

Harry Gwala District Municipality



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

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 2023/24 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.

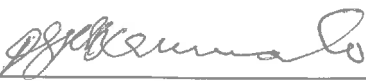
In terms of s72 of the MFMA the budget and SDBIP projections will have to be reviewed to ensure that the planned services will be rendered within the budgetary constraints.



Municipal Manager: Mr. G.M Sineke

Municipal Manager: Harry Gwala DM

25 January 2024



Councillor: Z. D. Nxumalo

Honourable Mayor: Harry Gwala DM

25 January 2024

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 72% 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 2023 amounted to R605, 5m against year-to-date budget of R455, 1million which is 133% 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.

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 of February 2024 in terms of Municipal Budget Regulations.
6. Revise the projections for Revenue & Expenditure in the SDBIP to reflect the adjustments to the Annual Budget.

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

Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Properly rates	-	-	-	-	-	-	-	-	-
Service charges	77 674	76 192	76 192	3 810	31 680	38 096	(6 417)	-17%	76 192
Investment revenue	10 858	5 713	5 713	1 811	10 759	2 857	7 902	277%	5 713
Transfers and subsidies - Operational	452 460	493 840	493 840	155 709	355 476	246 920	108 556		493 840
Other own revenue	19 422	13 224	13 224	1 510	8 933	6 612	2 321	35%	-
Total Revenue (excluding capital transfers and contributions)	560 414	588 970	588 970	162 841	406 847	294 485	112 362	38%	588 970
Employee costs	245 707	256 783	256 783	21 279	123 632	128 392	(4 761)		256 783
Remuneration of Councillors	6 988	8 119	8 119	581	4 179	4 060	119		8 119
Depreciation and amortisation	93 063	97 007	97 007	-	-	48 504	(48 504)		97 007
Interest	113	100	100	-	2	50	(48)		100
Inventory consumed and bulk purchases	33 986	28 431	28 431	2 450	14 889	14 216	673		28 431
Transfers and subsidies	15 290	2 500	2 500	-	-	1 250	(1 250)	-100%	2 500
Other expenditure	239 909	291 214	291 214	21 816	113 196	145 608	(32 412)	-22%	291 214
Total Expenditure	635 056	684 154	684 154	46 126	255 897	342 079	(86 182)	-25%	684 154
Surplus/(Deficit)	(74 642)	(95 185)	(95 185)	116 715	150 950	(47 594)	198 544	-417%	(95 185)
Transfers and subsidies - capital (monetary allocations)	283 338	321 352	321 352	45 689	198 686	160 676	38 010	24%	321 352
Transfers and subsidies - capital (in-kind)	3 888	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	212 584	226 167	226 167	162 405	349 636	113 082	236 554	209%	226 167
Share of surplus/ (deficit) of associate	-	17 000	17 000	-	-	8 500	(8 500)	-100%	17 000
Surplus/ (Deficit) for the year	212 584	243 167	243 167	162 405	349 636	121 582	228 054	188%	243 167
Capital expenditure & funds sources									
Capital expenditure	269 118	306 141	306 141	39 255	181 907	153 071	28 836	19%	306 141
Capital transfers recognised	251 309	277 584	277 584	38 358	178 858	138 792	40 066	29%	277 584
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	17 809	28 557	28 557	897	3 048	14 279	(11 231)	-79%	28 557
Total sources of capital funds	269 118	306 141	306 141	39 255	181 907	153 071	28 836	19%	306 141
Financial position									
Total current assets	194 494	147 860	147 860		425 421				147 860
Total non current assets	2 927 288	2 955 803	2 955 803		3 109 195				2 955 803
Total current liabilities	152 711	111 522	111 522		215 887				111 522
Total non current liabilities	27 735	28 869	28 869		27 735				28 869
Community wealth/Equity	2 981 547	2 720 105	2 720 105		3 290 993				2 720 105
Cash flows									
Net cash from (used) operating	1 502 631	324 776	324 776	468 764	1 394 691	162 388	(1 232 303)	-759%	324 776
Net cash from (used) investing	(269 118)	(306 141)	(306 141)	(39 255)	(181 907)	(153 071)	28 836	-19%	(306 141)
Net cash from (used) financing	-	(2 251)	(2 251)	171	218	(1 126)	(1 344)	119%	(2 251)
Cash/cash equivalents at the month/year end	1 283 739	84 290	84 290	-	1 337 643	76 099	(1 261 545)	-1658%	141 024
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	5 718	5 293	4 064	3 700	4 140	3 389	34 017	187 372	247 694
Creditors Age Analysis									
Total Creditors	95	74	205	734	-	-	-	-	1 108

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 2023 was R 605, 5million against a year to date budget of R 455, 1million representing over performance of 33%.

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 75% against the year-to-date budget representing an under performance of 15%.

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 2023.

DC43 Harry Gwala - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue									
Exchange Revenue									
Service charges - Electricity							-		
Service charges - Water	64 525	61 123	61 123	2 853	24 931	30 561	(5 631)	-18%	61 123
Service charges - Waste Water Management	13 149	15 069	15 069	957	6 749	7 535	(786)	-10%	15 069
Service charges - Waste management							-		
Sale of Goods and Rendering of Services	741	876	876	5	150	438	(288)	-66%	876
Interest earned from Receivables	14 117	11 960	11 960	1 309	8 505	5 980	2 525	42%	11 960
Interest from Current and Non Current Assets	10 858	5 713	5 713	1 811	10 759	2 857	7 902	277%	5 713
Operational Revenue	810	388	388	196	279	194	84	44%	388
Non-Exchange Revenue									
Property rates							-		
Surcharges and Taxes							-		
Fines, penalties and forfeits	-	-	-	-	-	-	-		-
Licence and permits							-		
Transfers and subsidies - Operational	452 460	493 840	493 840	155 709	355 476	246 920	108 556	44%	493 840
Interest							-		
Fuel Levy							-		
Operational Revenue							-		
Gains on disposal of Assets	-	-	-	-	-	-	-		-
Other Gains	3 755	-	-	-	-	-	-		-
Discontinued Operations							-		
Total Revenue (excluding capital transfers and contributions)	560 414	588 970	588 970	162 841	406 847	294 485	112 362	38%	588 970
Expenditure By Type									
Employee related costs	245 707	256 783	256 783	21 279	123 632	128 392	(4 761)	-4%	256 783
Remuneration of councillors	6 988	8 119	8 119	581	4 179	4 060	119	3%	8 119
Bulk purchases - electricity	-	-	-	-	-	-	-		-
Inventory consumed	33 986	28 431	28 431	2 450	14 889	14 216	673	5%	28 431
Debt impairment	(1 202)	28 300	28 300	-	-	14 150	(14 150)	-100%	28 300
Depreciation and amortisation	93 063	97 007	97 007	-	-	48 504	(48 504)	-100%	97 007
Interest	113	100	100	-	2	50	(48)	-96%	100
Contracted services	134 274	140 220	140 658	10 619	61 382	70 228	(8 845)	-13%	140 658
Transfers and subsidies	15 290	2 500	2 500	-	-	1 250	(1 250)	-100%	2 500
Irrecoverable debts written off	34 790	30 418	30 418	-	-	15 209	(15 209)	-100%	30 418
Operational costs	69 172	92 277	91 839	11 196	51 814	46 021	5 793	13%	91 839
Losses on Disposal of Assets	2 875	-	-	-	-	-	-		-
Other Losses	-	-	-	-	-	-	-		-
Total Expenditure	635 056	684 154	684 154	46 126	255 897	342 079	(86 182)	-25%	684 154
Surplus/(Deficit)	(74 642)	(95 185)	(95 185)	116 715	150 950	(47 594)	198 544	(0)	(95 185)
Transfers and subsidies - capital (monetary allocations)	283 338	321 352	321 352	45 689	198 686	160 676	38 010	0	321 352
Transfers and subsidies - capital (in-kind)	3 888	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	212 584	226 167	226 167	162 405	349 636	113 082	236 554	0	226 167
Income Tax									
Surplus/(Deficit) after income tax	212 584	226 167	226 167	162 405	349 636	113 082			226 167
Share of Surplus/Deficit attributable to Joint Venture									
Share of Surplus/Deficit attributable to Minorities									
Surplus/(Deficit) attributable to municipality	212 584	226 167	226 167	162 405	349 636	113 082			226 167
Share of Surplus/Deficit attributable to Associate									
Intercompany/Parent subsidiary transactions	-	17 000	17 000	-	-	8 500			17 000
Surplus/ (Deficit) for the year	212 584	243 167	243 167	162 405	349 636	121 582			243 167

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 2023.

Depreciation – There has been no depreciation processed to date. The year to date actual for Development agency is R389 616 against year to budget of R 358 000. 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 R2 153k against year to date budget of R50 004k.

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

Vote Description	2022/23	Budget Year 2023/24							
	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	275	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	7 727	9 641	9 641	28	2 179	4 821	(2 642)	-55%	9 641
Vote 05 - Summary Social Services & Development Planning	408	2 267	2 267	-	-	1 133	(1 133)	-100%	2 267
Vote 06 - Summary Infrastructure Services	47 306	55 292	78 392	11 048	51 051	36 891	14 160	38%	78 392
Vote 07 - Summary Water Services	213 402	238 941	215 841	28 179	128 677	110 226	18 451	17%	215 841
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	269 118	306 141	306 141	39 255	181 907	153 071	28 836	19%	306 141
Total Capital Expenditure	269 118	306 141	306 141	39 255	181 907	153 071	28 836	19%	306 141
Capital Expenditure - Functional Classification									
Governance and administration	8 002	10 308	10 308	28	2 179	5 154	(2 975)	-58%	10 308
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	8 002	10 308	10 308	28	2 179	5 154	(2 975)	-58%	10 308
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	270	1 600	1 600	-	-	800	(800)	-100%	1 600
Community and social services	270	1 600	1 600	-	-	800	(800)	-100%	1 600
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	41 851	27 618	58 218	9 699	42 832	24 553	18 278	74%	58 218
Planning and development	41 851	27 618	58 218	9 699	42 832	24 553	18 278	74%	58 218
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	218 995	266 615	236 015	29 529	136 896	122 563	14 332	12%	236 015
Energy sources	-	-	-	-	-	-	-	-	-
Water management	174 461	198 174	168 066	25 151	105 278	86 889	18 389	21%	168 066
Waste water management	44 534	68 441	67 950	4 378	31 617	35 674	(4 057)	-11%	67 950
Waste management	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	269 118	306 141	306 141	39 255	181 907	153 071	28 836	19%	306 141
Funded by:									
National Government	247 421	277 584	277 584	38 358	178 858	138 792	40 066	29%	277 584
Provincial Government	3 888	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	251 309	277 584	277 584	38 358	178 858	138 792	40 066	29%	277 584
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	17 809	28 557	28 557	897	3 048	14 279	(11 231)	-79%	28 557
Total Capital Funding	269 118	306 141	306 141	39 255	181 907	153 071	28 836	19%	306 141

As at midyear, the year-to-date actual expenditure was R181, 9million against a YTD budget of R153million. In monetary terms, these figures a represent 119% percent performance against the capital development programme as at midyear.

Table C6 displays the financial position of the municipality as at 31 December 2023.

As at midyear, the current ratio has improved to 0.1:9 compared to 0.1:3 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.

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	2022/23	Budget Year 2023/24							
	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	18	-	-	1	4	-	4	0%	-
Service charges	51 062	61 100	61 100	4 715	30 622	30 550	72	0%	61 100
Other revenue	1 823 061	53 987	53 987	332 526	1 217 812	26 994	1 190 818	4411%	53 987
Transfers and Subsidies - Operational	128 367	493 840	493 840	154 544	354 916	246 920	107 996	44%	493 840
Transfers and Subsidies - Capital	316 011	321 352	321 352	80 000	282 000	160 676	121 324	76%	321 352
Interest	10 858	5 713	5 713	1 811	10 759	2 857	7 902	277%	5 713
Dividends							-		
Payments									
Suppliers and employees	(826 746)	(611 117)	(611 117)	(104 833)	(501 421)	(305 558)	195 863	-64%	(611 117)
Interest	-	(100)	(100)	-	-	(50)	(50)	100%	(100)
Transfers and Subsidies	-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 502 631	324 776	324 776	468 764	1 394 691	162 388	(1 232 303)	-759%	324 776
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	(269 118)	(306 141)	(306 141)	(39 255)	(181 907)	(153 071)	28 836	-19%	(306 141)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(269 118)	(306 141)	(306 141)	(39 255)	(181 907)	(153 071)	28 836	-19%	(306 141)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans							-		
Borrowing long term/refinancing							-		
Increase (decrease) in consumer deposits	-	149	149	171	218	74	144	193%	149
Payments									
Repayment of borrowing	-	(2 400)	(2 400)	-	-	(1 200)	(1 200)	100%	(2 400)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	(2 251)	(2 251)	171	218	(1 126)	(1 344)	119%	(2 251)
NET INCREASE/ (DECREASE) IN CASH HELD	1 233 513	16 384	16 384	429 679	1 213 003	8 192			16 384
Cash/cash equivalents at beginning:	50 226	67 907	67 907	907 964	124 641	67 907			124 641
Cash/cash equivalents at month/year end:	1 283 739	84 290	84 290		1 337 643	76 099			141 024

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

Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	77 674	76 192	76 192	3 810	31 680	38 096	(6 417)	-17%	76 192
Investment revenue	10 858	5 095	5 095	1 811	10 759	2 548	8 211	322%	5 095
Transfers and subsidies - Operational	452 460	493 840	493 840	155 709	355 476	246 920	108 556		493 840
Other own revenue	19 422	13 204	13 204	1 510	8 933	6 602	2 331	35%	-
Total Revenue (excluding capital transfers and contributions)	560 414	588 332	588 332	162 841	406 847	294 166	112 681	38%	588 332
Employee costs	245 707	250 266	250 266	21 279	123 632	125 134	(1 502)		250 266
Remuneration of Councillors	6 988	8 119	8 119	581	4 179	4 060	119		8 119
Depreciation and amortisation	93 063	96 292	96 292	-	-	48 146	(48 146)		96 292
Interest	113	10	10	-	2	5	(3)		10
Inventory consumed and bulk purchases	33 986	28 331	28 331	2 450	14 889	14 166	723		28 331
Transfers and subsidies	15 290	-	-	-	-	-	-		-
Other expenditure	239 909	283 121	283 121	21 816	113 196	141 561	(28 365)	-20%	283 121
Total Expenditure	635 056	666 138	666 138	46 126	255 897	333 071	(77 173)	-23%	666 138
Surplus/(Deficit)	(74 642)	(77 806)	(77 806)	116 715	150 950	(38 905)	189 855	-488%	(77 806)
Transfers and subsidies - capital (monetary allocations)	283 338	321 352	321 352	45 689	198 686	160 676	38 010	24%	321 352
Surplus/(Deficit) after capital transfers & contributions	212 584	243 546	243 546	162 405	349 636	121 771	227 865	187%	243 546
Surplus/ (Deficit) for the year	212 584	243 546	243 546	162 405	349 636	121 771	227 865	187%	243 546
Capital expenditure & funds sources									
Capital expenditure	269 118	305 474	305 474	39 255	181 907	152 737	29 169	19%	305 474
Capital transfers recognised	251 309	277 584	277 584	38 358	178 858	138 792	40 066	29%	277 584
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	17 809	27 890	27 890	897	3 048	13 945	(10 897)	-78%	27 890
Total sources of capital funds	269 118	305 474	305 474	39 255	181 907	152 737	29 169	19%	305 474
Financial position									
Total current assets	194 494	133 495	133 495		425 421				133 495
Total non current assets	2 927 288	2 954 344	2 954 344		3 109 195				2 954 344
Total current liabilities	152 711	91 202	91 202		215 887				91 202
Total non current liabilities	27 735	28 869	28 869		27 735				28 869
Community wealth/Equity	2 981 547	2 706 994	2 706 994		3 290 993				2 706 994
Cash flows									
Net cash from (used) operating	1 502 631	324 776	324 776	468 764	1 394 691	162 388	(1 232 303)	-759%	324 776
Net cash from (used) investing	(269 118)	(306 141)	(306 141)	(39 255)	(181 907)	(153 071)	28 836	-19%	(306 141)
Net cash from (used) financing	-	(2 251)	(2 251)	171	218	(1 126)	(1 344)	119%	(2 251)
Cash/cash equivalents at the month/year end	1 283 739	69 925	69 925	-	1 337 643	61 733	(1 275 910)	-2067%	141 024
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	5 718	5 293	4 064	3 700	4 140	3 389	34 017	187 372	247 694
Creditors Age Analysis									
Total Creditors	95	74	205	734	-	-	-	-	1 108

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 2023 was R 605, 5million against a year to date budget of R 455, 1million representing over performance of 33%.

Expenditure by standard classification presents the expenditure by the departments. The operational budget performance at midyear was 75% against the year to date budget which is under performed by 15%.

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

Vote Description	2022/23	Budget Year 2023/24							
	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	449 162	470 822	470 822	156 444	359 264	235 411	123 853	52,6%	470 822
Vote 04 - Summary Corporate Services	372	372	372	192	256	186	69	37,3%	372
Vote 05 - Summary Social Services & Development Planning	32	16	16	4	23	8	15	187,7%	16
Vote 06 - Summary Infrastructure Services	308 606	354 861	354 861	47 009	207 878	177 431	30 447	17,2%	354 861
Vote 07 - Summary Water Services	89 467	83 613	83 613	4 881	38 113	41 806	(3 693)	-8,8%	83 613
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	847 640	909 684	909 684	208 530	605 533	454 842	150 691	33,1%	909 684
Expenditure by Vote									
Vote 01 - Summary Council	18 112	19 937	19 937	1 170	10 419	9 969	450	4,5%	19 937
Vote 02 - Summary Municipal Manager	22 172	22 917	22 917	1 530	10 974	11 459	(485)	-4,2%	22 917
Vote 03 - Summary Budget And Treasury Office	94 203	90 559	90 559	6 923	35 725	45 280	(9 554)	-21,1%	90 559
Vote 04 - Summary Corporate Services	90 576	86 586	86 586	6 659	42 867	43 293	(426)	-1,0%	86 586
Vote 05 - Summary Social Services & Development Planning	50 497	57 377	57 377	9 338	30 385	28 689	1 696	5,9%	57 377
Vote 06 - Summary Infrastructure Services	122 016	128 353	128 353	2 787	15 968	64 177	(48 209)	-75,1%	128 353
Vote 07 - Summary Water Services	237 478	260 408	260 408	17 717	109 560	130 204	(20 645)	-15,9%	260 408
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	635 056	666 138	666 138	46 126	255 897	333 071	(77 173)	-23,2%	666 138
Surplus/ (Deficit) for the year	212 584	243 546	243 546	162 405	349 636	121 771	227 865	187,1%	243 546

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

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

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

Vote Description	2022/23	Budget Year 2023/24							
	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	275	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	7 727	9 641	9 641	28	2 179	4 821	(2 642)	-55%	9 641
Vote 05 - Summary Social Services & Development Planning	408	1 600	1 600	-	-	800	(800)	-100%	1 600
Vote 06 - Summary Infrastructure Services	47 306	55 282	78 392	11 048	51 051	36 891	14 160	38%	78 392
Vote 07 - Summary Water Services	213 402	238 841	215 841	28 179	128 677	110 226	18 451	17%	215 841
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	269 118	305 474	305 474	39 255	181 907	152 737	29 169	19%	305 474
Total Capital Expenditure	269 118	305 474	305 474	39 255	181 907	152 737	29 169	19%	305 474
Capital Expenditure - Functional Classification									
Governance and administration	8 002	9 641	9 641	28	2 179	4 821	(2 642)	-55%	9 641
Executive and council									
Finance and administration	8 002	9 641	9 641	28	2 179	4 821	(2 642)	-55%	9 641
Internal audit									
Community and public safety	270	1 600	1 600	-	-	800	(800)	-100%	1 600
Community and social services	270	1 600	1 600	-	-	800	(800)	-100%	1 600
Sport and recreation									
Public safety									
Housing									
Health									
Economic and environmental services	41 851	27 618	58 218	9 699	42 832	24 553	18 278	74%	58 218
Planning and development	41 851	27 618	58 218	9 699	42 832	24 553	18 278	74%	58 218
Road transport									
Environmental protection									
Trading services	218 995	266 615	236 015	29 529	136 896	122 563	14 332	12%	236 015
Energy sources									
Water management	174 461	198 174	168 066	25 151	105 278	86 889	18 389	21%	168 066
Waste water management	44 534	68 441	67 950	4 378	31 617	35 674	(4 057)	-11%	67 950
Waste management									
Other									
Total Capital Expenditure - Functional Classification	269 118	305 474	305 474	39 255	181 907	152 737	29 169	19%	305 474
Funded by:									
National Government	247 421	277 584	277 584	38 358	178 858	138 792	40 066	29%	277 584
Provincial Government	3 888	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	251 309	277 584	277 584	38 358	178 858	138 792	40 066	29%	277 584
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	17 809	27 890	27 890	897	3 048	13 945	(10 897)	-78%	27 890
Total Capital Funding	269 118	305 474	305 474	39 255	181 907	152 737	29 169	19%	305 474

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

Description	2022/23	Budget Year 2023/24			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash and cash equivalents	124 641	69 925	69 925	357 190	69 925
Trade and other receivables from exchange transactions	32 136	28 499	28 499	39 166	28 499
Receivables from non-exchange transactions	2 318	2 336	2 336	2 315	2 336
Current portion of non-current receivables	-	-	-	-	-
Inventory	716	513	513	716	513
VAT	34 688	32 160	32 160	26 159	32 160
Other current assets	(5)	62	62	(125)	62
Total current assets	194 494	133 495	133 495	425 421	133 495
Non current assets					
Investments					
Investment property	-	-	-	-	-
Property, plant and equipment	2 926 773	2 953 654	2 953 654	3 108 679	2 953 654
Biological assets					
Living and non-living resources					
Heritage assets					
Intangible assets	515	690	690	515	690
Trade and other receivables from exchange transactions					
Non-current receivables from non-exchange transactions					
Other non-current assets	0	0	0	0	0
Total non current assets	2 927 288	2 954 344	2 954 344	3 109 195	2 954 344
TOTAL ASSETS	3 121 782	3 087 838	3 087 838	3 534 615	3 087 838
LIABILITIES					
Current liabilities					
Bank overdraft	-	-	-	-	-
Financial liabilities	12 806	10 394	10 394	12 806	10 394
Consumer deposits	2 415	2 324	2 324	2 684	2 324
Trade and other payables from exchange transactions	92 607	56 690	56 690	68 624	56 690
Trade and other payables from non-exchange transactions	21 177	-	-	103 931	-
Provision	16 171	15 194	15 194	16 171	15 194
VAT	7 535	6 600	6 600	11 672	6 600
Other current liabilities	-	-	-	-	-
Total current liabilities	152 711	91 202	91 202	215 887	91 202
Non current liabilities					
Financial liabilities	(0)	-	-	(0)	-
Provision	27 735	28 869	28 869	27 735	28 869
Long term portion of trade payables	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-
Total non current liabilities	27 735	28 869	28 869	27 735	28 869
TOTAL LIABILITIES	180 446	120 071	120 071	243 622	120 071
NET ASSETS	2 941 336	2 967 767	2 967 767	3 290 993	2 967 767
COMMUNITY WEALTH/EQUITY					
Accumulated surplus/(deficit)	2 941 336	2 967 767	2 967 767	3 290 993	2 967 767
Reserves and funds	-	-	-	-	-
Other	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2 941 336	2 967 767	2 967 767	3 290 993	2 967 767

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 2023/24									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	3 670	3 398	2 609	2 375	2 658	2 176	21 837	120 278	159 001	149 324
Trade and Other Receivables from Exchange Transactions - Electricity									-	-
Receivables from Non-exchange Transactions - Property Rates									-	-
Receivables from Exchange Transactions - Waste Water Management	1 434	1 327	1 019	928	1 038	850	8 531	46 988	62 115	58 335
Receivables from Exchange Transactions - Waste Management									-	-
Receivables from Exchange Transactions - Property Rental Debtors									-	-
Interest on Arrear Debtor Accounts	614	568	436	397	444	364	3 660	20 106	26 578	24 961
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									-	-
Other									-	-
Total By Income Source	5 716	5 293	4 064	3 700	4 140	3 389	34 017	187 372	247 694	232 619
2022/23 - totals only	7 243	13 395	4 029	4 258	3 184	2 891	15 683	173 875	224 559	199 892
Debtors Age Analysis By Customer Group										
Organs of State	2 289	1 577	837	697	718	663	8 528	12 106	27 816	22 712
Commercial	720	569	430	430	372	288	2 162	11 117	16 088	14 369
Households	2 708	2 747	2 796	2 573	3 051	2 438	23 328	164 149	203 791	195 538
Other									-	-
Total By Customer Group	5 716	5 293	4 064	3 700	4 140	3 389	34 017	187 372	247 694	232 619

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

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

Revenue receipts per Area:

AREA	AMOUNT	DECEMBER	NOVEMBER
		2023	2023
Unallocated receipts	R 47 662,77	1%	3%
Bhongweni	R 24 846,60	0%	0%
Shayamoya	R 19 792,40	0%	1%
Kokstad	R 3 145 742,58	47%	44%
Ixopo	R 777 442,31	12%	25%
NDZ	R 1 401 345,87	21%	17%
Umzimkulu	R 1 312 271,96	20%	9%
Fairview	R 2 002,28	0%	0%
TOTAL RECEIPTS INCL VAT	R 6 714 685,02	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 2023 is R6, 7million, prepaid is R 756 488.Total cash collected including prepaid is R 7, 4million. The total billing for the mid-year is R 35, 4million against collection of R34, 7million representing 98 per cent excluding receipts for prepaid.

2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 December 2023

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

Description	Budget Year 2023/24								Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands									
Creditors Age Analysis By Customer Type									
Bulk Electricity									-
Bulk Water									-
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	95	74	205	734	-	-	-	-	1 108
Auditor General									-
Other									-
Total By Customer Type	95	74	205	734	-	-	-	-	1 108

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 2023.

DC43 Harry Gwala - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	2022/23	Budget Year 2023/24							
	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:	452 460	493 840	493 840	155 709	355 476	246 920	108 556	44,0%	493 840
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Equitable Share	432 161	463 631	463 631	154 544	347 724	231 815	115 909	50,0%	463 631
Expanded Public Works Programme Integrated Grant	5 221	6 168	6 168	591	3 566	3 084	482	15,5%	6 168
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant	1 200	1 200	1 200	80	610	600	10	1,7%	1 200
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	9 479	20 450	20 450	494	2 574	10 225	(7 651)	-74,8%	20 450
Rural Road Asset Management Systems Grant	2 381	2 391	2 391	-	1 001	1 196	(194)	-16,2%	2 391
Water Services Infrastructure Grant	2 018	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
Provincial Government:	-	-	-	-	-	-	-	-	-
Capacity Building and Other Grants	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
Chemical Industry Seta	-	-	-	-	-	-	-	-	-
Parent Municipality	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	452 460	493 840	493 840	155 709	355 476	246 920	108 556	44,0%	493 840
Capital Transfers and Grants									
National Government:	283 338	321 352	321 352	45 689	198 686	160 676	38 010	23,7%	321 352
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	200 355	221 352	221 352	33 592	141 836	110 676	31 160	28,2%	221 352
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Regional Bulk infrastructure Grant	-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	82 982	100 000	100 000	12 098	56 850	50 000	6 850	13,7%	100 000
Provincial Government:	3 888	-	-	-	-	-	-	-	-
Infrastructure Grant	3 888	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Human Settlement Re-development Programme	-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	287 226	321 352	321 352	45 689	198 686	160 676	38 010	23,7%	321 352
TOTAL RECEIPTS OF TRANSFERS & GRANTS	739 685	815 192	815 192	201 399	554 162	407 596	146 566	36,0%	815 192

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

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	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	A	B	C						D
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	3 902	4 394	4 394	384	2 641	2 197	444	20%	4 394
Pension and UIF Contributions	469	545	545	-	133	272	(140)	-51%	545
Medical Aid Contributions	153	186	186	-	32	93	(61)	-66%	186
Cellphone Allowance	491	534	534	43	331	267	64	24%	534
Other benefits and allowances	1 973	2 460	2 460	154	1 043	1 230	(187)	-15%	2 460
Sub Total - Councillors	6 988	8 119	8 119	581	4 179	4 060	119	3%	8 119
% increase		16,2%	16,2%						16,2%
Senior Managers of the Municipality									
Basic Salaries and Wages	4 029	2 186	2 186	303	1 968	1 093	875	80%	2 186
Pension and UIF Contributions	15	6	6	-	-	3	(3)	-100%	6
Medical Aid Contributions	66	35	35	4	24	17	7	37%	35
Performance Bonus	81	117	117	-	55	58	(4)	-6%	117
Motor Vehicle Allowance	813	501	501	77	412	251	161	64%	501
Cellphone Allowance	105	58	58	8	49	29	20	68%	58
Housing Allowances	212	110	110	23	132	55	77	139%	110
Other benefits and allowances	246	176	176	18	116	88	27	31%	176
Payments in lieu of leave	332	576	576	-	-	288	(288)	-100%	576
Acting and post related allowance	53	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	5 950	3 765	3 765	433	2 754	1 883	872	46%	3 765
% increase		-36,7%	-36,7%						-36,7%
Other Municipal Staff									
Basic Salaries and Wages	142 683	147 894	147 894	12 402	73 376	73 947	(571)	-1%	147 894
Pension and UIF Contributions	21 654	22 732	22 732	1 896	11 348	11 366	(18)	0%	22 732
Medical Aid Contributions	10 412	10 766	10 766	885	5 316	5 383	(67)	-1%	10 766
Overtime	19 197	20 962	20 962	1 771	10 135	10 481	(347)	-3%	20 962
Performance Bonus	10 259	10 291	10 291	1 076	5 107	5 146	(39)	-1%	10 291
Motor Vehicle Allowance	20 410	22 548	22 548	1 707	10 058	11 274	(1 216)	-11%	22 548
Cellphone Allowance	1 132	1 242	1 242	91	546	621	(75)	-12%	1 242
Housing Allowances	636	740	740	65	349	370	(21)	-6%	740
Other benefits and allowances	6 003	7 279	7 279	568	2 986	3 640	(654)	-18%	7 279
Payments in lieu of leave	1 418	620	620	205	548	310	238	77%	620
Long service awards	1 547	1 205	1 205	145	892	603	290	48%	1 205
Post-retirement benefit obligations	4 244	-	-	-	-	-	-	-	-
Acting and post related allowance	163	221	221	36	219	111	108	97%	221
Sub Total - Other Municipal Staff	239 757	246 501	246 501	20 846	120 877	123 251	(2 374)	-2%	246 501
% increase		2,8%	2,8%						2,8%
Total Parent Municipality	252 695	258 385	258 385	21 860	127 810	129 193	(1 383)	-1%	258 385
		2,3%	2,3%						2,3%
Unpaid salary, allowances & benefits in arrears:									
Board Members of Entities									
Basic Salaries and Wages	-	150	150	-	-	75	(75)	-100%	150
Sub Total - Executive members Board	-	150	150	-	-	75	(75)	-100%	150
% increase		#DIV/0!	#DIV/0!						#DIV/0!
Other Staff of Entities									
Basic Salaries and Wages	-	6 055	6 055	-	-	3 027	(3 027)	-100%	6 055
Pension and UIF Contributions	-	20	20	-	-	10	(10)	-100%	20
Payments in lieu of leave	-	242	242	-	-	121	(121)	-100%	242
Acting and post related allowance	-	50	50	-	-	25			50
Sub Total - Other Staff of Entities	-	6 367	6 367	-	-	3 183	(3 183)	-100%	6 367
% increase		#DIV/0!	#DIV/0!						#DIV/0!
Total Municipal Entities	-	6 517	6 517	-	-	3 258	(3 258)	-100%	6 517
TOTAL SALARY, ALLOWANCES & BENEFITS	252 695	264 902	264 902	21 860	127 810	132 452	(4 641)	-4%	264 902
% Increase		4,8%	4,8%						4,8%
TOTAL MANAGERS AND STAFF	245 707	256 633	256 633	21 279	123 632	128 317	(4 686)	-4%	256 633

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

Description	Budget Year 2023/24												2023/24 Medium Term Revenue & Expenditure Framework			
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26	
	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	
Cash Receipts By Source																
Property rates	1	1	1	1	1	1	-	-	-	-	-	(4)	-	-	-	-
Service charges - Electricity revenue	4 389	4 321	4 356	4 336	4 182	3 934	4 094	4 094	4 094	4 094	4 094	3 171	49 132	51 420	53 796	
Service charges - Water revenue	687	954	964	846	1 001	781	997	997	997	997	997	1 849	11 969	12 520	13 096	
Service charges - Waste Water Management	835	2 455	2 306	1 670	1 681	1 811	476	476	476	476	476	(7 426)	5 713	5 948	6 193	
Interest earned - external investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	2	1	8	5	3	4	1	1	1	1	1	(14)	16	17	18	
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	193 180	4 416	-	-	2 776	154 544	41 153	41 153	41 153	41 153	41 153	(66 843)	493 840	519 283	547 916	
Transfers and Subsidiaries - Operational	387 396	84 724	173 964	101 375	137 808	332 522	4 498	4 498	4 498	4 498	4 498	(1 186 305)	53 971	48 791	49 817	
Other revenue	586 460	96 771	181 598	108 233	147 453	483 597	51 220	51 220	51 220	51 220	51 220	(1 255 572)	614 640	637 979	670 835	
Cash Receipts by Source																
Other Cash Flows by Source	91 000	-	71 000	40 000	-	80 000	26 779	26 779	26 779	26 779	26 779	(94 545)	321 352	357 813	357 670	
Transfers and subsidiaries - capital (monetary allocations) (National / Provincial and District)	-	-	-	7	13	171	12	12	12	12	12	(131)	149	149	149	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	677 460	96 771	252 605	148 260	147 466	573 767	78 012	78 012	78 012	78 012	78 012	(1 350 248)	936 141	995 941	1 028 654	
Cash Payments by Type																
Employee related costs	17 856	22 316	20 593	20 871	21 036	26 901	21 399	21 399	21 399	21 399	21 399	20 218	256 783	261 725	274 026	
Remuneration of councillors	-	-	911	490	311	321	677	677	677	677	677	2 703	8 119	8 517	8 917	
Interest	-	-	-	-	-	-	8	8	8	8	8	58	100	105	110	
Acquisitions - water & other inventory	-	-	-	-	-	-	1 914	1 914	1 914	1 914	1 914	13 401	22 973	24 030	25 135	
Contracted services	-	-	-	-	-	-	11 533	11 533	11 533	11 533	11 533	80 728	138 391	177 138	189 612	
Other expenditure	40 071	86 189	68 630	53 905	61 167	73 450	14 404	14 404	14 404	14 404	14 404	(262 583)	172 851	171 990	176 804	
Cash Payments by Type	57 928	88 505	90 133	75 266	82 514	100 672	49 935	49 935	49 935	49 935	49 935	(145 475)	599 217	643 505	674 604	
Other Cash Flows/Payments by Type																
Capital assets	6 733	28 602	42 801	33 028	31 288	39 255	25 512	25 512	25 512	25 512	25 512	(3 324)	306 141	314 554	315 278	
Repayment of borrowing	-	-	-	-	-	-	200	200	200	200	200	1 400	2 400	2 400	2 400	
Other Cash Flows/Payments	-	117	612	319	1 194	4 161	1 000	1 000	1 000	1 000	1 000	597	12 000	12 000	12 000	
Total Cash Payments by Type	64 660	117 424	133 545	108 613	114 996	144 088	76 646	76 646	76 646	76 646	76 646	(146 802)	919 758	972 458	1 004 283	
NET INCREASE/(DECREASE) IN CASH HELD	612 800	(20 653)	119 060	39 647	32 470	429 679	1 365	1 365	1 365	1 365	1 365	(1 203 446)	16 384	23 483	24 371	
Cash/cash equivalents at the month/year beginning:	124 841	737 441	716 788	835 847	875 494	907 964	1 337 643	1 339 009	1 340 374	1 341 739	1 343 105	1 344 470	124 641	141 024	164 507	
Cash/cash equivalents at the month/year end:	737 441	716 788	835 847	875 494	907 964	1 337 643	1 339 009	1 340 374	1 341 739	1 343 105	1 344 470	141 024	141 024	164 507	186 878	

Harry Gwala District Municipality

Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
R thousands			
Revenue By Source			
Service charges - water revenue	-18%	An increase in unattended water leaks by consumers. Delays in fixing of faulty meters by water services. Prepaid consumption is increasing due to billing that has been extended to extension 8 and 6 at Umzimkhulu.	downward adjustment is necessary. The municipality needs to encourage consumers to fix internal leaks timeously and water services to replace faulty meters.
Service charges - sanitation revenue	-10%	Over 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. upwards adjustment is necessary, Upward adjustments is necessary
Interest earned - external investments	277%	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 and also the investments that has been fixed for more than 6 months.	
Interest earned - outstanding debtors	42%	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	44%	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	-32%	There is a decrease on the tender documents prices and the number of tender documents sold due to other contractors has access on the internet for printing. There is also a decrease in the number of properties sold and the collection on transfers has decreased	downward 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	3%	The municipality need to do proper investigation if there was no misallocation	Investigation need to be done
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	-100%	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	-96%	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	5%	The budget for bulk water purchases was underbudgeted on the initial budget	Upward adjustments is necessary
Inventory consumed	-13%	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.	No adjustment would be required
Contracted services	-13%	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.	No adjustment would be required
Other expenditure	13%	The municipality is spending according to what was anticipated.	No adjustment would be required
Capital Expenditure			
National Government	29%	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	-79%	The budget for the procurement of municipal vehicles is still sitting under commitment. The amount was not spent 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			
Measureable Performance			
Client elected Not to populate this sheet			
Municipal Entities			
Client elected Not to populate this sheet			

Water & Sanitation Charges

The year-to-date **actual** water & sanitation charges (**billing**) as at 31 December 2023 was R31, 6million against a year to date **budget** of R38million. This represents under performance in municipal billing by 17%. 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 less than what was anticipated therefore downward adjustment is needed.

Interest Earned on External Investments

The actual interest earned on external investments as at midyear exceeds the estimated consideration by 88% (R5million) more than what was budgeted.

Adjustment Budget Implications: An upward adjustment is required.

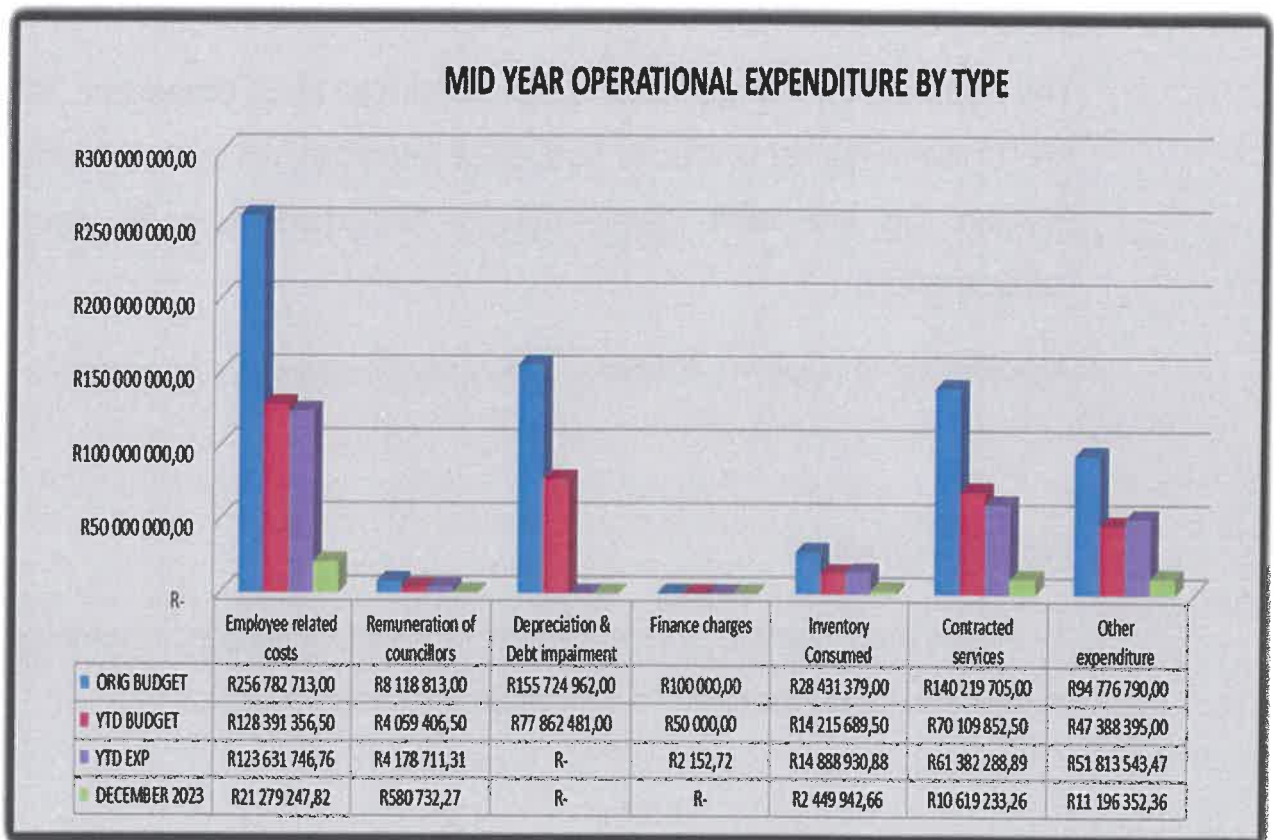
Transfers Recognised - Operational

The operational grants revenue of R326million against a year-to-date budget of R246, 9million is largely attributable to the YTD equitable share received of R355, 4million while the balance relates to conditions met on conditional grant funding.

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



Inventory Consumed

The expenditure on Inventory consumed has overperformed by 5 per cent at mid-year. The year-to-date actual amounting to R14, 8million against year-to-date budget of R14, 2million. A review of this budget would be required.

Adjustment Budget Implications: An Upward adjustment will be implemented during the Adjustment budget process.

Contracted Services

An under expenditure of 12% 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

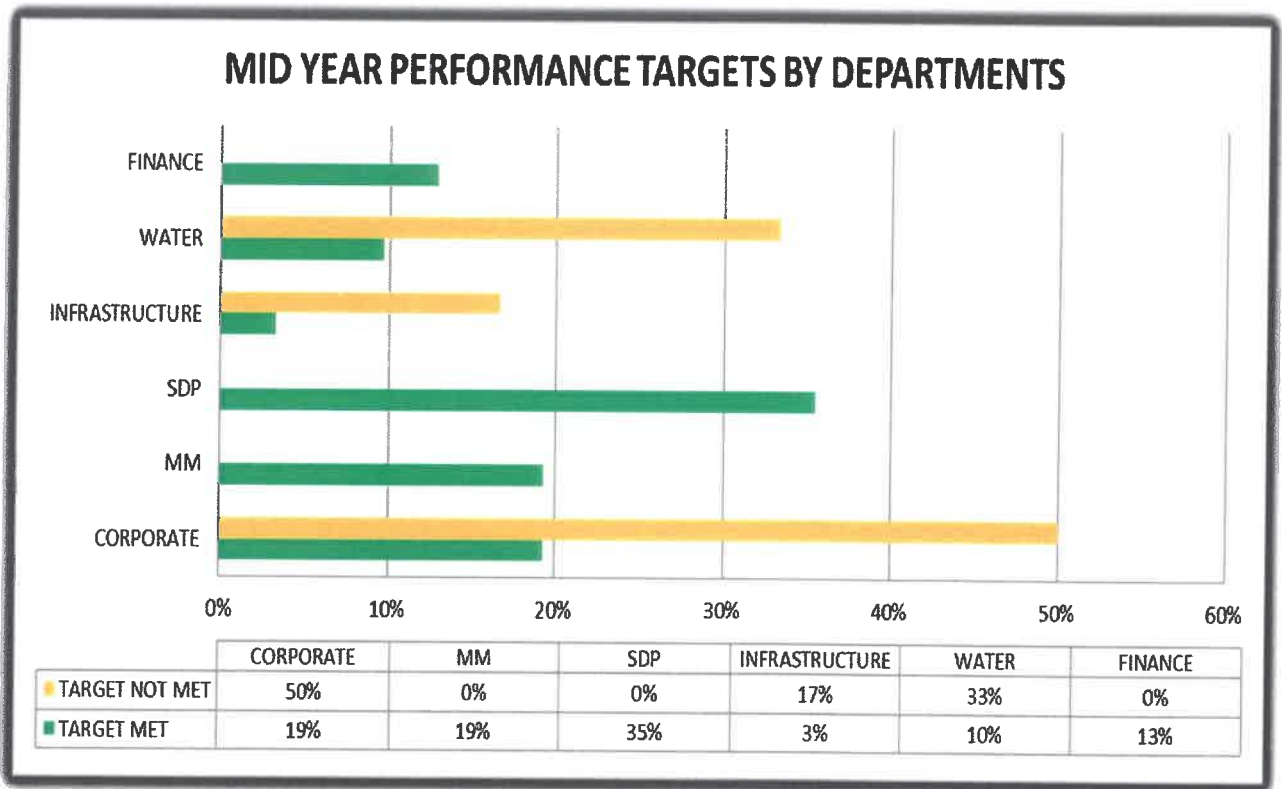
An over expenditure of 9% was reported at mid-year. A review of the classification of other expenditure would need to be undertaken.

Chart 6 above provides a summary of the targets achieved or met (72%) as well the targets not met (28%). 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 28% 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: 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

Infrastructure Services

Challenges:

Number of jobs created through EPWP Grant (339). There are challenges that are being experienced with some of the participants not being reached

Percentage of compliant water quality provided to communities as required by National Department of Water and Sanitation (95%). the 75% is due to December not yet captured by DWS hence they have not finalised the analysis for December. HGDM has submitted the dataset, but the analysis backlog is on DWS side.

Percentage of compliant wastewater quality discharged to the natural environment as required by National Department of Water and Sanitation (99%). the 49,2% is due to December not yet captured by DWS hence not finalised the analysis for December. HGDM has submitted the dataset, but the analysis backlog is on DWS side.

Percentage of complaints resolved within 48 hours (80%). In the absence of the system, Water Services has been using a manual system so as to ensure that they keep track of the complaints received and resolved. However, a manual system will sometimes have errors as it is populated manually.

Corrective Measure:

Expedite the procurement of bulk meters process when contractors have been appointed for this project.

The status quo may change after the 10th of January which is the closing date for Q2 reporting on IRIS.

The status quo may change after the 10th of January which is the closing date for Q2 reporting on IRIS.

Date by when the drone is procured (30 Sep 2023). Procurement took longer than expected hence only delivered in December 2023 instead of September 2023.

Number of software licenses renewed (6). Only 4 invoices attached.

Corrective Measure:

Actual expenditure shall be reported in the next quarter performance report

The progress shall be reported on during the third quarter performance reporting.

A follow up with SCM shall be made and the progress shall be reported on during the third quarter performance reporting.

A follow up with SCM shall be made and the progress shall be reported on during the third quarter performance reporting.

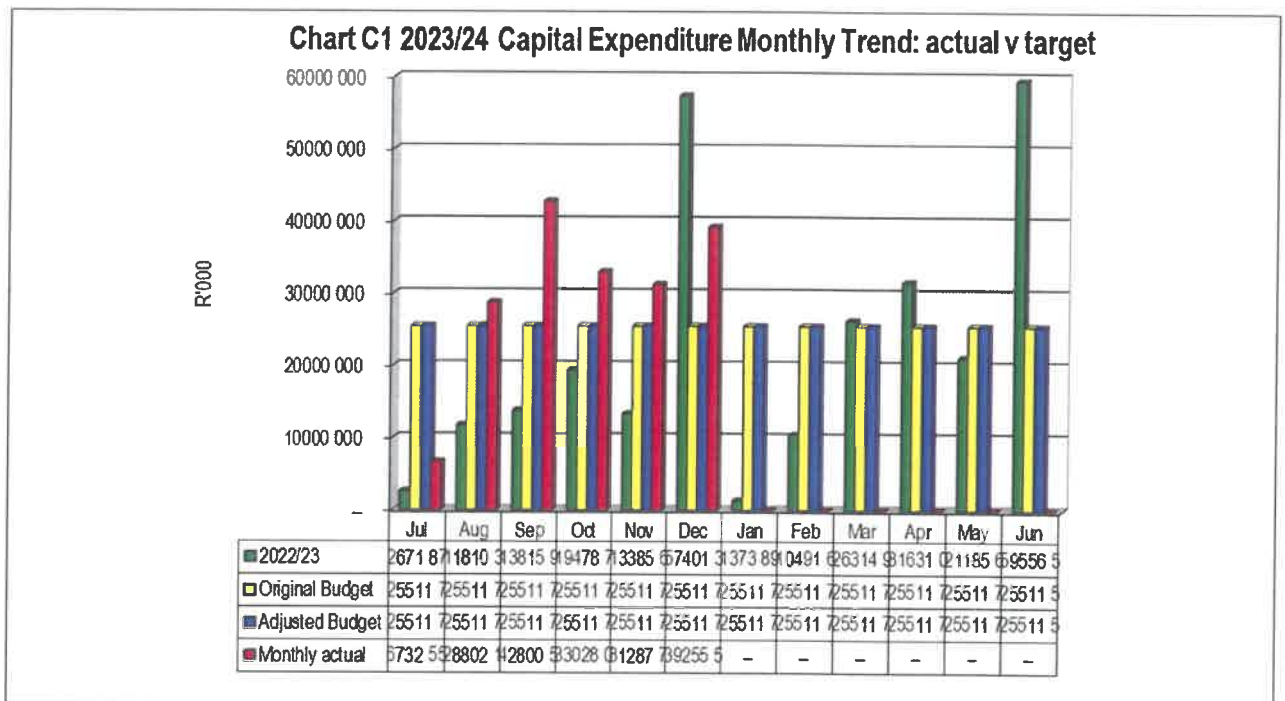
Procurement has been done and the drone was since delivered on the 14 December 2023. Corporate Services shall make a follow up with the service providers.

Office of the Municipal Manager

The department planned to achieve 06 targets by mid-term. 06 targets were achieved. Performance achievement is sitting at 100%.

Budget and Treasury Office

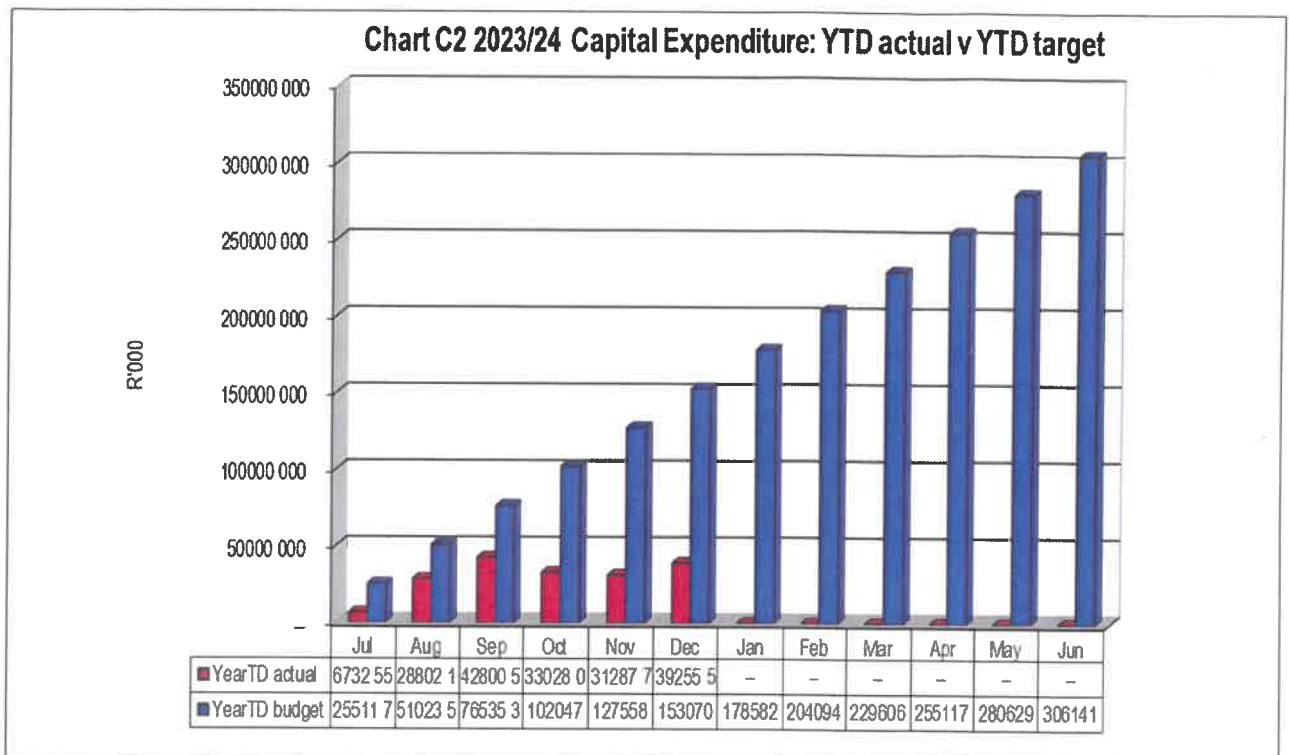
Chart C1: Capital Expenditure Monthly Trend: Actual v Target



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

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 2023.