



**MID-YEAR BUDGET AND  
PERFORMANCE ASSESSMENT  
REPORT FOR  
DR NKOSAZANA DLAMINI ZUMA  
LOCAL MUNICIPALITY  
2020/21 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 2020/21 financial year, and to recommend whether an adjustments budget is necessary.

**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 2020/21 financial year where we report on how the municipality has performed in the past six months, 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 2019/20 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 the 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.

Given the prevailing circumstances, like all other municipalities, Dr Nkosazana Dlamini Zuma local municipality is in consultation with relevant stakeholders and departments to come up with reasonable and sustainable relief measures which can be granted to qualifying and affected consumers.

Most of the budgeted community programmes were affected by lockdown regulations. For example, Arts and Culture, Sport Development, Operation Sukuma Sakhe and many more.

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. From 1 June, Traffic Departments across the country reopened including our Traffic Department. 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.

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 2020/21 IDP and Budget.

Considering the above explanation, I hereby recommend that the council approve this report and the recommendation for preparation of adjustment budget to be approved before the end of February 2021.

I thank you.

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**Honourable Mayor**  
**Councillor P. N. Mncwabe**

## **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 before the 28th February 2021

## **3. Executive Summary**

- **Purpose**

The discussion that follows, in terms of MFMA Section 72 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 2020.

- **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 wide lockdown and other projects delays. 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

<b>SUMMARY OF FINANCIAL PERFORMANCE</b>	
Actual Revenue to Budgeted Revenue (Billed)	74%
Actual Revenue to Budgeted Revenue (Receipts)	48%
Actual Opex to Budgeted Opex	37%
Actual Capex to Budgeted Capex	19%
Employee related cost	46%
Councillors Remuneration	49%
Conditional Grants Expenditure	37%
Cash Coverage Ratio	9:03
Creditors Age Analysis	100% creditors paid
Debt Collection rate	83%

#### 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.

DR NDZ MUNICIPALITY MID YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR 2020/2021 FY

KZN436 Dr Nkosazana Dlamini Zuma - Table C1 Monthly Budget Statement Summary - M06 December

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	33 001	34 425	28 649	2 530	17 175	14 324	2 850	20%	28 649
Service charges	3 423	3 608	3 608	299	1 771	1 804	(33)	-2%	3 608
Investment revenue	8 172	8 090	8 090	670	2 656	4 045	(1 389)	-34%	8 090
Transfers and subsidies	135 794	143 638	168 273	65 860	133 785	84 137	49 649	59%	168 273
Other own revenue	14 291	14 221	5 839	609	4 071	2 920	1 151	39%	5 839
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>194 682</b>	<b>203 982</b>	<b>214 459</b>	<b>69 968</b>	<b>159 458</b>	<b>107 230</b>	<b>52 228</b>	<b>49%</b>	<b>214 459</b>
Employee costs	58 124	70 219	70 219	8 179	32 575	35 109	(2 534)	-7%	70 219
Remuneration of Councillors	11 598	11 901	11 901	966	5 799	5 951	(152)	-3%	11 901
Depreciation & asset impairment	27 599	41 625	41 625	3 706	16 474	20 812	(4 338)	-21%	41 625
Finance charges	177	291	291	11	121	146	(24)	-17%	291
Materials and bulk purchases	1 986	3 998	3 698	108	623	1 849	(1 226)	-66%	3 698
Transfers and subsidies	1 496	1 990	1 990	89	560	995	(435)	-44%	1 990
Other expenditure	68 784	73 251	77 815	4 466	20 657	38 902	(18 245)	-47%	77 815
<b>Total Expenditure</b>	<b>169 763</b>	<b>203 276</b>	<b>207 541</b>	<b>17 526</b>	<b>76 809</b>	<b>103 764</b>	<b>(26 956)</b>	<b>-26%</b>	<b>207 541</b>
<b>Surplus/(Deficit)</b>	<b>24 919</b>	<b>706</b>	<b>6 918</b>	<b>52 442</b>	<b>82 649</b>	<b>3 465</b>	<b>79 184</b>	<b>2285%</b>	<b>6 918</b>
Transfers and subsidies - capital (monetary allocations)	31 240	26 989	26 989	254	2 603	13 494	(10 891)	-81%	26 989
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>56 159</b>	<b>27 695</b>	<b>33 907</b>	<b>52 695</b>	<b>85 252</b>	<b>16 960</b>	<b>68 292</b>	<b>403%</b>	<b>33 907</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>56 159</b>	<b>27 695</b>	<b>33 907</b>	<b>52 695</b>	<b>85 252</b>	<b>16 960</b>	<b>68 292</b>	<b>403%</b>	<b>33 907</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>77 287</b>	<b>101 077</b>	<b>119 671</b>	<b>6 562</b>	<b>20 031</b>	<b>59 826</b>	<b>(39 795)</b>	<b>-67%</b>	<b>119 671</b>
Capital transfers recognised	33 643	27 074	26 989	220	2 303	13 494	(11 191)	-83%	26 989
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	43 644	74 003	92 682	6 342	17 728	46 332	(28 604)	-62%	92 682
<b>Total sources of capital funds</b>	<b>77 287</b>	<b>101 077</b>	<b>119 671</b>	<b>6 562</b>	<b>20 031</b>	<b>59 826</b>	<b>(39 795)</b>	<b>-67%</b>	<b>119 671</b>
<b>Financial position</b>									
Total current assets	158 834	96 446	116 468		336 519				116 468
Total non current assets	431 263	503 685	521 279		3 557				521 279
Total current liabilities	50 155	51 123	44 463		17 284				44 463
Total non current liabilities	18 212	17 397	17 397		-				17 397
<b>Community wealth/Equity</b>	<b>521 730</b>	<b>531 610</b>	<b>575 886</b>		<b>-</b>				<b>575 886</b>
<b>Cash flows</b>									
Net cash from (used) operating	83 003	66 006	80 877	59 407	120 147	40 192	(79 954)	-199%	80 877
Net cash from (used) investing	(83 996)	(92 496)	(118 471)	(6 562)	(20 031)	(59 826)	(39 795)	67%	(118 471)
Net cash from (used) financing	6	(678)	(678)	(11)	34	-	(34)	#DIV/0!	(678)
<b>Cash/cash equivalents at the month/year end</b>	<b>120 698</b>	<b>62 183</b>	<b>83 414</b>	<b>-</b>	<b>100 150</b>	<b>102 051</b>	<b>1 901</b>	<b>2%</b>	<b>(38 272)</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	(942)	2 015	1 802	1 698	1 555	1 546	7 735	50 077	65 485
<b>Creditors Age Analysis</b>									
Total Creditors	193	-	-	-	-	-	-	-	193



DR NDZ MUNICIPALITY MID YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR 2020/2021 FY  
**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	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		180 758	191 341	202 802	68 819	153 291	101 401	51 890	51%	202 802
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		180 758	191 341	202 802	68 819	153 291	101 401	51 890	51%	202 802
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		11 307	6 397	5 413	516	2 334	2 706	(373)	-14%	5 413
Community and social services		10 051	3 804	3 804	501	2 121	1 902	219	12%	3 804
Sport and recreation		95	-	-	-	-	-	-	-	-
Public safety		1 161	2 154	1 409	15	213	705	(491)	-70%	1 409
Housing		-	439	200	-	-	100	(100)	-100%	200
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		30 434	29 625	29 625	588	4 665	14 813	(10 148)	-69%	29 625
Planning and development		112	123	123	0	4	62	(57)	-93%	123
Road transport		30 322	29 502	29 502	588	4 660	14 751	(10 091)	-68%	29 502
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		3 423	3 608	3 608	299	1 771	1 804	(33)	-2%	3 608
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3 423	3 608	3 608	299	1 771	1 804	(33)	-2%	3 608
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	<b>225 922</b>	<b>230 971</b>	<b>241 448</b>	<b>70 221</b>	<b>162 061</b>	<b>120 724</b>	<b>41 336</b>	<b>34%</b>	<b>241 448</b>
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		100 421	125 209	125 638	9 775	46 805	62 813	(16 008)	-25%	125 638
Executive and council		20 136	22 265	22 594	2 002	9 927	11 297	(1 370)	-12%	22 594
Finance and administration		79 160	101 411	101 511	7 658	36 404	50 750	(14 347)	-28%	101 511
Internal audit		1 125	1 532	1 532	115	474	766	(292)	-38%	1 532
<b>Community and public safety</b>		21 512	27 265	27 430	2 566	10 426	13 715	(3 289)	-24%	27 430
Community and social services		11 524	16 336	16 636	1 426	5 579	8 318	(2 739)	-33%	16 636
Sport and recreation		205	-	-	19	72	-	72	#DIV/0!	-
Public safety		9 525	10 169	10 021	1 080	4 575	5 010	(435)	-9%	10 021
Housing		258	760	521	40	170	260	(90)	-35%	521
Health		-	-	252	-	30	126	(96)	-76%	252
<b>Economic and environmental services</b>		27 633	39 982	39 653	2 412	12 188	19 826	(7 638)	-39%	39 653
Planning and development		6 714	17 661	17 661	672	3 161	8 831	(5 670)	-64%	17 661
Road transport		20 919	22 320	21 992	1 739	9 027	10 996	(1 968)	-18%	21 992
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		18 431	6 711	10 711	2 521	6 257	5 355	902	17%	10 711
Energy sources		13 611	-	4 000	1 497	2 595	2 000	595	30%	4 000
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		4 820	6 711	6 711	1 024	3 662	3 355	307	9%	6 711
<b>Other</b>		1 768	4 110	4 110	253	1 132	2 055	(922)	-45%	4 110
<b>Total Expenditure - Functional</b>	3	<b>169 763</b>	<b>203 276</b>	<b>207 541</b>	<b>17 526</b>	<b>76 809</b>	<b>103 764</b>	<b>(26 956)</b>	<b>-26%</b>	<b>207 541</b>
<b>Surplus/ (Deficit) for the year</b>		<b>56 159</b>	<b>27 695</b>	<b>33 907</b>	<b>52 695</b>	<b>85 252</b>	<b>16 960</b>	<b>68 292</b>	<b>403%</b>	<b>33 907</b>

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 162 062 million against a year-to-date budget of R 241 448 million.

DR NDZ MUNICIPALITY MID YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR 2020/2021 FY

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	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>										
Vote 1 - Executive and Council	1	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		180 739	191 236	202 697	68 819	153 291	101 349	51 942	51,3%	202 697
Vote 3 - Corporate Services		20	105	105	-	-	52	(52)	-100,0%	105
Vote 4 - Community Services		15 522	9 566	8 821	814	4 381	4 411	(30)	-0,7%	8 821
Vote 5 - Public Works and Basic Services		29 530	29 941	29 702	588	4 384	14 851	(10 467)	-70,5%	29 702
Vote 6 - Planning and Development		112	123	123	0	4	62	(57)	-92,7%	123
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]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>2</b>	<b>225 922</b>	<b>230 971</b>	<b>241 448</b>	<b>70 221</b>	<b>162 061</b>	<b>120 724</b>	<b>41 336</b>	<b>34,2%</b>	<b>241 448</b>
<b>Expenditure by Vote</b>										
Vote 1 - Executive and Council	1	21 261	23 798	24 126	2 117	10 401	12 063	(1 662)	-13,8%	24 126
Vote 2 - Budget and Treasury		56 740	77 154	77 454	5 941	25 819	38 722	(12 904)	-33,3%	77 454
Vote 3 - Corporate Services		22 418	24 257	23 957	1 717	10 573	11 978	(1 405)	-11,7%	23 957
Vote 4 - Community Services		24 214	34 292	34 796	2 902	11 809	17 398	(5 589)	-32,1%	34 796
Vote 5 - Public Works and Basic Services		41 584	38 939	42 372	4 393	16 196	21 186	(4 990)	-23,6%	42 372
Vote 6 - Planning and Development		3 547	4 835	4 835	457	2 011	2 418	(406)	-16,8%	4 835
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]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>169 763</b>	<b>203 276</b>	<b>207 541</b>	<b>17 526</b>	<b>76 809</b>	<b>103 764</b>	<b>(26 956)</b>	<b>-26,0%</b>	<b>207 541</b>
<b>Surplus/ (Deficit) for the year</b>	<b>2</b>	<b>56 159</b>	<b>27 695</b>	<b>33 907</b>	<b>52 695</b>	<b>85 252</b>	<b>16 960</b>	<b>68 292</b>	<b>402,7%</b>	<b>33 907</b>

DR NDZ MUNICIPALITY MID YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR 2020/2021 FY

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	Budget Year 2020/21								
		2019/20 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		33 001	34 425	28 649	2 530	17 175	14 324	2 850	20%	28 649
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		3 423	3 608	3 608	299	1 771	1 804	(33)	-2%	3 608
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		836	831	831	91	454	416	38	9%	831
Interest earned - external investments		8 172	8 090	8 090	670	2 656	4 045	(1 389)	-34%	8 090
Interest earned - outstanding debtors		3 132	2 294	2 294	436	2 597	1 147	1 451	127%	2 294
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2 552	726	726	64	728	363	365	100%	726
Licences and permits		493	753	753	15	225	376	(151)	-40%	753
Agency services		-	32	32	-	-	16	(16)	-100%	32
Transfers and subsidies		135 794	143 638	168 273	65 860	133 785	84 137	49 649	59%	168 273
Other revenue		487	1 004	1 004	2	67	502	(435)	-87%	1 004
Gains on disposal of PPE		6 791	8 581	200	-	-	100	(100)	-100%	200
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>194 682</b>	<b>203 982</b>	<b>214 459</b>	<b>69 968</b>	<b>159 458</b>	<b>107 230</b>	<b>52 228</b>	<b>49%</b>	<b>214 459</b>
<b>Expenditure By Type</b>										
Employee related costs		58 124	70 219	70 219	8 179	32 575	35 109	(2 534)	-7%	70 219
Remuneration of councillors		11 598	11 901	11 901	966	5 799	5 951	(152)	-3%	11 901
Debt impairment		9 333	11 060	11 060	-	-	5 530	(5 530)	-100%	11 060
Depreciation & asset impairment		27 599	41 625	41 625	3 706	16 474	20 812	(4 338)	-21%	41 625
Finance charges		177	291	291	11	121	146	(24)	-17%	291
Bulk purchases		-	-	-	-	-	-	-	-	-
Other materials		1 986	3 998	3 698	108	623	1 849	(1 226)	-66%	3 698
Contracted services		34 836	33 860	38 192	3 456	11 959	19 096	(7 137)	-37%	38 192
Transfers and subsidies		1 496	1 990	1 990	89	560	995	(435)	-44%	1 990
Other expenditure		24 614	28 331	28 564	1 010	8 698	14 276	(5 579)	-39%	28 564
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>169 763</b>	<b>203 276</b>	<b>207 541</b>	<b>17 526</b>	<b>76 809</b>	<b>103 764</b>	<b>(26 956)</b>	<b>-26%</b>	<b>207 541</b>
<b>Surplus/(Deficit)</b>		<b>24 919</b>	<b>706</b>	<b>6 918</b>	<b>52 442</b>	<b>82 649</b>	<b>3 465</b>	<b>79 184</b>	<b>0</b>	<b>6 918</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		31 240	26 989	26 989	254	2 603	13 494	(10 891)	(0)	26 989
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)		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>56 159</b>	<b>27 695</b>	<b>33 907</b>	<b>52 695</b>	<b>85 252</b>	<b>16 960</b>			<b>33 907</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>56 159</b>	<b>27 695</b>	<b>33 907</b>	<b>52 695</b>	<b>85 252</b>	<b>16 960</b>			<b>33 907</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>56 159</b>	<b>27 695</b>	<b>33 907</b>	<b>52 695</b>	<b>85 252</b>	<b>16 960</b>			<b>33 907</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>56 159</b>	<b>27 695</b>	<b>33 907</b>	<b>52 695</b>	<b>85 252</b>	<b>16 960</b>			<b>33 907</b>

The total revenue raised including operational grants as at 31 December 2020 was R 159 ,4 million against a total budget of R 214 ,4million for the year and the YTD budget is R 107,2 Million as at 31 December 2020. This reflects a revenue rate of 74% against the total budget for the year.

The operating expenditure as at 31 December 2020 totals to R 76 ,8 million against a total budget of R 207 ,5million and that is reflecting an expenditure rate of 37%. This suggests that operating Expenditure is down by R26,9 million when comparing with 50% or year to date budget 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;***

**Interest on Investments:(-34%)** This variance is caused by the Covid-19 pandemic as the economy has declined and repo rate has decreased.

**Interest earned on outstanding debtors:(127)** The variance is as the result of an increase in outstanding amount owed by debtors as a result of COVID-19 as some business and individuals did not have income and could not pay rates during the nationwide lockdown and after it as some business are still recovering especially those in the Tourism & Hospitality sector. The budget would be reviewed in February 2021.

**Fines Penalties and Forfeits:(100%)** The favourable variance in this line item is a result of more fines issued than anticipated.

**Licences and Permits:(-40)** The variance is due to the decrease in the number of people making bookings for Learners Licenses due to COVID-19 as people are still avoiding activities that will need them to meet with people from different areas.

**Transfers and Subsidies:(59)** Due to the receipts of first trench of grants

**Gains and Disposal on PPE:(-100%)** The Auction hasn't taken place as yet due to the delays caused by the covid-19; it will take place during the course of the financial year.

**Other Revenue: (-87)** Revenue is less due to items such as tender documents are advertised online for the people to download online due to COVID-19 and that reduced the demand in sale of tender documents, sale only happen to a few people who come to municipal offices a buy tender documents. Decrease in demand of building plan submission.

### Operating Revenue Analysis

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

- Operational grants contributed 78.5% of the total operation revenue budget
- Property rates contributed 13,6% of the total operational revenue budget
- Interest earned from investments contributed 5% of the total operational revenue budget
- Service charges contributed 3% of the total operational revenue budget.

### Equitable Share

The Municipality had total allocation of R 134 ,1million at the beginning of the year and an additional R 25 million was allocated to the municipality during the financial year to cater for the covid-19 expenditures. 79% of the total allocation of R 159 ,7 million for the 2020/21 financial year has been received by the municipality. The third tranche of the Equitable share totalling to R 33 535 million is to be received by March 2021.

### Interest from Investments

The Municipality had R 209 160 million investments as at 31 December 2020 that were earmarked to generate revenue as interest received. The municipality has generated a total revenue of R2 656 million from interest on investment as at 31 December 2021, which translate to 66% against YTD budget of R 4 045 million.

The YTD revenue recognise under National Capital Grants is R2 603 million against the original budget of R 29 989 million.

### Operating Expenditure analysis

	<b>Original Budget 2020/2021</b>	<b>Month Budget December 2019</b>	<b>YTD Budget</b>	<b>YTD actual paid</b>	<b>YTD % Spent</b>
Operating Expenditure	207 541 154	17 295 096	103 770 577	76 808 657	74%

The operating expenditure has shown an under performance by R 26 ,9 million when comparing with 50% or year to date budget that was projected to be spent as at the end of the first half of the year

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 less than 10%. In most line items variances are as a result of the lockdown regulations.

***Operating expenditure material variances were in the following areas.***

**Debt impairment:(-100)** Debt impairment will be processed at the end of the financial year (June 2021)

**Depreciation and Asset Impairment:(-21)** Depreciation will be revised during the review of budget as a result of a delay in completion of projects that were supposed to be completed in the last financial year, the completion date has been revised to current year.

**Finance Charges:(-17%)** Due to ongoing control measures introduced to avoid interest on late payments.

**Other Materials:(-66%)** Due to underspending in various line items across the municipality because of the suspension of other programs due to covid-19.

**Contracted Services:(-37%)** reflects a negative variance of 37% as at the end of 31 December 2020 because of the due to covid-19. suspension of other programs

**Transfers and Grants:(-44)** reflects a negative variance of 43% as at the end of 31 December month, this is based on the number of people who collected the free basic electricity.

**Other Expenditure:(-39)** reflects under spending of 39% at the end of the month, as the results of conditions impose by Covid-19 regulations which has negative impact on the other programmes. The timing of the projects, expenditure should increase during the course of the financial year.

**Capital Expenditure**

MIG	26 989 000	13 494 500	2 603 026	24 385 974,00	10%		
INEP	6 000 000	3 000 000	2 594 642	3 405 358,00	43%		
INTERNAL	92 681 887	46 340 944	20 308 838	72 373 049,00	22%		
BHIDLA HOUSING	25 447 590	12 723 795	14 904 038	10 543 552,00	59%		
<b>TOTAL</b>	<b>151 118 477</b>	<b>75 559 239</b>	<b>40 410 544</b>	<b>110 707 933,00</b>	<b>27%</b>		

The total capital budget for the 2020/2021 financial year is R 151 million inclusive of INEP and Housing grant, the MIG allocation is R 26 ,9million. The cumulative capital expenditure for the period amounts to R 40 ,4million or 27% 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 27% as at the second quarter because of the delays caused by national lockdown.

***Major variances are resulted from the following projects:***

**Bhidla Housing Project:** Project in progress. Project start date 22 November 2018, end date November 2021

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 million against a total budget of R119 ,6million as at the end of 31 December 2020 and that is 17% of the total capital budget excluding INEP and Housing Project, and that is 33% against YTD budget, this shows a very low performance on the capital projects.

# DR NDZ MUNICIPALITY MID YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR 2020/2021 FY

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

December

Vote Description	Ref	Budget Year 2020/21								
		2019/20 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		1 980	-	7 000	-	-	3 500	(3 500)	-100%	7 000
Vote 5 - Public Works and Basic Services		21 920	26 290	41 290	2 303	3 599	20 645	(17 046)	-83%	41 290
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]		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	<b>23 900</b>	<b>26 290</b>	<b>48 290</b>	<b>2 303</b>	<b>3 599</b>	<b>24 145</b>	<b>(20 546)</b>	<b>-85%</b>	<b>48 290</b>
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - Executive and Council		177	577	577	24	102	288	(187)	-65%	577
Vote 2 - Budget and Treasury		780	360	360	(2)	290	180	110	61%	360
Vote 3 - Corporate Services		1 071	691	691	143	169	345	(176)	-51%	691
Vote 4 - Community Services		6 902	10 276	6 869	29	957	3 435	(2 478)	-72%	6 869
Vote 5 - Public Works and Basic Services		44 430	62 753	62 753	4 065	14 849	31 368	(16 518)	-53%	62 753
Vote 6 - Planning and Development		29	130	130	-	65	65	0	0%	130
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]		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	<b>53 387</b>	<b>74 787</b>	<b>71 381</b>	<b>4 259</b>	<b>16 432</b>	<b>35 681</b>	<b>(19 249)</b>	<b>-54%</b>	<b>71 381</b>
<b>Total Capital Expenditure</b>	3	<b>77 287</b>	<b>101 077</b>	<b>119 671</b>	<b>6 562</b>	<b>20 031</b>	<b>59 826</b>	<b>(39 795)</b>	<b>-67%</b>	<b>119 671</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>2 027</b>	<b>2 376</b>	<b>2 376</b>	<b>164</b>	<b>561</b>	<b>1 188</b>	<b>(627)</b>	<b>-53%</b>	<b>2 376</b>
Executive and council		177	577	577	24	102	288	(187)	-65%	577
Finance and administration		1 850	1 799	1 799	140	459	899	(440)	-49%	1 799
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>9 074</b>	<b>10 826</b>	<b>14 419</b>	<b>29</b>	<b>957</b>	<b>7 210</b>	<b>(6 253)</b>	<b>-87%</b>	<b>14 419</b>
Community and social services		2 893	1 816	1 816	23	137	908	(771)	-85%	1 816
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		6 181	9 010	12 603	6	820	6 302	(5 482)	-87%	12 603
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>66 186</b>	<b>87 876</b>	<b>102 876</b>	<b>6 368</b>	<b>18 514</b>	<b>51 429</b>	<b>(32 915)</b>	<b>-64%</b>	<b>102 876</b>
Planning and development		65 988	83 384	98 384	6 344	18 403	49 183	(30 781)	-63%	98 384
Road transport		198	4 491	4 491	24	111	2 246	(2 135)	-95%	4 491
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>77 287</b>	<b>101 077</b>	<b>119 671</b>	<b>6 562</b>	<b>20 031</b>	<b>59 826</b>	<b>(39 795)</b>	<b>-67%</b>	<b>119 671</b>
<b>Funded by:</b>										
National Government		32 067	26 989	26 989	220	2 303	13 494	(11 191)	-83%	26 989
Provincial Government		1 576	85	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		<b>33 643</b>	<b>27 074</b>	<b>26 989</b>	<b>220</b>	<b>2 303</b>	<b>13 494</b>	<b>(11 191)</b>	<b>-83%</b>	<b>26 989</b>
<b>Public contributions &amp; donations</b>	5	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	6	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>43 644</b>	<b>74 003</b>	<b>92 682</b>	<b>6 342</b>	<b>17 728</b>	<b>46 332</b>	<b>(28 604)</b>	<b>-62%</b>	<b>92 682</b>
<b>Total Capital Funding</b>		<b>77 287</b>	<b>101 077</b>	<b>119 671</b>	<b>6 562</b>	<b>20 031</b>	<b>59 826</b>	<b>(39 795)</b>	<b>-67%</b>	<b>119 671</b>



- **Statement of Financial Position**

The table C6 below displays the statement financial position of the municipality as at 31 December 2020.

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

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		4 850	5 822	13 138	6 528	13 138
Call investment deposits		119 353	56 361	70 275	209 160	70 275
Consumer debtors		31 648	30 058	28 720	28 720	28 720
Other debtors		2 931	4 205	4 335	4 205	4 335
Current portion of long-term receivables		-	-	-	-	-
Inventory		-	-	-	-	-
<b>Total current assets</b>		<b>158 783</b>	<b>96 446</b>	<b>116 468</b>	<b>248 613</b>	<b>116 468</b>
<b>Non current assets</b>						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		20 411	20 300	20 300	20 411	20 300
Investments in Associate		-	-	-	-	-
Property, plant and equipment		410 860	483 291	500 884	410 860	500 884
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		43	35	35	4	35
Other non-current assets		-	60	60	-	60
<b>Total non current assets</b>		<b>431 314</b>	<b>503 685</b>	<b>521 279</b>	<b>431 275</b>	<b>521 279</b>
<b>TOTAL ASSETS</b>		<b>590 097</b>	<b>600 131</b>	<b>637 747</b>	<b>679 888</b>	<b>637 747</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		370	678	969	178	969
Consumer deposits		4	6	6	2	6
Trade and other payables		48 935	44 027	37 076	17 464	37 076
Provisions		847	6 412	6 412	6 678	6 412
<b>Total current liabilities</b>		<b>50 155</b>	<b>51 123</b>	<b>44 463</b>	<b>24 322</b>	<b>44 463</b>
<b>Non current liabilities</b>						
Borrowing		171	540	540	171	540
Provisions		18 041	16 857	16 857	18 041	16 857
<b>Total non current liabilities</b>		<b>18 212</b>	<b>17 397</b>	<b>17 397</b>	<b>18 212</b>	<b>17 397</b>
<b>TOTAL LIABILITIES</b>		<b>68 367</b>	<b>68 521</b>	<b>61 861</b>	<b>42 534</b>	<b>61 861</b>
<b>NET ASSETS</b>	2	<b>521 730</b>	<b>531 610</b>	<b>575 886</b>	<b>637 354</b>	<b>575 886</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		516 501	526 783	571 060	632 527	571 060
Reserves		5 228	4 827	4 827	4 827	4 827
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>521 730</b>	<b>531 610</b>	<b>575 886</b>	<b>637 354</b>	<b>575 886</b>

DR NDZ MUNICIPALITY MID YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR 2020/2021 FY

• **Cash Flow Statement**

Table C7 below display the Municipality's Cash Flow Statement for the Period ending 31 December 2020

The municipality had an opening balance of R 83 ,4 million and closing balance of R 215 ,6 million as at the end of December 2020 and that is favourable to the municipality

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

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		24 285	24 575	20 054	1 508	14 436	10 027	4 409	44%	20 054
Service charges		2 850	2 706	2 789	157	1 128	1 394	(266)	-19%	2 789
Other revenue		2 986	3 164	3 034	31	476	1 517	(1 041)	-69%	3 034
Government - operating		172 133	150 568	174 273	65 860	139 785	87 137	52 649	60%	174 273
Government - capital		33 649	26 989	26 989	5 000	22 000	13 495	8 506	63%	26 989
Interest		8 037	8 090	8 090	670	2 656	4 045	(1 389)	-34%	8 090
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(162 002)	(147 804)	(152 070)	(13 719)	(59 654)	(76 281)	(16 627)	22%	(152 070)
Finance charges		(7 863)	(291)	(291)	(11)	(121)	(146)	(24)	17%	(291)
Transfers and Grants		(1 496)	(1 990)	(1 990)	(89)	(560)	(995)	(435)	44%	(1 990)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>72 579</b>	<b>66 006</b>	<b>80 877</b>	<b>59 407</b>	<b>120 147</b>	<b>40 192</b>	<b>(79 954)</b>	<b>-199%</b>	<b>80 877</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		7 043	8 581	1 200	-	-	600	(600)	-100%	1 200
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets		(76 264)	(101 077)	(119 671)	(6 562)	(20 031)	(59 826)	(39 795)	67%	(119 671)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(69 220)</b>	<b>(92 496)</b>	<b>(118 471)</b>	<b>(6 562)</b>	<b>(20 031)</b>	<b>(59 226)</b>	<b>(39 195)</b>	<b>66%</b>	<b>(118 471)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		6	-	-	-	-	-	-		-
<b>Payments</b>										
Repayment of borrowing		(847)	(678)	(678)	(11)	(34)	(339)	(305)	90%	(678)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(841)</b>	<b>(678)</b>	<b>(678)</b>	<b>(11)</b>	<b>(34)</b>	<b>(339)</b>	<b>(305)</b>	<b>90%</b>	<b>(678)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>2 518</b>	<b>(27 168)</b>	<b>(38 272)</b>	<b>52 834</b>	<b>100 081</b>	<b>(19 373)</b>			<b>(38 272)</b>
Cash/cash equivalents at beginning:		121 685	89 350	121 685		115 607	121 685			115 607
Cash/cash equivalents at month/year end:		124 203	62 183	83 414		215 688	102 312			77 336

## 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 2020.

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December												
Description	Budget Year 2020/21										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		
<b>R thousands</b>												
<b>Debtors Age Analysis By Income Source</b>												
Trade and Other Receivables from Exchange Transactions - Water	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	4 377	1 739	1 549	1 457	1 309	1 290	6 094	30 674	48 489	40 825	-	-
Receivables from Exchange Transactions - Waste Water Management	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	564	213	192	180	168	158	842	3 655	5 973	5 003	-	-
Receivables from Exchange Transactions - Property Rental Debtors	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	-	-	-	21	38	70	567	13 718	14 414	14 414	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Other	(5 883)	62	61	40	40	27	232	2 030	(3 391)	2 369	-	-
<b>Total By Income Source</b>	<b>(942)</b>	<b>2 015</b>	<b>1 802</b>	<b>1 698</b>	<b>1 555</b>	<b>1 546</b>	<b>7 735</b>	<b>50 077</b>	<b>65 485</b>	<b>62 611</b>	-	-
<b>2019/20 - totals only</b>												
<b>Debtors Age Analysis By Customer Group</b>												
Organs of State	(2 113)	508	489	492	490	444	2 493	18 311	21 114	22 229	-	-
Commercial	292	381	331	304	217	266	977	4 580	7 348	6 344	-	-
Households	834	884	765	698	651	649	3 201	19 944	27 625	25 142	-	-
Other	45	242	216	205	198	188	1 065	7 242	9 399	8 896	-	-
<b>Total By Customer Group</b>	<b>(942)</b>	<b>2 015</b>	<b>1 802</b>	<b>1 698</b>	<b>1 555</b>	<b>1 546</b>	<b>7 735</b>	<b>50 077</b>	<b>65 485</b>	<b>62 611</b>	-	-

The debtors book value amounted to R 71,513,504.76 million while the outstanding amount including account with credit balances amount to R 65.4 million as at 31 December 2020, and the debtor's collection is 83%. The debt is made up of the following:

- Government: R 18,612,094.57
- Business: R 7,376,848.77
- Households: R 29,280,128.67
- Agriculture: R 14,806,206.34
- Other: R 1,438,226.41

Consumer debtors amount to R 65,451,238.09 as at the end of December 2020. This indicates an increase of R 3,727,903.84 from June 2020 in which was R 61,723,334.25.

The majority of debtors under this category is over 120 days and above, the matters have results are in legal processes, estate late matters which pose a challenge as regards to debt collection. There are also certain accounts which are under query for various reasons, namely verification of

DR NDZ MUNICIPALITY MID YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR 2020/2021 FY government accounts prior to payment. The most significant debtors are reported to MANCO and Finance Portfolio Committee. The credit control measures for collection are implemented especially for old debt.

The municipal attorneys assist with collection of long outstanding debt when all internal processes have been exhausted. The process was affected by the national lockdown as it became a challenge to do site visits to customers with long outstanding debt, delivering letters of demand and obtain customer latest contact information. An incentive scheme was introduced in the month of March 2020 to encourage customers to make payment to qualify for write off on penalties up to 100% but the process was also affected by the lockdown. The municipality is also currently participating in the provincial forum for all municipalities that is led by COGTA to assist with the recovery of government debt.

The other challenges that the municipality experienced when collecting monies owed to the municipality can be summarized as follows:

- The ongoing difficulties rates payers
- Remaining unpaid traffic fines

## 2.2 Creditors Age Analysis

Table SC4 Monthly budget statement below provides information of the Aged Creditors as at 31 December 2019. 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	Budget Year 2020/21								
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
<b>R thousands</b>									
<b>Creditors Age Analysis By Customer Type</b>									
Bulk Electricity	-	-	-	-	-	-	-	-	-
Bulk Water	-	-	-	-	-	-	-	-	-
PAYE deductions	-	-	-	-	-	-	-	-	-
VAT (output less input)	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	-	-	-	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-	-	-	-
Trade Creditors	193	-	-	-	-	-	-	-	193
Auditor General	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total By Customer Type</b>	<b>193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193</b>

### 2.3 Investment Portfolio Analysis

The table SC5 below indicate the municipality's investment portfolio is sitting at R209 ,1million. 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.

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December								
Investments by maturity Name of institution & investment ID	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
<b>Municipality</b>								
FNB CALL DEPOSIT (74165605518)	-			-	1442,37	877	-	879
FNB MONEY MARKET (62008452071)	-			-	2539,85	1 574	-	1 576
FNB CALL DEPOSIT (62544294987)	-			-	12627,18	5 406	-	5 419
FNB CALL DEPOSIT ( 62544297436)	-			-	11941,9	5 113	-	5 125
FNB CALL ACCOUNT ( 62550105011)	-			-	260,24	111	-	112
FNB BUSINESS MONEY MARKET (62235619197)	-			-	43681,79	27 971	-	28 014
FNB CALL DEPOSIT (62810888935)	-			-	563,9	458	-	458
FNB FIXED DEPOSIT (74859954742)	-			-	40228,36	11 171	-	11 211
FNB FIXED DEPOSIT (7459955617)	-			-	120759,16	30 425	-	30 546
FNB CALL DEPOSIT (62810887119)	-			-	337,21	274	-	274
FNB CALL DEPOSIT (74880182643)						-	55 000	55 000
NED BANK INVESTMENT (03/7881098635/000018)						(0)	30 188	30 188
NED BANK INVESTMENT (03/7881098635/000028)						30 000	(30 000)	-
INVESTEC BANK						(0)		(0)
INVESTEC BANK					29672,61	10 044		10 074
STANDARD BANK						82	(0)	82
STANDARD BANK					201287,67	30 000		30 201
<b>Municipality sub-total</b>				-	<b>465</b>	<b>153 507</b>	<b>55 188</b>	<b>209 160</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>				-		<b>153 507</b>	<b>55 188</b>	<b>209 160</b>

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.

## 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 161 ,7million has been received by the municipality as the 31 December 2020 and the last trench is expected by the month of march 2021 for all the grants that were gazetted for the municipality for 2020/21 financial year.

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December									
Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	139 250	145 581	170 270	65 860	135 982	85 135	50 847	59,7%	170 270
Operational Revenue:General Revenue:Equitable Share	125 869	134 138	159 757	65 860	126 222	79 878	46 344	58,0%	159 757
Department of Water Affairs and Sanitation Masibambane	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	2 381	2 513	2 513	-	1 760	1 256	504	40,1%	2 513
Khayelitsha Urban Renewal	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]	3 000	2 000	2 000	-	2 000	1 000	1 000	100,0%	2 000
Integrated National Electrification Programme Grant	8 000	6 930	6 000	-	6 000	3 000	3 000	100,0%	6 000
Metro Informal Settlements Partnership Grant	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	4 157	4 987	4 003	-	3 803	2 001	1 802	90,0%	4 003
Capacity Building	-	-	-	-	-	-	-	-	-
Capacity Building and Other	4 157	4 987	4 003	-	3 803	2 001	1 802	90,0%	4 003
Parent Municipality / Entity	-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	143 407	150 568	174 273	65 860	139 785	87 136	52 649	60,4%	174 273
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	27 149	26 989	26 989	5 000	22 000	13 494	8 506	63,0%	26 989
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]	27 149	26 989	26 989	5 000	22 000	13 494	8 506	63,0%	26 989
Metro Informal Settlements Partnership Grant	-	-	-	-	-	-	-	-	-
Transfer from Operational Revenue	-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	27 149	26 989	26 989	5 000	22 000	13 494	8 506	63,0%	26 989
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	170 556	177 557	201 262	70 860	161 785	100 631	61 154	60,8%	201 262

### Transfers and grant expenditure

Table SC7(1) below provides information relating to grant expenditure, the municipality has actual spent of R 52 ,5millin as at December 2020 on operational transfers and grants and 2 ,3million on capital grants.

DR NDZ MUNICIPALITY MID YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR 2020/2021 FY

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

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<b>EXPENDITURE</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	139 250	145 581	170 270	11 717	50 611	66 074	(15 463)	-23,4%	170 270
Operational Revenue:General Revenue:Equitable Share	125 869	134 138	159 757	9 728	45 725	60 817	(15 093)	-24,8%	159 757
Operational:Revenue:General Revenue:Fuel Levy	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	2 381	2 513	2 513	334	1 701	1 256	444	35,4%	2 513
Khayelitsha Urban Renewal	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]	3 000	2 000	2 000	157	591	1 000	(409)	-40,9%	2 000
Department of Water and Sanitation Smart Living Handbook	-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant	8 000	6 930	6 000	1 497	2 595	3 000	(405)	-13,5%	6 000
Metro Informal Settlements Partnership Grant	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	4 157	4 987	4 003	490	1 956	1 979	(24)	-1,2%	4 003
Capacity Building	-	-	-	-	-	-	-	-	-
Capacity Building and Other	4 157	4 987	4 003	490	1 956	1 979	(24)	-1,2%	4 003
Parent Municipality / Entity	-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>	143 407	150 568	174 273	12 207	52 567	68 053	(15 487)	-22,8%	174 273
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	27 149	26 989	26 989	220	2 303	13 494	(11 191)	-82,9%	26 989
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]	27 149	26 989	26 989	220	2 303	13 494	(11 191)	-82,9%	26 989
Metro Informal Settlements Partnership Grant	-	-	-	-	-	-	-	-	-
Transfer from Operational Revenue	-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>	27 149	26 989	26 989	220	2 303	13 494	(11 191)	-82,9%	26 989
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	170 556	177 557	201 262	12 427	54 870	81 548	(26 678)	-32,7%	201 262

## 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.

### Remuneration of councillor's

Expenditure as at 31 December 2020 is sitting at R5,7million against a year-to-date budget of R5,9 million and that means 49% of the councillor's allowances budget that was spent as at December 2019.

### Employee related costs

Expenditure as at 31 December 2020 is sitting at R 32 ,5 million against year to date budget of R 35, 1million and that means 46% was spent against employee related costs budget as at December 2020. The overall Employee related costs and Remuneration of councillor's represented 37% of YTD operating expenditure for the period.

DR NDZ MUNICIPALITY MID YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR 2020/2021 FY

	Original Budget 2020/2021	Month Budget December 2020	YTD Budget	YTD Actual	YTD % Spent
Employee Related Costs	70 219 449	5 851 621	35 109 725	32 575 157	46%
Remuneration of Councillors	11 901 110	991 759	5 950 555	5 798 785	49%

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December									
Summary of Employee and Councillor remuneration	2019/20	Budget Year 2020/21							
	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
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	8 171	8 256	8 256	673	4 040	4 128	(87)	-2%	8 256
Pension and UIF Contributions	1 107	1 166	1 166	95	570	583	(12)	-2%	1 166
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	1 031	1 112	1 112	91	544	556	(12)	-2%	1 112
Cellphone Allowance	1 288	1 368	1 368	107	644	684	(40)	-6%	1 368
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>	<b>11 598</b>	<b>11 901</b>	<b>11 901</b>	<b>966</b>	<b>5 799</b>	<b>5 951</b>	<b>(152)</b>	<b>-3%</b>	<b>11 901</b>
<b>% increase</b>		<b>2,6%</b>	<b>2,6%</b>						<b>2,6%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	4 524	4 606	4 606	373	2 238	2 303	(65)	-3%	4 606
Pension and UIF Contributions	7	178	178	13	35	89	(54)	-61%	178
Medical Aid Contributions	58	61	61	5	30	30	(1)	-2%	61
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	431	209	209	69	69	105	(36)	-34%	209
Motor Vehicle Allowance	330	471	471	28	165	235	(70)	-30%	471
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	80	84	84	7	40	42	(2)	-6%	84
Other benefits and allowances	193	224	224	0	6	112	(106)	-95%	224
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>	<b>5 623</b>	<b>5 834</b>	<b>5 834</b>	<b>494</b>	<b>2 582</b>	<b>2 917</b>	<b>(334)</b>	<b>-11%</b>	<b>5 834</b>
<b>% increase</b>		<b>3,7%</b>	<b>3,7%</b>						<b>3,7%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	37 381	46 577	46 577	3 532	20 574	23 288	(2 714)	-12%	46 577
Pension and UIF Contributions	5 896	7 271	7 271	582	3 319	3 635	(317)	-9%	7 271
Medical Aid Contributions	2 208	2 910	2 910	232	1 335	1 455	(120)	-8%	2 910
Overtime	1 308	2 005	2 005	160	1 002	1 003	(1)	0%	2 005
Performance Bonus	1 053	1 271	1 271	1 059	1 079	636	444	70%	1 271
Motor Vehicle Allowance	28	-	-	-	-	-	-	-	-
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	94	481	481	9	49	240	(191)	-80%	481
Other benefits and allowances	2 731	3 366	3 366	2 111	2 219	1 683	537	32%	3 366
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	445	157	157	-	119	78	41	52%	157
Post-retirement benefit obligations	1 358	348	348	-	297	174	122	70%	348
<b>Sub Total - Other Municipal Staff</b>	<b>52 501</b>	<b>64 386</b>	<b>64 386</b>	<b>7 685</b>	<b>29 993</b>	<b>32 193</b>	<b>(2 200)</b>	<b>-7%</b>	<b>64 386</b>
<b>% increase</b>		<b>22,6%</b>	<b>22,6%</b>						<b>22,6%</b>
<b>Total Parent Municipality</b>	<b>69 722</b>	<b>82 121</b>	<b>82 121</b>	<b>9 146</b>	<b>38 374</b>	<b>41 060</b>	<b>(2 686)</b>	<b>-7%</b>	<b>82 121</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>69 722</b>	<b>82 121</b>	<b>82 121</b>	<b>9 146</b>	<b>38 374</b>	<b>41 060</b>	<b>(2 686)</b>	<b>-7%</b>	<b>82 121</b>
<b>% increase</b>		<b>17,8%</b>	<b>17,8%</b>						<b>17,8%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>58 124</b>	<b>70 219</b>	<b>70 219</b>	<b>8 179</b>	<b>32 575</b>	<b>35 109</b>	<b>(2 534)</b>	<b>-7%</b>	<b>70 219</b>



## **2.6 Material Variances in the SDBIP**

The performance of the Municipality, as discussed in detail under in the attached Performance Report by PMS office. Material Variances in the SDBIP, shows that the Municipality has not managed to achieve most of its the objectives of the planned target as at midyear. It can be stated that the performance of the municipality at midyear is not satisfactory as most projects and programmes were delayed by the covid-19

The section also 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 2020.

- **Table SC1 Material Variances Explanation**

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

DR NDZ MUNICIPALITY MID YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR 2020/2021 FY

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	<b>Revenue By Source</b>			
	Interest on Investments	(34) Percent	This variance is caused by the Covid-19 pandemic as the economy has declined	The municipality will adjust the budget during the adjustment budget period
	Interest on outstanding debtors	127 Percent	The variance is as the result of an increase in outstanding amount owed by debtors as a result of COVID-19 as some business and individuals did not have income and could not pay rates during the nationwide lockdown and after it as some business are still recovering especially those in the Tourism & Hospitality sector	The municipality will adjust the budget during the adjustment budget period
	Fines Penalties and Forfeits	100 Percent	More fines were issued than anticipated	The budget will be reviewed
	Licences and Permits	(40) Percent	The variance is due to the decrease in the number of people making bookings for Learners Licenses due to COVID-19 as people are still avoiding activities that will need them to meet with people from different areas.	The municipality will adjust the budget during the adjustment budget period
	Agency Services	100 Percent	Incorrect allocation of agency fees	To be corrected in the following months
	Other Revenue	(87) Percent	Revenue is less due to items such as tender documents are advertised online for the people to download online due to COVID-19 and that reduced the demand in sale of tender documents, sale only happen to a few people who come to municipal offices to buy tender documents. Decrease in demand of building plan submission.	The municipality will adjust the budget during the adjustment budget period
	Gains and Disposal on PPE	(100) Percent	The Auction hasn't taken place as yet due to the delays caused by the covid-19; it will take place during the cause of the financial year	Auction to take place before the end of the financial year
2	<b>Expenditure By Type</b>			
	Debt Impairment	(100) Percent	Debt Impairment will be processed at the end of the financial year (June 2021)	Debt Impairment will be processed at the end of the financial year (June 2021)
	Depreciation and Asset Impairment	(21) Percent	Depreciation will be revised during the review of budget as a result of a delay in completion of projects that were supposed to be completed in the last financial year, the completion date has been revised to current year.	The budget will be adjusted during adjustment period
	Finance Charges	(17) Percent	Due to ongoing control measures introduced to avoid interest on late payments	The municipality will adjust the budget during the adjustment budget period
	Other Materials	(66) Percent	Due to underspending in various line items across the municipality because of the suspension of other programs due to covid-19	To consider adjusting the budget during the adjustment budget time
	Contracted Service	(37) Percent	Underspending is due to suspension of many programs due to covid-19	To consider adjusting the budget during the adjustment budget time
	Other Expenditure	(39) Percent	Underspending due to suspension of procurement for other items due to covid-19	To consider adjusting the budget during the adjustment budget time
	Transfers and Subsidies	(44) Percent	It is dependent on the number of people who collected their free basic electricity	To consider adjusting the budget during the adjustment budget time
3	<b>Capital Expenditure</b>			
	Capital Expenditure	(67) Percent	Delays caused by covid 19 and other delays in projects such as Himeville Business Hives and Underberg Community Hall are currently on hold because of the rezoning process. Sdangeni Bridge was delayed by Environmental Impact Assessment (EIA)	The municipality is currently in engagement to resolve the matter for rezoning and environmental Impact assessment. The municipality will also consider adjusting the budget

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4	<b>Financial Position</b>			
	Cash		The actual cash YTD is sitting at 215, 6Million and that seems to be favorable for the municipality	
5	<b>Cash Flow</b>			
	<b>Receipts</b>			
	Service charges	19 percent	New Developed properties that were not included on the budget refuse has been added on them.	The municipality will adjust the budget during the adjustment budget
	Other revenue	69 percent	Revenue is less due to items such as tender documents are advertised online for the people to download online due to COVID-19 and that reduced the demand in sale of tender documents, sale only happen to a few people who come to municipal offices a buy tender documents. Decrease in demand of building plan submission.	The municipality will adjust the budget during the adjustment budget
	Government - operating	60 percent	Operational grants above projection for the year to date – cash flow projection not prepared in line with the tranche transfers by National Treasury	
	Government - capital	63 percent	Capital grants above projection for the year to date – cash flow projection not prepared in line with the tranche transfers by National Treasury	
	Interest	34 percent	This variance is caused by the Covid-19 pandemic as the economy has declined	To consider adjusting the budget during the adjustment budget time
	Proceeds on disposal of PPE	100 percent	The Auction hasn't taken place as yet due to the delays caused by the covid-19; it will take place during the cause of the financial year	Auction to take place before the end of the financial year
	<b>Payments</b>			
	Suppliers and employees	22 percent	Under performed as a result of the savings on planned employee recruitments, the payment of councillors	Recruitments will take place after adjustment budget and Councillors allowance will be paid
	Finance charges	17 percent	Due to ongoing control measures introduced to avoid interest on late payments.	It will be adjusted in the adjustment budget
	Transfers and Grants	44 percent	It is dependent on the number of people of who collected their free basic electricity	To consider adjusting the budget during the adjustment budget time
	Capital Payments	67 Percent	Underspending in different projects due to delays caused by covid-19	To consider adjusting the budget during the adjustment budget time on the projects that are not grant funded
	Cash and Cash Equivalent		The municipality had an opening balance of R 83 ,4million and closing balance of R 215 ,6million as at the end of December 2021 and that is favourable to the municipality	
6	<b>Measureable performance</b>			
	The SDBIP is attached			
7	<b>Municipal Entities</b>			
	No Entity			

DR NDZ MUNICIPALITY MID YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR 2020/2021 FY

2.7 Municipality Financial Performance

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

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		33 001	34 425	28 649	2 530	17 175	14 324	2 850	20%	28 649
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		3 423	3 608	3 608	299	1 771	1 804	(33)	-2%	3 608
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		836	831	831	91	454	416	38	9%	831
Interest earned - external investments		8 172	8 090	8 090	670	2 656	4 045	(1 389)	-34%	8 090
Interest earned - outstanding debtors		3 132	2 294	2 294	436	2 597	1 147	1 451	127%	2 294
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2 552	726	726	64	728	363	365	100%	726
Licences and permits		493	753	753	15	225	376	(151)	-40%	753
Agency services		-	32	32	-	-	16	(16)	-100%	32
Transfers and subsidies		135 794	143 638	168 273	65 860	133 785	84 137	49 649	59%	168 273
Other revenue		487	1 004	1 004	2	67	502	(435)	-87%	1 004
Gains on disposal of PPE		6 791	8 581	200	-	-	100	(100)	-100%	200
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>194 682</b>	<b>203 982</b>	<b>214 459</b>	<b>69 968</b>	<b>159 458</b>	<b>107 230</b>	<b>52 228</b>	<b>49%</b>	<b>214 459</b>
<b>Expenditure By Type</b>										
Employee related costs		58 124	70 219	70 219	8 179	32 575	35 109	(2 534)	-7%	70 219
Remuneration of councillors		11 598	11 901	11 901	966	5 799	5 951	(152)	-3%	11 901
Debt impairment		9 333	11 060	11 060	-	-	5 530	(5 530)	-100%	11 060
Depreciation & asset impairment		27 599	41 625	41 625	3 706	16 474	20 812	(4 338)	-21%	41 625
Finance charges		177	291	291	11	121	146	(24)	-17%	291
Bulk purchases		-	-	-	-	-	-	-	-	-
Other materials		1 986	3 998	3 698	108	623	1 849	(1 226)	-66%	3 698
Contracted services		34 836	33 860	38 192	3 456	11 959	19 096	(7 137)	-37%	38 192
Transfers and subsidies		1 496	1 990	1 990	89	560	995	(435)	-44%	1 990
Other expenditure		24 614	28 331	28 564	1 010	8 698	14 276	(5 579)	-39%	28 564
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>169 763</b>	<b>203 276</b>	<b>207 541</b>	<b>17 526</b>	<b>76 809</b>	<b>103 764</b>	<b>(26 956)</b>	<b>-26%</b>	<b>207 541</b>
<b>Surplus/(Deficit)</b>										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		31 240	26 989	26 989	254	2 603	13 494	(10 891)	(0)	26 989
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>56 159</b>	<b>27 695</b>	<b>33 907</b>	<b>52 695</b>	<b>85 252</b>	<b>16 960</b>			<b>33 907</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>56 159</b>	<b>27 695</b>	<b>33 907</b>	<b>52 695</b>	<b>85 252</b>	<b>16 960</b>			<b>33 907</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>56 159</b>	<b>27 695</b>	<b>33 907</b>	<b>52 695</b>	<b>85 252</b>	<b>16 960</b>			<b>33 907</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>56 159</b>	<b>27 695</b>	<b>33 907</b>	<b>52 695</b>	<b>85 252</b>	<b>16 960</b>			<b>33 907</b>

The total revenue raised including operational grants as at 31 December 2020 was R 159,4 million against a total budget of R 214 459 million for the year and the YTD budget is R 107 230 Million as at 31 December 2020. This reflects a revenue rate of 74% against the total budget for the year.

The operating expenditure as at 31 December 2020 totals to R 76 ,8 million against a total budget of R 207 ,5million and that is reflecting an expenditure rate of 37%. This suggests that operating Expenditure is down by R26,9 million when comparing with 50% or year to date budget 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

MIG	26 989 000	13 494 500	2 603 026	24 385 974,00	10%		
INEP	6 000 000	3 000 000	2 594 642	3 405 358,00	43%		
INTERNAL	92 681 887	46 340 944	20 308 838	72 373 049,00	22%		
BHIDLA HOUSING	25 447 590	12 723 795	14 904 038	10 543 552,00	59%		
<b>TOTAL</b>	<b>151 118 477</b>	<b>75 559 239</b>	<b>40 410 544</b>	<b>110 707 933,00</b>	<b>27%</b>		

The total capital budget for the 2020/2021 financial year is R 151 ,1million inclusive of INEP and Housing grant, the MIG allocation is R 26 ,9million. The cumulative capital expenditure for the period amounts to R 40 ,4million or 27% 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 27% as at the second quarter because of the delays caused by national lockdown.

**2.10 Municipal Managers Quality certificates**

**Quality Certificate**

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 of December 2020 of the 2020/21 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: \_\_\_\_\_