



**MID-YEAR BUDGET AND
PERFORMANCE ASSESSMENT
REPORT FOR
DR NKOSAZANA DLAMINI ZUMA
LOCAL MUNICIPALITY
2022/23 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 2022/23 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 2022/23 financial year where we report on how the municipality has performed in the past six months, We also 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 delays appointments for major capital projects due to couple of re-advertisements where suitable service providers were not found. There are couple of appointments for major projects done towards the end of quarter two. The effects of these appointments would materialise in quarter three.

Honorable Speaker, we are coming from a very drastic effects of the Covid-19 pandemic that continued across the South African economy in the past two years, with the government scrambling across to divide for financial resources, to alleviate these rare circumstances caused by the pandemic. As Dr Nkosazana Zuma Municipality we are striving to do more with the less that we have even after the disruption of the pandemic.

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 2022/23 IDP and Budget.

Considering the above explanation, I hereby recommend that the council may approve the 2022/23 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 2023
- 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 2021/2022 budget for the period ending 31 December 2022.

- **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 delays in the first and second quarter the suitable service providers were not found which has led to the re-advertisement of many of capital projects, 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. 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 6.6 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)	58%
Actual Revenue to Budgeted Revenue (Receipts)	42%
Actual Opex to Budgeted Opex	43%
Actual Capex to Budgeted Capex	22%
Employee related cost	47%
Councillors Remuneration	51%
Conditional Grants Expenditure	41%
Cash Coverage Ratio	11: 9
Creditors Age Analysis	100% creditors paid
Debt Collection rate	103,41%

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 - M06 December

Description	2021/22	Budget Year 2022/23							
	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	34,690	37,833	37,833	3,443	20,558	18,917	1,642	9%	37,833
Service charges	4,006	3,547	3,547	350	2,097	1,774	324	18%	3,547
Investment revenue	7,601	5,594	5,594	2,473	5,318	2,797	2,521	90%	5,594
Transfers and subsidies	149,161	162,061	162,061	52,992	116,130	81,030	35,100	43%	162,061
Other own revenue	11,535	11,352	11,352	759	4,957	5,676	(719)	-13%	11,352
Total Revenue (excluding capital transfers and contributions)	206,993	220,387	220,387	60,017	149,061	110,194	38,868	35%	220,387
Employee costs	73,587	86,553	86,553	10,114	40,465	43,276	(2,811)	-6%	86,553
Remuneration of Councillors	11,445	11,557	11,557	974	5,915	5,778	137	2%	11,557
Depreciation & asset impairment	48,220	56,111	56,111	3,252	20,901	28,055	(7,154)	-25%	56,111
Finance charges	1,618	133	133	-	332	66	266	400%	133
Materials and bulk purchases	3,560	3,587	3,387	-	1,586	1,694	(108)	-6%	3,387
Transfers and subsidies	1,052	1,061	1,011	-	175	505	(330)	-65%	1,011
Other expenditure	81,583	78,208	78,458	3,557	31,883	39,228	(7,345)	-19%	78,458
Total Expenditure	221,066	237,209	237,209	17,897	101,258	118,603	(17,345)	-15%	237,209
Surplus/(Deficit)	(14,073)	(16,821)	(16,821)	42,120	47,804	(8,409)	56,213	-668%	(16,821)
Transfers and subsidies - capital (monetary allocations)	42,508	43,758	43,758	666	4,793	21,879	(17,086)	-78%	43,758
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	28,435	26,937	26,937	42,785	52,597	13,470	39,127	290%	26,937
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	28,435	26,937	26,937	42,785	52,597	13,470	39,127	290%	26,937
Capital expenditure & funds sources									
Capital expenditure	71,755	94,890	94,890	6,653	20,849	47,445	(26,596)	-56%	94,890
Capital transfers recognised	(7)	43,758	43,758	579	8,696	21,879	(13,183)	-60%	43,758
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	12,836	51,132	51,132	6,074	12,153	25,566	(13,413)	-52%	51,132
Total sources of capital funds	12,829	94,890	94,890	6,653	20,849	47,445	(26,596)	-56%	94,890
Financial position									
Total current assets	228,594	182,215	182,415		45,259				182,415
Total non current assets	501,837	557,181	557,181		(52)				557,181
Total current liabilities	72,553	86,032	86,232		(2,226)				86,232
Total non current liabilities	19,712	17,111	17,111		332				17,111
Community wealth/Equity	658,231	636,253	636,253		(5,495)				636,253
Cash flows									
Net cash from (used) operating	224,992	(2,592)	(2,592)	49,447	36,048	(1,296)	(37,344)	2882%	(2,592)
Net cash from (used) investing	10,763	1,244	1,244	475	(1,253)	95,512	96,765	101%	191,024
Net cash from (used) financing	6	2	2	2	8	2	(6)	-388%	2
Cash/cash equivalents at the month/year end	394,937	149,288	149,288	-	34,803	244,852	210,049	86%	188,434
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	(2,306)	2,054	1,867	1,840	1,681	1,275	7,171	63,872	77,454
Creditors Age Analysis									
Total Creditors	16,505	-	-	-	-	-	-	47	16,552

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) - M06 December

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		194,613	207,805	207,805	57,527	141,107	103,903	37,205	36%	207,805
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		194,613	207,805	207,805	57,527	141,107	103,903	37,205	36%	207,805
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		5,542	13,354	13,354	774	3,594	6,677	(3,083)	-46%	13,354
Community and social services		3,985	4,178	4,178	708	2,775	2,089	687	33%	4,178
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1,557	9,176	9,176	66	818	4,588	(3,770)	-82%	9,176
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		45,340	39,439	39,439	2,032	7,056	19,719	(12,663)	-64%	39,439
Planning and development		483	1,205	1,205	-	79	602	(524)	-87%	1,205
Road transport		44,857	38,234	38,234	2,032	6,978	19,117	(12,139)	-64%	38,234
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		4,006	3,547	3,547	350	2,097	1,774	324	18%	3,547
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4,006	3,547	3,547	350	2,097	1,774	324	18%	3,547
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	249,501	264,145	264,145	60,683	153,854	132,073	21,782	16%	264,145
Expenditure - Functional										
<i>Governance and administration</i>		132,265	153,382	153,382	9,743	59,758	76,691	(16,933)	-22%	153,382
Executive and council		22,841	25,103	25,103	3,151	13,705	12,552	1,154	9%	25,103
Finance and administration		107,284	125,481	125,481	6,361	45,248	62,740	(17,492)	-28%	125,481
Internal audit		2,141	2,798	2,798	231	805	1,399	(594)	-42%	2,798
<i>Community and public safety</i>		29,908	30,055	30,000	3,207	14,329	14,999	(671)	-4%	30,000
Community and social services		16,085	15,243	15,238	1,392	7,262	7,619	(357)	-5%	15,238
Sport and recreation		154	-	-	22	84	-	84	#DIV/0!	-
Public safety		13,221	14,211	14,217	1,627	6,699	7,108	(410)	-6%	14,217
Housing		449	600	545	166	285	273	12	4%	545
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		43,288	44,101	44,681	3,669	21,721	22,340	(619)	-3%	44,681
Planning and development		12,058	22,299	22,065	1,149	5,725	11,032	(5,308)	-48%	22,065
Road transport		31,230	21,802	22,616	2,521	15,997	11,308	4,689	41%	22,616
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		13,469	8,876	8,351	1,017	4,512	4,175	337	8%	8,351
Energy sources		4,477	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		8,992	8,876	8,351	1,017	4,512	4,175	337	8%	8,351
<i>Other</i>		2,136	795	795	262	938	397	540	136%	795
Total Expenditure - Functional	3	221,066	237,209	237,209	17,897	101,258	118,603	(17,345)	-15%	237,209
Surplus/ (Deficit) for the year		28,435	26,937	26,937	42,785	52,597	13,470	39,127	290%	26,937

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 2022 was R 153 ,8million against a year-to-date budget of R 101 ,3million.

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	2021/22	Budget Year 2022/23							
		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		-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		194,437	207,753	207,753	57,527	141,092	103,876	37,215	35.8%	207,753
Vote 3 - CORPORATE SERVICES		44,831	38,234	38,234	2,032	6,972	19,117	(12,145)	-63.5%	38,234
Vote 4 - COMMUNITY SERVICES		337	52	52	-	15	26	(11)	-41.1%	52
Vote 5 - PUBLIC WORKS AND BASIC SERVICES		9,413	16,901	16,901	1,124	5,696	8,451	(2,754)	-32.6%	16,901
Vote 6 - PLANNING AND DEVELOPMNT		483	1,205	1,205	-	79	602	(524)	-86.9%	1,205
Vote 7 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
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	249,501	264,145	264,145	60,683	153,854	132,073	21,782	16.5%	264,145
Expenditure by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		24,982	27,901	27,901	3,382	14,510	13,950	559	4.0%	27,901
Vote 2 - BUDGET AND TREASURY		78,176	102,134	102,134	5,227	33,311	51,067	(17,756)	-34.8%	102,134
Vote 3 - CORPORATE SERVICES		49,259	38,858	38,858	4,206	22,777	19,429	3,348	17.2%	38,858
Vote 4 - COMMUNITY SERVICES		29,052	23,248	23,248	1,134	11,937	11,624	313	2.7%	23,248
Vote 5 - PUBLIC WORKS AND BASIC SERVICES		34,745	33,876	33,876	3,363	16,047	16,938	(890)	-5.3%	33,876
Vote 6 - PLANNING AND DEVELOPMNT		4,853	11,192	11,192	586	2,676	5,596	(2,920)	-52.2%	11,192
Vote 7 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
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	221,066	237,209	237,209	17,897	101,258	118,603	(17,345)	-14.6%	237,209
Surplus/ (Deficit) for the year	2	28,435	26,937	26,937	42,785	52,597	13,470	39,127	290.5%	26,937

Summary of financial performance report for the period ending 31 December 2022. 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	2021/22	Budget Year 2022/23							
		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		34,690	37,833	37,833	3,443	20,558	18,917	1,642	9%	37,833
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		4,006	3,547	3,547	350	2,097	1,774	324	18%	3,547
Rental of facilities and equipment		1,122	935	935	134	707	467	240	51%	935
Interest earned - external investments		7,601	5,594	5,594	2,473	5,318	2,797	2,521	90%	5,594
Interest earned - outstanding debtors		6,149	5,850	5,850	534	3,108	2,925	183	6%	5,850
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,328	632	632	6	292	316	(24)	-8%	632
Licences and permits		445	503	503	27	192	252	(60)	-24%	503
Agency services		552	353	353	39	411	177	234	133%	353
Transfers and subsidies		149,161	162,061	162,061	52,992	116,130	81,030	35,100	43%	162,061
Other revenue		590	590	590	19	247	295	(48)	-16%	590
Gains		1,348	2,488	2,488	-	-	1,244	(1,244)	-100%	2,488
Total Revenue (excluding capital transfers and contributions)		206,993	220,387	220,387	60,017	149,061	110,194	38,868	35%	220,387
Expenditure By Type										
Employee related costs		73,587	86,553	86,553	10,114	40,465	43,276	(2,811)	-6%	86,553
Remuneration of councillors		11,445	11,557	11,557	974	5,915	5,778	137	2%	11,557
Debt impairment		5,509	20,059	20,059	-	86	10,029	(9,944)	-99%	20,059
Depreciation & asset impairment		48,220	56,111	56,111	3,252	20,901	28,055	(7,154)	-25%	56,111
Finance charges		1,618	133	133	-	332	66	266	400%	133
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		3,560	3,587	3,387	-	1,586	1,694	(108)	-6%	3,387
Contracted services		44,260	35,397	35,138	2,549	17,918	17,569	349	2%	35,138
Transfers and subsidies		1,052	1,061	1,011	-	175	505	(330)	-65%	1,011
Other expenditure		31,813	22,752	23,261	1,009	13,880	11,630	2,249	19%	23,261
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		221,066	237,209	237,209	17,897	101,258	118,603	(17,345)	-15%	237,209
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(14,073)	(16,821)	(16,821)	42,120	47,804	(8,409)	56,213	(0)	(16,821)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		42,508	43,758	43,758	666	4,793	21,879	(17,086)	(0)	43,758
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		28,435	26,937	26,937	42,785	52,597	13,470			26,937
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		28,435	26,937	26,937	42,785	52,597	13,470			26,937
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		28,435	26,937	26,937	42,785	52,597	13,470			26,937
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		28,435	26,937	26,937	42,785	52,597	13,470			26,937

The total revenue raised including operational grants as at 31 December 2021 was R 149 ,1 million against a total budget of R 220 ,3million for the year and the YTD budget is R 110 ,2million as at 31 December 2022. This reflects a revenue rate of 56% against the total budget for the year.

The operating expenditure as at 31 December 2022 totals to R 101 ,2million against a total budget of R 237 ,2million and that is reflecting an expenditure rate of 43%. This suggests that operating Expenditure is down by 15% when comparing with 50% that was projected to be spent as at the end of the first half of the year. Performance of the approved budget is best summarised in table C1.

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 74% of the total operation revenue budget
- Property rates contributed 17% 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 4% of the total operating revenue budget.

Equitable Share

The Municipality's allocation of R 110 ,3million or 75% of the total allocation of R 152 ,4 million for the 2022/23 financial year has been received by the municipality. The third allocation of the Equitable share totalling to R 42 ,2million is scheduled to be received by 15 March 2023.

Interest from Investments

The Municipality had R 209 ,7 million investments as at 31 December 2022. The municipality has generated a total interest revenue of R5 ,3million, which translate to 190% against YTD budget of R 2 ,8million. The municipality received first and second tranche of grants and that led to more money being invested and led to more interest received than anticipated.

The YTD revenue recognise under National Capital Grants is R 4, 8million against the original budget of R 43 ,8million.

Operating Expenditure analysis

The YTD Operating Expenditure for the 2022/23 financial year is R 101 ,3million against YTD budget of R 237 ,2million which implies that the municipality has a negative variance of R -17,345 million in expenditure arising from different line items.

	Original Budget 2022/2023	Month Actual December 2022	YTD Budget	YTD actual paid	YTD % Spent
Operating Expenditure	237,208,571	17,897,026	118,603,014	101,257,461	85%

The operating expenditure has shown an under performance by 15% against the year-to-date.

However, there are material variances that have been reported against expenditure types such as Finance charges, 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%. These variances against year to date budget are best summarised in table C1

Capital Expenditure

FUNDING SOURCE	2022/23 ORIGINAL BUDGET R'000	ACTUAL SPENT 31 DECEMBER 2022	YTD ACTUAL 31 DECEMBER 2022	% Spent 31 DECEMBER 2022
TOTAL MIG FUNDED PROJECTS	30,558,000	578,930	4,167,831	14%
TOTAL PROVINCIAL GRANTS	13,200,000	-	4,528,064	34%
TOTAL INTERNAL FUNDED PROJECTS	51,132,098	6,073,834	12,153,217	24%
TOTAL CAPEX	94,890,098	6,652,764	20,849,112	22%
ELECTRIFICATION PROJECTS	6,352,000	879,109.00	3,362,675	53%
TOTAL INCLUDING INEP	101,242,098	7,531,873	24,211,787	24%

Table above presents similar information as table C5 the difference is that the table above 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 2022/2023 financial year is R 101 ,2million inclusive of INEP and the MIG allocation is R 30 ,5 million. The cumulative capital expenditure for the period amounts to R 20 ,8million. or 22% 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 22% as at the second quarter because of delays on SCM processes and in some instance suitable service providers were not found which has led to re-advertisements on some of the major projects and inclement weather condition. variances against year to date budget are summarised in table C1

On the internal funding, the municipality has only spent 24% of its overall internal budget. The overall percentage of capital expenditure is 22% as at the end of December 2022(Excl. 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 20 ,8million against a total budget of R94 ,8million as at the end of 31 December 2022 and that is 22% of the total capital budget excluding INEP Projects, and that is 48% 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	2021/22	Budget Year 2022/23							
		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		12,020	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		382	28,728	28,728	291	3,972	14,364	(10,392)	-72%	28,728
Vote 4 - COMMUNITY SERVICES		-	300	300	-	-	150	(150)	-100%	300
Vote 5 - PUBLIC WORKS AND BASIC SERVICES		-	2,300	2,300	-	-	1,150	(1,150)	-100%	2,300
Vote 6 - PLANNING AND DEVELOPMNT		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
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	12,402	31,328	31,328	291	3,972	15,664	(11,692)	-75%	31,328
Single Year expenditure appropriation	2									
Vote 1 - EXECUTIVE AND COUNCIL		158	60	60	-	1,819	30	1,789	5965%	60
Vote 2 - BUDGET AND TREASURY		48,622	5,483	5,483	637	1,346	2,741	(1,396)	-51%	5,483
Vote 3 - CORPORATE SERVICES		9,859	38,161	38,161	5,076	6,613	19,080	(12,467)	-65%	38,161
Vote 4 - COMMUNITY SERVICES		838	2,152	2,152	350	371	1,076	(705)	-66%	2,152
Vote 5 - PUBLIC WORKS AND BASIC SERVICES		253	17,187	17,187	299	6,713	8,594	(1,881)	-22%	17,187
Vote 6 - PLANNING AND DEVELOPMNT		(378)	520	520	-	16	260	(244)	-94%	520
Vote 7 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
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	59,353	63,563	63,563	6,362	16,878	31,781	(14,904)	-47%	63,563
Total Capital Expenditure	3	71,755	94,890	94,890	6,653	20,849	47,445	(26,596)	-56%	94,890
Capital Expenditure - Functional Classification										
Governance and administration		61,829	8,295	8,295	987	3,536	4,147	(612)	-15%	8,295
Executive and council		158	60	60	-	1,819	30	1,789	5965%	60
Finance and administration		61,671	8,235	8,235	987	1,716	4,117	(2,401)	-58%	8,235
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		620	19,487	19,487	299	6,713	9,743	(3,031)	-31%	19,487
Community and social services		159	4,221	4,221	-	328	2,110	(1,783)	-84%	4,221
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		462	15,266	15,266	299	6,385	7,633	(1,248)	-16%	15,266
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		8,548	64,908	64,908	5,309	10,389	32,454	(22,065)	-68%	64,908
Planning and development		1,557	55,298	55,298	1,757	6,837	27,649	(20,812)	-75%	55,298
Road transport		6,992	9,610	9,610	3,552	3,552	4,805	(1,253)	-26%	9,610
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		757	2,200	2,200	58	212	1,100	(888)	-81%	2,200
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	500	500	-	-	250	(250)	-100%	500
Waste management		757	1,700	1,700	58	212	850	(638)	-75%	1,700
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	71,755	94,890	94,890	6,653	20,849	47,445	(26,596)	-56%	94,890
Funded by:										
National Government		(382)	30,558	30,558	579	4,168	15,279	(11,111)	-73%	30,558
Provincial Government		375	13,200	13,200	-	4,528	6,600	(2,072)	-31%	13,200
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		(7)	43,758	43,758	579	8,696	21,879	(13,183)	-60%	43,758
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		12,836	51,132	51,132	6,074	12,153	25,566	(13,413)	-52%	51,132
Total Capital Funding		12,829	94,890	94,890	6,653	20,849	47,445	(26,596)	-56%	94,890

- Statement of Financial Position

The table C6 below displays the statement financial position of the municipality as at 31 December 2022.

KZN436 Dr Nkosazana Dlamini Zuma - Table C6 Monthly Budget Statement - Financial Position - M06

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		164,822	100,288	100,288	31,863	100,288
Call investment deposits		15,413	48,998	48,998	13,982	48,998
Consumer debtors		41,320	26,688	26,688	1,632	26,688
Other debtors		7,039	6,240	6,240	(2,769)	6,240
Current portion of long-term receivables		-	-	-	-	-
Inventory		-	-	200	-	200
Total current assets		228,594	182,215	182,415	44,708	182,415
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		21,759	12,025	12,025	-	12,025
Investments in Associate		-	-	-	-	-
Property, plant and equipment		479,616	543,739	543,799	(274)	543,799
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		462	1,418	1,358	222	1,358
Other non-current assets		-	-	-	-	-
Total non current assets		501,837	557,181	557,181	(52)	557,181
TOTAL ASSETS		730,431	739,396	739,596	44,656	739,596
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		(0)	171	171	-	171
Consumer deposits		6	2	2	8	2
Trade and other payables		63,340	73,373	73,573	(2,234)	73,573
Provisions		9,207	12,487	12,487	-	12,487
Total current liabilities		72,553	86,032	86,232	(2,226)	86,232
Non current liabilities						
Borrowing		-	-	-	-	-
Provisions		19,712	17,111	17,111	332	17,111
Total non current liabilities		19,712	17,111	17,111	332	17,111
TOTAL LIABILITIES		92,264	103,143	103,343	(1,894)	103,343
NET ASSETS	2	638,167	636,253	636,253	46,550	636,253
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		652,738	630,760	630,760	(5,495)	630,760
Reserves		5,493	5,493	5,493	-	5,493
TOTAL COMMUNITY WEALTH/EQUITY	2	658,231	636,253	636,253	(5,495)	636,253

- **Cash Flow Statement**

Table C7 below display the Municipality's Cash Flow Statement for the Period ending 31 December 2022

Table C7 reflects a closing balance of R 34 ,8million as at the end of December 2022

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

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		26,400	30,985	30,985	1,519	17,187	15,493	1,695	11%	30,985
Service charges		6,672	3,546	3,546	188	1,013	1,773	(760)	-43%	3,546
Other revenue		93,915	25,258	25,258	110	10,702	12,629	(1,927)	-15%	25,258
Transfers and Subsidies - Operational		134,151	168,413	168,413	51,937	61,675	84,206	(22,531)	-27%	168,413
Transfers and Subsidies - Capital		25,600	43,758	43,758	-	9,168	21,879	(12,711)	-58%	43,758
Interest		15,148	9,689	9,689	33	217	4,844	(4,627)	-96%	9,689
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(76,895)	(283,047)	(283,047)	(4,340)	(63,914)	(141,523)	(77,609)	55%	(283,047)
Finance charges		-	(133)	(133)	-	-	(66)	(66)	100%	(133)
Transfers and Grants		-	(1,061)	(1,061)	-	-	(530)	(530)	100%	(1,061)
NET CASH FROM/(USED) OPERATING ACTIVITIES		224,992	(2,592)	(2,592)	49,447	36,048	(1,296)	(37,344)	2882%	(2,592)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	1,244	1,244	-	-	622	(622)	-100%	1,244
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		10,763	-	-	475	(1,253)	94,890	96,143	101%	189,780
NET CASH FROM/(USED) INVESTING ACTIVITIES		10,763	1,244	1,244	475	(1,253)	95,512	96,765	101%	191,024
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		6	2	2	2	8	2	6	388%	2
Payments										
Repayment of borrowing		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES		6	2	2	2	8	2	(6)	-388%	2
NET INCREASE/ (DECREASE) IN CASH HELD		235,761	(1,346)	(1,346)	49,924	34,803	94,218			188,434
Cash/cash equivalents at beginning:		159,176	150,634	150,634		-	150,634			-
Cash/cash equivalents at month/year end:		394,937	149,288	149,288		34,803	244,852			188,434

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 2022.

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December														
Description	NT Code	Budget Year 2022/23									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total				
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	3,514	1,767	1,603	1,494	1,430	1,028	5,451	36,165	52,451	45,567	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Management	1600	612	233	210	200	195	180	1,002	5,193	7,826	6,771	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-	
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	14	409	19,420	19,844	19,844	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	(6,432)	54	53	146	56	53	308	3,094	(2,666)	3,658	-	-	
Total By Income Source	2000	(2,306)	2,054	1,867	1,840	1,681	1,275	7,171	63,872	77,454	75,840	-	-	
2021/22 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200	(1,982)	681	631	615	606	356	2,250	24,348	27,504	28,175	-	-	
Commercial	2300	(660)	318	283	333	231	187	851	5,108	6,631	6,710	-	-	
Households	2400	266	824	743	695	665	558	3,149	24,970	31,869	30,037	-	-	
Other	2500	90	231	210	198	180	174	921	9,446	11,450	10,919	-	-	
Total By Customer Group	2600	(2,306)	2,054	1,867	1,840	1,681	1,275	7,171	63,872	77,454	75,840	-	-	

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 2022, the increase in debtors was almost R77,4million.

- The debtors' book has increased in the month of 31 December 2022 by 3.16% to R 77,454,120.24 with the debtor's collection rate to billed revenue at 103,41% for the current year.
- Cash collected for the month of 31 December 2022 amounted to R 2,604,669.96
- The majority of debtors are over 120 days.
- The credit control measures for collection are implemented especially for old debt and are yielding positive results.

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 2022. 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 2022/23								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	16,505	-	-	-	-	-	-	-	16,505
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	-	-	-	-	-	-	-	-	-
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	47	47
Total By Customer Type	1000	16,505	-	-	-	-	-	-	47	16,552

2.3 Investment Portfolio Analysis

The table SC5 below indicate the municipality’s investment portfolio is sitting at R219, 7million.

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 2022 is 5, 3million, an amount of 333 484 was accrued in investment interest income for the month of December 2022. The cash in bank as at 31 December 2022 amounted to R 4, 1million and investments amounted to R 219 ,7million with a total cash and cash equivalents of R 222,8million. The average interest rate on investment is at 8.75%. The cash coverage ratio as at 31 December 2022 is 11.9 based on average operating expenditure for the period. 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									
74165605518		1 month	FNB CALL DEPOSIT		26.094	0	911,252	-	937
62008452071		1 month	FNB BANK INVESTMENT		39,178		1,628,102		1,667
74942423951		1 month	FIXED DEPOSIT		81,874		6,015,293		6,097
76200660952		1 month	FIXED DEPOSIT		737,850		-		738
74938172372		2 months	FIXED DEPOSIT		74,141		5,053,548		5,128
62550105011		1 month	FNB CALL ACCOUNT		5,482		206,031		212
62235619197		1 month	FNB BUSINESS MONEY MARKET		36,795		1,743,788		1,781
62810888935		1 month	FNB CALL DEPOSIT		8,765		467,983		477
62810887119		1 month	FNB CALL ACCOUNT		5,225		279,115		284
74906990821		1 month	FNB CALL DEPOSIT		-		31,267,892		31,268
76201089458		1 month	FNB FIXED DEPOSIT		22,707				23
76201577429		1 month	FNB FIXED DEPOSIT		21,797				22
03/7881098635/000047		2 months	NED BANK INVESTMENT		-		30,889,266		30,889
03/7881098635/000049		1 month	NED BANK INVESTMENT		136,849				137
03/7881098635/000051		1 month	NED BANK INVESTMENT		473,243				473
03/7881098635/000052		1 month	NEDBANK NOTICE DEPOSIT		6,928				7
1100540834(4500)		1 month	INVESTEC BANK		-		10,644,690		10,645
110054083(4450)		1 month	INVESTEC BANK		298,231				298
52070336		1 month	STANDARD BANK		-		4,417		4
4787359950-015		1 month	STANDARD BANK		-		32,107,787		32,108
20-7979-5620		3 months	STANDARD BANK		-		32,107,787		32,108
4787359950-0017		1 month	STANDARD BANK		174,965				175
4787359950		1 month	STANDARD BANK		174,965				175
4787359950-0018		1 month	STANDARD BANK		509,918				510
4787359950-0019		1 month	STANDARD BANK		82,268				82
4787359950-0021		1 month	STANDARD BANK		75,355				75
4787359950-0022		1 month	STANDARD BANK		357,877				358
4787359950-0023		1 month	STANDARD BANK		111,560				112
4787359950-0024		1 month	STANDARD BANK		92,073				92
4787359950-0025		1 month	STANDARD BANK		19,849				20
20-7979-5620		1 month	ABSA BUSINESS BANK		1,364,387		31,330,604		32,695
20-8035-3520		1 month	ABSA BUSINESS BANK		198,115		15,000,000		15,198
20-8054-3474		1 month	ABSA BUSINESS BANK		227,375				227
93-7405-3205		2 months	ABSA BUSINESS BANK		13,726			14,710,302	14,724
-		-			-		-	-	-
Municipality sub-total					5,378		199,658	14,710	219,745
TOTAL INVESTMENTS AND INTEREST	2				5,378		199,658	14,710	219,745

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 149 ,5million has been received by the municipality as the 31 December 2022 and the last allocations are expected by the month of March 2022 for all the grants that were gazetted for the municipality for 2022/23 financial year.

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:	1,2	156,469	163,244	163,244	51,937	118,320	81,622	36,698	45.0%	163,244
Operational Revenue:General Revenue:Equitable Share		139,476	152,466	152,466	50,822	110,283	76,233	34,050	44.7%	152,466
Operational:Revenue:General Revenue:Fuel Levy	3	-	-	-	-	-	-	-	-	-
2014 African Nations Championship Host City Operating Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand-side [Schedule 5B]		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		2,323	2,476	2,476	1,115	1,734	1,238	496	40.1%	2,476
HIV and Aids		-	-	-	-	-	-	-	-	-
Housing Accreditation		-	-	-	-	-	-	-	-	-
Housing Top structure		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Khayelitsha Urban Renewal		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		1,950	1,950	1,950	-	1,950	975	975	100.0%	1,950
Mitchell's Plain Urban Renewal		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		12,720	6,352	6,352	-	4,353	3,176	1,177	37.1%	6,352
Municipal Restructuring Grant		-	-	-	-	-	-	-	-	-
Integrated Urban Development Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		4,114	5,169	5,169	-	5,169	2,584	2,585	100.0%	5,169
Provincialisation of Libraries		2,714	2,946	2,946	-	1,223	1,473	(250)	-17.0%	2,946
Community Library Service Grant		1,089	1,223	1,223	-	2,946	612	2,335	381.8%	1,223
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Municipal Employment Initiative Grant		-	1,000	1,000	-	1,000	500	500	100.0%	1,000
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		311	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	160,583	168,413	168,413	51,937	123,489	84,206	39,283	46.7%	168,413
Capital Transfers and Grants										
National Government:		42,508	30,558	30,558	7,640	25,976	15,279	10,697	70.0%	30,558
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		42,508	30,558	30,558	7,640	25,976	15,279	10,697	70.0%	30,558
Municipal Water Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		5,200	13,200	13,200	-	-	6,600	(6,600)	-100.0%	13,200
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Provincial Government Small Town Rehabilitation		-	5,200	5,200	-	-	2,600	(2,600)	-100.0%	5,200
Provincial Government Disaster Management Programme		-	8,000	8,000	-	-	4,000	(4,000)	-100.0%	8,000
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		5,200	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Transfer from Operational Revenue		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	47,708	43,758	43,758	7,640	25,976	21,879	4,097	18.7%	43,758
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	208,291	212,171	212,171	59,577	149,465	106,085	43,380	40.9%	212,171

Transfers and grant expenditure

Table SC7(1) below provides information relating to grant expenditure, the municipality has actual spent of R 56 ,9million as at the 31 December 2022 on operational transfers and grants and 4 ,8million on capital grants.

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	Ref	2021/22	Budget Year 2022/23							
		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:		156,469	163,244	163,244	52,209	54,158	81,622	(27,464)	-33.6%	160,768
Operational Revenue:General Revenue:Equitable Share		139,476	152,466	152,466	50,822	47,724	76,233	(28,509)	-37.4%	152,466
Operational Revenue:General Revenue:Fuel Levy		-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand-side [Schedule 5B]		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		2,323	2,476	2,476	412	2,179	1,238	941	76.0%	-
HIV and Aids		-	-	-	-	-	-	-	-	-
Housing Accreditation		-	-	-	-	-	-	-	-	-
Housing Top structure		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Khayelitsha Urban Renewal		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		1,950	1,950	1,950	96	893	975	(82)	-8.4%	1,950
Mitchell's Plain Urban Renewal		-	-	-	-	-	-	-	-	-
Municipal Demarcation and Transition Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Department of Water and Sanitation Smart Living Handbook		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		12,720	6,352	6,352	879	3,363	3,176	187	5.9%	6,352
Municipal Restructuring Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Municipal Rehabilitation Grant		-	-	-	-	-	-	-	-	-
Integrated Urban Development Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		4,417	5,169	5,169	708	2,775	2,585	191	7.4%	5,169
Provincialisation of Libraries		737	2,946	2,946	130	486	1,473	(987)	-67.0%	2,946
Community Library Service Grant		3,235	1,223	1,223	578	2,290	612	1,678	274.5%	1,223
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Municipal Employment Initiative Grant		-	1,000	1,000	-	-	500	(500)	-100.0%	1,000
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		311	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		160,886	168,413	168,413	52,917	56,934	84,207	(27,273)	-32.4%	165,937
Capital expenditure of Transfers and Grants										
National Government:		42,508	30,558	30,558	666	4,793	15,279	(10,486)	-68.6%	30,558
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		42,508	30,558	30,558	666	4,793	15,279	(10,486)	-68.6%	30,558
Municipal Water Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		375	13,200	13,200	-	-	6,600	(6,600)	-100.0%	13,200
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		375	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Provincial Government: Small Town Rehabilitation		-	5,200	5,200	-	-	2,600	(2,600)	-100.0%	5,200
Provincial Government: Disaster Management Programme		-	8,000	8,000	-	-	4,000	(4,000)	-100.0%	8,000
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Transfer from Operational Revenue		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		42,883	43,758	43,758	666	4,793	21,879	(17,086)	-78.1%	43,758
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		203,769	212,171	212,171	53,582	61,727	106,086	(44,359)	-41.8%	209,695

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.

Summary of Employee and Councillor remuneration	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		8,643	8,784	8,784	723	4,538	4,392	146	3%	8,784
Pension and UIF Contributions		1,057	1,178	1,178	97	583	589	(6)	-1%	1,178
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		550	308	308	47	176	154	23	15%	308
Cellphone Allowance		1,195	1,288	1,288	107	618	644	(26)	-4%	1,288
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		11,445	11,557	11,557	974	5,915	5,778	137	2%	11,557
% increase	4		1.0%	1.0%						1.0%
Senior Managers of the Municipality										
Basic Salaries and Wages		4,352	5,485	5,485	576	2,312	2,743	(431)	-16%	5,485
Pension and UIF Contributions		180	184	184	16	96	92	3	4%	184
Medical Aid Contributions		48	109	109	2	19	55	(36)	-65%	109
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		249	532	532	124	124	266	(142)	-53%	532
Motor Vehicle Allowance		461	572	572	38	230	286	(56)	-20%	572
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		80	83	83	-	20	42	(22)	-52%	83
Other benefits and allowances		75	201	201	4	20	100	(80)	-80%	201
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		5,444	7,167	7,167	761	2,821	3,583	(763)	-21%	7,167
% increase	4		31.6%	31.6%						31.6%
Other Municipal Staff										
Basic Salaries and Wages		48,439	53,562	53,562	4,226	25,118	26,781	(1,663)	-6%	53,562
Pension and UIF Contributions		7,814	9,153	9,153	696	4,179	4,577	(398)	-9%	9,153
Medical Aid Contributions		3,183	3,443	3,443	269	1,620	1,721	(102)	-6%	3,443
Overtime		3,026	4,840	4,840	175	1,384	2,420	(1,036)	-43%	4,840
Performance Bonus		1,306	1,495	1,495	1,287	1,301	748	554	74%	1,495
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		132	400	400	13	76	200	(125)	-62%	400
Other benefits and allowances		2,879	3,610	3,610	2,657	2,897	1,805	1,092	60%	3,610
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		0	459	459	12	147	229	(83)	-36%	459
Post-retirement benefit obligations		1,363	2,424	2,424	20	924	1,212	(288)	-24%	2,424
Sub Total - Other Municipal Staff		68,143	79,386	79,386	9,354	37,645	39,693	(2,048)	-5%	79,386
% increase	4		16.5%	16.5%						16.5%
Total Parent Municipality		85,032	98,110	98,110	11,088	46,380	49,054	(2,674)	-5%	98,110

Remuneration of Councillor's

Remuneration of Councillors expenditure as at 31 December 2022 is sitting at R5,9million against a year to date budget of R5,8 million and that means 98% of the councillor's allowances year to date budget was spent as at end of December 2022.

Employee related costs

Expenditure as at 31 December 2022 is sitting at R 40 ,5million against year to date budget of R 43, 3million and that means 94% was spent against employee related costs whilst the remuneration of councillors is sitting at 51% as the end of December 2022. 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	7 212 746	43 276 449	40 465 325	47%
Remuneration of Councillors	11 556 648	963 054	5 778 324	5 914 883	51%
Total	98 109 605	8 175 800	49 054 773	46 380 208	44%

2.6 Material Variances in the Budget and SDBIP

The performance of the Municipality, as discussed in detail under in the attached Performance Report peromance report. In terms of Section 72 of the MFMA, the Accounting Officer must by the 25th January of each year assess the performance of the Municipality during the first half of the financial year, taking into account the following:

- Monthly statements referred to in Section 71 for the first half of the financial year;
- 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 (SDBIP).

Overall Percentage Achievement

Q2: 01 October – 31 December 2022 And Mid-Year 01 July - 31 December 2022

Quarter/ Mid-Year Total Number of Targets: 110	Targets Achieved	Targets Not Achieved	Not applicable in the quarter/Mid-year
Total Number of Targets Applicable in Q2: 79	60	19	31
Quarter 2 Status Report & Performance in percentages %	76%	24%	28%
Total Number of Targets Applicable at Mid-Year: 85			
Q1 & Q2 Consolidated Performance/ Mid-year Status Report (01 July-31 December 2022) & Performance in percentages %	66	19	25
	78%	22%	22%

Out of 79 targets that were applicable during the quarter/mid-year 10 were overachieved and that constitute 13% of the performance of the municipality. The organizational performance has improved by 3% when compared to the first quarter which was 75%. It must also be noted that when comparing to the previous year’s mid-year report there is no significance improvement as the municipality’s performance was 77% at Q2 and 78% at mid-year. The Management and the Executive must devise means and strategies to ensure that there is improvement in terms of the departments’ performance. The ultimate goal must always be to achieve (100%) all set targets as per the SDBIP signed as a contract between the municipality and the members of the public. All oversight structures must play a meaningful role in ensuring improved performance, sites visitations by Portfolio Committees, monitoring of the SDBIP by Portfolio Heads and Portfolio Chairpersons remains imperative.

No.	Name Of The Department	% Performance For Q2 Of 2022/2023	% Of Performance As At Mid-Year Of 2022/2023
1.	Office Of The Municipal Manager	67%	56%
2.	Community & Social Services	94%	94%
3.	Corporate Support Services	92%	92%
4.	Public Works & Basic Services	56%	56%
5.	Budget & Treasury Office	78%	78%
6.	Development, Town Planning Services, LED& Tourism Management	78%	78%

The following section analyses material variances between the actual targets against the budget as at the Mid-Year of the 2022/23 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 2022.

- **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 R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	Revenue By Source			
	Property Rates	9 Percent	Budget amount was based on draft general valuation roll and the impact of objections and appeals were not finalised during budgeting stage. furthermore, greater rebate application anticipated through the course of the year.	The municipality will adjust the budget during the adjustment budget period
	Service Charges	18 Percent	New properties identified during the property valuation review identified for refuse billing.	The municipality will adjust the budget during the adjustment budget period
	Rental of Facilities and Equipment	51 Percent	This item is demand driven revenue from ad-hoc rentals, rental of facilities has exceeded expectation. Renewal of contracts	The municipality will adjust the budget during the adjustment budget period
	Interest Earned - External Investment	46 Percent	The municipality received more interest than anticipated because of the increased in interest rate and receiving allocation of grants for first and second quarter which resulted in more cash being invested.	The municipality will adjust the budget during the adjustment budget period
	Interest Earned - Outstanding Debtors	6 Percent	Delayed general valuation upload due to internet connections previously sited rendering the debt collection process stalling and in turn reduced the collection rate and increased interest charged.	The municipality will adjust the budget during the adjustment budget period
	Fines, Penalties and Forfeits	(8) Percent	Less traffic fines were issued then anticipated during first half of the year	The municipality will adjust the budget during the adjustment budget period
	Licences and Permits	(24) Percent	This item is demand driven revenue from issuing of licences and permit, more demand was anticipated	The municipality will adjust the budget during the adjustment budget period
	Agency Services	133 Percent	Arrival of previously delayed DOT cheque for the municipality for the agency services provided	The municipality will adjust the budget during the adjustment budget period
	Transfers and Subsidies	41 Percent	Reflects positive variance due to receiving of grant allocation for first and second quarter which is not aligned to monthly budget estimates	
	Other Revenue	(16) Percent	Decrease in the sale of tender documents due to internet download facilities being available. Subcomponents of this item are demand driven and less then the anticipated demand	The budget will be reviewed during the adjustment budget process
	Gains	(100) Percent	Auction 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

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC1 Material variance explanations - M06 December				
Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
2	Expenditure By Type			
	Employee Related Costs	(7) Percent	The variance is a result of timing of filling of vacant positions	Vacant positions will be filled before the end of the financial year
	Debt Imparement	(99) Percent	Debt assessment takes place at year end	Debt impairment will be processed at the end of the financial year (June 2023)
	Depreciation and Asset Imparement	(25) Percent	Delays in completing projects which affected the depreciation projected amount	Budget will be reviewed during the adjustment budget period
	Finance Charges	400 Percent	Notional interest charge for landfill site and employee cost provisions for the passage of time, this was identified through quality control of afs preparation but post budget preparation. This will be attended to during adjustment budget	The municipality will adjust the budget during the adjustment budget period
	Transfers and Subsidies	(65) Percent	Depend on the number of people who purchase FBE	To consider adjusting the budget during the adjustment budget time
	Other Expenditure	19 Percent	General expenses reflect a positive variance of 19% which is above year to date due to operational cost incurred for running of the municipality	To consider adjusting the budget during the adjustment budget time
3	Capital Expenditure			
	Capital Expenditure	(52) Percent	Delays on SCM processes and in some instance suitable service providers were not found which has led to re-advertisements on the major capital projects and inclement weather condition which disturbed the progress of the project.	There are couple of appointments for major projects done towards the end of quarter two. The effects of these appointments would materialise in quarter three.
4	Financial Position			
	Cash		The actual cash YTD is sitting at R100 ,2 million and that seems to be favourable to the municipality	

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC1 Material variance explanations - M06 December				
Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
5	Cash Flow			
	Cash and Cash Equivalent		The municipality had a closing balance of R 222 ,8million as at the end of December 2022, closing balalce as per investment register and that is favourable to the municipality. The closing balance of R34 , 8million is not correctly rec0nciled arising to the error of capital and operational grants not being 100 percent taken into account in C7.	The system provider will attend to the error
	Property Rates	11 Percent	The municipality received more cash than anticipated	The municipality will consider adjusting the budget during the adjustment
	Service Charges	(43) 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	(15) Percent	Decrease in the sale of tender documents due to internet download facilities being available. Subcomponents of this item are demand driven and less then the anticipated demand	The budget will be reviewed during the adjustment budget process
	Government - Operating	(27) Percent	Operational grants received are below actual year to date cash received due to receipted operational grants that were not correctly updated in the month of July and December 2022 - cash inflow will be corrected, updated and be reported accordindly.	The system provider will attend to the error
	Government - Capital	(58) Percent	Capital grants received are below actual year to date cash received due to receipted operational grants that were not correctly updated in the month of July and December 2022 - cash inflow will be corrected, updated and be reported accordindly.	The system provider will attend to the error
	Interest	(96) Percent	Variance is 98 percent which is not the true reflection of the transctions processed as at 31 December 2022 due to an error in the mapping of interest. The interest received to date is R 5 ,6million asp interest recorded in the investment register.	The system provider will attend to the error
	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 autction will take place before the end of the financial year
	Suppliers and Employees	55 percent	Underperformed as 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	Notional interest charge for landfill site and employee cost provisions for the passage of time, this was identified through quality control of afs preparation but post budget preparation. This will be attended to during adjustment budget	The municipality will adjust the budget during the adjustment budget period
	Transfers and Grants	100 Percent	Variance is 100 percent which is not the true reflection of the transctions processed as at 31 December 2022 due to an error in the mapping on transfers and grants. Transfers and grants are R505 452,00 to date as per table C4	The system provider will attend to the error
	Capital Payments	(101) Percent	Variance is -101 percent which is not the true reflection of the transctions processed as at 31 December 2022 due to an error in the mapping on capital payments. Capital payments are 20 849 111.71 to date as per table C5	Service provide has been engaged to attend to the error
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) - M06 December

Description	Ref	Budget Year 2022/23								
		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		34,690	37,833	37,833	3,443	20,558	18,917	1,642	9%	37,833
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		4,006	3,547	3,547	350	2,097	1,774	324	18%	3,547
Rental of facilities and equipment		1,122	935	935	134	707	467	240	51%	935
Interest earned - external investments		7,601	5,594	5,594	2,473	5,318	2,797	2,521	90%	5,594
Interest earned - outstanding debtors		6,149	5,850	5,850	534	3,108	2,925	183	6%	5,850
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,328	632	632	6	292	316	(24)	-8%	632
Licences and permits		445	503	503	27	192	252	(60)	-24%	503
Agency services		552	353	353	39	411	177	234	133%	353
Transfers and subsidies		149,161	162,061	162,061	52,992	116,130	81,030	35,100	43%	162,061
Other revenue		590	590	590	19	247	295	(48)	-16%	590
Gains		1,348	2,488	2,488	-	-	1,244	(1,244)	-100%	2,488
Total Revenue (excluding capital transfers and contributions)		206,993	220,387	220,387	60,017	149,061	110,194	38,868	35%	220,387
Expenditure By Type										
Employee related costs		73,587	86,553	86,553	10,114	40,465	43,276	(2,811)	-6%	86,553
Remuneration of councillors		11,445	11,557	11,557	974	5,915	5,778	137	2%	11,557
Debt impairment		5,509	20,059	20,059	-	86	10,029	(9,944)	-99%	20,059
Depreciation & asset impairment		48,220	56,111	56,111	3,252	20,901	28,055	(7,154)	-25%	56,111
Finance charges		1,618	133	133	-	332	66	266	400%	133
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		3,560	3,587	3,387	-	1,586	1,694	(108)	-6%	3,387
Contracted services		44,260	35,397	35,138	2,549	17,918	17,569	349	2%	35,138
Transfers and subsidies		1,052	1,061	1,011	-	175	505	(330)	-65%	1,011
Other expenditure		31,813	22,752	23,261	1,009	13,880	11,630	2,249	19%	23,261
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		221,066	237,209	237,209	17,897	101,258	118,603	(17,345)	-15%	237,209
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(14,073)	(16,821)	(16,821)	42,120	47,804	(8,409)	56,213	(0)	(16,821)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		42,508	43,758	43,758	666	4,793	21,879	(17,086)	(0)	43,758
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		28,435	26,937	26,937	42,785	52,597	13,470			26,937
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		28,435	26,937	26,937	42,785	52,597	13,470			26,937
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		28,435	26,937	26,937	42,785	52,597	13,470			26,937
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		28,435	26,937	26,937	42,785	52,597	13,470			26,937

Description	Original Budget 2022/2023	Month Budget December 2022	YTD Budget	YTD Actuals	Variance
	R,000	R, 000	R,000	R,000	R,000
Operating Revenue By Source (Excluding Capital Transfers)	220 387	18 366	110 194	148 510	38 317
Total Operating Expenditure	237 209	19 767	118 603	101 258	-17 345
Surplus/(Deficit)	-16 821	-1 402	-8 409	47 253	55 662

The total revenue raised including operational grants as at 31 December 2022 was R 149, 1million against a total budget of R 220 ,4million for the year and the YTD budget is R 110 ,1million as at 31 December 2022. This reflects a revenue rate of 56% against the total budget for the year.

The operating expenditure as at 31 December 2022 totals to R 101 ,3million against a total budget of R 237 ,2million and that is reflecting an expenditure rate of 43%. This suggests that operating Expenditure is down by 15% 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	2022/23 ORIGINAL BUDGET R'000	ACTUAL SPENT 31 DECEMBER 2022	YTD ACTUAL 31 DECEMBER 2022	% Spent 31 DECEMBER 2022
TOTAL MIG FUNDED PROJECTS	30,558,000	578,930	4,167,831	14%
TOTAL PROVINCIAL GRANTS	13,200,000	-	4,528,064	34%
TOTAL INTERNAL FUNDED PROJECTS	51,132,098	6,073,834	12,153,217	24%
TOTAL CAPEX	94,890,098	6,652,764	20,849,112	22%
ELECTRIFICATION PROJECTS	6,352,000	879,109.00	3,362,675	53%
TOTAL INCLUDING INEP	101,242,098	7,531,873	24,211,787	24%

The total capital budget for the 2022/2023 financial year is R 101 ,2million inclusive of INEP and the MIG allocation is R 30 ,5million. The cumulative capital expenditure for the period amounts to R 20 ,8million. or 22% to the total budget (Excl. INEP). The municipality anticipated to spend 50% of the total capital budget as at the second quarter but the spending is sitting at 22% as at the second quarter, the suitable service providers were not found which has led to the re-advertisement of major capital projects.

2.10. Other Supporting Documents

2.10.1 Progress on Capital Projects

Project Name	Dec-22	Reason for Delays	Remedial Action
2021/22 FINANCIAL YEAR PROJECTS			
Himeville business hives	The project is practical complete		
Sdangeni Bridge	The project is 87% complete	The contractor was not performing on site, the performance was slow	The project manager issued the contractor with a notice of slow progress and requested a revised program
Construction of fire station	The project is 87% complete	there were incliment weateher condition which disturbed the progress of the project, there were also an addition scope of work which was not part of the initial scope of the project	The project manager will monitor the project closley for the service provider to complete the work on time
Cemetry toilets and Waste sites	The service provider has been terminated for not performing on site		
2022/23 FINANCIAL YEAR PROJECTS			
Langelihle Creche	Awaiting inception meeting, the inception meeting will take place before the 20th of January 2022	Delayed by the appointment of Engineers to do designs because of the loads of closed tenders	Service provider has been appointend and the project manager will monitor the project very close in order to complete the project on time
Creighton Sport Center phase 2	Intention to award stage	Delayed by the appointment of service provider because of the loads of closed tenders	The project manager will monitor the project very close in order to complete the project on time
Mafohla Community Hall	Adjudication stage	Delayed by the appointment of Engineers to do designs because of the loads of closed tenders	Service provider has been appointend and the project manager will monitor the project very close in order to complete the project on time
Bulwer Asphalt Road Phase 8	The service provider has established on site	Delayed by DOT for the approval to disturb their infratructure, since we can not intersect our project or disturb their infranstructure without the approval	Service provider has been appointend and the project manager will monitor the project very close in order to complete the project on time
Underberg Asphalt Road Phase 4	The service provider has established on site	Delayed by DOT for the approval to disturb their infratructure, since we can not intersect our project or disturb their infranstructure without the approval	Service provider has been appointend and the project manager will monitor the project very close in order to complete the project on time
Himeville Asphalts Phase 3	The service provider has established on site	Delayed by DOT for the approval to disturb their infratructure, since we can not intersect our project or disturb their infranstructure without the approval	Service provider has been appointend and the project manager will monitor the project very close in order to complete the project on time

Project Name	Dec-22	Reason for Delays	Remedial Action
2022/23 FINANCIAL YEAR INTERNAL PROJECTS			
Hlabeni Community Hall	The service provider has established on site	Delayed by the appointment of Engineers to do designs because of the loads of closed tenders	The service provider has been appointed and is now on site, the project manager will monitor the project very close to be complete on time
Creighton Storeroom	The engineer is preparing document to go on tender		
Underberg Town Upgrade Phase 2	Intention to award was issued on the 21st of December 2022 and it has expired. Awaiting for inception meeting	Delayed by DOT for the approval to disturb their infrastructure, since we can not intersect our project or disturb their infrastructure without the approval	Service providers are now appointed project managers will monitor the project very close in order to complete the project on time
Bulwer Town Upgrade Phase 2	Intention to award was issued on the 21st of December 2022 and it has expired. Awaiting for inception meeting	Delayed by DOT for the approval to disturb their infrastructure, since we can not intersect our project or disturb their infrastructure without the approval	Service providers are now appointed project managers will monitor the project very close in order to complete the project on time
Creighton Town Upgrade Phase 2	Intention to award was issued on the 21st of December 2022 and it has expired. Awaiting for inception meeting	Delayed by DOT for the approval to disturb their infrastructure, since we can not intersect our project or disturb their infrastructure without the approval	Service providers are now appointed project managers will monitor the project very close in order to complete the project on time
Renewal of Gravel Access Roads 2022/23 min. 1km			
KwaMvimbela Access Road	The SCM Department is busy preparing the intention to award advert, which will be out no later than 13th of January 2023	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised, since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers
Mahwaqa Access Road	The SCM Department is busy preparing the intention to award advert, which will be out no later than 13th of January 2023	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised, since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers
Hazyview Crescent Access Road	The SCM Department is busy preparing the intention to award advert, which will be out no later than 13th of January 2023	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised, since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers
Manqoba Access Road	The SCM Department is busy preparing the intention to award advert, which will be out no later than 13th of January 2023	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised, since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers
Leki Access Road	the intention to award advert, which will be	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised, since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers
Sibomvini to Konki Access road	The SCM Department is busy preparing the intention to award advert, which will be out no later than 13th of January 2023	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised, since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers

Mnqundekweni Access Road	The SCM Department is busy preparing the intention to award advert, which will be out no later than 13th of January 2023	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised,since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers
Manxiweni Access Road	The SCM Department is busy preparing the intention to award advert, which will be out no later than 13th of January 2023	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised,since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers
eMatendeni to eNgudwini Primary Access Road	The SCM Department is busy preparing the intention to award advert, which will be out no later than 13th of January 2023	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised,since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers
Zakhisweni Access Roads	The SCM Department is busy preparing the intention to award advert, which will be out no later than 13th of January 2023	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised,since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers
Bhidla Access Road	The SCM Department is busy preparing the intention to award advert, which will be out no later than 13th of January 2023	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised,since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers
Didibhuku Road (Eqwelwini)	The SCM Department is busy preparing the intention to award advert, which will be out no later than 13th of January 2023	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised,since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers
Sokhela Access Road (Creche)	The SCM Department is busy preparing the intention to award advert, which will be out no later than 13th of January 2023	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised,since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers
Junction Access Road	The SCM Department is busy preparing the intention to award advert, which will be out no later than 13th of January 2023	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised,since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers
Nombulula Access Roads	The SCM Department is busy preparing the intention to award advert, which will be out no later than 13th of January 2023	Recommendation were made for the service providers which contract were going to be expired in December 2022 This project was re-advertised,since the contract for panel of service providers has expired	PWBS Department is working closely with the SCM Department for the appointment of service providers

Project Name	Dec-22	Reason for Delays	Remedial Action
ELECTRIFICATION PROJECTS			
Greater Stepmore/ Ridge phase 5	The project is 10% complete	Delayed by Eskom to get the date for stakeholders to approve designs	The service provider is now on site and the project manager will monitor the project very closely
Greater Nhlanhleni/Goxhill phase 5	The contractor has established on site and is busy with construction	Delayed by Eskom to get the date for stakeholders to approve designs	The service provider is now on site and the project manager will monitor the project very closely
Greater Amakhuze /Cabazi phase 5	The contractor has established on site and is busy with construction	Delayed by Eskom to get the date for stakeholders to approve designs	The service provider is now on site and the project manager will monitor the project very closely
Greater Khukhulela/Nomagaga phase 5	The project is 80% complete	Delayed by Eskom to get the date for stakeholders to approve designs	The service provider is now on site and the project manager will monitor the project very closely
Greater Centocow / Hlabeni phase 5	The contractor has established on site and is busy with construction	Delayed by Eskom to get the date for stakeholders to approve designs	The service provider is now on site and the project manager will monitor the project very closely
Greater Gqumeni/ Mnqudekweni phase 5	The contractor has established on site and is busy with construction	Delayed by Eskom to get the date for stakeholders to approve designs	The service provider is now on site and the project manager will monitor the project very closely
Greater Ngwagwane phase 5	The project is 40% complete	Delayed by Eskom to get the date for stakeholders to approve designs	The service provider is now on site and the project manager will monitor the project very closely
Greater Bulwer phase 5	The contractor has established on site and is busy with construction	Delayed by Eskom to get the date for stakeholders to approve designs	The service provider is now on site and the project manager will monitor the project very closely
Greater Nkumba/ Mangwaneni phase 5	The contractor has established on site and is busy with construction	Delayed by Eskom to get the date for stakeholders to approve designs	The service provider is now on site and the project manager will monitor the project very closely
Greater Donnybrook phase 5	The contractor has established on site and is busy with construction	Delayed by Eskom to get the date for stakeholders to approve designs	The service provider is now on site and the project manager will monitor the project very closely
Greater Mjila/ Creighton phase 5	The project is 30% complete	Delayed by Eskom to get the date for stakeholders to approve designs	The service provider is now on site and the project manager will monitor the project very closely
Greater Sandanezwe/ Masameni phase 5	The project is 80% complete	Delayed by Eskom to get the date for stakeholders to approve designs	The service provider is now on site and the project manager will monitor the project very closely

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	2021/22	Budget Year 2022/23							
	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	76	7,907	7,907	287	287	7,907	7,621	96.4%	0%
August	123	7,907	7,907	2,353	2,640	15,815	13,175	83.3%	3%
September	4,671	7,907	7,907	5,655	8,295	23,722	15,428	65.0%	9%
October	7,368	7,907	7,907	5,968	14,263	31,630	17,367	54.9%	15%
November	4,251	7,907	7,907	(67)	14,196	39,537	25,341	64.1%	15%
December	10,649	7,907	7,907	6,653	20,849	47,445	26,596	56.1%	22%
January	1,386	7,907	7,907	-	20,849	55,352	34,503	62.3%	22%
February	4,385	7,907	7,907	-	20,849	63,260	42,411	67.0%	22%
March	7,635	7,907	7,907	-	20,849	71,167	50,318	70.7%	22%
April	10,191	7,907	7,907	-	20,849	79,075	58,226	73.6%	22%
May	8,075	7,907	7,907	-	20,849	86,982	66,133	76.0%	22%
June	12,944	7,908	7,908	-	20,849	94,890	74,041	78.0%	22%
Total Capital expenditure	71,755	94,890	94,890	20,849					