,60	30 413	-	30 631
-		-	-	-	-	-	-	-	-
Municipality sub-total					637		95 361	116 984	206 481
TOTAL INVESTMENTS AND INTEREST	2				637		95 361	116 984	206 481

2.4 Allocation / Grant Receipts and Expenditure

Grants receipts

Table SC6 monthly budget statement below provides information relating to transfers and grant receipts. A total of R 143 ,5million has been received by the municipality as the 31 December 2021 and the last allocation is expected by the month of March 2021 for all the grants that were gazetted for the municipality for 2021/22 financial year.

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1.2									
Operating Transfers and Grants										
National Government:		172 670	156 469	156 469	46 492	113 883	78 234	35 649	45,6%	156 469
Operational Revenue:General Revenue:Equitable Share		159 757	139 476	139 476	46 492	104 607	69 738	34 869	50,0%	139 476
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		2 513	2 323	2 323	-	1 626	1 161	465	40,0%	2 323
Khayelitsha Urban Renewal		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		2 000	1 950	1 950	-	1 950	975	975	100,0%	1 950
Integrated National Electrification Programme Grant		8 400	12 720	12 720	-	5 700	6 360	(660)	-10,4%	12 720
Integrated Urban Development Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		6 212	3 972	3 972	-	3 972	1 986	1 986	100,0%	3 972
Community Library Service Grant		1 089	1 166	1 166	-	1 166	583	583	100,0%	1 166
Provincialisation of Libraries Grant		2 714	2 806	2 806	-	2 806	1 403	1 403	100,0%	2 806
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Capacity Building and Other Infrastructure		2 409	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	178 882	160 441	160 441	46 492	117 855	80 220	37 635	46,9%	160 441
Capital Transfers and Grants										
National Government:		26 658	36 508	36 508	11 000	25 600	18 254	7 346	40,2%	36 508
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		26 658	36 508	36 508	11 000	25 600	18 254	7 346	40,2%	36 508
Municipal Water Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Transfer from Operational Revenue		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	26 658	36 508	36 508	11 000	25 600	18 254	7 346	40,2%	36 508
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	205 540	196 949	196 949	57 492	143 455	98 474	44 981	45,7%	196 949

Transfers and grant expenditure

Table SC7(1) below provides information relating to grant expenditure, the municipality has actual spent of R 44 ,8million as at December 2021 on operational transfers and grants and 14 ,5million on capital grants.

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		123 646	156 469	156 469	8 783	42 659	78 235	(35 575)	-45,5%	156 469
Operational Revenue:General Revenue:Equitable Share		119 133	139 476	139 476	4 394	36 311	69 738	(33 427)	-47,9%	139 476
Operational:Revenue:General Revenue:Fuel Levy		-	-	-	-	-	-	-	-	-
2014 African Nations Championship Host City Operating Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Agriculture Research and Technology		2 513	2 323	2 323	384	1 960	1 162	799	68,8%	2 323
Khayelitsha Urban Renewal		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		2 000	1 950	1 950	964	1 216	975	241	24,7%	1 950
Mitchell's Plain Urban Renewal		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		-	12 720	12 720	3 042	3 172	6 360	(3 188)	-50,1%	12 720
Integrated Urban Development Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		6 632	3 972	3 972	748	2 186	1 986	783	39,4%	3 972
Specify (Add grant description)		420	-	-	126	-	-	-	-	-
Provincialisation of Libraries Grant		3 803	2 806	2 806	622	2 186	1 403	783	55,8%	2 806
Community Library Service Grant		-	1 166	1 166	-	-	583	-	-	1 166
Infrastructure		2 409	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts		-	-	-	-	-	-	-	-	-
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		130 278	160 441	160 441	9 532	44 845	80 221	(34 793)	-43,4%	160 441
Capital expenditure of Transfers and Grants										
National Government:		26 658	36 508	36 508	6 754	14 475	18 254	(3 779)	-20,7%	36 508
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		26 658	36 508	36 508	6 754	14 475	18 254	(3 779)	-20,7%	36 508
Transfer from Operational Revenue		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		26 658	36 508	36 508	6 754	14 475	18 254	(3 779)	-20,7%	36 508
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		156 936	196 949	196 949	16 286	59 320	98 475	(38 572)	-39,2%	196 949

2.5 Councillors and Board Members Allowances and Employee Benefits

The table SC8 below for monthly budget statement Councillor and staff Benefit shows the detailed spending of staff salaries and wages and Councillors remuneration.

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December										
Summary of Employee and Councillor remuneration	Ref	2020/21			Budget Year 2021/22					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		8 081	8 256	8 256	763	4 205	4 128	78	2%	8 256
Pension and UIF Contributions		1 141	1 166	1 166	96	486	583	(97)	-17%	1 166
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1 088	1 112	1 112	23	402	556	(153)	-28%	1 112
Cellphone Allowance		1 288	1 368	1 368	107	551	684	(133)	-19%	1 368
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		11 598	11 901	11 901	989	5 645	5 951	(305)	-5%	11 901
% increase	4		2,6%	2,6%						2,6%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		4 480	5 372	5 372	363	2 179	2 686	(507)	-19%	5 372
Pension and UIF Contributions		115	185	185	15	88	92	(4)	-4%	185
Medical Aid Contributions		55	114	114	4	24	57	(33)	-58%	114
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		562	235	235	65	65	118	(53)	-45%	235
Motor Vehicle Allowance		330	491	491	38	230	245	(15)	-6%	491
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		80	84	84	7	40	42	(2)	-6%	84
Other benefits and allowances		42	201	201	0	20	100	(80)	-80%	201
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		5 663	6 682	6 682	492	2 646	3 341	(695)	-21%	6 682
% increase	4		18,0%	18,0%						18,0%
Other Municipal Staff										
Basic Salaries and Wages		42 120	55 199	55 199	4 692	24 508	27 599	(3 091)	-11%	55 199
Pension and UIF Contributions		6 906	8 465	8 465	654	3 855	4 232	(377)	-9%	8 465
Medical Aid Contributions		3 523	3 224	3 224	259	1 534	1 612	(78)	-5%	3 224
Overtime		2 391	4 761	4 761	159	1 390	2 380	(991)	-42%	4 761
Performance Bonus		1 033	1 419	1 419	1 290	1 300	709	591	83%	1 419
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		110	398	398	10	63	199	(136)	-68%	398
Other benefits and allowances		2 402	3 442	3 442	2 496	2 611	1 721	891	52%	3 442
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		1 313	441	441	22	247	221	27	12%	441
Post-retirement benefit obligations	2	1 468	2 424	2 424	74	222	1 212	(990)	-82%	2 424
Sub Total - Other Municipal Staff		61 265	79 771	79 771	9 656	35 731	39 885	(4 154)	-10%	79 771
% increase	4		30,2%	30,2%						30,2%
Total Parent Municipality		78 526	98 354	98 354	11 138	44 023	49 176	(5 154)	-10%	98 354
TOTAL SALARY, ALLOWANCES & BENEFITS		78 526	98 354	98 354	11 138	44 023	49 176	(5 154)	-10%	98 354
% increase	4		25,2%	25,2%						25,2%
TOTAL MANAGERS AND STAFF		66 929	86 453	86 453	10 148	38 377	43 226	(4 849)	-11%	86 453

Remuneration of Councillor's

Remuneration of Councillors expenditure as at 31 December 2021 is sitting at R5,5million against a year to date budget of R5,9 million and that means 46% of the councillor's allowances budget that was spent as at end of December 2021.

Employee related costs

Expenditure as at 31 December 2021 is sitting at R 38 ,3million against year to date budget of R 43, 2million and that means 44% was spent against employee related costs whilst the remuneration of councillors is sitting at 46% as the end of December 2021. The overall Employee related costs and Remuneration of councillor's represented 44% of YTD operating expenditure for the period.

	Original Budget 2020/2021	Month Budget December 2020	YTD Budget	YTD Actual	YTD % Spent
Employee Related Costs	86 452 888	7 204 407	43 225 944	38 337 331	44%
Remuneration of Councillors	11 901 110	991 759	5 950 555	5 510 595	46%
Total	98 353 998	8 196 166	49 176 499	43 847 926	44%

2.6 Material Variances in the SDBIP

The performance of the Municipality, as discussed in detail under in the attached Performance Report. From the report it is evident that the Municipality is committed to service excellence. The percentage of Key Performance Indicators that were not achieved in Q2 is 25% (of the planned targets) due to various reasons cited in this report. However, 75% of the planned targets were achieved during the quarter Q2 of 2021/2022 financial year. The tables above further illustrates that the organization's performance for the first six months/ at mid-year is 83% which is satisfactory even though it is lower by 1,7% when compared to the previous financial year's

performance at its first half of the year which was 84.7 %. Of the planned targets 24% were not measured during the first half of the 2021/2022 financial year as they were not applicable. Henceforth, the reasons as to why the planned targets have not been achieved will be monitored and measured against the corrective measure recorded in this report. Annexure A provides detail on the reasons where applicable.

Also, in an effort to build on the Municipality's past audit achievement relating to the "unqualified audit opinion", the Municipality will again review its 2021/2022 SDBIP and will submit it to all Oversight Structures such as the Executive Committee, Audit and Performance Audit Committee, MPAC as well as Council for consideration and approval before 28 February 2022

The section below assesses the material variances between the planned operational, capital and revenue targets an analysis which is crucial to give direction to the second half of the final year. The revenue, Expenditure and performance targets in terms of planned indicators of the municipality would have to be reviewed for adjustments of underperformance as well as over performance.

The following section analyses material variances between the actual targets against the budget as at the Mid-Year of the 2020/21 financial year. This report analyses each major component under following headings:

- Revenue;
- Operational Expenditure;
- Capital Expenditure;
- Financial Position and
- Cash Flows

The analysis also provides a brief on the impact of this report on the adjustments budget.

The last section under this heading analyses the actual targets against the planned targets as at 31 December 2021.

- **Table SC1 Material Variances Explanation**

TableSC1 below of the Schedule C provides the explanations on the material variances

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC1 Material variance explanations - M06 December

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	Revenue By Source			
	Rental on Facilities and Equipment	18 Percent	Rental of facilities and equipment - Underestimation of revenue from ad-hoc rentals due to unpredicted changes on lockdown levels which has an effect on hire and use of municipal properties	The municipality will adjust the budget during the adjustment budget period
	Interest on Investments	(23) Percent	Negative variance as a result of low interest rates offered by financial institutions	The budget will be reviewed during the adjustment budget period
	Licenses and Permits	(30) Percent	Low turn up rate than anticipated	The municipality will adjust the budget during the adjustment budget period
	Fines, Penalties, Forfeits	220 Percent	The variance is due to underestimation of budget due to unpredicted changes on lockdown levels	The budget will be reviewed during the adjustment budget period
	Agency Services	(56) Percent	The budget was underestimated due to delays by the Department of Transport in processing the cheque for the municipality for the agency fees.	The municipality will adjust the budget during the adjustment budget period
	Transfers and Subsidies	50 Percent	Reflects positive variance on transfers recognised due to the receipts of first and second allocation of grants as some grants are received as a once off lump sum.	
	Other Revenue	(80) Percent	Decrease in the sale of tender documents because tender briefing sessions were suspended as a result of Covid 19 pandemic and service providers are encouraged to download from municipal website free of charge	The budget will be reviewed during the adjustment budget period
	Gains and disposal on PPE	(100) Percent	The auction has not yet taken place; it will take place during the cause of the financial year	The auction will take place before the end of the financial year
2	Expenditure By Type			
	Employee related cost	(11) Percent	The variance is a result of the timing of filling of vacant positions.	The vacant positions will be filled before the end of the financial year
	Debt impairment	(97) Percent	Only 3 percent processed under debt impairment, full expenditure will be processed at the end of the financial year (June 2022)	Debt Impairment will be processed at the end of the financial year (June 2022)
	Depreciation and Asset Impairment	(22) Percent	Variance is due to delays in completion of the prior year projects which effect the capitalisation and subsequent depreciation of the assets.	The budget will be reviewed during the adjustment budget period
	Finance charges	(94) Percent	Due to control measures introduced to reduce interest on late payments	The municipality will adjust the budget during the adjustment budget period
	Inventory Consumed	(30) Percent	Maintenance and repairing of assets is going according to the adopted maintenance plan, hence the variance.	To consider adjusting the budget during the adjustment budget time
	Contracted Services	(30) Percent	Reduction on a number of operational costs due to covid-19, the expenditure will improve as the year progress	To consider adjusting the budget during the adjustment budget time
	Transfers and Subsidies	(46) Percent	This is the expenditure incurred in providing free basic services to the community, the year-to-date actual is below the projected as it is depended on the number of indigents buying electricity	To consider adjusting the budget during the adjustment budget time
	Other Expenditure	(10) Percent	reflects a variance which is below the budgeted amount. This is due to cost containment regulations.	To consider adjusting the budget during the adjustment budget time
3	Capital Expenditure			
	Capital Expenditure	(48) Percent	Delays cause by covid-19 and other delays in projects such as Himeville Business Hives and Underberg Community Hall were delayed by the rezoning processes, Sdangeni Bridge was delaye by environmental impact assessment (EIA), Cabazi hall and Ndodeni hall delays were in the scm processes and Underberg Asphalt and Himeville Asphalt were delayed by readvertisement due to not finding the suitable service provider which led to late appoint appointment of service providers to start work on sites.	The processes of rezoning processes have been finalised and the projects that were affected are in progress. SCM processes are also in progress for the appointment of suitable service providers on the other projects. The municipality will consider adjusting the the budget.

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC1 Material variance explanations - M06 December

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
4	Financial Position			
	Cash		The actual cash YTD is sitting at R 84,9million and that seem to be favourable for the municipality	
5	Cash Flow			
	Receipts			
	Property Rates	98 Percent	The municipality received more cash than anticipated	The municipality will consider adjusting the budget during the adjustment budget
	Service Charges	(6) Percent	More Indigents registered in the current year than anticipated which resulted in lesser net revenue realised than anticipated.	The municipality will consider adjusting the budget during the adjustment budget
	Other Revenue	(90) Percent	Decrease in the sale of tender documents because tender briefing sessions were suspended as a result of Corvid 19 pandemic and service providers are encouraged to download from municipal website free of charge	The municipality will consider adjusting the budget during the adjustment budget
	Government - Operating	(4) Percent	Operational grants received is below actual year to date cash received due to receipted equitable share that was not correctly updated in the month of December 2021- cash inflow will be correctly updated in the month of January 2022 and be reported accordingly.	
	Government - Capital	40 Percent	Capital grants above projections for the year to date - cash flow projections not prepared in line with the tranche transfers by National Treasury	
	Interest	(98) Percent	Variance is 98 percent which is not the true reflection of the transactions processed as at 31 December 2021 due to an error in the mapping of interest. The interest received to date is R 5 ,3million	Service provide has been engaged to resolve the variance
	Proceeds on disposal of PPE	100 Percent	The auction has not yet taken place; it will take place during the cause of the financial year	The auction will take place before the end of the financial year
	Payments			
	Suppliers and Employees	52 Percent	Underperformed as a results a result of the timing of filing of vacant positions and procurement.	The vacant positions will be filled before the end of the financial year
	Finance Charges	100 Percent	Variance is 100 percent which is not the true reflection of the transactions processed as at 31 December 2021 due to an error in the mapping on finance charges. Finance charges are 8 825 to date as per table C4	Service provide has been engaged to resolve the variance
	Transfers and Grants	100 Percent	Variance is 100 percent which is not the true reflection of the transactions processed as at 31 December 2021 due to an error in the mapping on transfers and grants. Transfers and grants are 358 383,16 to date as per table C4	Service provide has been engaged to resolve the variance
	Capital Payments	90 Percent	Variance is 90 percent which is not the true reflection of the transactions processed as at 31 December 2021 due to an error in the mapping on capital payments. Capital payments are 27,138,009.20 to date as per table C4	Service provide has been engaged to resolve the variance
	Cash and Cash Equivalent		The municipality had a closing balance of R 84 ,9million as at the end of December 2021 and that is favourable to the municipality.	
6	Measureable performance			
	The SDBIP is Attached			
7	Municipal Entities			
	The municipality has no entity			

2.7 Municipality Financial Performance

KZN436 Dr Nkosazana Dlamini Zuma - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		34 318	36 226	36 226	2 832	17 503	18 113	(610)	-3%	36 226
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		3 878	4 045	4 045	334	2 004	2 023	(18)	-1%	4 045
Rental of facilities and equipment		878	864	864	102	510	432	78	18%	864
Interest earned - external investments		6 424	6 338	6 338	266	2 431	3 169	(738)	-23%	6 338
Interest earned - outstanding debtors		5 355	6 193	6 193	508	2 925	3 096	(172)	-6%	6 193
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 631	418	418	285	668	209	460	220%	418
Licences and permits		414	664	664	28	233	332	(99)	-30%	664
Agency services		306	340	340	52	265	170	95	56%	340
Transfers and subsidies		168 530	147 721	147 721	48 588	110 435	73 860	36 574	50%	147 721
Other revenue		645	729	729	1	72	364	(292)	-80%	729
Gains		-	1 244	1 244	-	-	622	(622)	-100%	1 244
Total Revenue (excluding capital transfers and contributions)		222 381	204 780	204 780	52 996	137 045	102 390	34 654	34%	204 780
Expenditure By Type										
Employee related costs		66 929	86 453	86 453	10 148	38 377	43 226	(4 849)	-11%	86 453
Remuneration of councillors		11 598	11 901	11 901	989	5 511	5 951	(440)	-7%	11 901
Debt impairment		1 751	20 059	20 059	190	261	10 029	(9 768)	-97%	20 059
Depreciation & asset impairment		32 995	49 362	49 362	3 393	19 243	24 681	(5 438)	-22%	49 362
Finance charges		149	303	303	0	9	151	(143)	-94%	303
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		2 973	4 090	4 090	429	1 428	2 045	(617)	-30%	4 090
Contracted services		23 343	36 858	36 858	2 330	12 870	18 429	(5 558)	-30%	36 858
Transfers and subsidies		2 031	2 068	2 068	90	560	1 034	(474)	-46%	2 068
Other expenditure		24 275	28 134	28 134	3 471	12 604	14 066	(1 463)	-10%	28 134
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		166 043	239 228	239 228	21 042	90 862	119 613	(28 750)	-24%	239 228
Surplus/(Deficit)		56 338	(34 447)	(34 447)	31 954	46 182	(17 222)	63 405	(0)	(34 447)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		29 067	36 508	36 508	6 754	14 475	18 254	(3 779)	(0)	36 508
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		85 405	2 061	2 061	38 708	60 657	1 032			2 061
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		85 405	2 061	2 061	38 708	60 657	1 032			2 061
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		85 405	2 061	2 061	38 708	60 657	1 032			2 061
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		85 405	2 061	2 061	38 708	60 657	1 032			2 061

Description	Original Budget 2021/2022	Month Budget December 2021	YTD Budget	YTD Actuals	Variance
Operating Revenue By Source (Excluding Capital Transfers)	204 780	17 065	102 390	137 037	-34 655
Total Operating Expenditure	239 227	19 935	119 613	90 862	28 751
Surplus/(Deficit)	-34 447	-2 870	-17 223	31 778	14 555

The total revenue raised including operational grants as at 31 December 2021 was R 137 ,037 million against a total budget of R 204 ,7million for the year and the YTD budget is R 102 ,3 Million as at 31 December 2021. This reflects a revenue rate of 67% against the total budget for the year.

The operating expenditure as at 31 December 2021 totals to R 90 ,8million against a total budget of R 239 ,2million and that is reflecting an expenditure rate of 38%. This suggests that operating Expenditure is down by 12% when comparing with 50% that was projected to be spent as at the end of the first half of the year.

2.8 Municipality Entity financial performance

The municipality does not have an entity.

2.9 Capital Programme Performance

FUNDING SOURCE	2021/22 ORIGINAL BUDGET R'000	YTD Budget 31/12/2021	YTD Actual Expenditure AS AT 31/12/2021	Balances	% Spent
MIG	36 508 000	18 254 000	12 586 629	23 921 371	34%
INTERNAL	56 291 601	28 145 801	14 551 380	41 740 221	26%
TOTAL CAPEX	92 799 601	46 399 801	27 138 009	65 661 592	29%
INEP	12 720 000	6 360 000	3 172 034,15	9 547 966	25%
TOTAL INCLUDING INEP	105 519 601	52 759 801	30 310 043	75 209 558	29%

The total capital budget for the 2021/2022 financial year is R 105 ,5 million inclusive of INEP and the MIG allocation is R 36 ,5 million. The cumulative capital expenditure for the period amounts to R 27 ,1Million. or 29% to the total budget. The municipality anticipated to spend 50% of the total capital budget as at the second quarter but the spending is sitting at 29% as at the second quarter because of the delays caused by national lockdown.

Therefore, the spending is sitting at 29% as at 31 December 2021 because of the delays caused by national lockdown and the delays on SCM processes and in some instance suitable service provider were not found which has led to the re-advertisement.

2.10. Other Supporting Documents

2.10.1 Progress on Capital Projects

Project Name	Ward No.	Progress - Dec 2021	Reason for Delays	Remedial Action
2019/2020 PROJECTS				
Himeville business hives	2	The advert is out for the appointment of suitable service provider	The proect was delayed by rezoning issues	awaiting for the closing of the advert, and appoitment process with commence
Underberg Community town Hall phase 1	3	The project is in progress, 65% of work completed	The project was on hold because of the rezoning	Municipal has finalised the rezoning issue and the contractor is busy on site
Sdangeni Bridge	4	Service provider has been appointed, inception meeting was scheduled for 14th of January 2022	delayed by Environmental Impact Assesment (EIA)	Service provider has been appointed, inception meeting was scheduled for 14th of January 2022
Creighton Artificial Sportfield	14	The project is in progress, 30% of work completed		
Construction of fire station	10	The service provider has been appointed awaiting inception meeting		
2020/2021 PROJECTS				
Storm Water (All 15 Wards)	All wards	Supply to install is on the specification committee, an order for additional pipes has been issued		
Upgrading of Underberg town phase 1		The project is in progress, 85% of work completed		
Creighton Asphalt Road 6	15	The contactor is busy with laying of kerbs and the project is 45% work complete		

Project Name	Ward No.	Progress - Dec 2021	Reason for Delays	Remedial Action
2021/2022 PROJECTS				
Cabazi Hall		The project is in progress, 5% work completed	The project was delayed by the scm process	The project manager will monitor the project closely to speed up the progress
Ndodeni Hall		The project is in progress, 5% work completed	The project was delayed by the scm process	The project manager will monitor the project closely to speed up the progress
Sopholile Creche		The project is in progress, contractor is busy with brickwork and 30% of work has been completed		
Lubovana Creche		The project is in progress, contractor is busy with brickwork and 30% of work has been completed		
Underberg Asphalt		The project will be re-advertised	The project was delayed by not finding a suitable service provider	The scm is busy with the process to advertise and PWBS in monitoring the
Himeville Asphalts		The project will be re-advertised	The project was delayed by not finding a suitable service provider	The scm is busy with the process to advertise and PWBS in monitoring the
Renewal of gravel access roads(all 15 wards)	All wards	Project is in progress, 5% of work has been completed	The project was delayed by the late appointment of service providers Also two briefings were conducted that added delays	Project Managers will push the contractors to move fast to increase the progress

Project Name	Ward No.	Progress - Dec 2021	Reason for Delays	Remedial Action
ELECTRIFICATION PROJECTS				
Greater Stepmore/ Ridge phase 4		The service provider awaiting for approval from eskom	Delayed of apointment of service providers, due to re-advertisement	A panel of service providers have been appointed, PWBS is busy fastracking documents for service providers to get authorisation from Eskom stakeholders and Design Review Team.
Greater Nhlanhleni/Goxhill phase 4		The service provider awaiting for approval from eskom	Delayed of apointment of service providers, due to re-advertisement	A panel of service providers have been appointed, PWBS is busy fastracking documents for service providers to get authorisation from Eskom stakeholders and Design Review Team.
Greater Amakhuze /Cabazi phase 4		The service provider awaiting for approval from eskom	Delayed of apointment of service providers, due to re-advertisement	A panel of service providers have been appointed, PWBS is busy fastracking documents for service providers to get authorisation from Eskom stakeholders and Design Review Team.
Greater Khukhulela/Nomagaga phase 4		The service provider awaiting for approval from eskom	Delayed of apointment of service providers, due to re-advertisement	A panel of service providers have been appointed, PWBS is busy fastracking documents for service providers to get authorisation from Eskom stakeholders and Design Review Team.
Greater Centocow / Hlabeni phase 4		The service provider awaiting for approval from eskom	Delayed of apointment of service providers, due to re-advertisement	A panel of service providers have been appointed, PWBS is busy fastracking documents for service providers to get authorisation from Eskom stakeholders and Design Review Team.
Greater Gqumeni/ Mnqudekweni phase 4		The service provider awaiting for approval from eskom	Delayed of apointment of service providers, due to re-advertisement	A panel of service providers have been appointed, PWBS is busy fastracking documents for service providers to get authorisation from Eskom stakeholders and Design Review Team.
Greater Ngwagwane phase 4		The service provider awaiting for approval from eskom	Delayed of apointment of service providers, due to re-advertisement	A panel of service providers have been appointed, PWBS is busy fastracking documents for service providers to get authorisation from Eskom stakeholders and Design Review Team.
Greater Nkwezela phase 4		The service provider awaiting for approval from eskom	Delayed of apointment of service providers, due to re-advertisement	A panel of service providers have been appointed, PWBS is busy fastracking documents for service providers to get authorisation from Eskom stakeholders and Design Review Team.

Project Name	Ward No.	Progress - Dec 2021	Reason for Delays	Remedial Action
Greater Bulwer phase 4		The service provider awaiting for approval from eskom	Delayed of apointment of service providers, due to re-advertisement	A panel of service providers have been appointed, PWBS is busy fastracking documents for service providers to get authorisation from Eskom stakeholders and Design Review Team.
Greater Nkumba/ Mangwaneni phase 4		The service provider awaiting for approval from eskom	Delayed of apointment of service providers, due to re-advertisement	A panel of service providers have been appointed, PWBS is busy fastracking documents for service providers to get authorisation from Eskom stakeholders and Design Review Team.
Greater Bhidla/ Sizanenjane phase 4		The service provider awaiting for approval from eskom	Delayed of apointment of service providers, due to re-advertisement	A panel of service providers have been appointed, PWBS is busy fastracking documents for service providers to get authorisation from Eskom stakeholders and Design Review Team.
Greater Donnybrook phase 4		The service provider awaiting for approval from eskom	Delayed of apointment of service providers, due to re-advertisement	A panel of service providers have been appointed, PWBS is busy fastracking documents for service providers to get authorisation from Eskom stakeholders and Design Review Team.
Greater Mjilla/ Creighton phase 4		The service provider awaiting for approval from eskom	Delayed of apointment of service providers, due to re-advertisement	A panel of service providers have been appointed, PWBS is busy fastracking documents for service providers to get authorisation from Eskom stakeholders and Design Review Team.
Greater Sandanezwe/ Masameni phase 4		The service provider awaiting for approval from eskom	Delayed of apointment of service providers, due to re-advertisement	A panel of service providers have been appointed, PWBS is busy fastracking documents for service providers to get authorisation from Eskom stakeholders and Design Review Team.

2.10.2 Capital expenditure Trend – Month 06

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

Month	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	510	7 733	7 733	76	76	7 733	7 657	99,0%	0%
August	224	7 733	7 733	123	199	15 467	15 268	98,7%	0%
September	5 967	7 733	7 733	4 671	4 870	23 200	18 330	79,0%	5%
October	5 276	7 733	7 733	7 368	12 239	30 933	18 695	60,4%	13%
November	1 492	7 733	7 733	4 251	16 489	38 666	22 177	57,4%	18%
December	6 563	7 733	7 733	6 994	23 483	46 400	22 917	49,4%	25%
January	2 927	7 733	7 733	–	23 483	54 133	30 650	56,6%	25%
February	3 517	7 733	7 733	–	23 483	61 866	38 383	62,0%	25%
March	6 573	7 733	7 733	–	23 483	69 599	46 117	66,3%	25%
April	6 236	7 733	7 733	–	23 483	77 333	53 850	69,6%	25%
May	8 439	7 733	7 733	–	23 483	85 066	61 583	72,4%	25%
June	28 108	7 734	7 734	–	23 483	92 800	69 317	74,7%	25%
Total Capital expenditure	75 833	92 800	92 800	23 483					

2.11 Municipal Managers Quality Certificates

I, N.C Vezi Municipal Manager of Dr Nkosazana Dlamini Zuma Municipality hereby certify that the Mid-Year Budget and Performance Assessment, Monthly budget statement and Quarterly Report on the implementation of budget and financial state affairs of the Municipality for the month ended 31 December 2021 of the 2021/22 financial year and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the act.

Print Name: N.C Vezi

Municipal Manager of Dr Nkosazana Dlamini Zuma Municipality, KZN436

Signature: _____

Date: _____