

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 2024/25 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

24 January 2025



Councillor: Z. D. Nxumalo

Honourable Mayor: Harry Gwala DM

24 January 2025

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 77% 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 six months ended 31 December 2024 amounted to R545, 2m against year-to-date budget of R481, 4million which is 113% of the Year to Date (YTD) budget. Development Agency Year to Date (YTD) actual revenue generated for the first six months amounted to R 13, 5 million while the projected (YTD) budget amounted to R 10, 8million. This means that the municipality entity generated 126% of the projected budgeted for the period.

OPERATIONAL EXPENDITURE

The operational budget performance at midyear was 16% below the Year-to-Date 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 R7million while the YTD budget Operating Expenditure amounted to R 10, 2million. 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 15%. The performance for capital expenditure is less than what was anticipated which shows a slightly decrease compared to previous financial year. The overall capital expenditure for Agency is 6% against the budget as at 31 December 2023 which is quite low. This is an indication that the allocated budget related to capital expenditure will not be spent fully come the end of the financial year and downward adjustment is needed.

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 of February 2025 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.

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

Description	2023/24	Budget Year 2024/25							
	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	72 668	71 195	71 195	5 934	39 640	35 588	4 042	11%	71 195
Investment revenue	21 988	17 435	17 435	837	13 737	8 717	5 020	58%	17 435
Transfers and subsidies - Operational	477 532	532 623	532 623	163 946	377 978	266 312	111 666	0	532 623
Other own revenue	19 807	17 721	17 721	1 414	8 731	8 861	(129)	-1%	-
Total Revenue (excluding capital transfers and contributions)	591 885	638 975	638 975	172 131	440 086	319 487	120 599	38%	638 975
Employee costs	256 039	273 607	273 607	21 772	125 967	136 805	(10 838)	-8%	273 607
Remuneration of Councilors	6 932	8 606	8 606	605	3 832	4 303	(471)	-11%	8 606
Depreciation and amortisation	236 930	101 837	101 837	-	-	50 919	(50 919)	-100%	101 837
Interest	2	115	115	-	-	57	(57)	-100%	115
Inventory consumed and bulk purchases	33 598	36 810	36 810	3 542	15 928	18 405	(2 477)	-13%	36 810
Rentals and let assets	-	6 700	6 700	-	-	3 350	(3 350)	-100%	6 700
Other expenditure	255 958	288 262	288 262	29 725	154 911	144 132	10 779	7%	288 262
Total Expenditure	789 459	715 937	715 937	55 643	300 638	357 970	(57 332)	-16%	715 937
Surplus/(Deficit)	(197 574)	(76 962)	(76 962)	116 489	139 448	(38 483)	177 931	-462%	(76 962)
Transfers and subsidies - capital (monetary allocations)	332 319	316 124	323 856	-	105 117	160 495	(55 378)	-35%	323 856
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	134 745	241 161	246 894	116 489	244 565	122 012	122 553	100%	246 894
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	134 745	241 161	246 894	116 489	244 565	122 012	122 553	100%	246 894
Capital expenditure & funds sources									
Capital expenditure	309 604	322 312	342 797	25 534	146 353	166 277	(19 924)	-12%	342 797
Capital transfers recognised	298 048	276 944	281 929	24 513	129 993	139 718	(9 726)	-7%	281 929
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	11 555	45 368	60 868	1 021	16 361	26 559	(10 198)	-38%	60 868
Total sources of capital funds	309 604	322 312	342 797	25 534	146 353	166 277	(19 924)	-12%	342 797
Financial position									
Total current assets	243 572	208 559	193 806	-	491 171	-	-	-	193 806
Total non current assets	2 997 178	3 446 319	3 466 804	-	3 143 531	-	-	-	3 466 804
Total current liabilities	135 087	124 097	124 097	-	284 477	-	-	-	124 097
Total non current liabilities	30 536	29 399	29 399	-	30 536	-	-	-	29 399
Community wealth/Equity	3 262 762	3 501 382	3 501 382	-	3 319 689	-	-	-	3 501 382
Cash flows									
Net cash from (used) operating	1 800 878	326 348	334 239	256 968	601 543	167 119	(724 423)	-433%	334 239
Net cash from (used) investing	(309 604)	(322 312)	(342 797)	(25 534)	(146 353)	(171 398)	(25 045)	16%	(342 797)
Net cash from (used) financing	(355)	(2 969)	(2 969)	-	-	(1 465)	(1 465)	100%	(2 969)
Cash/cash equivalents at the month/year end	1 615 561	152 288	139 694	954 620	954 620	145 457	(809 162)	-556%	197 993
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	6 631	7 632	4 406	4 205	4 009	4 136	19 559	184 315	234 894
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	-	-

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	2023/24	Budget Year 2024/25							
	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>	490 123	510 213	510 213	164 911	384 195	255 107	129 088	51%	510 213
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	490 123	510 213	510 213	164 911	384 195	255 107	129 088	51%	510 213
Internal audit	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	42	17	17	5	15	8	6	77%	17
Community and social services	42	17	17	5	15	8	6	77%	17
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	-	21 530	29 543	-	-	12 768	(12 768)	-100%	29 543
Planning and development	-	21 530	29 543	-	-	12 768	(12 768)	-100%	29 543
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	434 040	425 338	423 058	7 215	160 993	212 099	(51 106)	-24%	423 058
Energy sources	-	-	-	-	-	-	-	-	-
Water management	420 226	409 956	407 676	6 201	154 153	204 408	(50 255)	-25%	407 676
Waste water management	13 814	15 382	15 382	1 014	6 840	7 691	(851)	-11%	15 382
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	924 204	957 098	962 831	172 131	545 203	479 982	65 221	14%	962 831
Expenditure - Functional									
<i>Governance and administration</i>	282 513	328 884	327 142	23 479	141 080	163 791	(22 711)	-14%	327 142
Executive and council	30 252	45 410	45 410	2 350	17 633	22 705	(5 073)	-22%	45 410
Finance and administration	243 702	271 416	271 116	20 450	119 422	135 634	(16 212)	-12%	271 116
Internal audit	8 559	12 058	10 616	680	4 025	5 452	(1 427)	-26%	10 616
<i>Community and public safety</i>	19 285	24 662	24 662	1 457	8 369	12 331	(3 963)	-32%	24 662
Community and social services	19 285	24 662	24 662	1 457	8 369	12 331	(3 963)	-32%	24 662
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	294 606	175 539	176 981	11 050	42 181	88 347	(46 156)	-52%	176 981
Planning and development	294 606	175 539	176 981	11 050	42 181	88 347	(46 156)	-52%	176 981
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	193 055	186 601	186 901	19 656	108 999	93 376	15 623	17%	186 901
Energy sources	-	-	-	-	-	-	-	-	-
Water management	192 868	185 665	185 965	19 640	108 910	92 908	16 003	17%	185 965
Waste water management	187	937	937	16	89	468	(380)	-81%	937
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	250	250	-	-	125	(125)	-100%	250
Total Expenditure - Functional	789 459	715 937	715 937	55 643	300 638	357 970	(57 332)	-16%	715 937
Surplus/ (Deficit) for the year	134 745	241 161	246 894	116 489	244 565	122 012	122 553	1,0044305	246 894

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 2024 was R 545, 2million against a year to date budget of R 481, 4million representing over performance of 13%.

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 84% against the year-to-date budget representing an under performance of 16%.

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 December

Vote Description	2023/24	Budget Year 2024/25							
	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	489 676	509 775	509 775	164 911	383 946	254 887	129 058	50,6%	509 775
Vote 04 - Summary Corporate Services	418	387	387	-	161	194	(32)	-16,6%	387
Vote 05 - Summary Social Services & Development Planning	42	21 547	21 547	5	15	10 773	(10 759)	-99,9%	21 547
Vote 06 - Summary Infrastructure Services	348 937	343 279	349 012	149	115 484	173 073	(57 589)	-33,3%	349 012
Vote 07 - Summary Water Services	85 131	82 110	82 110	7 066	45 597	41 055	4 542	11,1%	82 110
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	924 204	957 098	962 831	172 131	545 203	479 982	65 221	13,6%	962 831
Expenditure by Vote									
Vote 01 - Summary Council	15 581	21 342	21 342	1 120	9 986	10 671	(685)	-6,4%	21 342
Vote 02 - Summary Municipal Manager	23 229	27 993	27 993	1 909	12 386	13 997	(1 611)	-11,5%	27 993
Vote 03 - Summary Budget And Treasury Office	97 677	105 423	105 423	6 341	33 677	52 712	(19 035)	-36,1%	105 423
Vote 04 - Summary Corporate Services	93 168	106 417	106 417	8 296	50 692	53 209	(2 517)	-4,7%	106 417
Vote 05 - Summary Social Services & Development Planning	56 417	88 372	88 372	9 721	29 621	44 186	(14 566)	-33,0%	88 372
Vote 06 - Summary Infrastructure Services	257 942	125 796	125 796	2 827	20 519	62 898	(42 379)	-67,4%	125 796
Vote 07 - Summary Water Services	245 444	240 594	240 594	25 429	143 758	120 297	23 461	19,5%	240 594
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	789 459	715 937	715 937	55 643	300 638	357 970	(57 332)	-16,0%	715 937
Surplus/ (Deficit) for the year	134 745	241 161	246 894	116 489	244 565	122 012	122 553	100,4%	246 894

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 2024.

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

Description	2023/24	Budget Year 2024/25							
	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	59 302	56 944	56 944	5 095	33 163	28 472	4 691	16%	56 944
Service charges - Waste Water Management	13 256	14 252	14 252	839	6 477	7 126	(649)	-9%	14 252
Service charges - Waste management							-		
Sale of Goods and Rendering of Services	178	663	663	1	65	331	(266)	-80%	663
Agency services							-		
Interest							-		
Interest earned from Receivables	16 536	16 655	16 655	1 285	7 573	8 328	(755)	-9%	16 655
Interest from Current and Non Current Assets	21 988	17 435	17 435	837	13 737	8 717	5 020	58%	17 435
Operational Revenue	1 241	404	404	128	307	202	105	52%	404
Non-Exchange Revenue									
Property rates							-		
Surcharges and Taxes							-		
Fines, penalties and forfeits	478	-	-	-	786	-	786	#DIV/0!	-
Licence and permits							-		
Transfers and subsidies - Operational	477 532	532 623	532 623	163 946	377 978	266 312	111 666	42%	532 623
Interest	-	-	-	-	-	-	-		-
Fuel Levy							-		
Operational Revenue	-	-	-	-	-	-	-		-
Gains on disposal of Assets	-	-	-	-	-	-	-		-
Other Gains	1 374	-	-	-	-	-	-		-
Discontinued Operations							-		
Total Revenue (excluding capital transfers and contributions)	591 885	638 975	638 975	172 131	440 086	319 487	120 599	38%	638 975
Expenditure By Type									
Employee related costs	256 039	273 607	273 607	21 772	125 967	136 805	(10 838)	-8%	273 607
Remuneration of councillors	6 932	8 606	8 606	605	3 832	4 303	(471)	-11%	8 606
Bulk purchases - electricity	-	-	-	-	-	-	-		-
Inventory consumed	33 598	36 810	36 810	3 542	15 928	18 405	(2 477)	-13%	36 810
Debt impairment	10 796	-	-	-	-	-	-		-
Depreciation and amortisation	236 930	101 837	101 837	-	-	50 919	(50 919)	-100%	101 837
Interest	2	115	115	-	-	57	(57)	-100%	115
Contracted services	122 694	152 097	151 807	16 542	82 143	75 974	6 170	8%	151 807
Transfers and subsidies	-	6 700	6 700	-	-	3 350	(3 350)	-100%	6 700
Irrecoverable debts written off	29 995	31 908	31 908	23	8 022	15 954	(7 932)	-50%	31 908
Operational costs	91 283	104 257	104 547	13 160	64 745	52 204	12 541	24%	104 547
Losses on Disposal of Assets	1 190	-	-	-	-	-	-		-
Total Expenditure	789 459	715 937	715 937	55 643	300 638	357 970	(57 332)	-16%	715 937
Surplus/(Deficit)	(197 574)	(76 962)	(76 962)	116 489	139 448	(38 483)	177 931	(0)	(76 962)
Transfers and subsidies - capital (monetary allocations)	332 319	318 124	323 856	-	105 117	160 495	(55 378)	(0)	323 856
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	134 745	241 161	246 894	116 489	244 565	122 012	122 553	0	246 894
Income Tax							-		
Surplus/(Deficit) after income tax	134 745	241 161	246 894	116 489	244 565	122 012	122 553	0	246 894
Share of Surplus/Deficit attributable to Joint Venture							-		
Share of Surplus/Deficit attributable to Minorities							-		
Surplus/(Deficit) attributable to municipality	134 745	241 161	246 894	116 489	244 565	122 012	122 553	0	246 894
Share of Surplus/Deficit attributable to Associate							-		
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	134 745	241 161	246 894	116 489	244 565	122 012	122 553	0	246 894

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 94%. The actual figure is based on accrued revenue. Billing is more than what was anticipated, however based on actual collection R36, 2million cash received as at 31 December 2024 excluding prepaid receipts.

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 what was anticipated or projected. This amount can therefore be adjusted upward during the budget adjustment.

Government grants – Equitable Share, FMG, EPWP, RRAMS, MIG, and WSIG tranches received. There has been a reduction of conditional grants from National Treasury in terms of DORA that occurred in October, however the adjustment budget was done and tabled to Council in November 2024 therefore there would be no adjustment in February for 2024/2025 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, Over budgeting for Councillors allowance due to late determination receipt.

Depreciation – There has been no depreciation processed to date. The year to date actual for Development agency is at 78 per cent. 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).

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 insufficient for the next 6 months and adjustment would be necessary.

Contracted services – includes the Repairs and Maintenance, Security, Legal fees etc. This expenditure is linked to contractual commitments. This line item will be adjusted upward during the adjustment process.

Other expenditure – includes items such as fleet costs (fuel & oil, tyres, admin costs, licences), Eskom, 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.

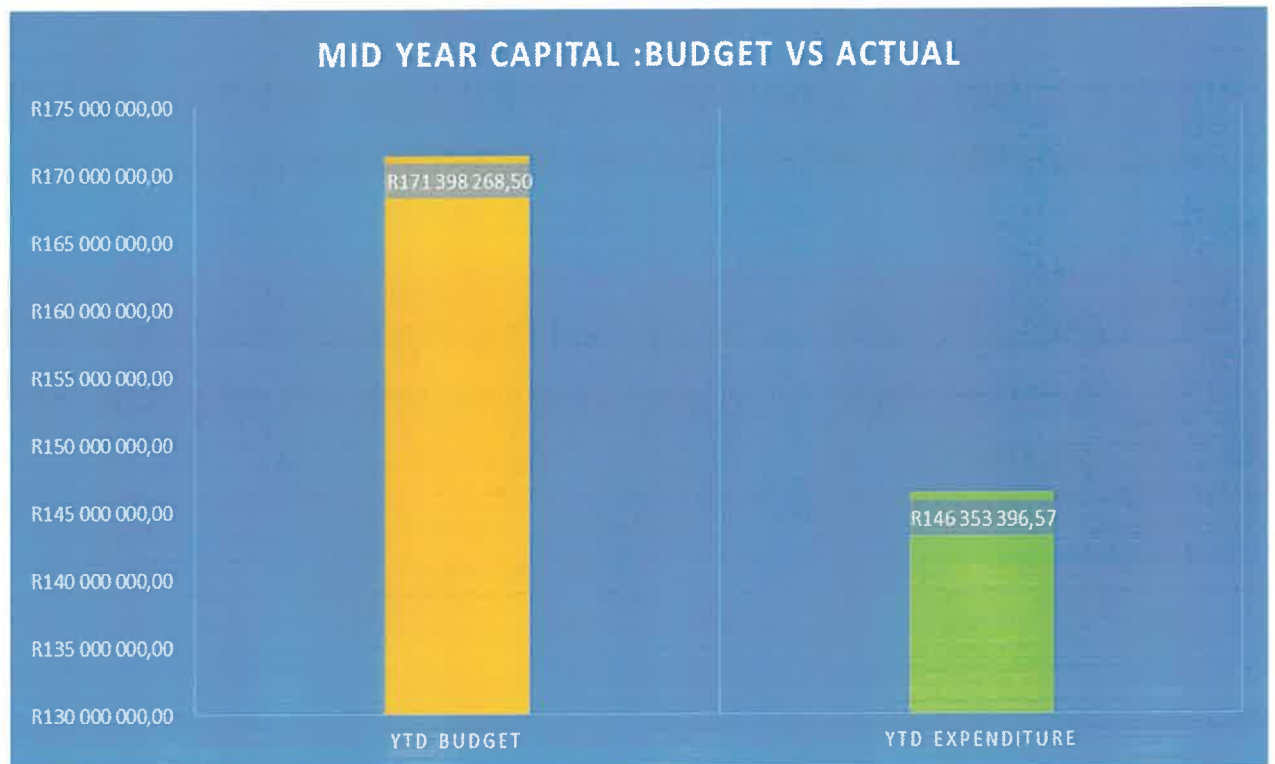
DC43 Harry Gwala - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M06 December)

Vote Description	2023/24	Budget Year 2024/25							
	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	4 385	9 480	12 480	658	6 268	5 490	778	14%	12 480
Vote 05 - Summary Social Services & Development Planning	986	5 640	5 640	-	-	2 820	(2 820)	-100%	5 640
Vote 06 - Summary Infrastructure Services	78 007	122 732	118 076	11 244	38 824	60 202	(21 379)	-36%	118 076
Vote 07 - Summary Water Services	226 226	184 460	206 600	13 632	101 262	97 765	3 497	4%	206 600
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	309 604	322 312	342 797	25 534	146 353	166 277	(19 924)	-12%	342 797
Total Capital Expenditure	309 604	322 312	342 797	25 534	146 353	166 277	(19 924)	-12%	342 797
Capital Expenditure - Functional Classification									
<i>Governance and administration</i>	4 385	14 205	17 205	658	6 268	7 853	(1 584)	-20%	17 205
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	4 385	14 205	17 205	658	6 268	7 853	(1 584)	-20%	17 205
Internal audit	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	986	600	600	-	-	300	(300)	-100%	600
Community and social services	986	600	600	-	-	300	(300)	-100%	600
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	60 631	121 210	115 421	11 244	35 423	58 988	(23 565)	-40%	115 421
Planning and development	60 631	121 210	115 421	11 244	35 423	58 988	(23 565)	-40%	115 421
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	243 602	186 297	209 570	13 632	104 662	99 137	5 526	6%	209 570
Energy sources	-	-	-	-	-	-	-	-	-
Water management	178 637	176 093	185 775	9 281	87 155	90 637	(3 482)	-4%	185 775
Waste water management	64 965	10 204	23 796	4 351	17 507	8 500	9 007	106%	23 796
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	309 604	322 312	342 797	25 534	146 353	166 277	(19 924)	-12%	342 797
Funded by:									
National Government	298 048	276 629	274 647	24 513	129 993	137 819	(7 826)	-6%	274 647
Provincial Government	-	-	6 967	-	-	1 742	(1 742)	-100%	6 967
District Municipality	-	315	315	-	-	158	(158)	-100%	315
Transfers recognised - capital	298 048	276 944	281 929	24 513	129 993	139 718	(9 726)	-7%	281 929
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	11 555	45 368	60 868	1 021	16 361	26 559	(10 198)	-38%	60 868
Total Capital Funding	309 604	322 312	342 797	25 534	146 353	166 277	(19 924)	-12%	342 797

The 2024/2025 mid-year capital expenditure has underperformed by 15% from year to date to budget, there is a slightly decrease in expenditure of capital projects compared to previous financial year due to WSIG appointment of contractors. There is a high possibility that MIG grant will be finished before the end of financial year. 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 R146, 3million against a YTD budget of R171, 3million. In monetary terms, these figures represent 85% percent performance against the capital development programme as at midyear.

Table C6 displays the financial position of the municipality as at 31 December 2024.

As at midyear, the current ratio has slightly decrease to 0.1:7 compared to 0.1:9 as at the end of the last financial year mid-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.

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

Description	2023/24	Budget Year 2024/25			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash and cash equivalents	209 430	139 694	139 694	448 960	139 694
Trade and other receivables from exchange transactions	12 036	29 605	29 605	12 953	29 605
Receivables from non-exchange transactions	2 312	2 311	2 311	2 312	2 311
Current portion of non-current receivables	–	–	–	–	–
Inventory	858	759	759	866	759
VAT	19 164	36 188	21 436	26 312	21 436
Other current assets	(229)	2	2	(231)	2
Total current assets	243 572	208 559	193 806	491 171	193 806
Non current assets					
Investments					
Investment property	–	–	–	–	–
Property, plant and equipment	2 996 864	3 444 846	3 465 330	3 143 218	3 465 330
Biological assets					
Living and non-living resources					
Heritage assets					
Intangible assets	313	1 473	1 473	313	1 473
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	2 997 178	3 446 319	3 466 804	3 143 531	3 466 804
TOTAL ASSETS	3 240 750	3 654 878	3 660 610	3 634 702	3 660 610
LIABILITIES					
Current liabilities					
Bank overdraft	–	–	–	–	–
Financial liabilities	12 806	8 006	8 006	12 806	8 006
Consumer deposits	3 179	3 522	3 522	3 378	3 522
Trade and other payables from exchange transactions	86 935	86 542	86 542	84 497	86 542
Trade and other payables from non-exchange transactions	10 500	1 483	1 483	158 068	1 483
Provision	16 385	17 142	17 142	16 385	17 142
VAT	5 282	7 402	7 402	9 343	7 402
Other current liabilities	–	–	–	–	–
Total current liabilities	135 087	124 097	124 097	284 477	124 097
Non current liabilities					
Financial liabilities	(0)	–	–	(0)	–
Provision	30 536	29 399	29 399	30 536	29 399
Long term portion of trade payables	–	–	–	–	–
Other non-current liabilities	–	–	–	–	–
Total non current liabilities	30 536	29 399	29 399	30 536	29 399
TOTAL LIABILITIES	165 623	153 496	153 496	315 013	153 496
NET ASSETS	3 075 127	3 501 382	3 507 114	3 319 689	3 507 114
COMMUNITY WEALTH/EQUITY					
Accumulated surplus/(deficit)	3 262 762	3 501 382	3 501 382	3 319 689	3 501 382
Reserves and funds	–	–	–	–	–
Other	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	3 262 762	3 501 382	3 501 382	3 319 689	3 501 382

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	2023/24	Budget Year 2024/25							
	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	6	-	-	-	-	-	-	-	-
Service charges	62 324	62 194	62 194	3 875	37 247	31 097	6 149	20%	62 194
Other revenue	1 805 797	68 324	86 092	56 636	695 074	43 046	652 028	1515%	86 092
Transfers and Subsidies - Operational	473 045	512 493	512 493	163 946	374 948	256 247	118 701	46%	512 493
Transfers and Subsidies - Capital	326 130	318 124	323 856	97 952	255 714	161 928	93 786	58%	323 856
Interest	21 988	18 053	18 053	837	13 738	9 026	4 711	52%	18 053
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(888 412)	(652 698)	(668 307)	(66 258)	(485 178)	(334 154)	151 024	-45%	(668 307)
Interest	-	(142)	(142)	-	-	(71)	(71)	100%	(142)
Transfers and Subsidies	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 800 878	326 348	334 239	256 988	891 543	167 119	(724 423)	-433%	334 239
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	(309 604)	(322 312)	(342 797)	(25 534)	(146 353)	(171 398)	(25 045)	15%	(342 797)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(309 604)	(322 312)	(342 797)	(25 534)	(146 353)	(171 398)	(25 045)	15%	(342 797)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	(355)	(569)	(569)	-	-	(285)	285	-100%	(569)
Payments									
Repayment of borrowing	-	(2 400)	(2 400)	-	-	(1 200)	(1 200)	100%	(2 400)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(355)	(2 969)	(2 969)	-	-	(1 485)	(1 485)	100%	(2 969)
NET INCREASE/ (DECREASE) IN CASH HELD	1 490 920	1 067	(11 527)	231 454	745 189	(5 764)			(11 527)
Cash/cash equivalents at beginning:	124 641	151 221	151 221	723 166	209 430	151 221			209 430
Cash/cash equivalents at month/year end:	1 615 561	152 288	139 694	954 620	954 620	145 457			197 903

There have been more expected collection levels signalled by a collection of 94%. 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. The collection level has put a strain on the cash flow levels of the Municipality even though there are great strategies in place to improve more on collection.

Interest has been more than the year-to-date budget which was influenced by the fixed deposits and positive bank balance and the money that is invested in both Standard Bank and First National Bank.

Table C1 Parent Monthly Budget

Harry Gwala District Municipality

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

Description	2023/24	Budget Year 2024/25							
	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	72 558	71 195	71 195	5 934	39 640	35 598	4 042	11%	71 195
Investment revenue	21 988	16 035	16 035	837	13 737	8 017	5 720	71%	16 035
Transfers and subsidies - Operational	477 532	512 493	512 493	183 946	377 878	256 247	121 731	0	512 493
Other own revenue	19 807	17 721	17 721	1 414	8 731	8 861	(129)	-1%	-
Total Revenue (excluding capital transfers and contributions)	591 885	617 445	617 445	172 131	440 086	308 722	131 364	43%	617 445
Employee costs	256 039	265 764	265 764	21 772	125 967	132 883	(6 916)	-5%	265 764
Remuneration of Councillors	6 932	8 606	8 606	605	3 832	4 303	(471)	-11%	8 606
Depreciation and amortisation	236 930	101 010	101 010	-	-	50 505	(50 505)	-100%	101 010
Interest	2	15	15	-	-	7	(7)	-100%	15
Inventory consumed and bulk purchases	33 598	36 740	36 740	3 542	15 928	18 370	(2 442)	-13%	36 740
Other expenditure	255 958	283 312	283 312	29 725	154 911	141 856	13 254	9%	283 312
Total Expenditure	789 459	695 447	695 447	55 643	300 638	347 725	(47 087)	-14%	695 447
Surplus/(Deficit)	(197 574)	(78 002)	(78 002)	116 489	139 448	(39 003)	178 451	-458%	(78 002)
Transfers and subsidies - capital (monetary allocations)	332 319	318 124	323 856	-	105 117	180 495	(55 378)	-35%	323 856
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	134 745	240 121	245 854	116 489	244 565	121 492	123 073	101%	245 854
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	134 745	240 121	245 854	116 489	244 565	121 492	123 073	101%	245 854
Capital expenditure & funds sources									
Capital expenditure	309 604	317 272	337 757	25 534	146 353	163 757	(17 404)	-11%	337 757
Capital transfers recognised	298 048	276 629	281 614	24 513	129 993	139 561	(9 568)	-7%	281 614
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	11 555	40 643	56 143	1 021	16 361	24 196	(7 836)	-32%	56 143
Total sources of capital funds	309 604	317 272	337 757	25 534	146 353	163 757	(17 404)	-11%	337 757
Financial position									
Total current assets	243 572	193 575	178 823		491 171				178 823
Total non current assets	2 997 178	3 440 496	3 460 971		3 143 531				3 460 971
Total current liabilities	135 087	120 580	120 580		284 477				120 580
Total non current liabilities	30 536	29 399	29 399		30 536				29 399
Community wealth/Equity	3 262 762	3 487 037	3 487 037		3 319 689				3 487 037
Cash flows									
Net cash from (used) operating	1 800 878	344 742	352 632	256 988	891 543	176 316	(715 227)	-405%	352 632
Net cash from (used) investing	(309 604)	(322 312)	(342 797)	(25 534)	(146 353)	(171 398)	(25 045)	15%	(342 797)
Net cash from (used) financing	(355)	(2 969)	(2 969)	-	-	(1 485)	(1 485)	100%	(2 969)
Cash/cash equivalents at the month/year end	1 615 561	156 316	143 722	954 620	954 620	140 269	(814 331)	-580%	216 297
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dye	151-180 Dye	181 Dye-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	6 631	7 632	4 406	4 205	4 009	4 136	19 559	184 315	234 894
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	-	-

Financial Performance by Functional Classification

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

DC43 Harry Gwala - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	2023/24	Budget Year 2024/25							
	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>	490 123	510 213	510 213	164 911	384 195	255 107	129 088	51%	510 213
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	490 123	510 213	510 213	164 911	384 195	255 107	129 088	51%	510 213
Internal audit	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	42	17	17	5	15	8	6	77%	17
Community and social services	42	17	17	5	15	8	6	77%	17
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	-	-	8 013	-	-	2 003	(2 003)	-100%	8 013
Planning and development	-	-	8 013	-	-	2 003	(2 003)	-100%	8 013
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	434 040	425 338	423 058	7 215	160 993	212 099	(51 106)	-24%	423 058
Energy sources	-	-	-	-	-	-	-	-	-
Water management	420 226	409 956	407 676	6 201	154 153	204 408	(50 255)	-25%	407 676
Waste water management	13 814	15 382	15 382	1 014	6 840	7 691	(851)	-11%	15 382
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	924 204	935 568	941 301	172 131	545 203	469 217	75 986	16%	941 301
Expenditure - Functional									
<i>Governance and administration</i>	282 513	315 547	313 804	23 479	141 080	157 122	(16 042)	-10%	313 804
Executive and council	30 252	37 277	37 277	2 350	17 633	18 639	(1 006)	-5%	37 277
Finance and administration	243 702	266 211	265 911	20 450	119 422	133 031	(13 609)	-10%	265 911
Internal audit	8 559	12 058	10 616	680	4 025	5 452	(1 427)	-28%	10 616
<i>Community and public safety</i>	19 285	24 662	24 662	1 457	8 369	12 331	(3 963)	-32%	24 662
Community and social services	19 285	24 662	24 662	1 457	8 369	12 331	(3 963)	-32%	24 662
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	294 606	168 636	170 079	11 050	42 191	84 896	(42 705)	-50%	170 079
Planning and development	294 606	168 636	170 079	11 050	42 191	84 896	(42 705)	-50%	170 079
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	193 055	186 601	186 901	19 656	108 999	93 376	15 623	17%	186 901
Energy sources	-	-	-	-	-	-	-	-	-
Water management	192 868	185 665	185 965	19 640	108 910	92 908	16 003	17%	185 965
Waste water management	187	937	937	16	89	468	(380)	-81%	937
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	789 459	695 447	695 447	55 643	300 638	347 725	(47 087)	-14%	695 447
Surplus/ (Deficit) for the year	134 745	240 121	245 854	116 489	244 565	121 492	123 073	1,01300794	245 854

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 2024 was R 545, 2million against a year to date budget of R 470, 6million representing over performance of 16%.

Expenditure by standard classification presents the expenditure by the departments. The operational budget performance at midyear was 86% against the year to date budget which is under performed by 14%.

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

Vote Description	2023/24	Budget Year 2024/25							
	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	489 676	509 775	509 775	164 911	383 946	254 887	129 058	50,6%	509 775
Vote 04 - Summary Corporate Services	418	387	387	-	161	194	(32)	-16,6%	387
Vote 05 - Summary Social Services & Development Planning	42	17	17	5	15	8	6	76,6%	17
Vote 06 - Summary Infrastructure Services	348 937	343 279	349 012	149	115 484	173 073	(57 589)	-33,3%	349 012
Vote 07 - Summary Water Services	85 131	82 110	82 110	7 066	45 597	41 055	4 542	11,1%	82 110
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	924 204	935 568	941 301	172 131	545 203	469 217	75 986	16,2%	941 301
Expenditure by Vote									
Vote 01 - Summary Council	15 581	21 342	21 342	1 120	9 986	10 671	(685)	-6,4%	21 342
Vote 02 - Summary Municipal Manager	23 229	27 993	27 993	1 909	12 386	13 997	(1 611)	-11,5%	27 993
Vote 03 - Summary Budget And Treasury Office	97 677	105 423	105 423	6 341	33 677	52 712	(19 035)	-36,1%	105 423
Vote 04 - Summary Corporate Services	93 168	106 417	106 417	8 296	50 692	53 209	(2 517)	-4,7%	106 417
Vote 05 - Summary Social Services & Development Planning	56 417	67 882	67 882	9 721	29 621	33 941	(4 321)	-12,7%	67 882
Vote 06 - Summary Infrastructure Services	257 942	125 796	125 796	2 827	20 519	62 898	(42 379)	-67,4%	125 796
Vote 07 - Summary Water Services	245 444	240 594	240 594	25 429	143 758	120 297	23 461	19,5%	240 594
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	789 459	695 447	695 447	55 643	300 638	347 725	(47 087)	-13,5%	695 447
Surplus/ (Deficit) for the year	134 745	240 121	245 854	116 488	244 565	121 492	123 073	101,3%	245 854

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	2023/24	Budget Year 2024/25							
	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	59 302	56 944	56 944	5 095	33 163	28 472	4 691	16%	56 944
Service charges - Waste Water Management	13 256	14 252	14 252	839	6 477	7 126	(649)	-9%	14 252
Service charges - Waste management							-		
Sale of Goods and Rendering of Services	178	663	663	1	65	331	(266)	-80%	663
Agency services							-		
Interest							-		
Interest earned from Receivables	16 536	16 655	16 655	1 285	7 573	8 328	(755)	-9%	16 655
Interest from Current and Non Current Assets	21 988	16 035	16 035	837	13 737	8 017	5 720	71%	16 035
Licence and permits							-		
Operational Revenue	1 241	404	404	128	307	202	105	52%	404
Non-Exchange Revenue									
Property rates							-		
Surcharges and Taxes							-		
Fines, penalties and forfeits	478	-	-	-	786	-	786	#DIV/0!	-
Licence and permits							-		
Transfers and subsidies - Operational	477 532	512 493	512 493	163 946	377 978	256 247	121 731	48%	512 493
Interest	-	-	-	-	-	-	-		-
Fuel Levy							-		
Operational Revenue	-	-	-	-	-	-	-		-
Gains on disposal of Assets	-	-	-	-	-	-	-		-
Other Gains	1 374	-	-	-	-	-	-		-
Discontinued Operations							-		
Total Revenue (excluding capital transfers and contributions)	591 885	617 445	617 445	172 131	440 086	308 722	131 364	43%	617 445
Expenditure By Type									
Employee related costs	256 039	265 764	265 764	21 772	125 967	132 883	(6 916)	-5%	265 764
Remuneration of councillors	6 932	8 606	8 606	605	3 832	4 303	(471)	-11%	8 606
Bulk purchases - electricity	-	-	-	-	-	-	-		-
Inventory consumed	33 598	36 740	36 740	3 542	15 928	18 370	(2 442)	-13%	36 740
Debt impairment	10 796	-	-	-	-	-	-		-
Depreciation and amortisation	236 930	101 010	101 010	-	-	50 505	(50 505)	-100%	101 010
Interest	2	15	15	-	-	7	(7)	-100%	15
Contracted services	122 694	149 165	148 875	16 542	82 143	74 508	7 636	10%	148 875
Transfers and subsidies	-	-	-	-	-	-	-		-
Irrecoverable debts written off	29 995	31 908	31 908	23	8 022	15 954	(7 932)	-50%	31 908
Operational costs	91 283	102 239	102 529	13 160	64 745	51 194	13 551	26%	102 529
Losses on Disposal of Assets	1 190	-	-	-	-	-	-		-
Other Losses	-	-	-	-	-	-	-		-
Total Expenditure	789 459	695 447	695 447	55 643	300 638	347 725	(47 087)	-14%	695 447
Surplus/(Deficit)	(197 574)	(78 002)	(78 002)	116 489	139 448	(39 003)	178 451	(0)	(78 002)
Transfers and subsidies - capital (monetary allocations)	332 319	318 124	323 856	-	105 117	160 495	(55 378)	(0)	323 856
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	134 745	240 121	245 854	116 489	244 565	121 492	123 073	0	245 854
Income Tax							-		
Surplus/(Deficit) after income tax	134 745	240 121	245 854	116 489	244 565	121 492	123 073	0	245 854
Share of Surplus/Deficit attributable to Joint Venture							-		
Share of Surplus/Deficit attributable to Minorities							-		
Surplus/(Deficit) attributable to municipality	134 745	240 121	245 854	116 489	244 565	121 492	123 073	0	245 854
Share of Surplus/Deficit attributable to Associate							-		
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	134 745	240 121	245 854	116 489	244 565	121 492	123 073	0	245 854

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	2023/24	Budget Year 2024/25							
	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	4 385	9 480	12 480	658	6 268	5 490	778	14%	12 480
Vote 05 - Summary Social Services & Development Planning	986	600	600	-	-	300	(300)	-100%	600
Vote 06 - Summary Infrastructure Services	78 007	122 732	118 076	11 244	38 824	60 202	(21 379)	-36%	118 076
Vote 07 - Summary Water Services	226 226	184 460	206 600	13 632	101 262	97 765	3 497	4%	206 600
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	309 604	317 272	337 757	25 534	146 353	163 757	(17 404)	-11%	337 757
Total Capital Expenditure	309 604	317 272	337 757	25 534	146 353	163 757	(17 404)	-11%	337 757
Capital Expenditure - Functional Classification									
Governance and administration	4 385	9 480	12 480	658	6 268	5 490	778	14%	12 480
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	4 385	9 480	12 480	658	6 268	5 490	778	14%	12 480
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	986	600	600	-	-	300	(300)	-100%	600
Community and social services	986	600	600	-	-	300	(300)	-100%	600
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	60 631	120 895	115 106	11 244	35 423	58 830	(23 407)	-40%	115 106
Planning and development	60 631	120 895	115 106	11 244	35 423	58 830	(23 407)	-40%	115 106
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	243 602	186 297	209 570	13 632	104 662	99 137	5 526	6%	209 570
Energy sources	-	-	-	-	-	-	-	-	-
Water management	178 637	176 093	185 775	9 281	87 155	90 637	(3 482)	-4%	185 775
Waste water management	64 965	10 204	23 796	4 351	17 507	8 500	9 007	106%	23 796
Waste management	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	309 604	317 272	337 757	25 534	146 353	163 757	(17 404)	-11%	337 757
Funded by:									
National Government	298 048	276 629	274 647	24 513	129 993	137 819	(7 826)	-6%	274 647
Provincial Government	-	-	6 967	-	-	1 742	(1 742)	-100%	6 967
District Municipality	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	298 048	276 629	281 614	24 513	129 993	139 561	(9 568)	-7%	281 614
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	11 555	40 643	56 143	1 021	16 361	24 196	(7 836)	-32%	56 143
Total Capital Funding	309 604	317 272	337 757	25 534	146 353	163 757	(17 404)	-11%	337 757

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 underspending for the mid-year ending 31 December 2024. The 2024/2025 year to date actual capital expenditure amounting to R146, 3million against year-to-date budget of R168, 8million representing 87% of the year-to-date budget.

Table C6 displays the financial position of the municipality as at 31 December 2024.

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

Description	2023/24	Budget Year 2024/25			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash and cash equivalents	209 430	124 710	124 710	448 960	124 710
Trade and other receivables from exchange transactions	12 036	29 605	29 605	12 953	29 605
Receivables from non-exchange transactions	2 312	2 311	2 311	2 312	2 311
Current portion of non-current receivables	-	-	-	-	-
Inventory	858	759	759	866	759
VAT	19 164	36 188	21 436	26 312	21 436
Other current assets	(229)	2	2	(231)	2
Total current assets	243 572	193 575	178 823	491 171	178 823
Non current assets					
Investments					
Investment property	-	-	-	-	-
Property, plant and equipment	2 996 864	3 439 263	3 459 748	3 143 218	3 459 748
Intangible assets	313	1 223	1 223	313	1 223
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	2 997 178	3 440 486	3 460 971	3 143 531	3 460 971
TOTAL ASSETS	3 240 750	3 634 061	3 639 794	3 634 702	3 639 794
LIABILITIES					
Current liabilities					
Bank overdraft	-	-	-	-	-
Financial liabilities	12 806	8 006	8 006	12 806	8 006
Consumer deposits	3 179	3 522	3 522	3 378	3 522
Trade and other payables from exchange transactions	86 935	84 509	84 509	84 497	84 509
Trade and other payables from non-exchange transactions	10 500	-	-	158 068	-
Provision	16 385	17 142	17 142	16 385	17 142
VAT	5 282	7 402	7 402	9 343	7 402
Other current liabilities	-	-	-	-	-
Total current liabilities	135 087	120 580	120 580	284 477	120 580
Non current liabilities					
Financial liabilities	(0)	-	-	(0)	-
Provision	30 536	29 399	29 399	30 536	29 399
Long term portion of trade payables	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-
Total non current liabilities	30 536	29 399	29 399	30 536	29 399
TOTAL LIABILITIES	165 623	149 979	149 979	315 013	149 979
NET ASSETS	3 075 127	3 484 082	3 489 815	3 319 689	3 489 815
COMMUNITY WEALTH/EQUITY					
Accumulated surplus/(deficit)	3 262 762	3 487 037	3 487 037	3 319 689	3 487 037
Reserves and funds	-	-	-	-	-
Other	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	3 262 762	3 487 037	3 487 037	3 319 689	3 487 037

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

DC43 Harry Gwala - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	2023/24	Budget Year 2024/25							
	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	6	-	-	-	-	-	-	-	-
Service charges	62 324	62 194	62 194	3 875	37 247	31 097	6 149	20%	62 194
Other revenue	1 805 797	68 324	86 092	56 636	695 074	43 046	652 028	1515%	86 092
Transfers and Subsidies - Operational	473 045	512 493	512 493	163 946	374 948	256 247	118 701	46%	512 493
Transfers and Subsidies - Capital	326 130	318 124	323 856	97 952	255 714	161 928	93 786	58%	323 856
Interest	21 988	17 435	17 435	837	13 738	8 717	5 020	58%	17 435
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(888 412)	(633 686)	(649 296)	(66 258)	(485 178)	(324 648)	160 530	-49%	(649 296)
Interest	-	(142)	(142)	-	-	(71)	(71)	100%	(142)
Transfers and Subsidies	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 800 878	344 742	352 632	256 988	891 543	176 316	(715 227)	-406%	352 632
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	(309 604)	(322 312)	(342 797)	(25 534)	(146 353)	(171 398)	(25 045)	15%	(342 797)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(309 604)	(322 312)	(342 797)	(25 534)	(146 353)	(171 398)	(25 045)	15%	(342 797)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	(355)	(569)	(569)	-	-	(285)	285	-100%	(569)
Payments									
Repayment of borrowing	-	(2 400)	(2 400)	-	-	(1 200)	(1 200)	100%	(2 400)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(355)	(2 969)	(2 969)	-	-	(1 485)	(1 485)	100%	(2 969)
NET INCREASE/ (DECREASE) IN CASH HELD	1 490 920	19 461	6 866	231 454	745 189	3 433			6 866
Cash/cash equivalents at beginning:	124 641	136 856	136 856	723 166	209 430	136 856			209 430
Cash/cash equivalents at month/year end:	1 615 561	156 316	143 722	954 620	954 620	140 289			216 297

2. PART 2 – SUPPORTING DOCUMENTATION

2.1 Debtors Analysis

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

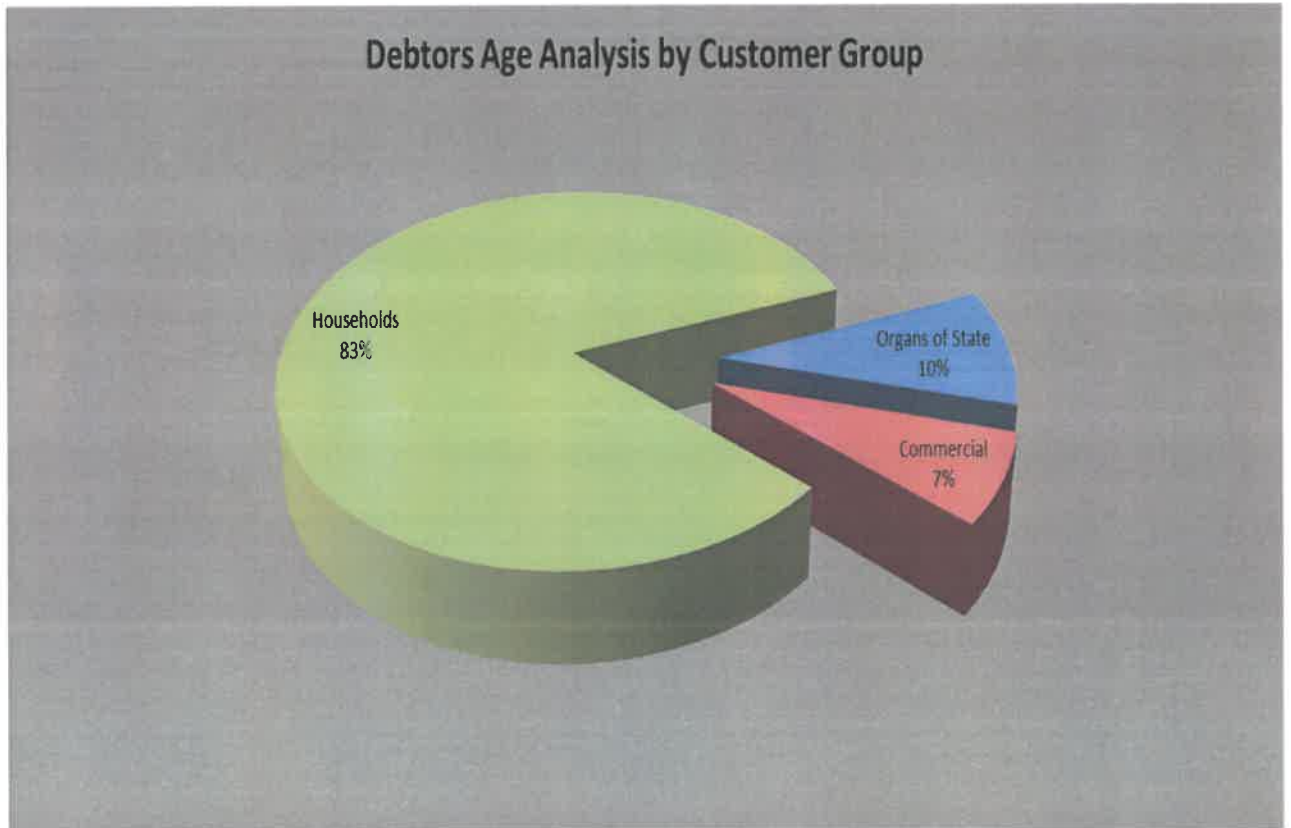
Table 2.1.1: Debtors Age Analysis by Income Source

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

Description	Budget Year 2024/25									
	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	4 257	4 899	2 828	2 699	2 573	2 655	12 555	118 316	150 784	138 799
Trade and Other Receivables from Exchange Transactions - Electricity									-	-
Receivables from Non-exchange Transactions - Property Rates									-	-
Receivables from Exchange Transactions - Waste Water Management	1 663	1 914	1 105	1 055	1 005	1 037	4 905	46 221	58 905	54 224
Receivables from Exchange Transactions - Waste Management									-	-
Receivables from Exchange Transactions - Property Rental Debtors									-	-
Interest on Arrear Debtor Accounts	712	819	473	451	430	444	2 099	19 777	25 205	23 201
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									-	-
Other									-	-
Total By Income Source	6 631	7 632	4 406	4 205	4 009	4 136	19 559	184 315	234 894	216 224
2023/24 - totals only	0	0	0	0	0	0	0	0	-	-
Debtors Age Analysis By Customer Group										
Organs of State	3 464	4 191	1 347	1 257	862	1 504	4 126	6 303	23 055	14 053
Commercial	680	615	390	310	624	271	1 875	12 703	17 466	15 781
Households	2 487	2 826	2 668	2 638	2 523	2 361	13 559	165 309	194 372	166 391
Other									-	-
Total By Customer Group	6 631	7 632	4 406	4 205	4 009	4 136	19 559	184 315	234 894	216 224

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: 83%
- ✓ Government 10%
- ✓ Business 7%

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 2024	NOVEMBER 2024
Unallocated receipts	R 146 560	2%	2%
Bhongweni	R 4 362	0%	1%
Shayamoya	R 11 094	0%	1%
Kokstad	R 1 739 323	54%	40%
Ixopo	R 546 097	17%	14%
NDZ	R 285 179	9%	21%
Umzimkulu	R 457 731	14%	22%
Fairview	R 1 920	0%	0%
TOTAL RECEIPTS INCL VAT	R 3 192 267	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 2024 is R3, 1million, prepaid is R 1, 2million.Total cash collected including prepaid is R 4, 4million. The total billing for the mid-year is R 38, 4million against collection of R36, 2million representing 94 per cent excluding prepaid receipts.

BILLING VS COLLECTION TREND FOR DECEMBER 2024

The chart that follows below shows the comparison between billing and collection trend for the period ending 31 December 2024.

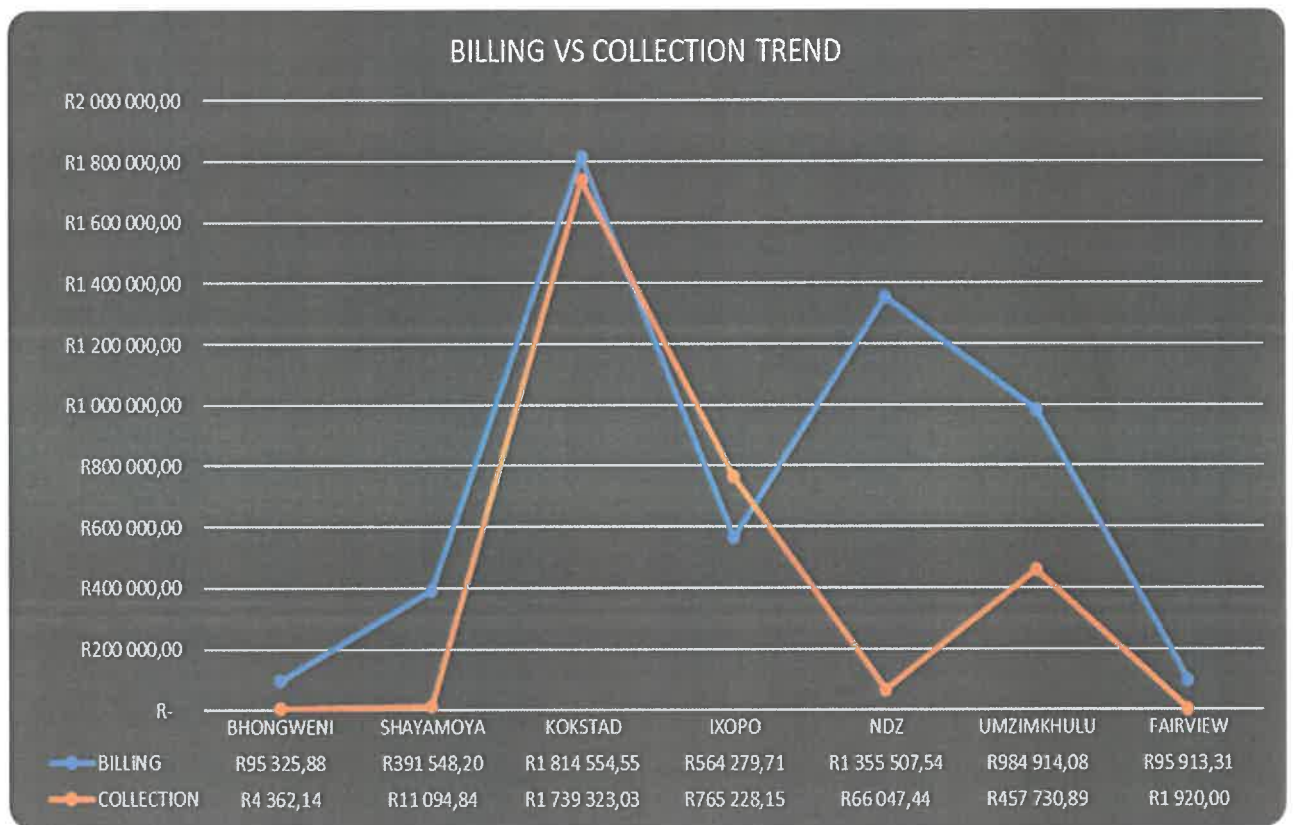
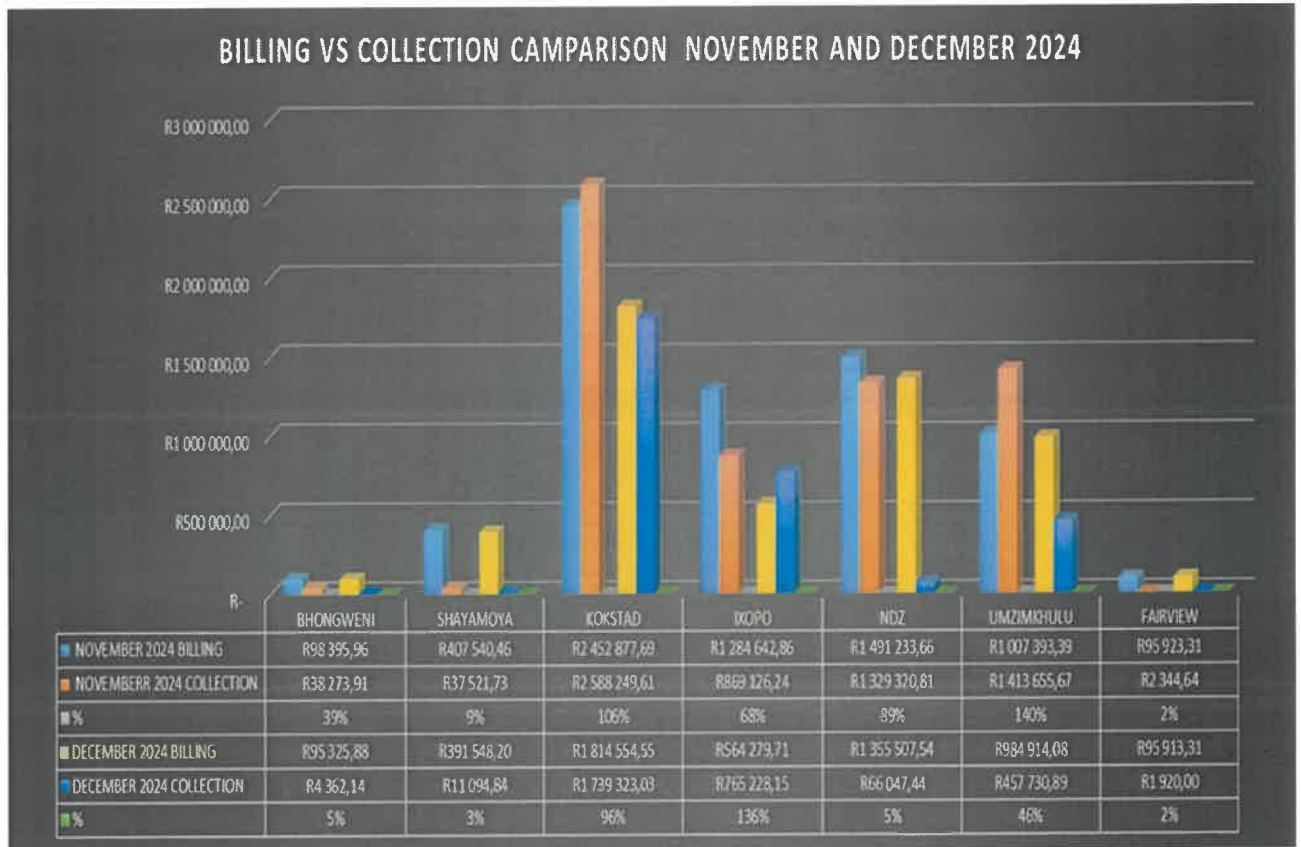


CHART 3: BILLING VS COLLECTION (COMPARISON BETWEEN NOVEMBER AND DECEMBER 2024)



Debtors age analysis per service

The municipality's total outstanding debtors amounted to R 234,893,548 as at 31 December 2024 compared with the R 231,353,242 as at 30 November 2024. Current debt represents 3% of the total outstanding debt compared with the 4% of November 2024; 30 days and older debt 3% compared with the 3% for November 2024; 60 days and older debt 2% compared with the 2% of November 2024; and 90 days 2% compared with the 2% of November 2024; 120 days to History and older 90% compared with the 90% for November 2024.

Current debt increased with R 1,729,773 to R 234,893,548 in the month ending 31 December compared with the R 231,353,260 as at 30 November 2024; 30 days + debt increased with R 1,383,502; 60 days + increased with R 131,986; 90 days + debt increased with R 73,217 and 120 + days and older debt as at 31 December 2024 has increased with R 3,595,851 to R 212,018,937 compared with the R 208,423,086 for November 2024.

Debtors age analysis per debtor type

Business debtors owes the municipality R 16,971,149 (7%); Municipal debtors R 1,333,775 (1%); domestic debtors R 185,391,009 (79%); Government accounts R 21,656,789 (9%); Indigent debtors R 3,215,754 (1%); Deceased R 1,223,195 (1%) and other debtors R 5,101,878 (2%) of the total outstanding debt of R 234,893,548.

2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 December 2024

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 2024.

CASH AND INVESTMENT REGISTER AS AT 31 DECEMBER 2024

Investments by maturity Name of institution & investment ID R thousands	Period of Investment	Type of Investment	Variable or Fixed interest rate	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
	Yrs/Months							
Municipality								
FIRST NATIONAL BANK	M	CALL ACCOUNT	Fixed	1 172	6	-	-	1 178
FIRST NATIONAL BANK	M	CALL ACCOUNT	Fixed	1 259	27	(19 782)	97 952	79 456
FIRST NATIONAL BANK	M	ADMIN CALL	Fixed	220	1	-	24 000	24 221
FIRST NATIONAL BANK	M	FIXED DEPOSIT	Fixed	55 466	353	-	-	55 819
FIRST NATIONAL BANK	M	CALL ACCOUNT	Fixed	1 148	6	-	-	1 154
FIRST NATIONAL BANK	M	CALL ACCOUNT	Fixed	68 383	385	-	14 546	63 314
FIRST NATIONAL BANK	M	CALL ACCOUNT	Fixed	1 905	10	-	-	1 915
FIRST NATIONAL BANK	M	FIXED DEPOSIT	Fixed	1 225	6	-	-	1 232
FNB BANK	M	FIXED DEPOSIT	Fixed	51 234	-	-	-	51 234
FNB BANK	M	FIXED DEPOSIT	Fixed	-	-	-	22 000	22 000
FNB BANK	M	FIXED DEPOSIT	Fixed	-	-	-	22 000	22 000
FNB BANK	M	FIXED DEPOSIT	Fixed	-	-	-	22 000	22 000
STANDARD BANK	M	FIXED DEPOSIT	Fixed	55 009	105	-	-	55 115
FNB BANK	M	CURRENT ACCOUNT	Fixed	22 086	-	(15 653)	-	6 433
Municipality sub-total				259 108	900	(35 435)	202 498	427 070
TOTAL INVESTMENTS AND INTEREST				259 108	900	(35 435)	202 498	427 070

2.4 Allocation and Grant receipts and Expenditure

Table SC 6 displays information relating to grant receipts.

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

Description	2023/24	Budget Year 2024/25							
	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:	477 532	512 493	512 493	163 946	377 978	256 247	121 731	47,5%	512 493
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Equitable Share	463 631	491 837	491 837	163 946	368 878	245 918	122 960	50,0%	491 837
Expanded Public Works Programme Integrated Grant	5 823	4 460	4 460	-	1 888	2 230	(342)	-15,3%	4 460
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant	1 200	1 200	1 200	-	323	600	(277)	-46,1%	1 200
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	4 487	12 498	12 498	-	6 069	6 249	(181)	-2,9%	12 498
Rural Road Asset Management Systems Grant	2 391	2 498	2 498	-	819	1 249	(430)	-34,4%	2 498
Water Services Infrastructure Grant	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
Provincial Government:	-	130	130	-	-	65	(65)	-100,0%	130
Capacity Building and Other Grants	-	130	130	-	-	65	(65)	-100,0%	130
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
District Municipality:	-	20 000	20 000	-	-	10 000	(10 000)	-100,0%	20 000
Specify (Add grant description)	-	20 000	20 000	-	-	10 000	(10 000)	-100,0%	20 000
Other grant providers:	-	-	-	-	-	-	-	-	-
Chemical Industry Seta	-	-	-	-	-	-	-	-	-
Parent Municipality	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	477 532	532 623	532 623	163 946	377 978	266 312	111 666	41,9%	532 623
Capital Transfers and Grants									
National Government:	332 319	318 124	315 844	-	105 117	158 492	(53 375)	-33,7%	315 844
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	242 319	218 124	215 844	-	79 646	108 492	(28 845)	-26,6%	215 844
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	90 000	100 000	100 000	-	25 470	50 000	(24 530)	-49,1%	100 000
Provincial Government:	-	-	8 013	-	-	2 003	(2 003)	-100,0%	8 013
Infrastructure Grant	-	-	8 013	-	-	2 003	(2 003)	-100,0%	8 013
District Municipality:	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Human Settlement Re-development Programme	-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	332 319	318 124	323 856	-	105 117	160 495	(55 378)	-34,5%	323 856
TOTAL RECEIPTS OF TRANSFERS & GRANTS	809 852	850 747	856 480	163 946	483 095	426 807	56 288	13,2%	856 480

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.

DC43 Harry Gwala - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	2023/24	Budget Year 2024/25							
	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:	680 056	632 656	632 656	51 306	244 150	316 330	(72 180)	-22,8%	632 656
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Equitable Share	662 032	608 896	608 896	49 967	229 996	304 450	(74 454)	-24,5%	608 896
Expanded Public Works Programme Integrated Grant	7 177	7 751	7 751	739	4 108	3 875	232	6,0%	7 751
Local Government Financial Management Grant	1 200	1 012	1 012	94	412	506	(94)	-18,6%	1 012
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	7 569	12 498	12 498	506	8 922	6 249	2 673	42,8%	12 498
Rural Road Asset Management Systems Grant	2 079	2 498	2 498	-	713	1 249	(536)	-42,9%	2 498
Water Services Infrastructure Grant	-	-	-	-	-	-	-	-	-
Provincial Government:	-	1 400	1 400	-	-	700	(700)	-100,0%	1 400
Capacity Building and Other Grants	-	1 400	1 400	-	-	700	(700)	-100,0%	1 400
District Municipality:	-	5 587	5 587	-	-	2 794	(2 794)	-100,0%	5 587
Specify (Add grant description)	-	5 587	5 587	-	-	2 794	(2 794)	-100,0%	5 587
Other grant providers:	-	-	-	-	-	-	-	-	-
Chemical Industry Seta	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	680 056	639 643	639 643	51 306	244 150	319 823	(75 673)	-23,7%	639 643
Capital expenditure of Transfers and Grants									
National Government:	298 048	276 629	274 647	24 513	129 993	137 819	(7 826)	-5,7%	274 647
Local Government Financial Management Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	214 739	189 673	187 690	17 202	100 520	94 341	6 179	6,5%	187 690
Regional Bulk Infrastructure Grant	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	83 310	86 957	86 957	7 311	29 473	43 478	(14 005)	-32,2%	86 957
Provincial Government:	-	-	6 967	-	-	1 742	(1 742)	-100,0%	6 967
Infrastructure Grant	-	-	6 967	-	-	1 742	(1 742)	-100,0%	6 967
District Municipality:	-	315	315	-	-	158	(158)	-100,0%	315
Specify (Add grant description)	-	315	315	-	-	158	(158)	-100,0%	315
Other grant providers:	-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	298 048	276 944	281 929	24 513	129 993	139 718	(9 726)	-7,0%	281 929
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	978 105	916 587	921 572	75 819	374 143	459 542	(85 399)	-18,6%	921 572

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	2023/24	Budget Year 2024/25							
	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	4 586	4 658	4 658	418	2 588	2 329	259	11%	4 658
Pension and UIF Contributions	133	578	578	2	27	289	(262)	-91%	578
Medical Aid Contributions	33	197	197	0	2	98	(97)	-98%	197
Cellphone Allowance	547	566	566	43	259	283	(24)	-8%	566
Other benefits and allowances	1 633	2 607	2 607	142	956	1 304	(347)	-27%	2 607
Sub Total - Councillors	6 932	8 606	8 606	605	3 832	4 303	(471)	-11%	8 606
% Increase		24,1%	24,1%						24,1%
Senior Managers of the Municipality									
Basic Salaries and Wages	5 777	4 759	4 759	458	2 750	2 380	370	16%	4 759
Pension and UIF Contributions	-	4	4	-	-	2	(2)	-100%	4
Medical Aid Contributions	48	51	51	4	24	25	(1)	-6%	51
Performance Bonus	55	181	181	-	69	91	(21)	-23%	181
Motor Vehicle Allowance	1 056	918	918	113	623	459	164	36%	918
Cellphone Allowance	110	119	119	10	58	59	(1)	-2%	119
Housing Allowances	394	336	336	46	277	188	109	65%	336
Other benefits and allowances	259	299	299	26	157	149	7	5%	299
Payments in lieu of leave	-	384	384	-	-	192	(192)	-100%	384
Sub Total - Senior Managers of Municipality	7 699	7 052	7 052	657	3 958	3 526	432	12%	7 052
% Increase		-8,4%	-8,4%						-8,4%
Other Municipal Staff									
Basic Salaries and Wages	148 363	154 317	154 317	13 612	78 106	77 159	947	1%	154 317
Pension and UIF Contributions	22 634	24 096	24 096	2 007	11 772	12 048	(277)	-2%	24 096
Medical Aid Contributions	10 905	11 412	11 412	898	5 435	5 706	(271)	-5%	11 412
Overtime	21 207	22 092	22 092	1 939	11 471	11 046	425	4%	22 092
Performance Bonus	10 668	10 909	10 909	1 024	5 314	5 454	(140)	-3%	10 909
Motor Vehicle Allowance	19 940	23 900	23 900	775	4 888	11 950	(7 062)	-59%	23 900
Cellphone Allowance	1 086	1 316	1 316	96	563	658	(95)	-14%	1 316
Housing Allowances	652	784	784	53	326	392	(66)	-17%	784
Other benefits and allowances	6 044	7 716	7 716	465	2 789	3 858	(1 069)	-28%	7 716
Payments in lieu of leave	1 020	657	657	192	1 025	329	697	212%	657
Long service awards	1 312	1 277	1 277	30	196	639	(442)	-68%	1 277
Post-retirement benefit obligations	4 175	-	-	-	-	-	-	-	-
Acting and post-related allowance	335	235	235	22	123	117	5	4%	235
Sub Total - Other Municipal Staff	248 340	258 713	258 713	21 115	122 009	129 357	(7 349)	-6%	258 713
% Increase		4,2%	4,2%						4,2%
Total Parent Municipality	262 971	274 370	274 370	22 376	129 799	137 186	(7 387)	-5%	274 370
		4,3%	4,3%						4,3%
Unpaid salary, allowances & benefits in arrears:									
Board Members of Entities									
Basic Salaries and Wages	-	320	320	-	-	160	(160)	-100%	320
Sub Total - Executive members Board	-	320	320	-	-	160	(160)	-100%	320
% Increase		#DIV/0!	#DIV/0!						#DIV/0!
Other Staff of Entities									
Basic Salaries and Wages	-	7 400	7 400	-	-	3 700	(3 700)	-100%	7 400
Pension and UIF Contributions	-	23	23	-	-	12	(12)	-100%	23
Payments in lieu of leave	-	50	50	-	-	25	(25)	-100%	50
Acting and post-related allowance	-	50	50	-	-	25	(25)	-100%	50
Sub Total - Other Staff of Entities	-	7 523	7 523	-	-	3 762	(3 762)	-100%	7 523
% Increase		#DIV/0!	#DIV/0!						#DIV/0!
Total Municipal Entities	-	7 843	7 843	-	-	3 922	(3 922)	-100%	7 843
TOTAL SALARY, ALLOWANCES & BENEFITS	262 971	282 213	282 213	22 376	129 799	141 108	(11 308)	-8%	282 213
% Increase		7,3%	7,3%						7,3%
TOTAL MANAGERS AND STAFF	256 039	273 287	273 287	21 772	125 967	136 645	(10 678)	-8%	273 287

2.6 Actual and Revised Targets

Table SC9 presents the actual and revised targets for cash receipts.

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

Description	Budget Year 2024/25												2024/25 Medium Term Revenue & Expenditure Framework		
	Budget Year 2024/25												Budget Year +1 2025/26	Budget Year +2 2026/27	
	July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Cash Receipts By Source															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - Electricity revenue	7 440	5 500	6 413	4 205	5 967	3 334	4 136	4 136	4 136	4 136	(3 806)	49 632	57 392	66 204	
Service charges - Water revenue	586	1 123	631	666	942	541	1 047	1 047	1 047	1 047	2 839	12 562	13 316	13 989	
Service charges - Waste Water Management															
Rental of facilities and equipment	1 623	1 240	2 592	3 894	3 562	837	1 504	1 504	1 504	1 504	(3 207)	18 053	17 170	17 996	
Interest earned - external investments	-	0	-	-	-	-	-	-	-	-	(0)	-	-	-	
Interest earned - outstanding debtors	-	-	69	717	-	-	-	-	-	-	(786)	-	-	-	
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and Subsidies - Operational	204 932	4 063	-	-	2 007	163 946	42 708	42 708	42 708	42 708	(75 993)	512 493	551 660	588 096	
Other revenue	116 275	69 008	248 324	95 816	108 129	56 636	7 174	7 174	7 174	7 174	(644 067)	86 092	85 516	71 406	
Cash Receipts by Source	330 855	80 933	258 028	105 399	120 487	225 294	56 569	56 569	56 569	56 569	(725 021)	678 832	705 044	751 671	
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	80 716	-	39 497	37 547	-	97 952	26 988	26 988	26 988	26 988	(66 796)	323 866	314 221	343 324	
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	(47)	(47)	(47)	(47)	(332)	(569)	(604)	(640)	
VAT Control (receipts)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Receipts by Source	411 573	80 933	297 525	142 945	120 487	323 246	83 510	83 510	83 510	83 510	(792 151)	1 002 119	1 018 661	1 094 355	
Cash Payments by Type															
Employee related costs	21 247	19 687	12 730	31 494	20 903	179	22 801	22 801	22 801	22 801	53 364	273 607	289 914	307 186	
Remuneration of councillors	330	310	316	313	518	-	717	717	717	717	3 233	8 606	9 122	9 670	
Interest	-	-	-	-	-	-	12	12	12	12	83	142	150	158	
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisitions - water & other inventory	-	-	-	-	-	-	2 590	2 590	2 590	2 590	18 130	31 081	32 510	34 103	
Contracted services	-	-	-	-	-	-	13 072	13 072	13 072	13 072	91 506	156 867	200 140	217 336	
Transfers and subsidies - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure	34 484	60 932	66 297	48 955	93 106	65 202	15 262	15 262	15 262	15 262	(262 141)	183 147	154 054	160 865	
Cash Payments by Type	56 062	80 929	79 343	80 763	114 528	65 380	54 454	54 454	54 454	54 454	(95 825)	653 449	685 891	729 317	
Other Cash Flows/Payments by Type															
Capital assets	10 014	25 392	24 052	15 054	46 308	25 534	28 566	28 566	28 566	28 566	53 611	342 797	300 903	324 437	
Repayment of borrowing	-	-	-	-	-	-	200	200	200	200	1 400	2 400	2 400	2 400	
Other Cash Flows/Payments	350	950	1 828	4 168	-	878	1 250	1 250	1 250	1 250	577	15 000	15 000	15 000	
Total Cash Payments by Type	66 425	107 260	105 223	99 995	160 836	91 792	84 470	84 470	84 470	84 470	(40 238)	1 013 646	1 004 194	1 071 155	
NET INCREASE/(DECREASE) IN CASH HELD	345 148	(26 327)	192 302	42 951	(40 339)	231 454	(661)	(661)	(661)	(661)	(751 914)	(11 527)	14 467	23 200	
Cash/cash equivalents at the month/year beginning:	209 430	554 579	528 251	720 554	763 504	723 166	953 620	953 620	951 738	950 777	949 817	209 430	197 903	212 371	
Cash/cash equivalents at the month/year end:	554 579	528 251	720 554	763 504	723 166	954 620	952 698	951 738	950 777	949 817	197 903	197 903	212 371	235 571	

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 2024.

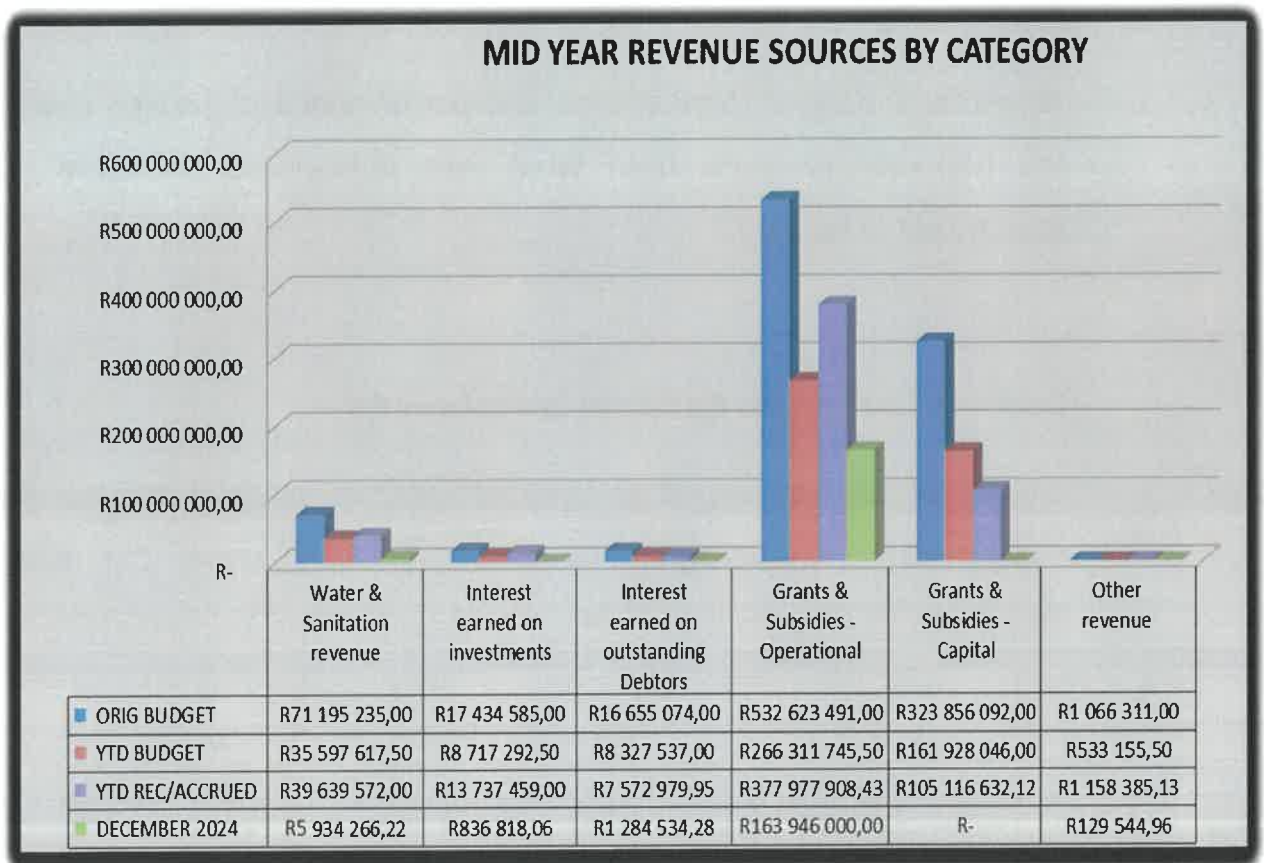
DC43 Harry Gwala - Supporting Table SC1 Material variance explanations - M06 December

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	Revenue			
	SOURCE			
	Transfers And Subsidies	-48%	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.
	Operational Revenue (Exchange)	-52%	Actual performance is more due to higher projected debtors' book	upward adjustments is necessary
	Transfers And Subsidies - Capital (Monetary All	35%	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.
	Service Charges - Water Revenue	-16%	Delays in fixing of faulty meters by water services. Prepaid consumption is increasing due to billing that has been extended to other areas within Umzimkhulu. increased due to the municipality engaging in the process of fixing faulty meter around	upward adjustment is necessary. The municipality needs to encourage consumers to fix internal leaks timeously and water services to replace faulty meters.
	Interest Earned From Assets	-71%	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.	Upward adjustments is necessary
	Service Charges - Sanitation Revenue	9%	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. upwards adjustment is necessary,
	Interest Earned From Receivables	9%	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
2	Expenditure By Type			
	SOURCE			
	Operational Costs	-26%	Actual performance is more than expected	upward adjustments is necessary
	Depreciation & Amortisation	100%	The expenditure is expected to increase after the capitalisation of	No adjustment is necessary
	Interest	100%	Finance charges mainly due to the interest on finance leases that	No adjustment would be required
	Contracted Services	-10%	The increase is due to repairs and maintenance as the municipal	upward adjustments is necessary
	Irrecoverable Debts Written Off	50%	Performance is less than expected	Upward adjustments is necessary
	Employee Related Costs	5%	The lower expenditure on Employee related costs is due to a per	Upward adjustments is necessary
	Remuneration Of Councillors	11%	The expenditure for Councillors remuneration is low due to outstar	Upward adjustments is necessary
	Inventory Consumed	13%	The budget for bulk water purchases was overbudgeted on the In	downward adjustments is necessary
3	Capital Expenditure			
	National Government	6%	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
	Internally generated funds	32%	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.
	VOTE			
	Summary Corporate Services	-14%	Over performance	Upward adjustments is necessary
	Summary Social Services & Development Plan	100%	Less performed	Downwards adjustment is necessary
	Summary Infrastructure Services	36%	The department planned to perform the duties for this expenditure	Upwards adjustment is necessary
	Summary Water Services	-4%	The expenditure was low in the first quarter due to the delay that w	Upwards adjustment is necessary
5	Cash Flow			
	Client elected Not to populate this sheet			
6	Measureable performance			
	Client elected Not to populate this sheet			
7	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 2024 was R39, 6million against a year to date **budget** of R35, 5million. This represents over performance in municipal billing by 11%. 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 58% (R5million) more than what was budgeted.

Adjustment Budget Implications: An upward adjustment is required.

Transfers Recognised - Operational

The operational grants revenue of R377, 9million against a year-to-date budget of R266, 3million is largely attributable to the YTD equitable share received of R368, 8million while the balance relates to conditions met on conditional grant funding.

Adjustment Budget Implications: No adjustment budget is necessary.

Transfers Recognised – Capital

The actual R146, 3million (against a YTD budget of R171, 3million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 15% under performance in Conditional Capital grant funding expenditures.

Adjustment Budget Implications: No adjustment budget is needed. According to the expenditure as at 31 December 2024 the municipality managed to spend more than 50 per cent for conditional grants and is in a position to fully spend the capital grants by end June 2025.

Other Revenue

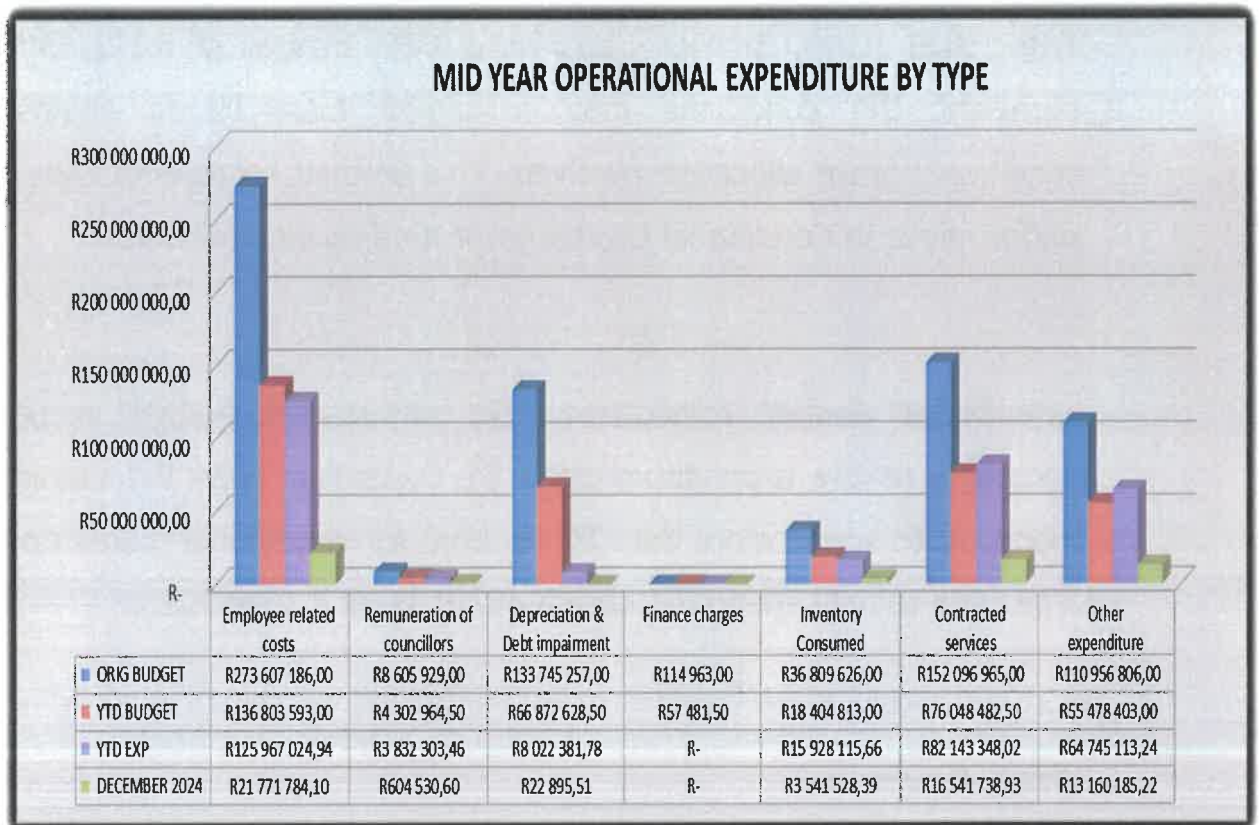
The YTD actual of other revenue is R1, 1million against year-to-date budget of R533 156. Other revenue mainly comes from the sale of Tender Documents. Other revenue has overperformed by 117 per cent.

Adjustment Budget Implications: A 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 R136, 8million against a year to date actual of R125, 9million. Employee related costs under performed by 8% or R10, 8million.

Adjustment Budget Implications: Due to employee related costs related to post health care obligations and long service awards that are non-cash items arise from actuarial valuations. employee related costs need to be adjusted upward to cater the non-cash items as stated.

Remuneration of Councillors

The remuneration of councillor's expenditure as at 31 December 2024 was R3, 8million against a year to budget of R4, 3million. An underperformance of 11% on this line item mainly due to overbudgeting for councillors' remuneration.

Adjustment Budget Implications: Downward adjustment is necessary.

Finance Charges

As at midyear, there is a year a date budget of R57 482k. There was no movement in the month ending December 2024.

Adjustment Budget Implications: None

Inventory Consumed

The expenditure on Inventory consumed has underperformed by 13 per cent at mid-year. The year-to-date actual amounting to R15, 9million against year-to-date budget of R18, 4million. A review of this budget would be required.

Adjustment Budget Implications: No adjustment budget is necessary.

Contracted Services

An over expenditure of 8% 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 17% 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.

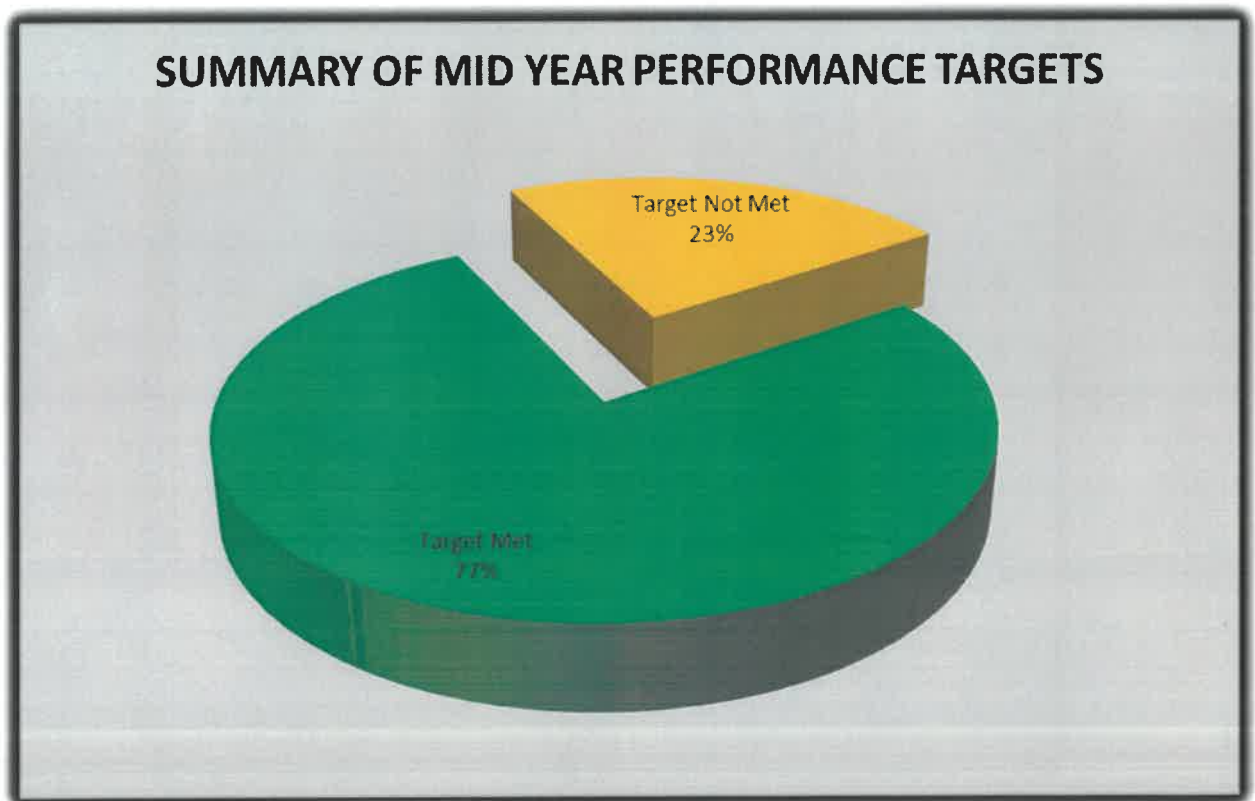


Chart 6 above provides a summary of the targets achieved or met (77%) as well the targets not met (23%). It can be stated that the performance of the municipality at midyear is above average; however, there is still more room for improvement. There are reasons why some of the targets could not be met, 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 23 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

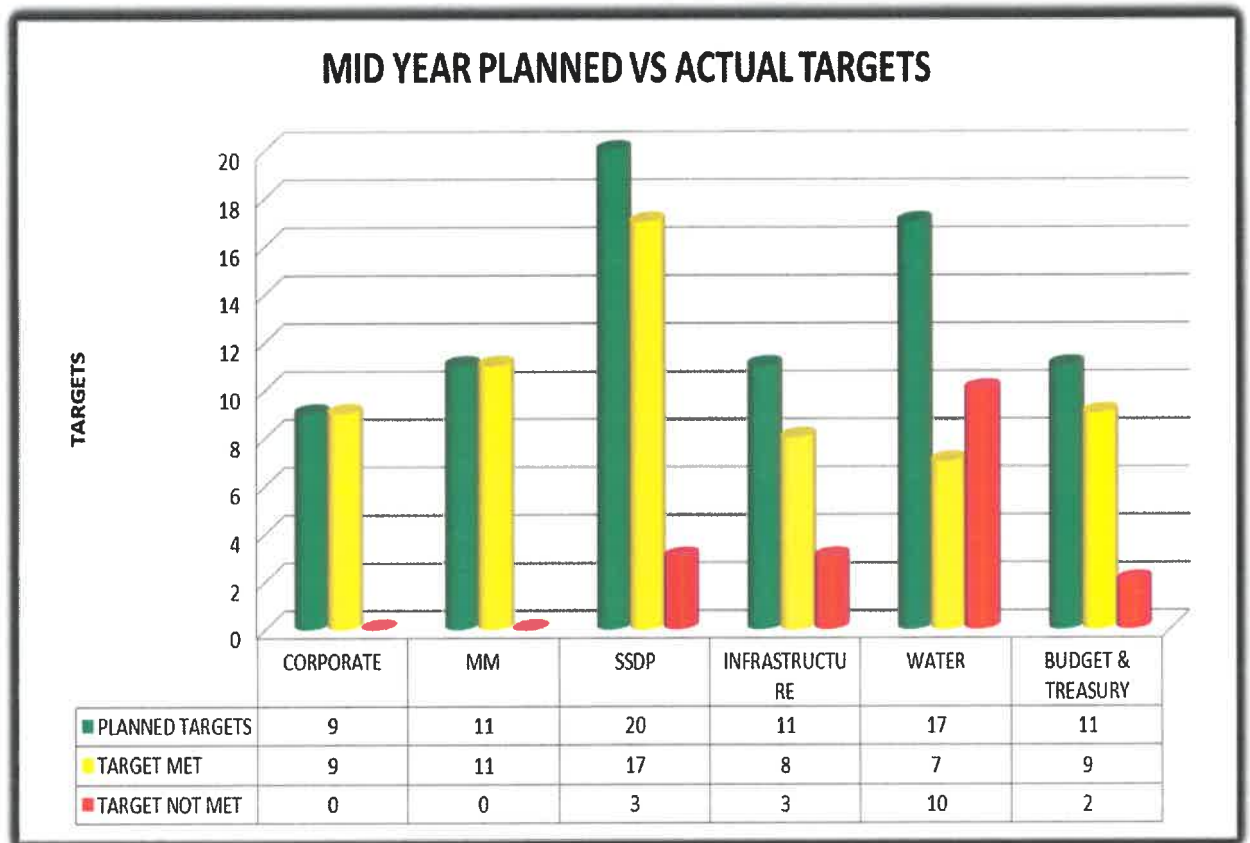
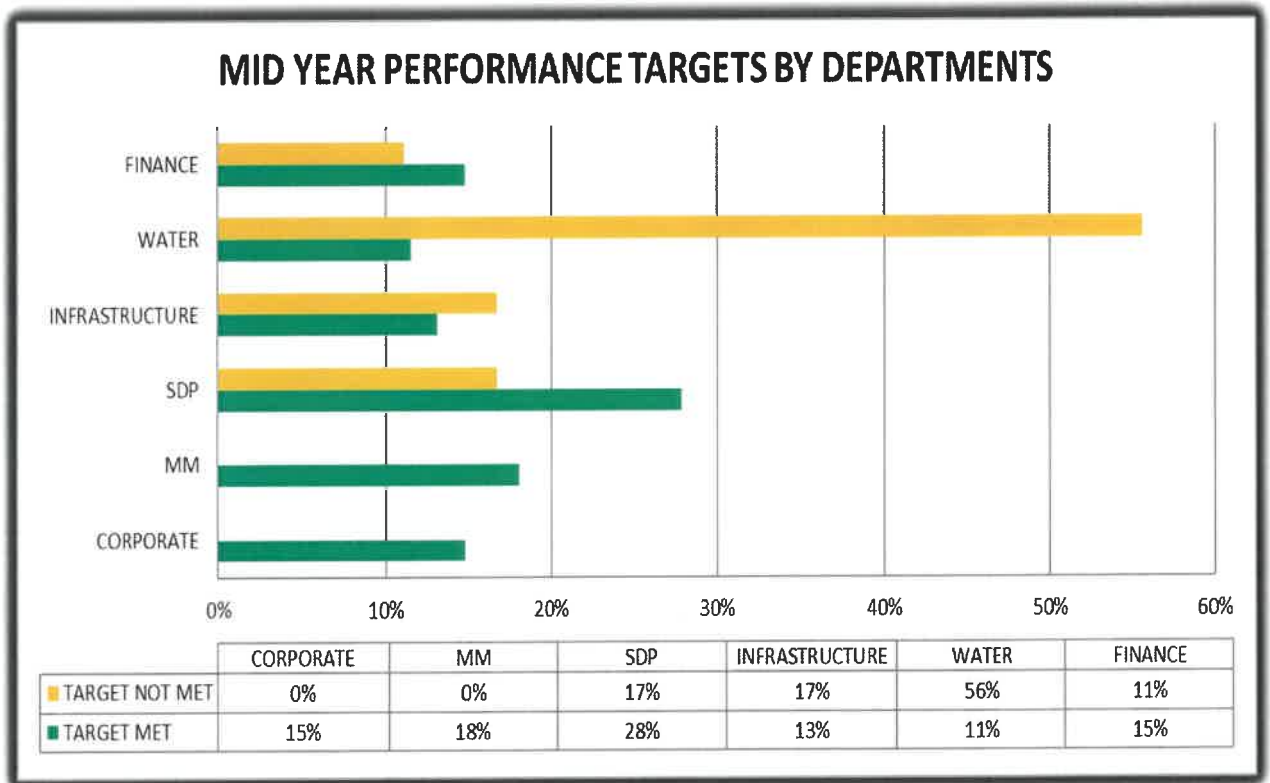


Chart 7 below analyses the extent to which performance targets, in percentage terms, were met by ranking departments from the highest (achieved) to the lowest.

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

Infrastructure Services

The department planned to achieve 11 targets by mid-term. 8 target was achieved and 03 not achieved. Performance achievement is sitting at 72,73%. Noting that infrastructure performance has regressed by 20,84% from the first quarter.

Challenges:

- Date (31 December 2024) by when the construction of pumpstation and bulk pipeline installed at Umzimkhulu/Mbizweni Sewer upgrade. Progress is at 89% completion, due to unauthorised connection to the sewer line caused flooding in the manholes; delayed delivery and installation of pumps.
- Percentage (60%) of expenditure spent on capital projects (MIG). COGTA rejected some of the claims which the department did try to resolve however not successful. Also, COGTA indicated that they could not do site visits due to December early closure.
- Percentage (50%) of expenditure spent on offices and buildings repairs and maintenance. Underperformance due to some of the payments not yet being processed by BTO.

Corrective Measures:

- The contractor responsible for the unauthorised sewer connection has been directed to remove the sewer water from the gravity line

promptly; additionally, the main contractor was requested to submit the three quotations and submit them with a detailed rate breakdown for flushing the bulk sewer line in question.

- COGTA shall consider them during the month of January submission which falls under quarter 3 of the 2024/2025 financial year.
- This will be followed up by end of March 2025.

Water Services

The department planned to achieve 17 targets by mid-term. 07 were achieved and 10 were not achieved. Performance achievement is sitting at 41,18%. Noting that water services performance has regressed by 22,46% from the first quarter.

Challenges:

- Date (15 December 2024) by when the rising main, reticulation, tanks and pumpstations are commissioned, tested and handed over for usage. 1. Project complete but not yet fully - handed over due to Eskom power connections hence the scheme cannot be deemed as fully functional and fully handed over to O&M for usage; 2. Power supply from Eskom not yet finalised.
- Date (30 November 2024) by when the rising main, reticulation, tanks and pumpstations are commissioned, tested and handed over for usage. 1. Project complete but not yet fully - handed over due to Eskom power connections hence the scheme cannot be deemed as fully functional and fully handed over to O&M for usage. 2. Power supply from Eskom not yet finalised.

- Date (31 October 2024) by when the rising main, reticulation, tanks and pumpstations are commissioned, tested and handed over for usage. Slow progress from Contractor resulting in Contract termination.
- Date (30 November 2024) by when the rising main, reticulation and pumpstations are commissioned, tested and handed over for usage.
 1. Unavailability of reliable groundwater;
 2. Land disputes on identified and or potential groundwater sources;
 3. Slow progress from the Contractor.
- Percentage (50%) of expenditure spent on capital projects (WSIG). Delays in finalising the appointment of new Contractors.
- Percentage (50%) of expenditure spent on bulk water purchases and wastewater treatment The total amount of invoices submitted for payments in Q2 amount to R9 301 890.00 only R4 538 636.00 was paid. As such the target would have been met if all invoices submitted were paid.
- Date (31 December 2024) by when the sewer jetting machine will be purchased. The process of purchasing was delayed by the non-availability of Jetting machines from the Transversal tenders. The project had to be done through open tender.
- Percentage (80%) of tested sites compliant with water quality standards as required by SANS 241. Heavy rains led to more water quality failures.
- Percentage (80%) of tested sites compliant with wastewater quality standards as per General Authorisation. Wastewater quality results negatively impacted by shortage of staff. WWTW operate themselves at night.

- Percentage (80%) of complaints resolved within 48 hours. Procurement process resumed and the project was advertised and is due for Evaluation. The department is working on it and anticipate its finalization by the 3rd quarter which is March 2025.

Corrective Measures:

- "1. Eskom has committed to prioritise the power supply connections as per the Letter of priority listing the sites submitted by the municipality. 2. Handing over process will be revised to Q4 to allow sufficient time for Eskom to conclude all sites related to Mazizini projects as they have started the connections."
- "1. Eskom has committed to prioritise the power supply connections as per the Letter of priority listing the sites submitted by the municipality. 2. Handing over process will be revised to Q4 to allow sufficient time for Eskom to conclude all sites related to Mazizini projects as they have started the connections."
- "Request to advertise outstanding works has been sent to SCM in order to procure a new Contractor by the 3rd quarter to finish off the remaining works."
- "1. Works have been suspended in order to resolve land disputes. 2. New potential sites have been identified in order to harvest reliable groundwater sources." "3 new Contracts (a. Mkhohlwa - Mdayane Contract 1, b. Mkhohlwa - Mdayane Contract 2, c. Shayamoya Contract) have been concluded within the December period, one last contract will be concluded by January 2025. This will enable us to keep up with the expenditure targets set for the financial year."

- Follow up with Finance to expedite the payment of all submitted invoices in each quarter.
- Follow up the open tender process to expedite the sewer jetting machine purchases.
- Encourage the team to investigate and correct the failures and then request resampling.
- WWTW vacant posts to be prioritised.
- Procurement process resumed and the project was advertised and is due for Evaluation. The department is working on it and anticipate its finalization by the 3rd quarter which is March 2025.

Social Services and Development Planning

The department planned to achieve 20 targets by mid-term. 17 targets were achieved and 3 were not achieved. Performance achievement is sitting at 85%. Noting that the SSDP performance has regressed by 18,75% from the first quarter.

Challenges:

- Number (2) of Risk Management Committee meetings attended. HOD was on leave, an apology was rendered.
- Date (31 December 2024) by which the Disaster Management Stakeholder Engagements take place.
- Date (31 December 2024) by when the Climate Change response strategy is submitted to Council for adoption.

Corrective Measures:

- The HOD will attend the next Risk Committee that will be held in quarter three.
- The stakeholders engagement is rescheduled to take place in quarter three.
- Service provider has been recommended in BAC that took place in December 2024, BTO awaiting to issue intention to award to the recommended service provider.

Corporate Services

The department planned to achieve 9 targets by mid-term. 9 targets were achieved. Performance achievement is sitting at 100%. Noting that Corporate Services performance has remained at 100% as the first quarter.

Office of the Municipal Manager

The department planned to achieve 11 targets by mid-term. 11 targets were achieved. Performance achievement is sitting at 100%. Noting that the Office of the Municipal Manager's performance has remained at 100% as the first quarter.

Budget and Treasury Office

The department planned to achieve 11 targets by mid-term, 09 targets were achieved and 2 were not achieved. Performance achievement is sitting at 81,82%. Noting that the BTO performance has regressed by 25% from the first quarter.

Challenges:

- Percentage (25%) of expenditure on WSP trainings. This is due to a number of trainings being initiated by external stakeholders as a result, no payments were to be made.
- Date (31 December 2024) by when the Indigent Register is submitted to Council for approval. I hereby request that the target date be corrected/revised. Indigent register should accompany the budget related documents and policies. The correct date is 31 May/ 30 June 2025 not December 2024.

Corrective Measures:

- This shall be looked into during the mid term budget adjustments approval by end of February 2025.
- This should have been aligned with the budget policies process and shall be corrected in the next financial year.

2.8 Capital Programme Performance

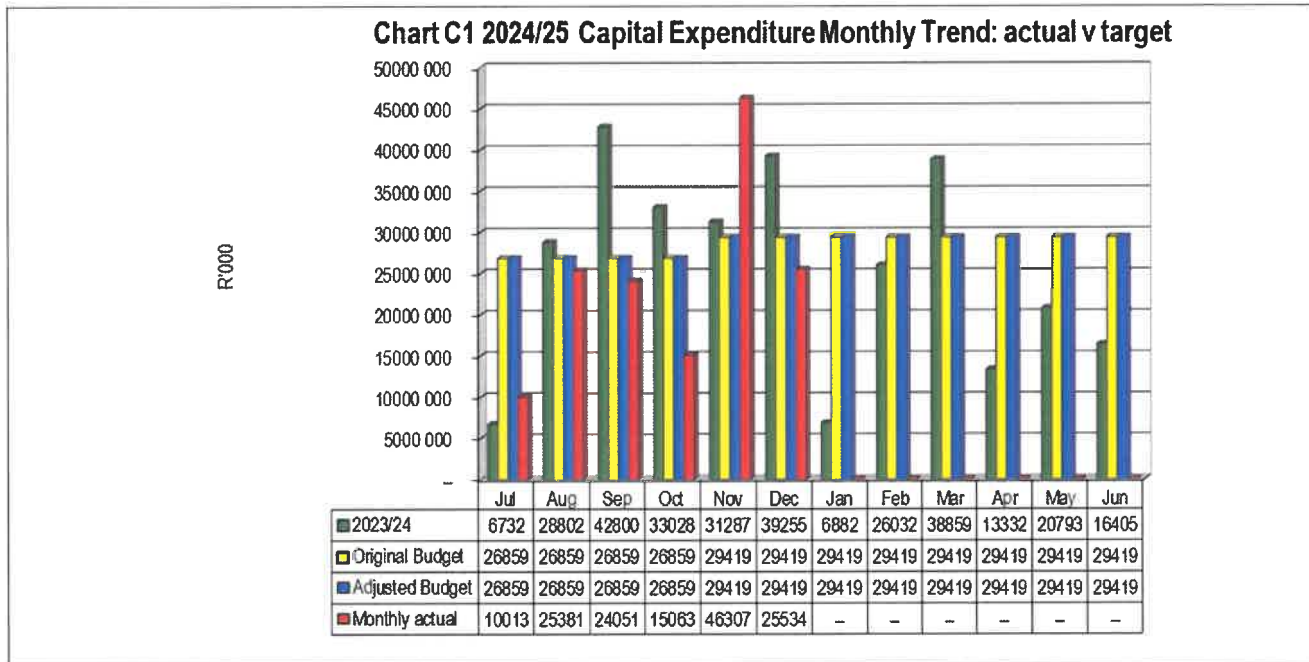
This next section looks at the performance of the capital expenditure programme. This performance is best illustrated in the charts that follow.

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 2024 and the planned monthly targets is also displayed.

DC43 Harry Gwala - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M06 December

Month	2023/24	Budget Year 2024/25							
	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	6 733	26 859	26 859	10 014	10 014	26 859	16 846	62,7%	3%
August	28 802	26 859	26 859	25 382	25 382	53 719	28 337	52,8%	7%
September	42 801	26 859	26 859	24 052	24 052	80 578	56 526	70,2%	7%
October	33 028	26 859	26 859	15 064	15 064	107 437	92 373	86,0%	4%
November	31 288	29 420	29 420	46 308	46 308	136 857	90 549	66,2%	14%
December	39 255	29 420	29 420	25 534	25 534	166 277	140 743	84,6%	7%
January	6 883	29 420	29 420	-	-	195 697	195 697	100,0%	0%
February	26 032	29 420	29 420	-	-	225 117	225 117	100,0%	0%
March	38 859	29 420	29 420	-	-	254 537	254 537	100,0%	0%
April	13 333	29 420	29 420	-	-	283 957	283 957	100,0%	-
May	20 793	29 420	29 420	-	-	313 377	313 377	100,0%	-
June	16 406	29 420	29 420	-	-	342 797	342 797	100,0%	-
Total Capital expenditure	304 213	342 797	342 797	146 353					

Chart C1: Capital Expenditure Monthly Trend: Actual v Target



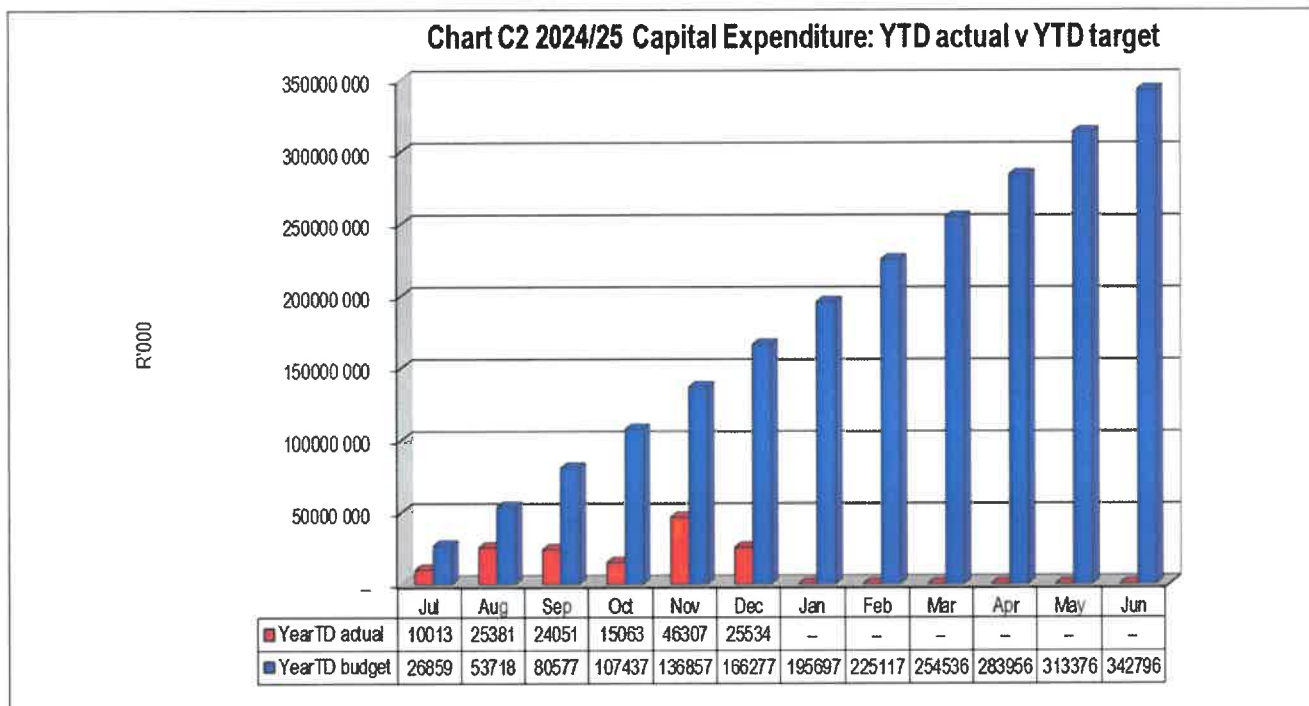
This next section looks at the performance of the capital expenditure on new assets by asset class.

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

Description	2023/24	Budget Year 2024/25							
	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	284 128	282 223	292 330	20 943	129 500	143 468	13 968	9,7%	292 330
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	219 163	270 019	265 834	16 592	109 716	133 793	24 078	18,0%	265 834
Dams and Weirs	24 469	59 786	51 269	4 208	21 753	27 764	6 010	21,6%	51 269
Boreholes	3 346	-	-	-	-	-	-	-	-
Reservoirs	-	-	-	-	-	-	-	-	-
Pump Stations	18 006	29 516	30 516	583	20 037	15 008	(5 029)	-33,5%	30 516
Water Treatment Works	-	-	-	-	-	-	-	-	-
Bulk Mains	50 385	95 999	82 765	7 311	27 204	44 521	17 318	38,9%	82 765
Distribution	122 957	84 718	101 284	4 490	40 722	46 501	5 779	12,4%	101 284
Distribution Points	-	-	-	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	64 965	12 204	26 496	4 351	19 785	9 675	(10 110)	-104,6%	26 496
Pump Station	12 051	1 739	1 234	-	1 234	743	(491)	-66,0%	1 234
Reticulation	52 914	5 217	22 562	4 351	16 273	6 945	(9 328)	-134,3%	22 562
Waste Water Treatment Works	-	2 000	2 700	-	2 278	1 175	(1 103)	-93,8%	2 700
Outfall Sewers	-	-	-	-	-	-	-	-	-
Toilet Facilities	-	3 248	-	-	-	812	812	100,0%	-
Capital Spares	-	-	-	-	-	-	-	-	-
Other assets	-	6 250	6 250	-	-	3 125	3 125	100,0%	6 250
Operational Buildings	-	4 250	4 250	-	-	2 125	2 125	100,0%	4 250
Municipal Offices	-	4 250	4 250	-	-	2 125	2 125	100,0%	4 250
Capital Spares	-	-	-	-	-	-	-	-	-
Housing	-	2 000	2 000	-	-	1 000	1 000	100,0%	2 000
Staff Housing	-	2 000	2 000	-	-	1 000	1 000	100,0%	2 000
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	796	796	-	-	398	398	100,0%	796
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	796	796	-	-	398	398	100,0%	796
Computer Software and Applications	-	796	796	-	-	398	398	100,0%	796
Computer Equipment	943	2 000	2 000	-	-	1 000	1 000	100,0%	2 000
Computer Equipment	943	2 000	2 000	-	-	1 000	1 000	100,0%	2 000
Furniture and Office Equipment	2 306	4 980	4 980	-	1 562	2 490	927	37,2%	4 980
Furniture and Office Equipment	2 306	4 980	4 980	-	1 562	2 490	927	37,2%	4 980
Machinery and Equipment	1 306	2 588	5 588	-	1 499	2 044	545	26,7%	5 588
Machinery and Equipment	1 306	2 588	5 588	-	1 499	2 044	545	26,7%	5 588
Transport Assets	986	600	600	-	-	300	300	100,0%	600
Transport Assets	986	600	600	-	-	300	300	100,0%	600
Total Capital Expenditure on new assets	289 670	299 437	312 544	20 943	132 561	152 825	20 264	13,3%	312 544

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 2024.

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 **2024** 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

24/01/2025

