

Harry Gwala District Municipality



**MFMA S72 Midyear Budget & Performance Assessment
Incorporating S 52 (d) and S 71 Monthly report.**

Table of Contents

1. PART 1 – IN YEAR REPORT Error! Bookmark not defined.

1.1 Mayors Report **Error! Bookmark not defined.**

1.2 Executive Summary4

1.3 Resolutions.....7

1.4 In Year Budget Statement Tables8

1.5 Consolidated Schedules.....16

2. PART 2 – SUPPORTING DOCUMENTATION.....**30**

2.1 Debtors Analysis.....30

2.2 Creditors Analysis.....36

2.3 Investment Portfolio Analysis.....36

2.4 Allocation and Grant receipts and Expenditure37

2.5 Councillor and Staff Benefits39

2.7 Material Variances to the SDBIP51

2.8 Capital Programme Performance.....55

2.9 Managers Quality Certificate53

1. PART 1 – IN YEAR REPORT

1.1 Mayors Report

PREAMBLE

The Mayor, Hounarable Councillor Z D Nxumalo

In accordance with S72 of the Municipal Finance Management Act, I submit the required statement assessing the performance of the Harry Gwala District Municipality during the first half of the 2022/23 financial year.

Section 54 of the MFMA requires the Mayor of the municipality to take certain actions on receipts of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP).

The information and analysis contained in this report has been reviewed and it is evident that an adjustment budget (both Capital and Operational Budget) and hence adjustments to the SDBIP will be necessary.

The planned results and the comments have been included in the performance assessment report as the senior managers were requested to indicate the status as well as their remedial actions in order to achieve those planned targets.

In terms of s72 of the MFMA the budget and SDBIP projections will have to be reviewed to ensure that the planned services will be rendered within the budgetary constraints.



Municipal Manager: Mr. G.M Sineke

Municipal Manager: Harry Gwala DM

25 January 2023



Councillor: Z. D. Nxumalo

Honourable Mayor: Harry Gwala DM

25 January 2023

1.2 Executive Summary or Background

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 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 the SDBIP and Annual budget, i.e. Both Operational & Capital, need to be adjusted. Furthermore, Section 54(f) of the MFMA requires the Mayor to consider and submit a report to Council by 31 January.

Midyear Budget & Performance Assessment

The municipality's implementation of the approved budget is best summarised in table C1 under the heading "1.4 In Year Budget statement Tables". While the operational budget expenditure has been good, accelerated implementation of the Capital projects would have to be sought in order to increase the provision of basic services to the communities. Piling outstanding consumer debts still continue to be a challenge and pose a threat to the municipality's liquidity position. A more rigorous approach is necessary to deal with this challenge.

Material Variances in the SDBIP

The performance of the Municipality, as discussed in detail under 2.6 Material Variances in the SDBIP, shows that the Municipality has managed to achieve 71% of the planned target as at midyear. It can be stated that the performance of the municipality at midyear is slightly above average; however, the departments need to improve their performance in the next remaining months.

Section 2.6 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 of the municipality would have to be reviewed to for adjustments of underperformance as well as over performance and to recognise National & Provincial additional budget allocations.

REVENUE

The year-to-date actual revenue for the period ended 31 December 2022 amounted to R439, 4m against year-to-date budget of R432, 8million which is 102% of the Year to Date (YTD) budget. Development Agency Year to Date (YTD) actual revenue generated for the first six months amounted to R 6,144 million while the projected (YTD) budget amounted to R 8,590 million. This means that the municipality entity generated 71% of the projected budgeted for the period

OPERATIONAL EXPENDITURE

The operational budget performance at midyear was 5% below the Year-to-Date YTD budget. An analysis of the non-priority and priority line items would have to be done to assess the need and extent of the adjustments. The total actual YTD operating expenditure for Development agency for the first six months amounted to R3,719 million while the YTD budget Operating Expenditure amounted to R 8,459 million. This is an indication that there were challenges in operations for the first six months which resulted in under-expenditure.

CAPITAL EXPENDITURE

As at Midyear, the capital budget was under performed by 20%. This mainly due to the Court judgement that prohibited the Municipality to advertise for projects and the delay in the appointment of new consultants as the previous consultants were terminated due to Supply Chain processes. The overall capital expenditure for Agency is 68% against the budget as at 31 December 2022 which is within range

An adjustment would result in both operational and capital budget adjustments.

It should be noted that the Dec Section 71 and Section 52 (d), quarterly budget monitoring report will be incorporated into this report. This report is detailed to an extent that additional comments will be limited to the most important aspects.

1.3 Resolutions

The following recommendations are linked to the responsibilities of the Mayor as contained in s54 of the MFMA.

It is recommended that the Council;

1. Notes the monthly budget statement and any other supporting documentation
2. Notes the quarterly report on the implementation of the budget in terms of s52(d) MFMA
3. Notes the Midyear budget & Performance assessment in terms of s72 of the MFMA.
4. Notes the Midyear budget & performance assessment report for the Harry Gwala Development Agency.
5. Prepares the adjustments budget for Tabling to Council before the 25th February 2022 in terms of Municipal Budget Regulations.
6. Revise the projections for Revenue & Expenditure in the SDBIP to reflect the adjustments to the Annual Budget.

1.4 In Year Budget Statement Tables

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.

Harry Gwala District Municipality

DC43 Harry Gwala - Table C1 Consolidated Monthly Budget Statement Summary - M06 December

Description	2021/22	Budget Year 2022/23							
	Actual Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	61 500	64 990	64 990	5 115	37 431	32 406	4 938	19%	64 990
Investment revenue	5 104	4 859	4 859	689	3 752	2 430	1 323	54%	4 859
Transfers and subsidies	453 939	463 738	463 738	144 054	326 047	231 889	94 177	41%	463 738
Other own revenue	16 181	11 941	11 941	1 260	7 137	5 970	1 168	20%	11 941
Total Revenue (excluding capital transfers and contributions)	535 764	545 528	545 528	151 118	374 367	272 764	101 603	37%	545 528
Employee costs	236 548	250 011	250 011	19 479	120 313	125 007	(4 683)	-4%	250 011
Remuneration of Councilors	7 239	8 879	8 879	541	3 711	4 440	(729)	-16%	8 879
Depreciation & asset impairment	81 605	91 851	91 851	40 895	40 895	45 976	(5 081)	-11%	91 851
Finance charges	307	518	518	-	-	258	(258)	-100%	518
Inventory consumed and bulk purchases	44 661	28 907	28 907	4 936	12 367	14 341	(1 974)	-14%	28 907
Transfers and subsidies	16 100	17 000	17 000	-	6 000	8 500	(2 500)	-29%	17 000
Other expenditure	253 662	210 669	211 449	16 795	106 805	105 388	1 507	1%	211 449
Total Expenditure	638 821	607 834	607 834	82 645	299 180	303 918	(3 728)	-9%	607 834
Surplus/(Deficit)	(103 137)	(62 306)	(62 306)	68 473	84 177	(31 155)	115 331	-370%	(62 306)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	311 850	320 236	320 236	-	65 040	180 116	(85 077)	-59%	320 236
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)	12 781	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	221 503	257 930	257 930	68 473	149 217	128 963	20 294	16%	257 930
Share of surplus/ (deficit) of associates	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	221 503	257 930	257 930	68 473	149 217	128 963	20 294	16%	257 930
Capital expenditure & funds sources									
Capital expenditure	290 905	298 180	298 180	57 401	118 564	149 090	(30 526)	-20%	298 180
Capital transfers recognised	273 848	278 426	278 426	57 389	116 793	139 213	(22 421)	-16%	278 426
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	17 056	19 754	19 754	32	1 771	9 877	(8 106)	-82%	19 754
Total sources of capital funds	280 905	298 180	298 180	57 401	118 564	149 090	(30 526)	-20%	298 180
Financial position									
Total current assets	483 801	106 085	106 085	-	272 907	-	-	-	106 085
Total non current assets	2 769 748	2 877 309	2 877 309	-	2 837 418	-	-	-	2 877 309
Total current liabilities	110 309	125 478	125 478	-	200 142	-	-	-	125 478
Total non current liabilities	28 545	15 947	15 947	-	27 101	-	-	-	15 947
Community wealth/Equity	2 794 521	2 641 869	2 641 869	-	2 883 082	-	-	-	2 641 869
Cash flows									
Net cash from (used) operating	175 924	321 768	321 768	165 456	630 857	180 879	(869 879)	-416%	321 768
Net cash from (used) investing	(290 905)	(298 180)	(298 180)	(57 401)	(118 564)	(149 090)	(30 526)	20%	(298 180)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	(63 118)	51 147	51 147	-	663 663	38 358	(824 445)	-2089%	175 987
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dye-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	7 243	13 365	4 029	4 268	3 184	2 891	15 683	173 875	224 569
Creditors Age Analysis									
Total Creditors	423	305	257	122	-	-	-	-	1 108

Financial Performance by Functional Classification

Table C2 provides the statement of financial performance by standard classification.

DC43 Harry Gwala - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - 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									
Revenue - Functional									
<i>Governance and administration</i>	297 385	438 744	438 744	144 982	317 442	219 372	98 070	45%	438 744
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	297 385	438 744	438 744	144 982	317 442	219 372	98 070	45%	438 744
Internal audit	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	33	-	-	2	15	-	15	#DIV/0!	-
Community and social services	33	-	-	2	15	-	15	#DIV/0!	-
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	24 384	17 180	17 180	-	-	8 690	(8 690)	-100%	17 180
Planning and development	24 384	17 180	17 180	-	-	8 690	(8 690)	-100%	17 180
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	438 842	408 840	408 840	8 155	121 930	204 920	(82 970)	-40%	408 840
Energy sources	-	-	-	-	-	-	-	-	-
Water management	392 285	398 889	398 889	5 131	115 493	198 345	(82 852)	-42%	398 889
Waste water management	46 357	13 151	13 151	1 023	6 467	6 575	(118)	-2%	13 151
Waste management	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	880 424	885 764	885 764	151 116	439 407	432 882	6 525	2%	885 764
Expenditure - Functional									
<i>Governance and administration</i>	234 822	288 502	288 647	22 840	125 313	133 857	(8 345)	-6%	288 647
Executive and council	37 102	33 112	33 112	1 778	16 383	16 558	(1 175)	-7%	33 112
Finance and administration	188 248	223 636	228 780	20 068	104 082	112 223	(8 182)	-7%	225 780
Internal audit	6 272	9 756	9 756	964	6 888	4 978	990	20%	9 756
<i>Community and public safety</i>	19 479	20 881	20 881	2 012	9 028	10 441	(1 415)	-14%	20 881
Community and social services	19 479	20 881	20 881	2 012	9 028	10 441	(1 415)	-14%	20 881
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	148 823	158 989	168 989	39 277	82 886	78 485	(4 401)	-20%	158 989
Planning and development	148 823	158 989	168 989	39 277	82 886	78 485	(4 401)	-20%	158 989
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	236 297	163 491	161 338	18 318	92 985	81 338	11 649	14%	161 338
Energy sources	-	-	-	-	-	-	-	-	-
Water management	218 091	182 342	180 197	18 477	92 561	80 766	11 795	15%	180 197
Waste water management	20 205	1 139	1 139	39	424	570	(145)	-20%	1 139
Waste management	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	838 821	687 834	687 834	82 645	280 199	303 819	(13 729)	-5%	687 834
Surplus/ (Deficit) for the year	221 603	257 930	287 930	68 473	149 217	129 063	28 254	18%	257 930

Table C2: Consolidated Monthly Budget Statement: Financial Performance, reflects the operating revenue in the standard classifications.

The table starts by assessing the midyear revenue by department followed by an expenditure analysis. The actual year to date revenue recognised as at December 2022 was R 506million against a year to date budget of R 432, 8million representing over performance of 2%.

Financial Performance reflects operating expenditure in the standard classifications.

Expenditure by standard classification presents the expenditure by the departments. The operational budget performance at midyear was 95% against the year-to-date budget representing an under performance of 5%.

Financial Performance by Municipal Vote

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

DC43 Harry Gwala - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06

Vote 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									
Revenue by Vote									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	386 921	438 660	438 660	144 778	317 186	218 330	97 858	44,8%	438 660
Vote 04 - Summary Corporate Services	360	-	-	184	245	-	245	#DIV/0!	-
Vote 05 - Summary Social Services & Development Planning	11 636	17 180	17 180	2	15	8 580	(8 575)	-99,8%	17 180
Vote 06 - Summary Infrastructure Services	318 640	337 554	337 554	321	78 256	168 777	(90 521)	-53,6%	337 554
Vote 07 - Summary Water Services	132 868	72 370	72 370	6 834	43 702	36 185	7 518	20,8%	72 370
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	860 424	863 764	863 764	191 118	499 407	432 862	6 625	1,5%	863 764
Expenditure by Vote									
Vote 01 - Summary Council	20 165	18 963	18 963	1 064	10 735	9 482	1 253	13,2%	18 963
Vote 02 - Summary Municipal Manager	25 220	23 904	23 904	1 578	10 516	11 952	(1 436)	-12,0%	23 904
Vote 03 - Summary Budget And Treasury Office	64 433	83 148	83 148	3 969	27 135	41 574	(14 438)	-34,7%	83 148
Vote 04 - Summary Corporate Services	80 060	91 438	91 438	9 329	40 648	45 719	(5 071)	-11,1%	91 438
Vote 05 - Summary Social Services & Development Planning	61 289	72 345	72 345	3 249	22 340	36 173	(13 833)	-38,2%	72 345
Vote 06 - Summary Infrastructure Services	125 460	109 944	109 944	38 406	61 741	54 972	(3 231)	-5,9%	109 944
Vote 07 - Summary Water Services	272 294	208 082	208 082	24 950	127 074	104 046	23 027	22,1%	208 082
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	838 921	607 834	607 834	82 645	280 190	303 919	(13 729)	-4,5%	607 834
Surplus/ (Deficit) for the year	221 503	257 930	257 930	68 473	149 217	128 943	20 254	15,7%	257 930

Table C3: Consolidated Monthly Budget Statement – Financial Performance, reflects the operating revenue and operating expenditure by municipal vote. The municipal directorates are Executive Council; Municipal Manager; Budget and Treasury; Corporate Services; Social Services and Development Planning; Infrastructure Services and Water Services. The operating expenditure budget is approved by Council on the municipal vote level.

Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 31 December 2022.

DC43 Harry Gwala - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - 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									
Revenue By Source									
Property rates							-		
Service charges - electricity revenue							-		
Service charges - water revenue	49 353	51 777	51 777	4 115	31 036	28 888	5 147	20%	51 777
Service charges - sanitation revenue	12 207	13 213	13 213	1 000	6 396	6 806	(211)	-3%	13 213
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-
Interest earned - external investments	5 104	4 859	4 859	689	3 752	2 430	1 323	54%	4 859
Interest earned - outstanding debtors	11 221	11 358	11 358	1 043	6 307	6 679	626	11%	11 358
Dividends received	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2 453	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	463 939	483 738	483 738	144 054	326 047	231 889	94 177	41%	483 738
Other revenue	818	582	582	217	829	291	538	185%	582
Gains	888	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	535 784	545 528	545 528	151 118	374 387	272 784	101 603	37%	545 528
Expenditure By Type									
Employee related costs	238 548	250 011	250 011	19 478	120 313	125 007	(4 693)	-4%	250 011
Remuneration of councillors	7 239	8 879	8 879	541	3 711	4 440	(729)	-16%	8 879
Debt impairment	16 147	28 750	28 750	-	-	14 375	(14 375)	-100%	28 750
Depreciation & asset impairment	81 605	91 951	91 951	40 895	40 895	45 976	(5 081)	-11%	91 951
Finance charges	307	516	516	-	-	258	(258)	-100%	516
Bulk purchases - electricity	-	-	-	-	-	-	-	-	-
Inventory consumed	44 861	28 907	28 027	4 938	12 367	14 341	(1 974)	-14%	28 027
Contracted services	173 013	117 271	118 007	13 099	73 385	56 683	14 692	25%	118 007
Transfers and subsidies	15 100	17 000	17 000	-	6 000	6 500	(2 500)	-29%	17 000
Other expenditure	63 482	64 548	64 691	3 898	33 520	32 329	1 191	4%	64 691
Losses	1 840	-	-	-	-	-	-	-	-
Total Expenditure	638 921	607 834	607 834	82 645	290 190	303 919	(13 729)	-5%	607 834
Surplus/(Deficit)	(103 137)	(62 306)	(62 306)	68 473	84 177	(31 155)	115 331	(0)	(62 306)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	311 880	320 236	320 236	-	65 040	160 118	(95 077)	(0)	320 236
Transfers and subsidies - capital (in-kind - all)	12 781	-	-	-	-	-	-	(0)	-
Surplus/(Deficit) after capital transfers & contributions	221 503	257 930	257 930	68 473	149 217	128 963			257 930
Taxation									
Surplus/(Deficit) after taxation	221 503	257 930	257 930	68 473	149 217	128 963			257 930
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	221 503	257 930	257 930	68 473	149 217	128 963			257 930
Share of surplus/ (deficit) of associates									
Surplus/ (Deficit) for the year	221 503	257 930	257 930	68 473	149 217	128 963			257 930

A detailed analysis of the anomalies is provided under "2.6 Material Variances in the SDBIP"

Service charges – Currently the year-to-date collection rate is at 68%. The actual figure is based on accrued revenue. Billing is more than what was anticipated, however based on actual collections only R24, 1million cash received as at 31 December 2022

Interest earned on outstanding receivables – budget is based on realistically collectible revenue while the actual figures are accrued. The accrued basis refers to billed interest and not actual cash received.

Interest earned external investments – the actual interest earned on bank accounts held by Harry Gwala District Municipality together with Development Agency has been more than anticipated or projected. This amount can therefore be amended during the budget adjustment.

Government grants – Equitable Share, FMG, MIG, RBIG, and WSIG tranches received. There has been no indication from National Treasury that any of the Grants in terms of DORA would be reduced in the remaining six months of the 2022/2023 financial year.

CONSOLIDATED EXPENDITURE AS PER TABLE A4

Employee Related Costs – remains the largest expenditure incurred. The fixed nature of the salaries makes it difficult to reduce the level of expenditure when compared to operating expenditure. The municipality must certify prudence in the filling of vacated positions to ensure that adequate budget is available till the end of the financial year.

Councillor Remuneration - the budgeted expenditure for councillors is based on the previous gazette, the current financial year have not yet been effected as the regulating gazette specifying the remuneration packages was not yet issued by the end of December 2022.

Depreciation – Depreciation processed to date amounts to R40, 8million and reflects an under performance of R5 million when compared to the year-to-date budget. The year to date actual for Development agency is R335 503 against year to budget of R 437 500. The original budgeted amount is currently deemed to be sufficient.

Finance costs – This is the interest on the finance leases (for rental of Municipal vehicles, printers and fax machines). The consolidated year to date expenditure is R7 500.

Inventory Consumed – this line item pertains to bulk water purchases from Umngeni Water and Ugu District Municipality. The budget for inventory consumed appears to be sufficient for the next 6 months and no adjustment is necessary.

Contracted services – includes the rental of office accommodation, Repairs and Maintenance, Security. This expenditure is linked to contractual commitments. This line item will be adjusted upwards during the adjustment process.

Other expenditure – includes items such as fleet costs (fuel & oil, tyres, admin costs, licences), telephone system rental, advertising etc. Based on projections to the end of the second quarter, a review of the classification of other expenditure would need to be undertaken

Capital Expenditure

Table C5 below reports on the capital expenditures by departments (municipal vote) and also by standard classification. The bottom part of the schedule looks at the funding sources of the capital projects.

Harry Gwala District Municipality

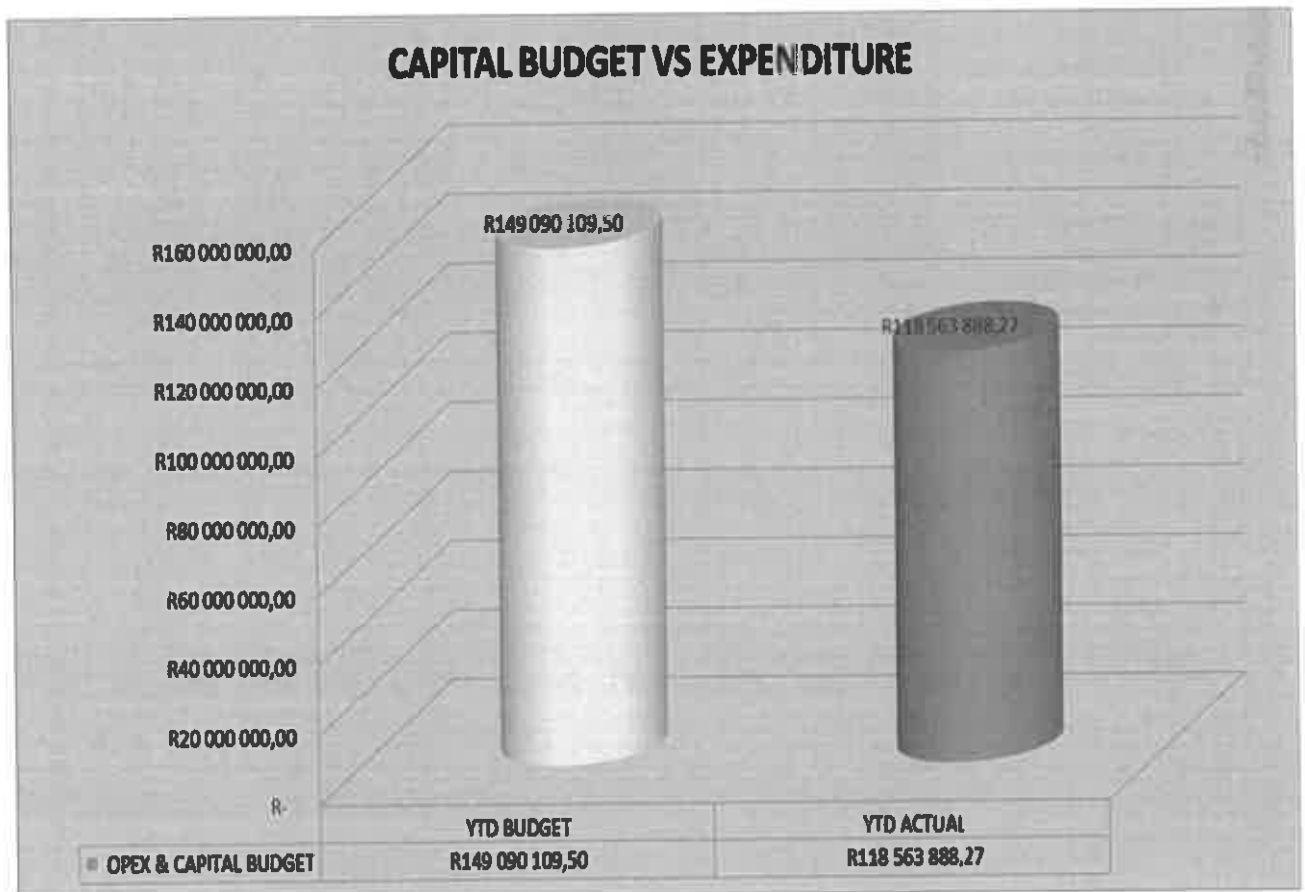
DC43 Harry Gwala - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M06

Vote 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									
Multi-Year expenditure appropriation									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	8 310	9 902	9 902	32	367	4 951	(4 584)	-93%	9 902
Vote 05 - Summary Social Services & Development Planning	47	4 084	4 084	-	-	2 032	(2 032)	-100%	4 084
Vote 06 - Summary Infrastructure Services	30 970	62 522	62 522	1 635	7 584	26 281	(18 677)	-71%	62 522
Vote 07 - Summary Water Services	251 678	231 682	231 682	55 734	110 812	116 846	(6 234)	-6%	231 682
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	290 905	298 180	298 180	57 401	118 864	140 080	(30 626)	-20%	298 180
Total Capital Expenditure	290 905	298 180	298 180	57 401	118 864	140 080	(30 626)	-20%	298 180
Capital Expenditure - Functional Classification									
Governance and administration	8 310	10 471	10 471	32	367	8 235	(4 868)	-93%	10 471
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	8 310	10 471	10 471	32	367	5 236	(4 868)	-93%	10 471
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	47	3 304	3 304	-	-	1 662	(1 662)	-100%	3 304
Community and social services	47	3 304	3 304	-	-	1 662	(1 662)	-100%	3 304
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	21 376	19 081	19 081	1 635	4 780	9 630	(4 770)	-50%	19 081
Planning and development	21 376	19 081	19 081	1 635	4 780	9 630	(4 770)	-50%	19 081
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	261 172	266 344	266 344	66 734	113 438	132 672	(19 236)	-14%	266 344
Energy services	-	-	-	-	-	-	-	-	-
Water management	229 229	218 214	218 814	50 632	88 694	108 793	(20 098)	-18%	218 814
Waste water management	37 960	47 130	46 630	6 202	24 742	23 880	862	4%	46 630
Waste management	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	290 905	298 180	298 180	57 401	118 864	140 080	(30 626)	-20%	298 180
Funded by:									
National Government	232 612	278 426	278 426	57 369	116 793	139 213	(22 421)	-16%	278 426
Provincial Government	41 236	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	278 848	278 426	278 426	57 369	116 793	139 213	(22 421)	-16%	278 426
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	17 056	19 754	19 754	32	1 771	9 877	(8 106)	-92%	19 754
Total Capital Funding	290 905	298 180	298 180	57 401	118 864	140 080	(30 626)	-20%	298 180

The 2022/2023 mid-year capital expenditure has underperformed by 20% from year to date to budget, improvement is needed in the expenditure of capital projects as it affects the grant funding given by National Treasury. There is a high possibility that MIG grant will be reduced if the municipality does not accelerate the infrastructure expenditure programme. The capital budget continues to be largely dependent on the National Government grants.

The chart below presents a high-level analysis of YTD capital expenditure budget against the YTD actual expenditure.

Chart 1: Midyear Capex



As at midyear, the year-to-date actual expenditure was R118, 5million against a YTD budget of R149million. In monetary terms, these figures represent 80% percent performance against the capital development programme as at midyear.

Table C6 displays the financial position of the municipality as at 31 December 2021.

As at midyear, the current ratio has improved to 0.1:3 compared to 0.1:1 as at the end of the last financial year. The norm for this ratio is 2:1, meaning for every R1 of debt obligations you ought to have R2 of current assets to meet those commitments.

This ratio means that for one rand (R1) of monies owed, the municipality had three rands (R3) to meet those short-term debt obligations signalling liquidity risk.

Harry Gwala District Municipality

DC43 Harry Gwala - Table C6 Consolidated Monthly Budget Statement - Financial Position - M06 December

Description	2021/22	Budget Year 2022/23			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash	767 605	25 033	25 033	110 837	25 033
Call investment deposits	(366 744)	26 114	26 114	75 849	26 114
Consumer debtors	30 003	32 600	32 600	47 477	32 600
Other debtors	32 222	21 930	21 930	36 231	21 930
Current portion of long-term receivables	-	-	-	-	-
Inventory	513	408	408	513	408
Total current assets	463 601	106 085	106 085	272 907	106 085
Non current assets					
Long-term receivables	-	-	-	-	-
Investments	-	-	-	-	-
Investment property	-	-	-	-	-
Investments in Associate	-	-	-	-	-
Property, plant and equipment	2 759 364	2 675 607	2 675 607	2 837 130	2 675 607
Biological	-	-	-	-	-
Intangible	384	1 702	1 702	288	1 702
Other non-current assets	0	0	0	0	0
Total non current assets	2 759 748	2 677 309	2 677 309	2 837 418	2 677 309
TOTAL ASSETS	3 223 349	2 783 394	2 783 394	3 110 325	2 783 394
LIABILITIES					
Current liabilities					
Bank overdraft	-	-	-	-	-
Borrowing	12 794	8 394	8 394	12 794	8 394
Consumer deposits	2 175	2 331	2 331	2 309	2 331
Trade and other payables	80 141	99 666	99 666	169 845	99 666
Provisions	15 194	15 088	15 088	15 194	15 088
Total current liabilities	110 303	125 478	125 478	200 142	125 478
Non current liabilities					
Borrowing	1 299	-	-	(145)	-
Provisions	27 246	15 947	15 947	27 246	15 947
Total non current liabilities	28 545	15 947	15 947	27 101	15 947
TOTAL LIABILITIES	138 848	141 425	141 425	227 243	141 425
NET ASSETS	3 084 501	2 641 969	2 641 969	2 883 082	2 641 969
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	3 084 501	2 641 969	2 641 969	2 883 082	2 641 969
Reserves	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	3 084 501	2 641 969	2 641 969	2 883 082	2 641 969

Table C7 below display the Cash Flow Statement for the mid-year.

DC43 Harry Gwala - Table C7 Consolidated Monthly Budget Statement - Cash Flow - 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									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates							-		
Service charges	70 345	59 930	59 930	3 913	23 922	29 965	(6 043)	-20%	59 930
Other revenue	2 903	66 447	56 447	68 033	364 230	28 224	336 007	1191%	56 447
Transfers and Subsidies - Operational	613 201	446 736	446 736	234 947	666 933	223 369	463 564	208%	446 736
Transfers and Subsidies - Capital	369 601	320 236	320 236	-	186 000	160 116	25 882	16%	320 236
Interest	5 104	4 859	4 859	689	3 752	2 430	1 323	54%	4 859
Dividends							-		
Payments									
Suppliers and employees	(665 094)	(566 453)	(566 453)	(122 126)	(433 980)	(263 226)	160 754	-53%	(566 453)
Finance charges	-	-	-	-	-	-	-		-
Transfers and Grants	(135)	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES	176 924	321 768	321 768	185 456	630 667	160 679	(669 979)	-41%	321 768
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE							-		
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments							-		
Payments									
Capital assets	(290 906)	(296 180)	(296 180)	(57 401)	(116 564)	(149 060)	(30 626)	20%	(296 180)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(290 906)	(296 180)	(296 180)	(57 401)	(116 564)	(149 060)	(30 626)	20%	(296 180)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans							-		
Borrowing long term financing							-		
Increase (decrease) in consumer deposits							-		
Payments									
Repayment of borrowing							-		
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD	(114 981)	23 678	23 678	128 054	712 284	11 788			23 678
Cash/cash equivalents at beginning:	51 662	27 669	27 669	35 177	151 509	27 669			151 509
Cash/cash equivalents at month/year end:	(63 119)	51 147	51 147		663 803	39 358			175 087

There has rather been lower than expected collection levels signalled by a collection of 68%. There is delay in the replacement of faulty meters. Water restrictions will be introduced for defaulting consumers. A debt collector was appointed to assist the municipality to further improve the collection of old debt. This low collection level has put a strain on the cash flow levels of the Municipality.

Interest has been more than the year-to-date budget which was influenced by the slow expenditure on the capital projects and the money that is invested in Nedbank.

Table C1 Parent Monthly Budget

Harry Gwala District Municipality

DC43 Harry Gwala - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - 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									
Revenue - Functional									
<i>Governance and administration</i>	307 385	438 744	438 744	144 062	317 442	219 372	98 070	45%	438 744
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	307 385	438 744	438 744	144 062	317 442	219 372	98 070	45%	438 744
Internal audit	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	33	-	-	2	15	-	15	#DIV/0!	-
Community and social services	33	-	-	2	15	-	15	#DIV/0!	-
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	24 384	-	-	-	-	-	-	-	-
Planning and development	24 384	-	-	-	-	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	438 642	408 840	408 840	5 155	121 950	204 920	(82 970)	-40%	408 840
Energy sources	-	-	-	-	-	-	-	-	-
Water management	392 286	396 880	396 880	5 131	115 493	198 345	(82 852)	-42%	396 880
Waste water management	46 357	13 151	13 151	1 023	6 457	6 575	(118)	-2%	13 151
Waste management	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	860 424	848 584	848 584	161 118	439 407	424 292	15 115	4%	848 584
Expenditure - Functional									
<i>Governance and administration</i>	234 622	268 502	268 502	22 840	125 313	133 657	(8 345)	-8%	268 502
Executive and council	37 102	33 112	33 112	1 778	15 383	16 558	(1 173)	-7%	33 112
Finance and administration	169 248	223 635	225 780	20 068	104 062	112 223	(8 162)	-7%	225 780
Internal audit	8 272	9 755	9 755	984	5 868	4 876	990	20%	9 755
<i>Community and public safety</i>	19 479	20 881	20 881	2 012	9 026	10 441	(1 415)	-14%	20 881
Community and social services	19 479	20 881	20 881	2 012	9 026	10 441	(1 415)	-14%	20 881
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	148 823	140 823	140 823	39 277	62 668	70 312	(7 645)	-11%	140 823
Planning and development	148 823	140 823	140 823	39 277	62 668	70 312	(7 645)	-11%	140 823
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	238 297	163 461	161 336	18 518	92 985	81 336	11 649	14%	161 336
Energy sources	-	-	-	-	-	-	-	-	-
Water management	218 091	162 342	160 187	18 477	92 561	80 786	11 785	15%	160 187
Waste water management	20 206	1 139	1 139	30	424	570	(145)	-26%	1 139
Waste management	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	636 921	581 487	581 487	82 645	260 190	285 745	(5 555)	-2%	581 487
Surplus/ (Deficit) for the year	221 803	257 096	257 096	68 473	148 217	128 546	20 671	16%	257 096

Table C2: Parent Monthly Budget Statement: Financial Performance, reflects the operating revenue in the standard classifications.

The table starts by assessing the midyear revenue by department followed by an expenditure analysis. The actual year to date revenue recognised as at December 2022 was R 439, 4million against a year to date budget of R 424, 2million representing over performance of 2%.

Expenditure by standard classification presents the expenditure by the departments. The operational budget performance at midyear was 95% against the year to date budget which is under performed by 5%.

DC43 Harry Gwala - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06

Vote 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									
Revenue by Vote									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	396 921	438 660	438 660	144 778	317 109	219 330	97 659	44,9%	438 660
Vote 04 - Summary Corporate Services	359	-	-	184	245	-	245	#DIV/0!	-
Vote 05 - Summary Social Services & Development Planning	11 638	-	-	2	16	-	15	#DIV/0!	-
Vote 06 - Summary Infrastructure Services	318 640	337 664	337 664	321	78 256	168 777	(90 521)	-53,8%	337 664
Vote 07 - Summary Water Services	132 668	72 370	72 370	6 834	43 702	38 185	7 518	20,9%	72 370
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	860 424	848 304	848 304	191 118	499 407	424 282	15 115	3,6%	848 304
Expenditure by Vote									
Vote 01 - Summary Council	20 155	18 963	18 963	1 064	10 735	9 492	1 253	13,2%	18 963
Vote 02 - Summary Municipal Manager	25 220	23 904	23 904	1 679	10 516	11 952	(1 438)	-12,0%	23 904
Vote 03 - Summary Budget And Treasury Office	64 433	83 148	83 148	3 989	27 136	41 574	(14 438)	-34,7%	83 148
Vote 04 - Summary Corporate Services	90 980	91 438	91 438	9 329	40 648	45 719	(5 071)	-11,1%	91 438
Vote 05 - Summary Social Services & Development Planning	51 289	55 999	55 999	3 249	22 340	28 000	(5 660)	-20,2%	55 999
Vote 06 - Summary Infrastructure Services	125 480	109 944	109 944	38 405	51 741	54 872	(3 231)	-5,9%	109 944
Vote 07 - Summary Water Services	272 264	208 092	208 092	24 950	127 074	104 048	23 027	22,1%	208 092
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	636 921	591 467	591 467	82 645	299 180	295 748	(5 555)	-1,8%	591 467
Surplus/ (Deficit) for the year	221 503	257 096	257 096	68 473	149 217	128 546	20 671	16,1%	257 096

Table C3: Monthly Budget Statement – Financial Performance, reflects the operating revenue and operating expenditure by municipal vote. The municipal directorates are Executive Council; Municipal Manager; Budget and Treasury; Corporate Services; Social Services and Development

Planning; Infrastructure Services and Water Services. The operating expenditure budget is approved by Council on the municipal vote level.

DC43 Harry Gwala - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - 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									
Revenue By Source									
Property rates							-		
Service charges - electricity revenue							-		
Service charges - water revenue	49 353	51 777	51 777	4 115	31 038	25 888	5 147	20%	51 777
Service charges - sanitation revenue	12 207	13 213	13 213	1 000	6 396	6 608	(211)	-3%	13 213
Interest earned - external investments	5 104	4 679	4 679	689	3 752	2 340	1 413	60%	4 679
Interest earned - outstanding debtors	11 221	11 358	11 358	1 043	6 307	5 679	628	11%	11 358
Dividends received							-		
Fines, penalties and forfeits	2 453	-	-	-	-	-	-		-
Transfers and subsidies	453 939	446 738	446 738	144 064	326 047	223 369	102 677	46%	446 738
Other revenue	819	582	582	217	629	291	538	185%	582
Gains	686	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)	535 784	528 348	528 348	151 118	374 367	284 174	110 193	42%	528 348
Expenditure By Type									
Employee related costs	236 548	237 545	237 545	19 479	120 313	118 773	1 540	1%	237 545
Remuneration of councillors	7 239	8 879	8 879	541	3 711	4 440	(729)	-16%	8 879
Debt Impairment	15 147	28 750	28 750	-	-	14 375	(14 375)	-100%	28 750
Depreciation & asset impairment	81 505	91 405	91 405	40 895	40 895	45 703	(4 808)	-11%	91 405
Finance charges	307	500	500	-	-	250	(250)	-100%	500
Bulk purchases - electricity	-	-	-	-	-	-	-		-
Inventory consumed	44 861	28 637	27 757	4 936	12 367	14 206	(1 839)	-13%	27 757
Contracted services	173 013	116 290	117 026	13 089	73 365	58 203	15 182	26%	117 026
Transfers and subsidies	15 100	17 000	17 000	-	6 000	8 500	(2 500)	-29%	17 000
Other expenditure	63 462	62 481	62 624	3 696	33 520	31 298	2 224	7%	62 624
Losses	1 940	-	-	-	-	-	-		-
Total Expenditure	638 921	591 467	591 467	82 649	290 190	295 745	(5 555)	-2%	591 467
Surplus/(Deficit)	(103 137)	(63 140)	(63 140)	68 473	84 177	(31 572)	115 748	(0)	(63 140)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	311 890	320 236	320 236	-	65 040	160 118	(95 077)	(0)	320 236
Transfers and subsidies - capital (in-kind - all)	12 781	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	221 503	257 096	257 096	68 473	149 217	128 546			257 096
Taxation									
Surplus/(Deficit) after taxation	221 503	257 096	257 096	68 473	149 217	128 546			257 096
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	221 503	257 096	257 096	68 473	149 217	128 546			257 096
Share of surplus/ (deficit) of associates									
Surplus/ (Deficit) for the year	221 503	257 096	257 096	68 473	149 217	128 546			257 096

Harry Gwala District Municipality

DC43 Harry Gwala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06

Vote 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									
Multi-Year expenditure appropriation									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	8 310	9 902	9 902	32	367	4 951	(4 684)	-93%	9 902
Vote 05 - Summary Social Services & Development Planning	47	3 498	3 498	-	-	1 748	(1 748)	-100%	3 498
Vote 06 - Summary Infrastructure Services	30 970	52 622	52 622	1 635	7 684	28 281	(18 577)	-71%	52 622
Vote 07 - Summary Water Services	251 678	231 692	231 692	55 734	110 612	115 848	(5 234)	-5%	231 692
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	290 906	297 612	297 612	57 401	118 664	148 806	(30 242)	-30%	297 612
Total Capital Expenditure	290 906	297 612	297 612	57 401	118 664	148 806	(30 242)	-20%	297 612
Capital Expenditure - Functional Classification									
Governance and administration	8 310	9 902	9 902	32	367	4 951	(4 684)	-93%	9 902
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	8 310	9 902	9 902	32	367	4 951	(4 684)	-93%	9 902
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	47	3 304	3 304	-	-	1 862	(1 862)	-100%	3 304
Community and social services	47	3 304	3 304	-	-	1 862	(1 862)	-100%	3 304
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	21 376	19 061	19 061	1 635	4 760	9 530	(4 770)	-50%	19 061
Planning and development	21 376	19 061	19 061	1 635	4 760	9 530	(4 770)	-50%	19 061
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	251 172	265 344	265 344	55 734	113 498	132 672	(19 236)	-14%	265 344
Energy services	-	-	-	-	-	-	-	-	-
Water management	223 223	218 214	218 614	60 632	68 694	106 793	(20 098)	-18%	218 614
Waste water management	37 950	47 130	46 530	5 202	24 742	23 880	862	4%	46 530
Waste management	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	290 906	297 612	297 612	57 401	118 664	148 806	(30 242)	-20%	297 612
Funded by:									
National Government	232 612	278 426	278 426	57 369	116 793	139 213	(22 421)	-16%	278 426
Provincial Government	41 236	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	273 648	278 426	278 426	57 369	116 793	139 213	(22 421)	-16%	278 426
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	17 056	19 186	19 186	32	1 771	9 593	(7 822)	-82%	19 186
Total Capital Funding	290 906	297 612	297 612	57 401	118 664	148 806	(30 242)	-20%	297 612

Capital expenditure typically includes vehicles, computer, equipment, Office furniture's, etc. which are funded by internal contributions. It also includes expenditure on water and sanitation infrastructure funded by external funds such as MIG. Capital expenditure reflects overspending for the mid-year ending 31 December 2022. The 2022/2023 year to date actual capital expenditure amounting to R118, 5million against year-to-date budget of R149million representing 80% of the year-to-date budget.

Harry Gwala District Municipality

DC43 Harry Gwala - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	2021/22	Budget Year 2022/23			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash	767 605	25 033	25 033	110 837	25 033
Call investment deposits	(366 744)	26 114	26 114	75 849	26 114
Consumer debtors	30 003	32 600	32 600	47 477	32 600
Other debtors	32 222	21 930	21 930	38 231	21 930
Current portion of long-term receivables	-	-	-	-	-
Inventory	513	408	408	513	408
Total current assets	483 601	106 085	106 085	272 907	106 085
Non current assets					
Long-term receivables					
Investments					
Investment property	-	-	-	-	-
Investments in Associates					
Property, plant and equipment	2 759 364	2 675 442	2 675 442	2 637 130	2 675 442
Biological					
Intangible	384	1 298	1 298	288	1 298
Other non-current assets	0	0	0	0	0
Total non current assets	2 759 748	2 676 741	2 676 741	2 637 418	2 676 741
TOTAL ASSETS	3 223 349	2 782 826	2 782 826	3 110 325	2 782 826
LIABILITIES					
Current liabilities					
Bank overdraft	-	-	-	-	-
Borrowing	12 794	8 394	8 394	12 794	8 394
Consumer deposits	2 175	2 331	2 331	2 309	2 331
Trade and other payables	80 141	83 384	83 384	169 845	83 384
Provisions	15 194	15 088	15 088	15 194	15 088
Total current liabilities	110 303	109 196	109 196	200 142	109 196
Non current liabilities					
Borrowing	1 299	-	-	(145)	-
Provisions	27 246	15 947	15 947	27 246	15 947
Total non current liabilities	28 545	15 947	15 947	27 101	15 947
TOTAL LIABILITIES	138 848	125 143	125 143	227 243	125 143
NET ASSETS	3 084 501	2 657 683	2 657 683	2 883 082	2 657 683
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	3 084 501	2 657 683	2 657 683	2 883 082	2 657 683
Reserves	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	3 084 501	2 657 683	2 657 683	2 883 082	2 657 683

Harry Gwala District Municipality

DC43 Harry Gwala - Table C7 Monthly Budget Statement - Cash Flow - 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									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates							-		
Service charges	70 345	59 930	59 930	3 913	23 922	29 985	(8 043)	-20%	59 930
Other revenue	2 903	56 447	56 447	68 033	364 230	28 224	336 007	1191%	56 447
Transfers and Subsidies - Operational	513 201	446 738	446 738	234 947	666 933	223 369	463 564	208%	446 738
Transfers and Subsidies - Capital	369 601	320 236	320 236	-	166 000	160 118	25 882	16%	320 236
Interest	5 104	4 859	4 859	669	3 752	2 430	1 323	54%	4 859
Dividends							-		
Payments									
Suppliers and employees	(665 094)	(566 453)	(566 453)	(122 126)	(433 980)	(283 226)	150 754	-53%	(566 453)
Finance charges	-	-	-	-	-	-	-	-	-
Transfers and Grants	(135)	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	175 824	321 758	321 758	186 455	630 657	160 879	(669 979)	-416%	321 758
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE							-		
Decrease (increase) in non-current receivables							-		
Decrease (increase) in non-current investments							-		
Payments									
Capital assets	(290 905)	(298 180)	(298 180)	(57 401)	(118 564)	(149 090)	(30 526)	20%	(298 180)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(290 905)	(298 180)	(298 180)	(57 401)	(118 564)	(149 090)	(30 526)	20%	(298 180)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans							-		
Borrowing long term financing							-		
Increase (decrease) in consumer deposits							-		
Payments									
Repayment of borrowing							-		
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	(114 981)	23 578	23 578	128 054	712 294	11 789			23 578
Cash/cash equivalents at beginning:	51 862	27 569	27 569	35 177	151 509	27 669			151 609
Cash/cash equivalents at month/year end:	(63 119)	51 147	51 147		863 803	39 358			175 087

2. PART 2 – SUPPORTING DOCUMENTATION

2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at Midyear.

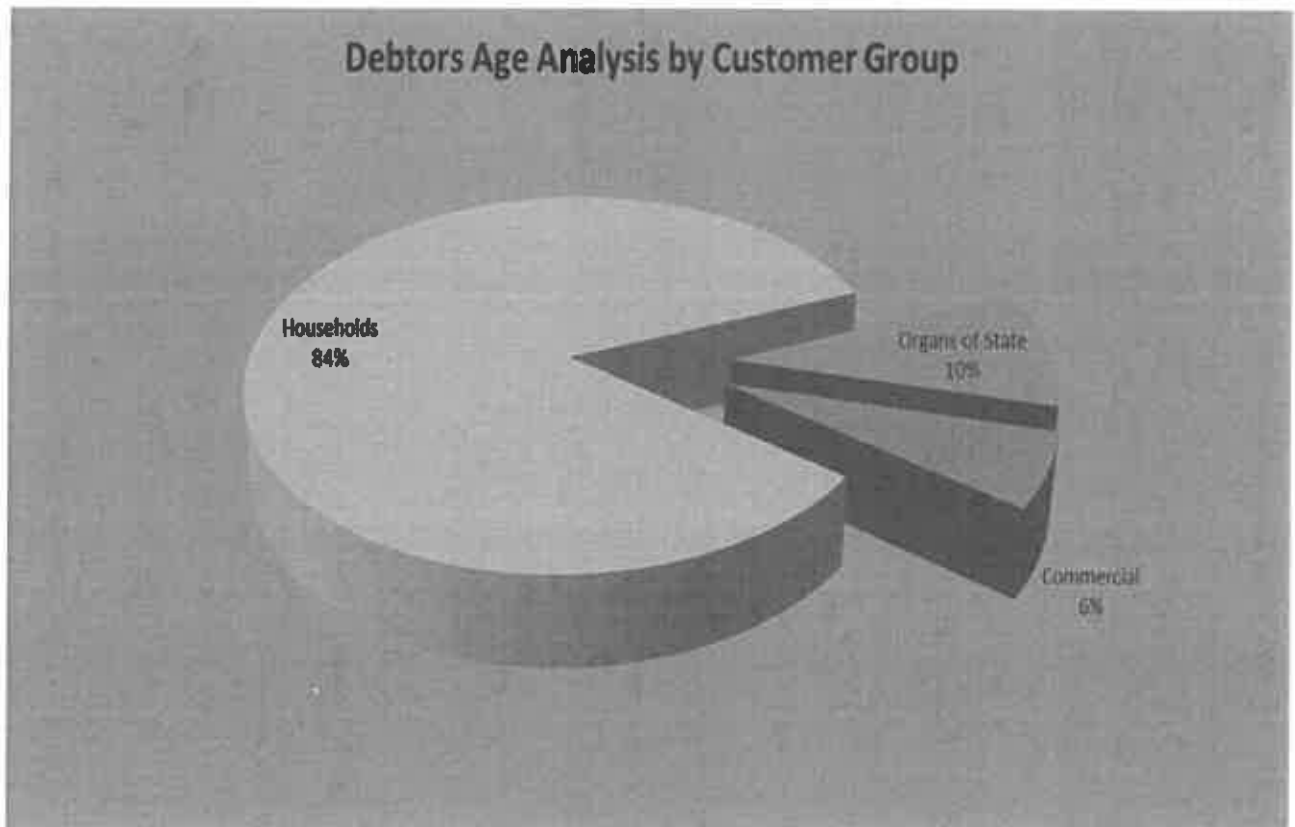
Table 2.1.1: Debtors Age Analysis by Income Source

DC43 Harry Gwala - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	Budget Year 2022/23								Total	Total over 90 days
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-180 Days	181-180 Days	181 Days-1 Yr	Over 1Yr		
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	4 650	8 588	2 588	2 733	2 044	1 658	10 087	111 815	144 148	128 315
Trade and Other Receivables from Exchange Transactions - Electricity									-	-
Receivables from Non-exchange Transactions - Property Rates									-	-
Receivables from Exchange Transactions - Waste Water Management	1 816	3 359	1 010	1 068	788	725	3 933	43 804	58 314	50 128
Receivables from Exchange Transactions - Waste Management									-	-
Receivables from Exchange Transactions - Property Rental Debtors									-	-
Interest on Arrear Debtor Accounts	777	1 437	432	467	342	310	1 883	18 657	24 086	21 448
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									-	-
Other									-	-
Total By Income Source	7 243	13 385	4 028	4 250	3 184	2 681	15 823	173 875	234 558	198 882
2021/22 - totals only									-	-
Debtors Age Analysis By Customer Group										
Organs of State	4 050	10 588	1 337	748	323	187	1 082	3 981	22 295	8 340
Commercial	717	470	330	471	324	287	1 934	9 404	13 855	12 430
Households	2 476	2 348	2 362	3 030	2 538	2 387	12 867	160 491	188 308	181 122
Other									-	-
Total By Customer Group	7 243	13 385	4 028	4 250	3 184	2 681	15 823	173 875	234 558	198 882

Table 2.1.2 analyses consumer debt by Category. A further analysis in the form of a chart is provided below.

Debtors Age Analysis by Customer Group



The information presented in the chart above ranks total debt owed to the municipality from highest to the lowest,

- ✓ Households: 84%
- ✓ Government 10%
- ✓ Business 6%

The chart above shows that for each debtor type the amounts owing to the municipality have increased on a year-to-year basis.

The table that follows below unpacks the revenue receipts per Local Municipality in the District

Revenue receipts per Area:

AREA	AMOUNT	DECEMBER	NOVEMBER
		2022	2022
Unallocated receipts	R 14 610,37	0%	3%
Bhongweni	R 27 866,77	1%	1%
Shayamoya	R 25 723,17	1%	1%
Kokstad	R 2 495 229,14	56%	32%
Ixopo	R 1 451 328,16	33%	7%
NDZ	R 208 349,96	5%	37%
Umzimkulu	R 193 642,90	4%	19%
Fairview	R 2 870,00	0%	0%
TOTAL RECEIPTS INCL VAT	R 4 419 620,47	100%	100%

The table above presents the cash receipts from consumer debtors in each of the detailed areas as well as the comparative receipts for the previous month. The total cash collected for December 2022 is R4, 4million. The total billing for the mid-year is R 35, 7million against collection of R24, 1million representing 68 per cent excluding receipts for prepaid.

BILLING VS COLLECTION TREND FOR DECEMBER 2022

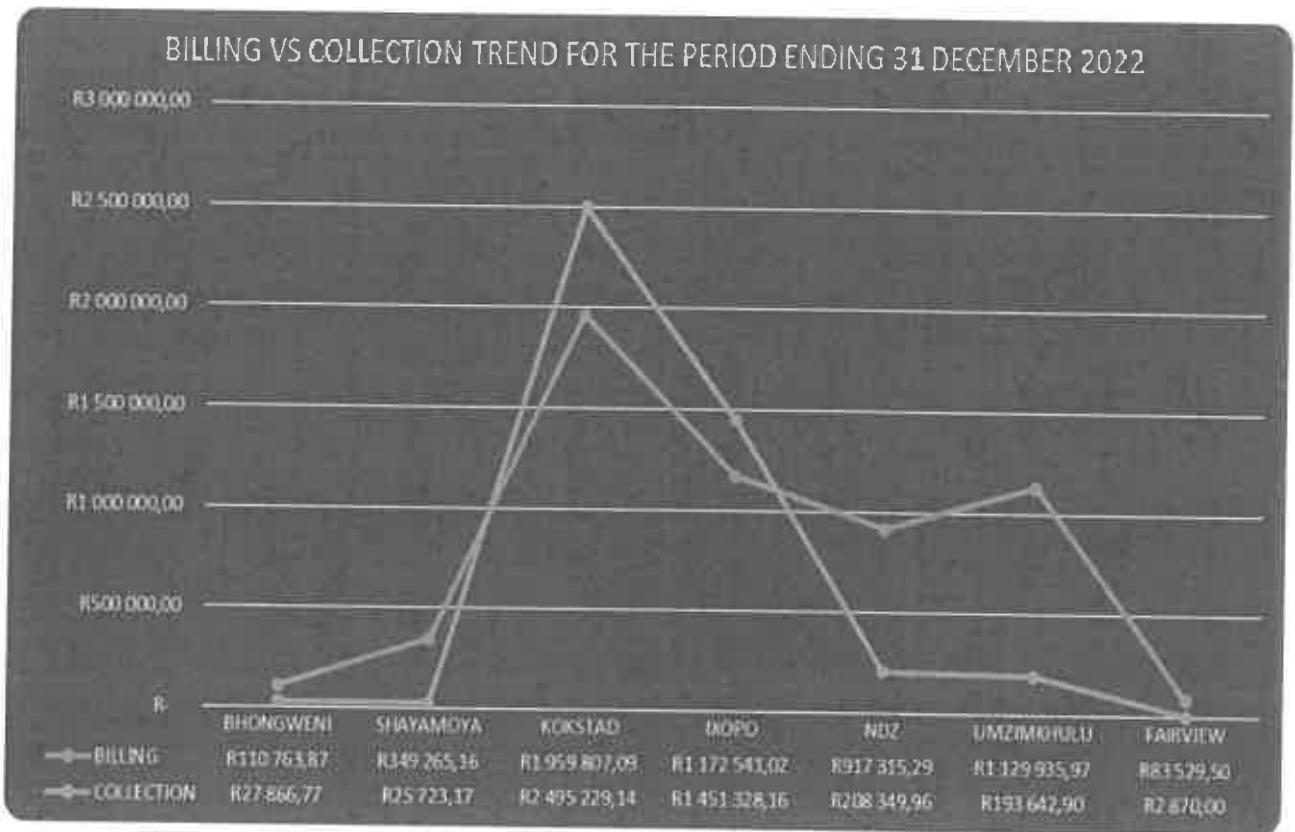


CHART 3: BILLING VS COLLECTION (COMPARISON BETWEEN NOVEMBER AND DECEMBER 2022)



Debtors age analysis per service

The municipality's total outstanding debtors amounted to R 224,558,756 as at 31 December 2022 compared with the R 221,836,403 as at 30 November 2022. Current debt represents 3% of the total outstanding debt compared with the 7% of November 2022; 30 days and older debt 6% compared with the 3% for November 2022; 60 days and older debt 2% compared with the 2% of November 2022; and 90 days 2% compared with the 1% of November 2022; 120 days to History and older 87% compared with the 87% for November 2022.

Current debt increased with R 2,722,353 to R 224,558,756 compared with the R 221,836,403 as at 30 November 2022; 30 days + debt Increased with R 7,095,667; 60 days + decreased with R 326,436; 90 days + debt increased with R 996,039 and 120 + days and older debt as at 31 December 2022 has increased with R 2,427,008 to R 195,633,478 compared with the R 193,206,470 as at 30 November 2022.

Debtors age analysis per debtor type

Business debtors owes the municipality R 13,518,494 (6%); Municipal debtors R 1,143,679 (1%); domestic debtors R 170,645,280 (76%); Government accounts R 20,808,646 (9%); Indigent debtors R 11,493,080 (5%); Deceased debtors R 1,424,599 (1%) and other debtors R 5,524,980 (2%) of the total outstanding debt of R 224,558,756.

2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 December 2021

DC43 Harry Gwala - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description R thousands	Budget Year 2022/23								Total	Prior year totals for chart (same period)
	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		
Creditors Age Analysis By Customer Type										
Bulk Electricity										-
Bulk Water										-
PAYE deductions										-
VAT (output less input)										-
Pensions / Retirement deductions										-
Loan repayments										-
Trade Creditors	423	305	257	122	-	-	-	-	1 108	1 747
Auditor General										-
Other										-
Total By Customer Type	423	305	257	122	-	-	-	-	1 108	1 747

2.3 Investment Portfolio Analysis

The following information presents the cash at bank and short-term investments balances broken down per investment type as at 31 December 2022.

CASH AND INVESTMENT REGISTER AS AT 31 DECEMBER 2022

Investments by maturity Name of institution & investment ID	Type of Investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands						
Municipality						
FIRST NATIONAL BANK	CALL ACCOUNT	20 338	101	(18 508)	-	1 931
FIRST NATIONAL BANK	CALL ACCOUNT	1 128	175	(52 942)	88 045	17 405
FIRST NATIONAL BANK	ADMIN CALL	631	4	-	1 081	1 685
INVESTEC	FIXED DEPOSIT	1 631	9	-	-	1 641
FIRST NATIONAL BANK	FIXED DEPOSIT	38 602	181	(14 639)	-	24 144
FIRST NATIONAL BANK	CALL ACCOUNT	19	0	-	-	13
FIRST NATIONAL BANK	CALL ACCOUNT	1 246	4	(489)	-	762
FIRST NATIONAL BANK	CALL ACCOUNT	4 074	18	-	-	4 082
FIRST NATIONAL BANK	FIXED DEPOSIT	1 210	5	-	-	1 216
NEDBANK	FIXED DEPOSIT	22 338	123	-	-	22 462
FIRST NATIONAL BANK	ENT ACCOUNT	70 005	-	-	39 384	109 389
						-
Municipality sub-total		161 216	621	(86 578)	109 480	164 750
TOTAL INVESTMENTS AND INTEREST		161 216		(86 578)	109 480	164 750

2.4 Allocation and Grant receipts and Expenditure

Table SC 6 displays information relating to grant receipts.

Harry Gwala District Municipality

DC43 Harry Gwala - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - 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									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	453 804	446 738	448 738	144 064	328 047	223 388	102 677	46,0%	446 738
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Equitable Share	387 013	432 181	432 181	144 064	312 598	216 080	96 518	44,7%	432 181
Expanded Public Works Programme Integrated Grant	4 698	5 221	5 221	-	1 308	2 610	(1 304)	-50,0%	5 221
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant	1 200	1 200	1 200	-	251	600	(349)	-58,1%	1 200
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	26 968	5 775	5 775	-	9 365	2 888	6 478	224,3%	5 775
Rural Road Asset Management Systems Grant	2 275	2 381	2 381	-	610	1 190	(680)	-57,1%	2 381
Water Services Infrastructure Grant	29 762	-	-	-	2 018	-	2 018	-	-
Other transfers and grants (insert description)	-	-	-	-	-	-	-	-	-
Provincial Government:	135	-	-	-	-	-	-	-	-
Capacity Building and Other Grants	135	-	-	-	-	-	-	-	-
Other transfers and grants (insert description)	-	-	-	-	-	-	-	-	-
District Municipality:	-	17 000	17 000	-	-	8 500	(8 500)	-100,0%	17 000
Specify (Add grant description)	-	17 000	17 000	-	-	8 500	(8 500)	-100,0%	17 000
Other grant providers:	-	-	-	-	-	-	-	-	-
Chemical Industry Sets	-	-	-	-	-	-	-	-	-
Parent Municipality	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	453 939	483 738	483 738	144 064	328 047	231 888	94 177	40,8%	463 738
Capital Transfers and Grants									
National Government:	277 880	320 238	320 238	-	65 040	180 118	(95 077)	-88,4%	320 238
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	161 622	225 238	225 238	-	48 696	112 618	(66 022)	-88,8%	225 238
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	85 938	95 000	95 000	-	18 446	47 800	(28 055)	-81,2%	95 000
Provincial Government:	48 781	-	-	-	-	-	-	-	-
Infrastructure Grant	48 781	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
(insert description)	-	-	-	-	-	-	-	-	-
Human Settlement Re-development Programme	-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	324 641	320 238	320 238	-	65 040	180 118	(95 077)	-88,4%	320 238
TOTAL RECEIPTS OF TRANSFERS & GRANTS	778 580	783 974	783 974	144 064	391 087	391 987	(900)	-0,2%	783 974

It is clear from the chart above that the bulk of the grants received by the municipality are from the National Treasury.

Table SC7 track the expenditure on Conditional grant funding.

DC49 Harry Gwala - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - 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									
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	672 126	632 325	590 825	73 520	244 776	265 898	(21 120)	-7,9%	530 825
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Equitable Share	515 957	517 748	516 248	72 271	239 119	258 608	(19 489)	-7,5%	516 248
Expanded Public Works Programme Integrated Grant	6 578	5 221	5 221	783	4 498	2 611	1 888	72,2%	5 221
Local Government Financial Management Grant	905	1 200	1 200	41	282	600	(308)	-51,3%	1 200
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	20 737	5 775	5 775	-	-	2 888	(2 888)	-100,0%	5 775
Rural Road Asset Management Systems Grant	1 978	2 381	2 381	425	868	1 191	(322)	-27,0%	2 381
Water Services Infrastructure Grant	25 860	-	-	-	-	-	-	-	-
Provincial Government:	-	-	-	-	-	-	-	-	-
Capacity Building and Other Grants	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	16 348	16 348	-	-	8 173	(8 173)	-100,0%	16 348
Other grant providers:	-	-	-	-	-	-	-	-	-
Chemical Industry Sate	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	572 126	632 325	530 825	73 520	244 776	265 898	(21 120)	-7,9%	530 825
Capital expenditure of Transfers and Grants									
National Government:	232 612	278 428	278 426	67 369	116 793	136 213	(22 421)	-16,1%	278 426
Local Government Financial Management Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	156 293	195 857	195 857	44 742	85 049	97 929	(12 879)	-13,2%	195 857
Regional Bulk Infrastructure Grant	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	76 319	82 569	82 569	12 627	31 743	41 284	(9 541)	-23,1%	82 569
Provincial Government:	41 238	-	-	-	-	-	-	-	-
Infrastructure Grant	41 238	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	273 849	278 428	278 426	67 369	116 793	136 213	(22 421)	-16,1%	278 426
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	845 974	910 753	809 251	140 889	361 569	402 111	(43 541)	-10,7%	809 251

2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at midyear.

Harry Gwala District Municipality

DC43 Harry Gwala - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	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 Bursary plus Other)									
Basic Salaries and Wages	4 470	5 298	5 298	311	1 987	2 648	(662)	-25%	5 298
Pension and UIF Contributions	473	754	754	36	252	377	(125)	-39%	754
Medical Aid Contributions	54	64	64	14	65	32	54	170%	64
Cellphone Allowance	516	972	972	41	247	468	(239)	-49%	972
Other benefits and allowances	1 726	1 782	1 792	139	1 139	698	243	27%	1 792
Sub Total - Councillors	7 239	8 879	8 879	541	3 711	4 440	(729)	-16%	8 879
% Increase		22,7%	22,7%						22,7%
Senior Managers of the Municipality									
Basic Salaries and Wages	3 068	4 189	4 189	332	1 038	2 084	(1 057)	-50%	4 189
Pension and UIF Contributions	13	13	13	1	3	7	(4)	-56%	13
Medical Aid Contributions	170	180	180	4	17	90	(74)	-82%	180
Performance Bonus	106	99	99	-	55	49	6	12%	99
Motor Vehicle Allowance	1 028	1 084	1 064	69	236	547	(309)	-57%	1 064
Cellphone Allowance	115	121	121	8	29	81	(33)	-56%	121
Housing Allowance	152	166	166	19	62	83	(31)	-37%	166
Other benefits and allowances	454	478	478	19	84	239	(155)	-55%	478
Payments in lieu of leave	25	-	-	-	273	-	273	#DIV/0!	-
Sub Total - Senior Managers of Municipality	6 030	6 341	6 341	482	1 788	3 171	(1 383)	-44%	6 341
% Increase		6,3%	6,3%						6,3%
Other Municipal Staff									
Basic Salaries and Wages	136 826	140 428	140 428	11 814	71 835	70 214	1 421	2%	140 428
Pension and UIF Contributions	22 037	21 340	21 340	1 785	10 846	10 670	176	2%	21 340
Medical Aid Contributions	9 983	10 242	10 242	851	5 133	5 121	12	0%	10 242
Overtime	18 500	18 728	18 728	1 441	9 954	9 364	589	6%	18 728
Performance Bonus	9 367	8 860	8 860	933	4 912	4 430	482	11%	8 860
Motor Vehicle Allowance	20 487	21 079	21 079	1 521	10 806	10 540	266	3%	21 079
Cellphone Allowance	984	1 012	1 012	85	594	508	88	17%	1 012
Housing Allowance	585	608	608	56	355	304	51	17%	608
Other benefits and allowances	5 789	5 861	5 861	397	3 480	2 931	529	16%	5 861
Payments in lieu of leave	1 581	1 980	1 980	29	254	980	(726)	-74%	1 980
Long service awards	1 023	1 066	1 066	105	575	543	33	6%	1 066
Post-retirement benefit obligations	3 366	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	230 518	231 294	231 294	19 027	116 825	116 663	2 123	3%	231 294
% Increase		0,3%	0,3%						0,3%
Total Parent Municipality	243 786	246 424	246 424	29 019	124 024	123 213	811	1%	246 424
		1,1%	1,1%						1,1%
Unpaid salary, allowances & benefits in arrears:									
Board Members of Entities									
Basic Salaries and Wages	-	388	388	-	-	194	(194)	-100%	388
Sub Total - Board Members of Entities	-	388	388	-	-	194	(194)	-100%	388
% Increase		#DIV/0!	#DIV/0!						#DIV/0!
Senior Managers of Entities									
Basic Salaries and Wages	-	1 799	1 799	-	-	900	(900)	-100%	1 799
Sub Total - Senior Managers of Entities	-	1 799	1 799	-	-	900	(900)	-100%	1 799
% Increase		#DIV/0!	#DIV/0!						#DIV/0!
Other Staff of Entities									
Basic Salaries and Wages	-	7 655	7 655	-	-	3 827	(3 827)	-100%	7 655
Pension and UIF Contributions	-	1 528	1 528	-	-	784	(784)	-100%	1 528
Medical Aid Contributions	-	498	498	-	-	249	(249)	-100%	498
Performance Bonus	-	554	554	-	-	277	(277)	-100%	554
Payments in lieu of leave	-	44	44	-	-	22	(22)	-100%	44
Sub Total - Other Staff of Entities	-	10 280	10 280	-	-	5 140	(5 140)	-100%	10 280
% Increase		#DIV/0!	#DIV/0!						#DIV/0!
Total Municipal Entities	-	12 467	12 467	-	-	6 233	(6 233)	-100%	12 467
TOTAL SALARY, ALLOWANCES & BENEFITS	243 786	259 891	259 891	29 019	124 024	129 446	(5 423)	-4%	259 891
% Increase		6,2%	6,2%						6,2%
TOTAL MANAGERS AND STAFF	236 548	249 624	249 624	19 479	120 313	124 813	(4 500)	-4%	249 624

2.6 Actual and Revised Targets

Table SC9 presents the actual and revised targets for cash receipts

DC43 Harry Gwala - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 December

R thousands	Description	Budget Year 2022/23												2022/23 Medium Term Revenue & Expenditure Framework				
		July	Aug	Sept	October	Nov	Dec	Jan	Feb	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25		
		Outcomes	Outcomes	Outcomes	Outcomes	Outcomes	Outcomes	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget		
	Cash Receipts by Source																	
	Property rates																	
	Service charges - electricity revenue	2 467	2 881	3 470	4 372	3 356	3 123	3 910	3 910	3 910	3 910	3 910	3 910	46 921	49 823	52 483		
	Service charges - water revenue	519	657	798	1 034	458	790	1 084	1 084	1 084	1 084	1 084	1 084	13 009	13 733	14 487		
	Service charges - sanitation revenue																	
	Rental of facilities and equipment																	
	Interest earned - external investments	208	876	788	596	583	689	405	405	405	405	405	405	4 859	4 887	5 081		
	Licenses and permits	3	9	-	-	2	2	-	-	-	-	-	-	(15)	-	-		
	Agency services																	
	Transfers and Subsidies - Operational	195 888	81 449	89 350	37 452	47 840	234 947	37 228	37 228	37 228	37 228	37 228	37 228	448 738	410 477	437 082		
	Other revenue	232 223	20 180	4	43 876	98	68 031	4 704	4 704	4 704	4 704	4 704	4 704	56 447	82 477	88 853		
	Cash Receipts by Source	431 337	108 831	94 409	87 132	52 347	387 881	47 331	47 331	47 331	47 331	47 331	47 331	887 975	941 177	977 708		
	Other Cash Flows by Source																	
	Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	58 000	-	-	60 000	88 000	-	26 886	26 886	26 886	26 886	26 886	26 886	320 236	360 787	397 413		
	Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Total Cash Receipts by Source	489 337	108 831	94 409	147 132	128 347	307 881	74 018	74 018	74 018	74 018	74 018	74 018	888 211	901 864	978 200		
	Cash Payments by Type																	
	Employee related costs	12 507	21 142	26 148	18 139	20 273	28 576	21 574	21 574	21 574	21 574	21 574	21 574	258 891	271 089	283 205		
	Remuneration of councillors																	
	Bulk purchases - Electricity																	
	Acquisitions - water & other inventory																	
	Contracted services																	
	Grants and subsidies paid - other																	
	General expenses	32 814	47 042	47 901	43 977	37 752	90 838	11 150	11 150	11 150	11 150	11 150	11 150	133 804	113 837	130 327		
	Cash Payments by Type	45 321	68 184	74 059	60 117	58 025	119 514	45 890	45 890	45 890	45 890	45 890	45 890	659 699	659 324	685 917		
	Other Cash Flows/Payments by Type																	
	Capital assets																	
	Repayment of borrowing																	
	Other Cash Flows/Payments	576	1 803	223	1 533	2 227	2 812	1 325	1 325	1 325	1 325	1 325	1 325	15 898	15 898	15 898		
	Total Cash Payments by Type	48 898	81 798	88 989	81 126	79 638	179 827	72 653	72 653	72 653	72 653	72 653	72 653	864 633	865 788	883 811		
	NET INCREASE(DECREASE) IN CASH HELD	440 769	24 234	6 320	66 004	48 709	128 054	1 965	1 965	1 965	1 965	1 965	1 965	23 578	8 206	6 389		
	Cash/cash equivalents at the month/year beginning:	50 228	490 985	515 229	521 550	587 553	634 262	782 316	782 316	782 316	782 316	782 316	782 316	772 140	73 804	80 012		
	Cash/cash equivalents at the month/year end:	490 985	515 229	521 550	587 553	634 262	782 316	782 316	782 316	782 316	782 316	782 316	782 316	772 140	73 804	80 012		

2.7 Material Variances to the SDBIP

The following section analyses material variances between the actual targets as at Midyear and the budget for the same period. This report analyses each major component under following headings;

- ✓ Revenue by Source
- ✓ Operational Expenditure by Type, and
- ✓ Capital Expenditure
- ✓ Financial Position
- ✓ 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.

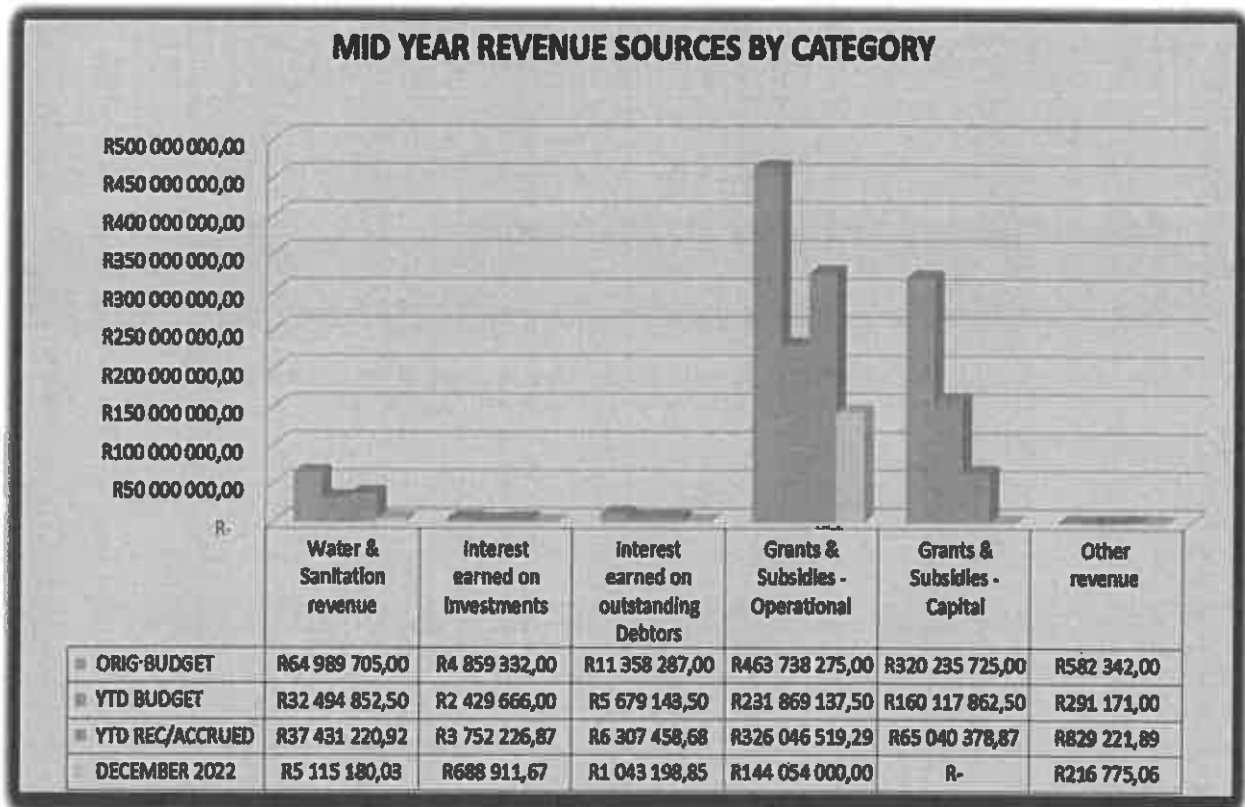
Harry Gwala District Municipality

Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
R thousands			
Revenue By Source			
Service charges - water revenue	20%	An increase in unattended water leaks by consumers. Prepaid consumption is increasing due to billing that has been extended to extension 8 and 8 at Umzimkhulu.	Upward adjustments is necessary. The municipality needs to fix leaks timeously and replace faulty meters
Service charges - sanitation revenue	-3%	Under budgeting. An analysis needs to be performed to determine the correct allocation of prepaid tokens between water and sanitation charges	An analysis needs to be performed to determine the correct allocation of prepaid tokens between water and sanitation charges
Interest earned - external investments	64%	Slow expenditure on capital expenditure on capital projects resulting from several changes in project consultants that had a ripple effect on the appointment of contractors	Upward adjustments is necessary
Interest earned - outstanding debtors	11%	The variance resulted from the non payment for services by the consumers resulting in a higher than anticipated consumer debtors balance	An upward adjustments is necessary. Strict implementation of the debt and credit control policy measures such as water restrictions and handing over defaulting consumers to debt collectors
Transfers and subsidies	41%	Slow expenditure on capital expenditure on capital projects resulting from several changes in project consultants that had a ripple effect on the appointment of contractors	No adjustment is necessary. New project contractors were appointed during the first and second quarter of the budget year therefore the municipality anticipates improved expenditure in the second half of the budget year.
Other Income	185%	There is an increase on the tender documents prices and the number of tender documents sold. There is also an increase in the number of properties sold and the collection on transfers has increase due to the utilisation of LexisNexis system	Upward adjustments is necessary
Expenditure By Type			
Employee related costs	-4%	The municipality is spending according to what was anticipated.	No adjustment would be required
Remuneration of councillors	-16%	The budgeted expenditure is based on the previous gazette, the current financial year gazette have not yet been issued by the end of mid term.	The budget was adjusted downward as it seems like it was over budgeted for
Debt Impairment	-100%	Debt impairment allowance calculation is performed and accounted for during the annual financial statements preparation process due to the complexity and volume of work involved performing this task. This is only adjusted on an annual basis	No adjustment is necessary
Depreciation & asset impairment	-11%	The expenditure is expected to increase after the capitalisation of construction work in progress assets to completed infrastructure assets	No adjustment is necessary
Finance charges	-100%	Finance charges mainly due to the interest on finance leases that was not taken into account in the first six months	No adjustment would be required
Bulk purchases - electricity inventory consumed	-14%	The expenditure is low due to invoices from UGU that were not processed for some of the months in the first half of the year this resulted from the dispute on the water readings as well as estimated billing by UGU due to the unavailability of well functioning bulk meters.	A review of this budget would be required to accommodate UGU invoices.
Contracted services	25%	The increase is due to repairs and maintenance as the municipal infrastructure is ageing and original budget was not enough to spend for the whole financial year. There is also an increase in the process audits expenditure.	Upward adjustments is necessary
Other expenditure	4%	The municipality is spending according to what was anticipated.	No adjustment would be required
Capital Expenditure			
National Government	-16%	Slow expenditure on capital expenditure on capital projects resulting from several changes in project consultants that had a ripple effect on the appointment of contractors	No adjustment is necessary. New project contractors were appointed during the first and second quarter of the budget year therefore the municipality anticipates improved expenditure in the second half of the budget year.
Provincial Government	0%		
District Municipality	0%		
Internally generated funds	-82%	The budget for the procurement is additional municipal vehicles is still sitting under commitment. The amount was not spend during the first half of the year due to the unavailability of the suitable vehicles for the terrain on the RT-57 tender.	No adjustment is necessary. The municipality is exploring and considering alternative means of procurement.
Financial Position			
Client elected Not to populate this sheet			
Cash Flow			
Client elected Not to populate this sheet			
Measurable performance			
Client elected Not to populate this sheet			
Municipal Entities			
Client elected Not to populate this sheet			

REVENUE

The chart displays a comparison between the midyear revenue budget and the performance against this budget as depicted in the form of Year to date (YTD) Actual figures. It should be emphasised that the information presented relates to “performance” rather than “cash movements” in terms of the revenue items listed below. This accounting principle relating to municipal performance is best illustrated in the analysis that follows.

Chart 3: Revenue Analysis



Water & Sanitation Charges

The year-to-date **actual** water & sanitation charges (**billing**) as at 31 December 2022 was R37, 42million against a year to date **budget** of R32, 4million. This represents over performance in municipal billing by 15%. However, this percentage measures the municipal performance in terms of the ability to bill consumers that are receiving services from the municipality and **is not** a measure of the ability to collect outstanding consumer accounts.

Adjustment Budget Implications: The performance of service charges for the mid-year is more than what was anticipated therefore upward adjustment is needed.

Interest Earned on External Investments

The actual interest earned on external investments as at midyear exceeds the estimated consideration by 54% (R1, 3million) more than what was anticipated.

Adjustment Budget Implications: An upward adjustment is required

Transfers Recognised - Operational

The operational grants revenue of R326million against a year-to-date budget of R231, 8million is largely attributable to the YTD equitable share received of R312, 5million while the balance relates to conditions met on conditional grant funding.

Adjustment Budget Implications: There is no adjustment needed as the municipality is confident that it will fully spend all the conditional grants

Transfers Recognised – Capital

The actual R65million (against a YTD budget of R160, 1million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 59% under performance in Conditional Capital grant funding expenditures.

Adjustment Budget Implications: There is no adjustment needed as the municipality is confident that it will fully spend all the conditional grants. The slow expenditure was as a result of the late appointment of contactors and the change in the allocation of projects to technical consultants. The municipality managed to turnaround this position and is in a position to fully spend the capital grants by end June 2023.

Other Revenue

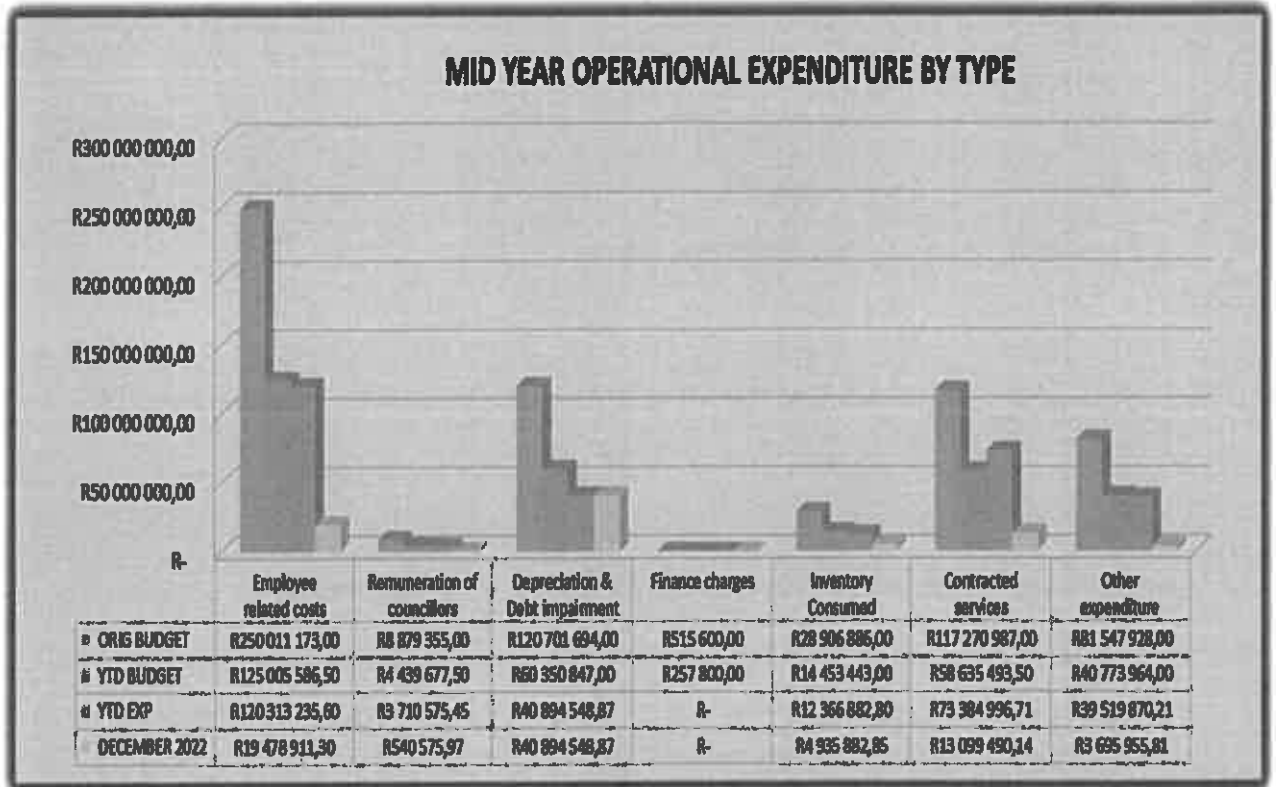
The YTD actual of other revenue is R829 222 against year-to-date budget of R291 171. Other revenue mainly comes from the sale of Tender Documents. Other revenue has over performed by R538 051.

Adjustment Budget Implications: An upward adjustment would be necessary.

OPERATIONAL EXPENDITURE

The chart below presents the YTD operational expenditure movements against the YTD budgets. An analysis of each expenditure line item category and the implications on the adjustments budget is discussed below.

Chart 4: Midyear Opex



Employee Related Costs

The year-to-date budget for employee related costs is R125million against a year to date actual of R120, 3million. Employee related costs under performed by 4%.

Adjustment Budget Implications: None

Remuneration of Councillors

The remuneration of councillor’s expenditure as at 31 December 2022 was R3, 7million against a year to budget of R4, 4million. An underperformance of 16% on this line item mainly due to the fact that the upper limits or

municipal councillors determination is expected to be gazetted and will be implemented during the third quarter of the financial year.

Adjustment Budget Implications: None

Finance Charges

As at midyear, there is no movement in finance charges. A review of this budget would be required to accommodate finance leases.

Adjustment Budget Implications: None

Inventory Consumed

The expenditure on Inventory consumed has underperformed by 14 per cent at mid-year. The year-to-date actual amounting to R12, 3million against year-to-date budget of R14, 4million. A review of this budget would be required.

Adjustment Budget Implications: A review of this budget would be required to accommodate invoices from UGU that were not processed for some of the months in the first half of the year.

Contracted Services

An over expenditure of 25% was reported at mid-year. A review of the categorisation of expenditures contained in this classification is required.

Adjustment Budget Implications: An analysis of the non-priority and priority line items would have to be done to assess the need and extent of the adjustments.

Other Expenditure

An over expenditure of 4% was reported at mid-year. A review of the classification of other expenditure would need to be undertaken.

Adjustment Budget Implications: An analysis of the non-priority and priority line items would have to be done to assess the need and extent of the adjustments.

Performance assessment

The Mid-Year Performance Assessment Report is an important instrument which allows the municipality to learn and appreciate the extent to which planned targets have been met. But of critical importance is the fact that the findings of the assessment allow the municipality to quickly detect challenges and bottlenecks that may prohibit the successful implementation of projects, particularly in the long- run. It further affords the municipality an opportunity to change the strategies used especially when the planned targets were not met within the agreed timeframe, budget and standards.

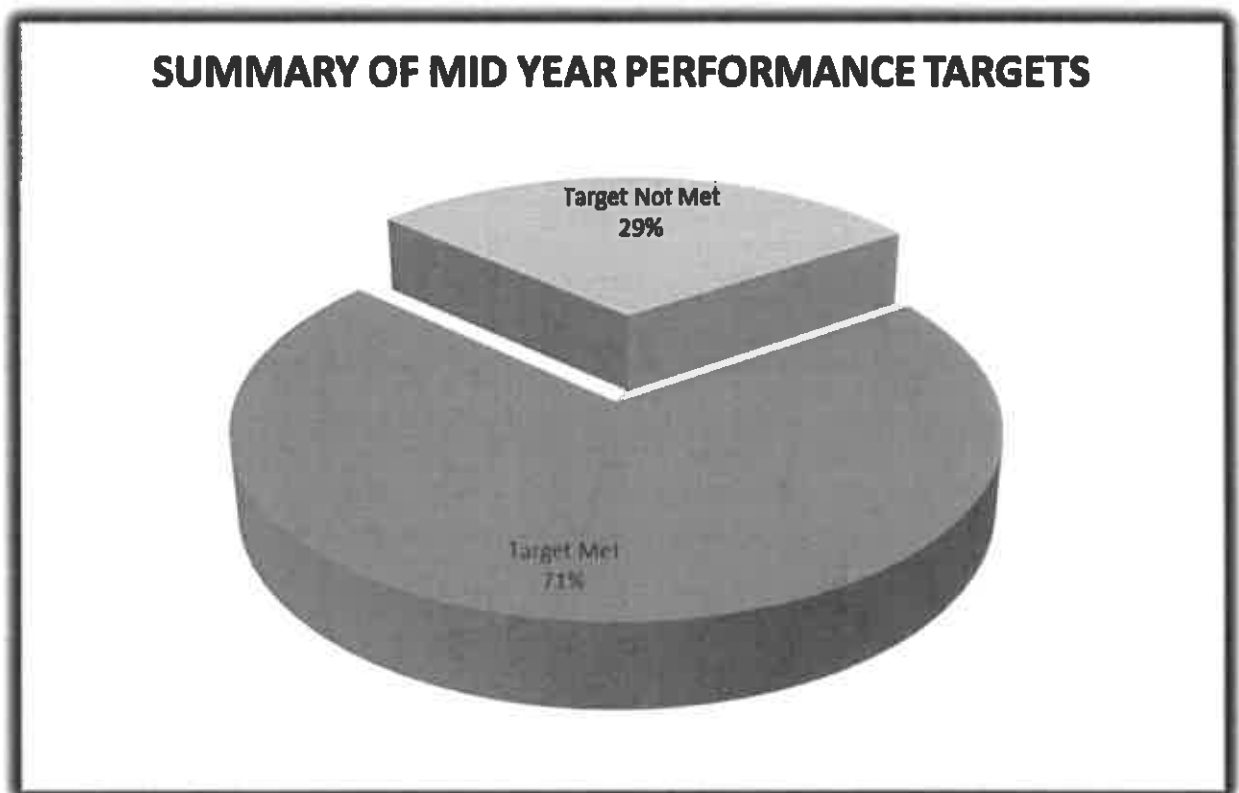


Chart 5 above provides a summary of the targets achieved or met (71%) as well the targets not met (29%). It can be stated that the performance of the municipality at midyear is above average; however, there is still more room for improvement. There are reasons why some of the targets could not be met, and as such, the Performance Management unit has listed all the possible challenges that have hindered/ contributed to non-performance or non-implementation of the 29% targets not met.

Chart 6 below provides an analysis of the planned targets versus the targets achieved and the ones not met.

Chart 6: Departmental performance targets

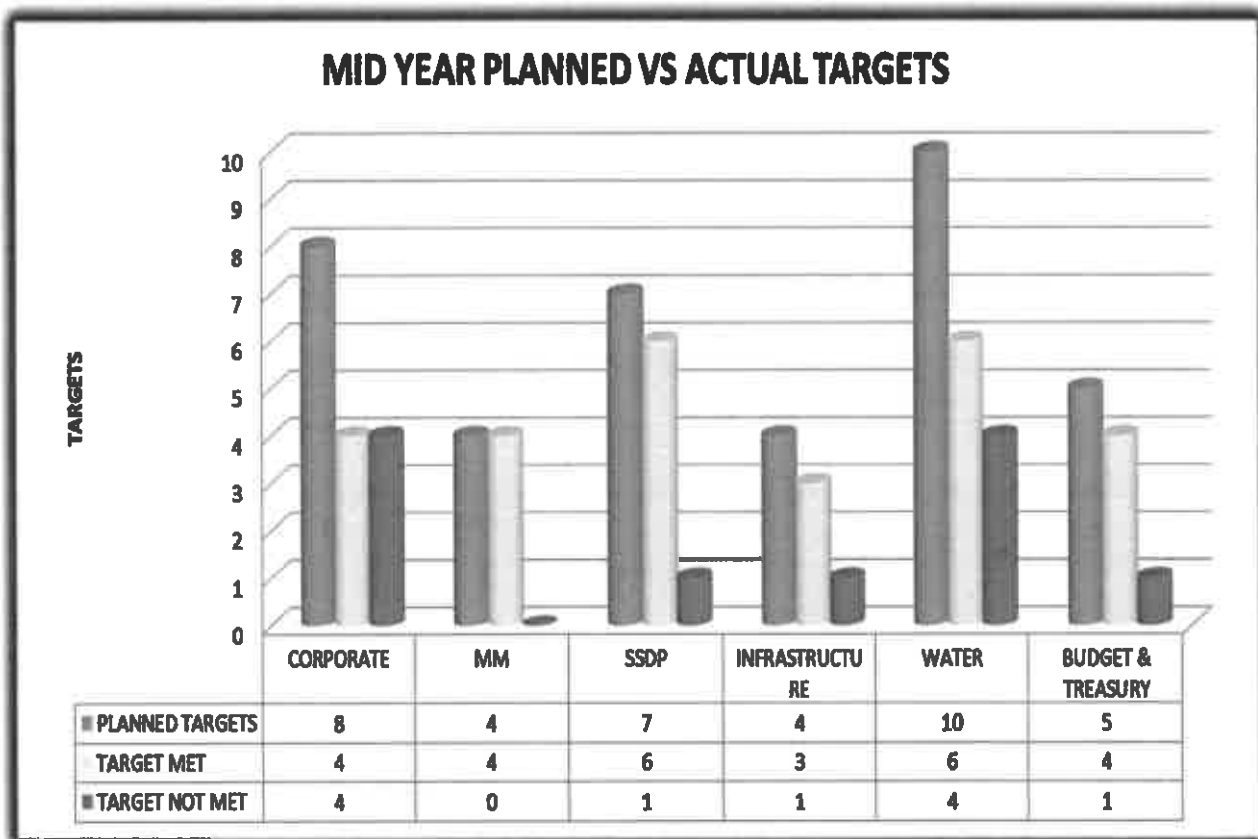
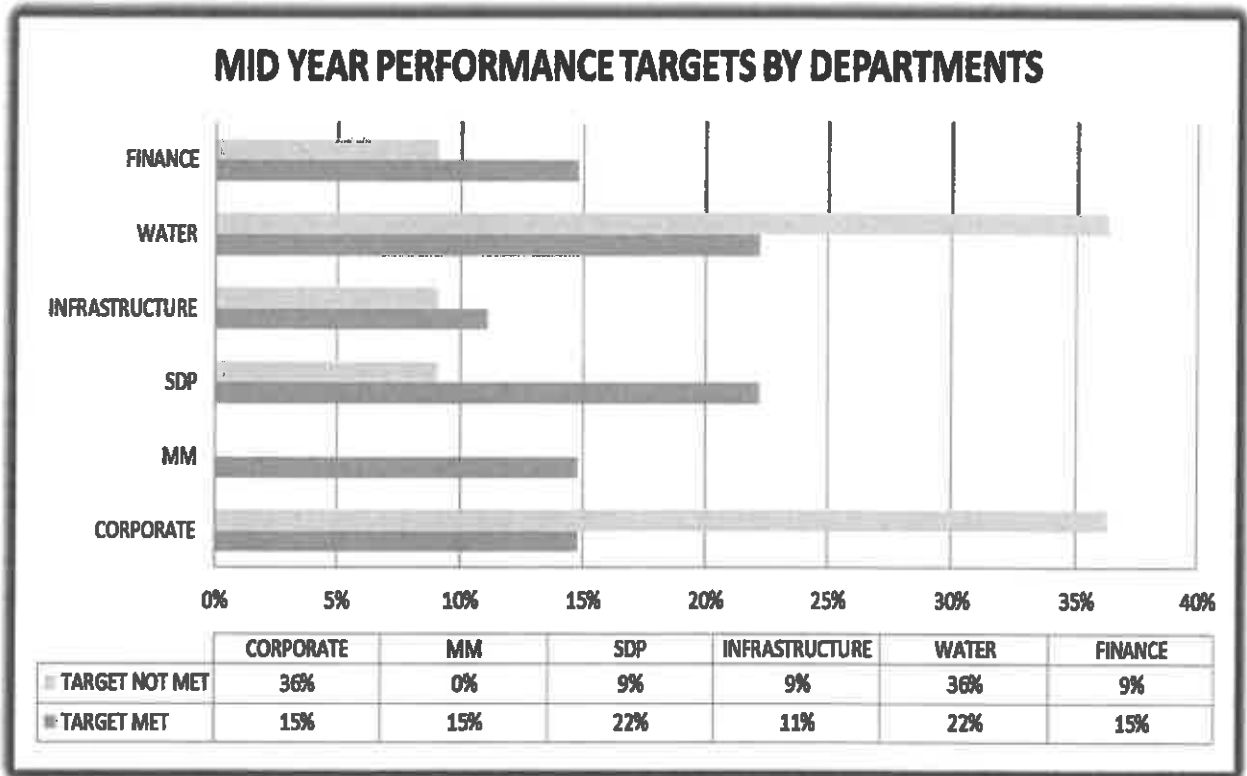


Chart 7 below analyses the extent to which performance targets, in percentage terms, were met by ranking departments from the highest (achieved) to the lowest.

Chart 7: Performance targets Departments



Below, the PMS unit has further rendered possible remedies to all the challenges as we move the second half of the year.

Key Challenges

Budget and Treasury Office

Percentage of Collection from the billed consumers (60%). Collection rate has decreased as a result of a number of customers not adhering to the payments as billed.

Water Services

Number of water quality monitoring reports submitted to DWS (12). This is due to the December results not yet being received.

Number of wastewater quality monitoring reports submitted to DWS (12). This is due to the December results not yet being received.

Number of customer satisfaction survey conducted (200). (Reasons not provided by the user department)

Percentage of complaints resolved within 48 hours (55%). Reasons not provided by the user department.

Infrastructure Services

1. The expenditure of the Municipality was affected by the Court judgement that prohibited the Municipality to advertise for projects during the month of February 2022.
2. The 2022/23 planning was also affected by the termination of the Consultants that were previously appointed without following the SCM Processes.
3. The termination of irregular consultants and appointment of new consultants started in November 2021 and was only finalised during the Month of June 2022.

Social Services and Development Planning

Limited resources due to municipal priorities as WSA

Corporate Services

Slow SCM advertisement processes and delays in processing invoices for the committed orders.

The filling of vacant posts was slow due to the successful candidates that met the suitably qualified criteria through the interview process.

Corrective Measures

Budget and Treasury Office

The demand messages sent to household and business consumers.
Reminding the government departments to pay on monthly basis

Water Services

They shall be updated as soon as the results are received, no later than the 15th of January 2023.

Infrastructure Services

Improve the expenditure on capital projects and also advertise projects for the next financial year in the current year so that when the budget starts the service providers also start.

Social Services

Proper planning will be done and adjust budget where there is a necessity. Disaster unit will have to communicate early with external stakeholders.

Corporate Services

This target will be revised accordingly to reflect the actual appointments and shall be reported by the third quarter.

2.8 Capital Programme Performance

This next section looks at the performance of the capital expenditure programme. This performance is best illustrated in the charts that follow.

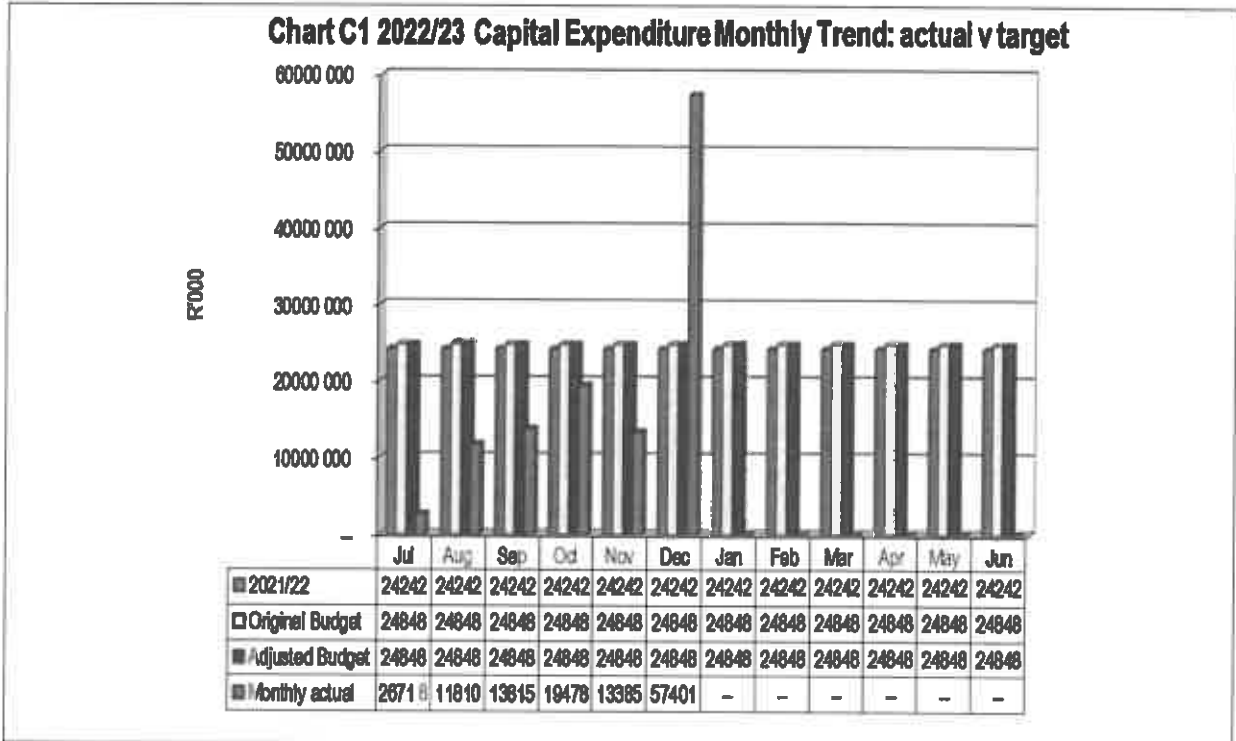
Chart C1 below display a comparison between the previous year's capital expenditure performances to that of the current year for the period under review. A comparison between the monthly expenditure for the periods July to December 2021 and the planned monthly targets is also displayed.

Harry Gwala District Municipality

DC43 Harry Gwala - Supporting Table SC12 Consolidated 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	24 242	24 848	24 848	2 672	2 672	24 848	22 176	89,2%	1%
August	24 242	24 848	24 848	11 810	14 482	48 697	35 215	70,9%	5%
September	24 242	24 848	24 848	13 816	28 298	74 845	48 247	62,0%	9%
October	24 242	24 848	24 848	19 479	47 777	99 394	51 817	51,9%	18%
November	24 242	24 848	24 848	13 388	61 165	124 242	63 079	50,8%	21%
December	24 242	24 848	24 848	57 401	118 564	149 090	30 526	20,5%	40%
January	24 242	24 848	24 848	-	-	173 039	-	-	-
February	24 242	24 848	24 848	-	-	198 787	-	-	-
March	24 242	24 848	24 848	-	-	223 835	-	-	-
April	24 242	24 848	24 848	-	-	248 484	-	-	-
May	24 242	24 848	24 848	-	-	273 332	-	-	-
June	24 242	24 848	24 848	-	-	298 180	-	-	-
Total Capital expenditure	290 985	298 180	298 180	118 564					

Chart C1: Capital Expenditure Monthly Trend: Actual v Target



This next section looks at the performance of the capital expenditure on new assets by asset class.

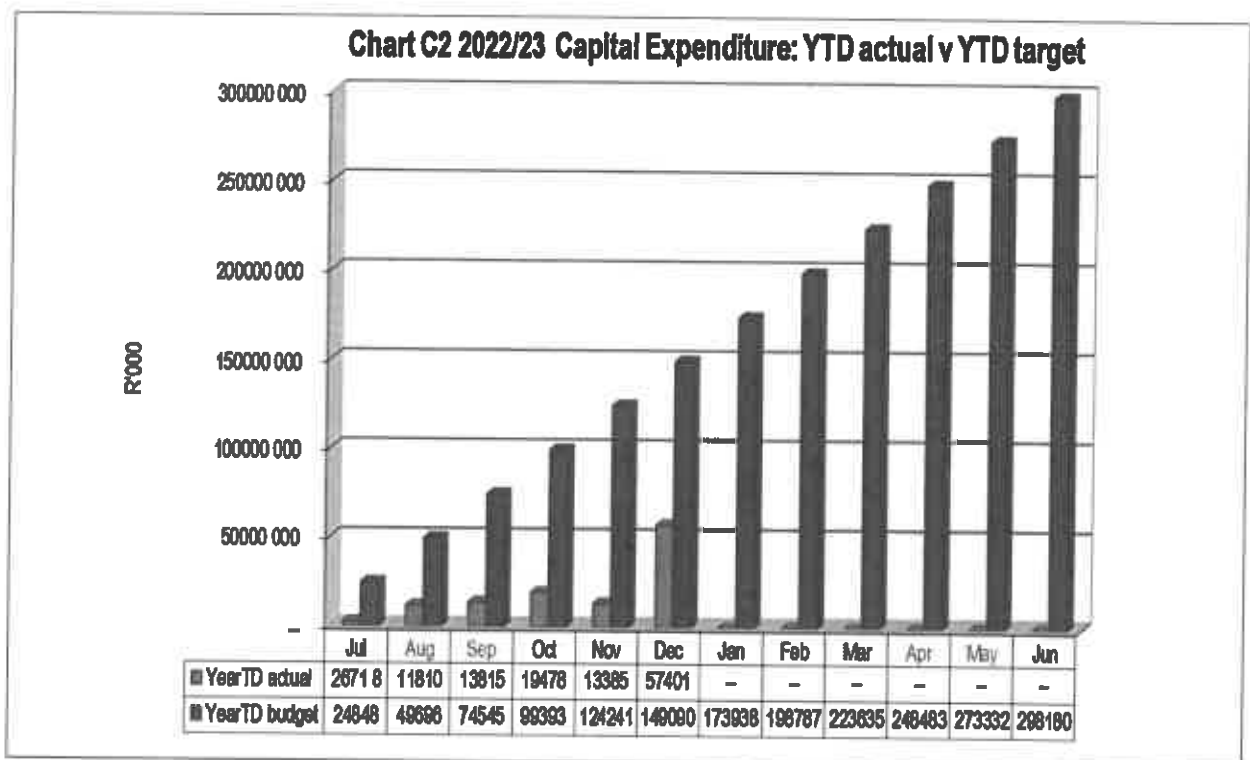
Harry Gwala District Municipality

DC43 Harry Gwala - Supporting Table SC13a Consolidated Monthly Budget Statement - capital expenditure on new assets by asset class - M06

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									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	235 244	248 078	248 078	87 388	118 372	123 038	7 667	6,2%	248 078
Roads Infrastructure	1 242	-	-	-	-	-	-	-	-
Roads	1 242	-	-	-	-	-	-	-	-
Water Supply Infrastructure	186 052	188 948	201 648	62 188	82 385	88 880	7 475	7,8%	201 648
Dams and Weirs	7 608	22 178	10 678	4 088	4 480	9 445	4 956	82,9%	10 678
Boreholes	89 041	40 408	40 408	9 210	18 413	20 204	1 791	8,9%	40 408
Reservoirs	3 315	870	870	-	-	435	435	100,0%	870
Pump Stations	24 379	6 087	6 087	151	3 446	2 643	(803)	-38,8%	5 087
Water Treatment Works	8 400	28 087	24 087	-	287	12 788	12 491	97,9%	24 087
Bulk Mains	15 689	27 188	38 388	10 243	20 108	18 003	(4 108)	-28,7%	38 388
Distribution	67 612	77 161	82 161	28 475	46 881	38 472	(7 188)	-18,7%	82 161
Distribution Points	-	-	-	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	37 950	47 130	44 430	5 202	22 987	23 180	192	0,8%	44 430
Pump Station	15 010	2 609	2 609	-	-	1 304	1 304	100,0%	2 609
Rehabilitation	22 940	35 826	35 826	5 202	17 038	17 813	875	4,9%	35 826
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	8 898	5 898	-	5 948	3 982	(1 987)	-50,2%	5 898
Capital Spares	-	-	-	-	-	-	-	-	-
Other assets	1 138	-	-	-	-	-	-	-	-
Operational Buildings	1 138	-	-	-	-	-	-	-	-
Municipal Offices	1 138	-	-	-	-	-	-	-	-
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Intangible Assets	-	1 534	1 534	-	-	787	787	100,0%	1 534
Services	-	-	-	-	-	-	-	-	-
Licences and Rights	-	1 534	1 534	-	-	787	787	100,0%	1 534
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licences	-	-	-	-	-	-	-	-	-
Solid Waste Licences	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	1 534	1 534	-	-	787	787	100,0%	1 534
Land Settlement Software Applications	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
Computer Equipment	1 412	1 385	1 332	-	-	674	674	100,0%	1 332
Computer Equipment	1 412	1 385	1 332	-	-	674	674	100,0%	1 332
Furniture and Office Equipment	1 387	1 908	1 943	32	387	863	868	61,8%	1 943
Furniture and Office Equipment	1 387	1 908	1 943	32	387	863	868	61,8%	1 943
Machinery and Equipment	7 378	181	181	-	-	98	98	100,0%	181
Machinery and Equipment	7 378	181	181	-	-	98	98	100,0%	181
Transport Assets	-	2 174	2 174	-	-	1 087	1 087	100,0%	2 174
Transport Assets	-	2 174	2 174	-	-	1 087	1 087	100,0%	2 174
Total Capital Expenditure on new assets	248 657	283 250	283 262	87 401	118 740	126 828	10 888	4,6%	283 282

The chart below, on the other hand, track the capital expenditure’s cumulative balances budget versus actual. It is clearly that expenditure started on a rather slower trend but showed acceleration towards the end of the mid-year.

Chart C2: Capital Expenditure: YTD Actual v YTD Target



In order for the municipality to reach its annual targets in the capital development programme, expenditure in this budget would have to maintained or increased at the trends experienced in December 2022.

2.9 Municipal Manager's Quality's Certification

Quality Certificate

I, **Gamakulu Ma'art Sineke**, the Municipal Manager of **Harry Gwala District Municipality**, hereby certify that –

- the monthly budget statement
- quarterly report on the implementation of the budget and financial state affairs of the municipality
- mid-year budget and performance assessment

The performance for the month of **31 December** of **2022** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name Gamakulu Ma'art Sineke

Municipal Manager of **Harry Gwala District Municipality (DC43)**

Signature



Date

25/01/2023