

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY
ORDINARY COUNCIL MEETING**

2020.01.30

A-F (05-2020)

THE CITY OF EKURHULENI (CoE): UNAUDITED SECOND QUARTER AND MID YEAR REVIEW OF FINANCIAL AND PERFORMANCE RESULTS – 2019/2020 FINANCIAL YEAR

PURPOSE

To report to Council the City Of Ekurhuleni's (CoE) Unaudited **Second Quarter and Mid-year** Financial and Performance Results of the 2019/2020 financial year as required by Section 52(d) **read with** Section 72 (sec 88 for entities) of the Municipal Finance Management Act and more detailed in the Municipal Budget and Reporting Regulations.

STRATEGIC OBJECTIVE

To promote good governance and report on the financial sustainability of the City.

LEGISLATIVE BACKGROUND

In terms of Section 72(1) of the MFMA, the accounting officer of a municipality must by **25 January of each year-**

(a) assess the performance of the municipality during the first half of the financial year, taking into account-

- (i) the monthly statements referred to in section 71 for the first half of the financial year;
- (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
- (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
- (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities.

Section 72(1) (b) requires the accounting officer to submit a report on such assessment to-

- (i) the mayor of the municipality;
- (ii) the National Treasury; and
- (iii) the relevant provincial treasury.

Related to the above-mentioned reporting requirement, section 52(d) of the MFMA requires that specific financial particulars be reported on and in the format prescribed. That section reads as follows;

"The mayor of a municipality-

*52(d) **must, within 30 days of the end of each quarter**, submit a report to the **Council** on the implementation of the budget and the financial state of affairs of the municipality;"*

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In compliance with section 52(d) relating to the quarterly reporting period ended 31 December 2019, the 30 days' limit expires on **30 January 2020**.

Further, Section 31(1) of the Government Gazette No 32141 of 17 April 2009 prescribes the following:

“31.(1) The mayor’s quarterly report on the implementation of the budget and financial state of affairs of the municipality as required by section 52(d) of the Act must be –

- (a) in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act; and*
- (b) consistent with the monthly budget statement for September, December, March and June as applicable; and*
- (c) Submitted to the National Treasury and the relevant Provincial Treasury within five days of tabling of the report in the council.”*

Finally, section 54(1) of the MFMA stipulates that “**on receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must-**

- (a) consider the statement or report;
- (b) check whether the municipality’s approved budget is implemented in accordance with the service delivery and budget implementation plan;
- (c) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that the revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of the adjustment budget
- (d) issue any appropriate instructions to the accounting officer to ensure-
 - (i) that the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - (ii) that spending of funds and revenue collection proceed in accordance with the budget.
- (e) identify any financial problems facing the municipality, including any emerging or impending financial problems; and
- (f) in the case of section 72 report, submit the report to the council by **31 January of each year**.

Given the above legislative framework, this report presents both the mid-year financial and performance assessment as well as the second quarter financial results for 2019/20.

The following Annexures are provided:

- Annexure A** Departmental Operating Budget Reports
- Annexure B** Detailed Capital Projects
- Annexure C** Detailed Performance Report (Pre-Determined Measureable Performance Targets)

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1. EXECUTIVE SUMMARY

Table 1: Consolidated monthly budget statement Summary – Month 06 (December 2019)

EKU Ekurhuleni Metro - Table C1 Monthly Budget Statement Summary - M06 December											
Description	2018/19	Budget Year 2019/20									
	Audited Outcome	Original Budget	Monthly actual	Q2 Budget	Q2 Actual	YearTD actual	YearTD budget	Q2 Variance	Q2 Variance %	YTD variance	YTD variance %
R thousands									%		%
Financial Performance											
Property rates	5,395,431	6,140,478	479,737	1,535,119	1,425,893	2,685,023	3,070,239	(109,227)	-7%	(385,216)	-13%
Service charges	20,586,159	23,728,239	1,798,236	5,646,840	5,415,532	12,171,392	12,556,168	(231,308)	-4%	(384,775)	-3%
Investment revenue	397,694	438,015	8,687	108,754	65,260	151,785	217,508	(43,494)	-40%	(65,722)	-30%
Transfers recognised - operational	4,010,125	5,907,502	1,794,803	1,923,123	1,983,825	4,185,299	4,210,156	60,702	3%	(24,856)	-1%
Other own revenue	4,715,826	2,593,281	172,416	651,383	589,233	1,212,444	1,288,834	(62,151)	-10%	(76,390)	-6%
Total Revenue (excluding capital transfers and contributions)	35,105,235	38,807,515	4,253,880	9,865,221	9,479,742	20,405,943	21,342,904	(385,478)	-4%	(936,960)	-4%
Employee costs	8,451,195	9,628,450	784,346	2,407,698	2,329,272	4,604,168	4,814,818	(78,426)	-3%	(210,650)	-4%
Remuneration of Councillors	137,936	139,695	11,363	34,924	34,022	67,957	69,848	(902)	-3%	(1,891)	-3%
Depreciation & asset impairment	2,585,931	2,202,789	186,517	550,697	559,245	1,112,282	1,101,395	8,547	2%	10,887	1%
Finance charges	944,051	1,096,076	78,223	274,019	291,648	473,925	548,038	17,629	6%	(74,113)	-14%
Materials and bulk purchases	15,268,960	17,862,556	1,172,707	3,426,748	3,298,475	8,871,224	9,217,141	(128,274)	-4%	(345,917)	-4%
Transfers and grants	1,038,317	675,033	30,311	157,958	145,999	206,218	306,816	(11,959)	-8%	(100,598)	-33%
Other expenditure	9,593,032	7,201,431	649,850	2,315,601	2,483,691	3,356,803	3,607,304	168,091	7%	(250,501)	-7%
Total Expenditure	38,019,421	38,806,031	2,913,316	9,167,645	9,142,351	18,692,576	19,665,358	(25,294)	0%	(972,782)	-5%
Surplus/(Deficit)	(2,914,186)	1,484	1,340,563	697,575	337,391	1,713,367	1,677,545	(360,184)	-52%	35,822	2%
Transfers recognised - capital	2,053,381	2,783,460	234,893	614,749	593,344	713,113	1,026,005	(21,405)	-3%	(312,892)	-30%
Surplus/(Deficit) after capital transfers & contributions	(778,812)	2,784,944	1,575,456	1,312,324	930,735	2,426,480	2,703,551	(381,589)	-29%	(277,070)	-10%
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	0%	-	-
Surplus/ (Deficit) for the year	(778,812)	2,784,944	1,575,456	1,312,324	927,808	2,426,480	2,703,551	(384,516)	-29%	(277,070)	-10%
Capital expenditure & funds sources											
Capital expenditure	5,970,194	7,417,207	554,071	1,831,900	1,454,723	1,760,816	3,708,605	(377,177)	-21%	(1,947,789)	-53%
Capital transfers recognised	2,042,094	2,783,460	202,783	574,739	616,769	711,153	1,187,047	42,030	7%	(475,894)	-40%
Borrowing	2,996,591	3,749,908	286,058	995,793	718,456	892,524	1,996,118	(277,338)	-28%	(1,103,595)	-55%
Internally generated funds	931,510	883,839	65,230	261,368	119,499	157,140	525,440	(141,869)	-54%	(368,300)	-70%
Total sources of capital funds	5,970,194	7,417,207	554,071	1,831,900	1,454,723	1,760,816	3,708,605	(377,177)	-21%	(1,947,789)	-53%

1.1 Operating Budget Results

The **Operating Income** budgeted for the 2nd Quarter ending 31 December 2019 was R9.865 billion. The actual income was R385 million (or 4%) less than budgeted.

The budgeted **Operating Expenditure** for the 2nd Quarter ending 31 December 2019 was R9.167 billion. The actual expenditure is R9.142 billion which is R25 million (0.3%) less than budgeted.

The Total Income budgeted for the 2019/20 Mid-Year was R21.342 billion. The actual income was R20.4 billion. The Actual Income for the Mid-Year was R936 million (4%) less than budgeted.

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The Total Expenditure budgeted for the 2019/20 Mid-Year was R19.665 billion. The actual expenditure was R18.692 billion which is R972 million (5%) less than budgeted.

The deviation of the income and expenditure in the various categories below or above 5% of the budget is regarded as significant and is discussed in section 2.1 of this report.

1.2 Capital Expenditure

The actual Capital Expenditure 2019/20 Mid-Year is **R1. 761 billion**, which represents a spending of **23.74%** of the total capital budget of **R7. 417 billion**. It is important to note that the outstanding commitments at the end of December 2019 amounted to **R181 million**. The actual expenditure plus commitments for the Mid-Year amounted to **R1. 941 billion**, which represents **26.18%** of the Capital Budget. The amount spent to date of **R1. 761 billion**, is the highest in rand value spent in the previous four (4) financial years.

The following table reflects the comparative spending for the Mid-Year period in previous years:

FY	Budget as at 31 December	Actual Expenditure	% of Budget
16/17	5,130,961,437	1,201,893,264.20	23.42%
17/18	6,399,356,712	1,530,496,149.89	23.92%
18/19	6,768,708,721	922,729,554.00	13.63%
19/20	7,417,206,981	1,760,816,443.40	23.74%

The comparative results with the previous years as well as the capital spending per department is discussed in section 2.2 of the report.

1.3 Liquidity Position

Total current assets as at 2nd Quarter ending 31 December 2019 amounted R13.5 billion, whilst the total current liabilities amounted to R8.4 billion. The current ratio is therefore 1.6:1 which indicates the City is able to meet its working capital requirements.

1.4 Collection Rate

The Collection Rate for the 2nd Quarter ended 31 December 2019 is **93.46%** which is less than the **target of 94%**. Year-to date collection rate is 90.07% against target of 94%. The 2019-20 mid-year collections per quarter were as follows;

Quarter	Year	Period	Net Billed	Receipts	Quarter %	Quarter Target
Q1	2019-20	Sep-19	7 809 661 579	6 779 056 799	86.80%	90.00%
Q2	2019-20	Dec-19	7 521 176 994	7 029 429 666	93.46%	94.00%
		YTD	15 330 838 573	13 808 486 464	90.07%	94.00%

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1.5 Cash Flows

Opening cash on hand balance for the month of December 2019 was R152 877 099. Internally generated revenue was R3 692 050 349. The total expenditure for the month was R3 670 446 999, of which R554 071 384 was for capex projects funded by external borrowings. The closing Treasury balance at 31 December 2019 was R174 480 449 cash on hand. The total of unencumbered investments, as well as other bank balances, at end of the month was R565 600 873. The total balance of unencumbered cash including short term investments was R740 081 322 at end of December 2019. The number of days cash on hand for the month of December 2019 was 21 days. This is below the quarterly target of 30 days. The reason non achievement of the target is due to less than planned collection level is due to lower collection is Eskom supply areas as highlighted in section 2.3.1 of this report.

2. DISCUSSION

2.1 Financial Performance of Operating Budget

2.1.1 Revenue by Source

The revenue performance for the **2019/20 Mid-Year** as well as **Quarter 2** is reflected in the table below.

Description	Budget year 2019/20								
	Original Budget	Budget Q2	Actual Q2	YearTD actual	YearTD budget	Q2 variance	Q2 variance %	YTD variance	YTD variance %
R thousands									
Revenue By Source									
Property rates	6 140 478	1 535 119	1 425 893	2 685 023	3 070 239	(109 227)	-7%	(385 216)	-13%
Service charges - electricity revenue	15 553 417	3 603 135	3 510 457	8 371 240	8 468 756	(92 678)	-3%	(97 517)	-1%
Service charges - water revenue	4 870 108	1 217 527	1 127 122	2 256 881	2 435 054	(90 405)	-7%	(178 173)	-7%
Service charges - sanitation revenue	1 771 371	442 843	435 937	865 082	885 685	(6 906)	-2%	(20 603)	-2%
Service charges - refuse revenue	1 533 344	383 336	342 017	678 190	766 672	(41 319)	-11%	(88 482)	-12%
Rental of facilities and equipment	136 271	34 068	32 383	66 104	68 135	(1 685)	-5%	(2 031)	-3%
Interest earned - external investments	438 015	108 754	65 260	151 785	217 508	(43 494)	-40%	(65 722)	-30%
Interest earned - outstanding debtors	560 910	140 248	106 469	236 376	280 497	(33 779)	-24%	(44 120)	-16%
Fines	145 107	36 277	33 939	72 063	72 553	(2 338)	-6%	(490)	-1%
Licences and permits	305 916	76 479	72 932	153 478	152 957	(3 547)	-5%	521	0%
Transfers recognised - operational	5 907 502	1 923 123	1 983 825	4 185 299	4 210 156	60 702	3%	(24 856)	-1%
Other revenue	1 445 077	364 312	343 499	684 412	714 692	(20 813)	-6%	(30 280)	-4%
Total Revenue (excluding capital transfers and contributions)	38 807 515	9 865 221	9 479 742	20 405 943	21 342 904	(385 478)	-4%	(936 960)	-4%

Analysis of Performance

The Operating Income budgeted for the **2nd Quarter** ending 31 December 2019 was R9.865 billion. The actual income was R385 million (or 4%) less than budgeted.

The Total Income budgeted for the **2019/20 Mid-Year** was R21.342 billion. The actual income was R20.4 billion. The Actual Income for the Mid-Year was R936 million (4%) less than budgeted.

Management has deemed any variances of **5%** or less to be immaterial and as such no reasons will be provided. The discussions of the significant deviations of 5% and more are as follows.

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- a. The actual revenue from **Property rates** for the 2019/20 Mid-Year amounted to R2.685 billion, which is R385 million (or 7%) less than the budgeted revenue of R3 billion. The negative variance is as a result of Valuation Appeals Board outcome which resulted in downward adjustments of values of some commercial properties.
- b. **Service charges:** The requirement of mSCOA is that the cost of rendering free basic services be netted off against the services charges of the respective departments.

Service charges – water revenue

The actual income from water sales is R178 million less than the budget of R2.435 billion for the 2019/20 Mid-Year, which represent a deviation of 7%. The main contributing factor to the negative deviation is the reduction in water sales to industrial customers.

Service charges – refuse revenue

The actual income from waste management services is R88 million less than the budget of R766 million for the 2019/20 Mid-Year, which represent a deviation -12%. The negative deviation is as a result of the anticipated revenue from the Service Point Audit Outcome from Environment and Waste department which has not yet materialised, amounting to an annual budget of R144.0 million.

The Department had initially planned to submit a report to Council to obtain approval for implementation of the audit outcome. However, the report was submitted to City Manager's Working Group. The Working Group recommended that the item be presented at SMT for noting and thereafter implement the outcomes of the investigations. The item served at SMT and now in the process of implementation, affected accounts were communicated to Finance Department. Brands and Communication were requested to raise awareness amongst affected customers to ease the implementation process.

The department is in process of implementing the following revenue management measures:

- All businesses not using CoEs waste removal services should provide the City with the names of companies removing their waste and proof that they are safely disposing at landfill sites and that environmental levy is being levied on their accounts;
 - Obtain list of all sectional title units in the City and check that they are being charged per unit;
 - Obtain a list of all vacant stands and check if they are paying an environmental levy; and
 - Obtain billing data from SRAC and confirm that Cemetery tariffs are levied correctly.
- c. **Interest earned.** This category of income refers mainly to the interest earned on investment, bank account and interest charged on debtor accounts. The 2019/20 Mid-Year variance on total interest earned amounted to R109 million, which is 22% less than

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budgeted. The negative deviation is evident from reduction in cash held as at 31 December 2019 as well as reduction in values of properties, the interest of which also declined.

2.1.2 Expenditure by type

The expenditure performance for the **2019/20 Mid-Year** as well as **Quarter 2** is reflected in the table below.

Description	Budget year 2019/20								
	Original Budget	Budget Q2	Actual Q2	YearTD actual	YearTD budget	Q2 variance	Q2 variance %	YTD variance	YTD variance %
R thousands									
Expenditure By Type									
Employee related costs	9 628 450	2 407 698	2 329 272	4 604 168	4 814 818	(78 426)	-3%	(210 650)	-4%
Remuneration of councillors	139 695	34 924	34 022	67 957	69 848	(902)	-3%	(1 891)	-3%
Debt impairment	1 579 646	394 912	388 050	795 553	789 823	(6 861)	-2%	5 730	1%
Depreciation & asset impairment	2 202 789	550 697	559 245	1 112 282	1 101 395	8 547	2%	10 887	1%
Finance charges	1 096 076	274 019	291 648	473 925	548 038	17 629	6%	(74 113)	-14%
Bulk purchases	15 703 690	3 426 748	3 298 475	8 001 284	8 162 241	(128 274)	-4%	(160 957)	-2%
Other materials	2 158 867	521 022	594 121	869 940	1 054 900	73 098	14%	(184 960)	-18%
Contracted services	4 347 517	1 081 648	1 240 844	2 020 864	2 162 011	159 196	15%	(141 147)	-7%
Transfers and grants	675 033	157 958	145 999	206 218	306 816	(11 959)	-8%	(100 598)	-33%
Other expenditure	1 258 961	314 192	260 709	540 385	647 816	(53 483)	-17%	(107 431)	-17%
Loss on disposal of PPE	15 307	3 827	(32)	–	7 654	(3 859)	-101%	(7 654)	-100%
Total Expenditure	38 806 031	9 167 645	9 142 351	18 692 576	19 665 358	(25 294)	-0.3%	(972 782)	-5%

a. Employee related costs

The amount budgeted for the salaries and contributions towards senior management and other municipal staff amounted to R9.628 billion for the 2019/20 financial year.

The actual expenditure for Employee related costs is R210 million less than the budgeted expenditure as at 2019/20 Mid-Year, which represents a deviation of 4%. This is largely as a result of the provision made for the filling of vacant positions which have not yet been filled. Although the variance is below 5%, overtime costs form a component of this expenditure line item and is discussed below.

The amount spent on Overtime is a major concern. The following table reflects the Overtime spent by major infrastructure departments:

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Department	Budget Year 1920					Quarterly Variance %	YTD Variance %	Reasons for over-spending
	Original Budget R	Budget Q2 R	Actual Q2 R	YearTD budget R	YearTD actual R			
DISASTER AND EMERGENCY MANAGEMENT SERVICES	64 589 335	16 147 392	28 777 859	32 294 784	55 228 719	78%	71%	Unplanned events in the City of Ekurhuleni; high number of prolonged incidents which require emergency / disaster responses, awareness sessions conducted after hours, e.g. weekends; logistical support required after hours; and SASREA planned events during weekends.
EKURHULENI METRO POLICE DEPARTMENT	168 747 758	42 186 987	105 795 232	84 373 974	203 889 223	151%	142%	The was an increase of 263 new members deployed operationally after completing their training on the existing shift system.The existing shift system results in compulsory overtime that needs to be worked to ensure a 7 day 24 hour service. Xenophobic violence incidents were experienced during the month of September which resulted in officers having to work additional hours to address the situation – this overtime worked in September was paid at the end of October.Protection of the illegal occupation of land in Extensions 10 and 12 of Palm Ridge.Protection duties due to the increase in cable theft cases.
ENERGY	46 998 185	11 749 629	33 785 274	23 499 258	65 877 537	188%	180%	Several austerity measures have been implemented by the department. However, these austerity measures cannot be rigidly upheld in all circumstances, given the vacancy rate that the department currently has. Moreover, consideration must also be given to the fact that the City is experiencing an increase in illegal connections which is contributing to the overloading of the electricity grid. The overload causes outages which in most cases occur at peak time which is in the evenings and maybe the mornings. The theft of and damage to electricity distribution equipment also contributes to increase in outages and corresponding increase in overtime. Most of these occur after hours. Furthermore, the ageing infrastructure requires more attention due to equipment failure which is unpredictable.

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Department	Budget Year 1920					Quarterly Variance %	YTD Variance %	Reasons for over-spending
	Original Budget R	Budget Q2 R	Actual Q2 R	YearTD budget R	YearTD actual R			
ENVIRONMENTAL RESOURCE & WASTE MANAGEMENT	46 917 368	11 729 421	28 396 179	23 458 842	57 340 952	142%	144%	Parks & Cemeteries delivers community services after hours and on weekends at Cemeteries, Regional Parks, Events and decorations, attending to EMIS complaints. Employees work on weekends and Public holidays to accommodate the operational working hours at the land fill sites and to adhere to waste removal calendar. The non-availability of vehicles due to vehicle breakdowns and delay at the workshops contributed to overtime.
SPORTS, RECREATION, ARTS AND CULTURE	14 593 503	3 648 567	11 579 279	7 297 134	21 018 837	217%	188%	Libraries open on Saturdays, Arts, Culture and Heritage programmes take place on weekends and overtime worked due to unfilled positions
WATER AND SANITATION	31 247 797	7 811 970	19 482 875	15 623 940	39 159 832	149%	151%	The Department of Water and Sanitation attend customer complaints reported through the call centre excluding emails, sms complaints, what ups groups' complaints. The nature of these complaints are most emergency complaints to attend to burst pipes and reduce water losses and improve revenue enhancement and protection. In the process also prevent risk of damage to private and COE infrastructure. Attending to high volume of sewer complaints due to mainly foreign objects dump on the sewer lines.
Grand Total	373 093 946	93 273 966	227 816 698	186 547 932	442 515 101	144%	137%	

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b. Finance charges

The deviation of R74 million on finance charges relates interest on loan to finance the capital projects. The City is intending to take up the loan in the third quarter of the financial year where after the costs will increase.

c. Repairs and maintenance – inclusive of other materials

The mSCOA Framework does not accommodate the Repair and Maintenance as a type of expenditure and category. This expenditure is embedded in the various categories and form part of the other materials and contracted services.

Due to the relative importance to monitor expenditure, **repairs and maintenance** from major infrastructure departments is extracted from various categories and depicted in the table below:

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Department	Budget Year 1920							Reasons for under-performance
	Original Budget R	Budget Q2 R	Actual Q2 R	YearTD budget R	YearTD actual R	Quarterly variance %	YTD variance %	
CITY PLANNING	41 376 253	10 344 078	7 383 764	20 688 156	10 159 651	-29%	-51%	The under expenditure can be contributed to the non-appointment of specialist sinkhole contractors. There are delays in SCM processes and we are currently waiting for presentation of this item at BEC. The other element of repairs and maintenance is on the required basis i.e vehicles, furniture, equipment etc.
DISASTER AND EMERGENCY MANAGEMENT SERVICES	39 170 429	9 794 008	5 266 544	19 464 730	8 419 729	-46%	-57%	The Department is in process of finalising the fire hydrants maintenance tender - funds to be spent during the third and fourth quarters. Maintenance of buildings and vehicle repairs are undertaken by the Real Estate and Fleet Management Departments. Equipment is repaired as and when the need arises.
ENVIRONMENTAL RESOURCE & WASTE MANAGEMENT	218 265 137	54 566 312	43 031 848	99 952 796	61 765 763	-21%	-38%	Various maintenance related tenders are currently in process of finalization. Requests were submitted to Real Estate for maintenance of buildings and maintenance will be done by Real Estate
INFORMATION COMMUNICATION TECHNOLOGY	185 810 998	46 452 756	45 021 567	92 905 512	66 042 243	-3%	-29%	Department is awaiting approval of the Real Estate tender for maintenance of buildings and facilities. Major deviation in year-to-date was due to the fact that most of the licences and support for system's Instruction to Perform Work started around last month of the first quarter.
REAL ESTATE	155 290 405	38 838 479	19 660 663	77 681 266	24 606 517	-49%	-68%	RED are awaiting the appointment of the As and When contractor.
WATER AND SANITATION	413 702 833	103 846 830	62 727 924	207 047 051	82 312 668	-40%	-60%	
Grand Total	1 053 616 055	263 842 463	183 092 310	517 739 511	253 306 571	-31%	-51%	

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The following table depicts the performance of repairs and maintenance on other departments:

Department	Budget Year 1920						
	Original Budget	Budget Q2	Actual Q2	YearTD budget	YearTD actual	Quarterly variance	YTD variance
	R	R	R	R	R	%	%
ENERGY	860 427 593.00	196 274 448.42	337 599 145.15	412 014 716.42	491 249 403.15	72%	19%
ROADS AND STORMWATER	754 451 815.00	188 613 111.00	345 330 273.73	377 226 222.00	579 568 966.71	83%	54%
ERWAT	112 315 746.00	28 078 995.00	49 145 630.20	56 157 990.00	76 778 740.95	75%	37%
SPORTS, RECREATION, ARTS AND CULTURE	67 196 925.00	16 799 445.00	10 098 589.88	33 598 890.00	18 598 048.30	-40%	-45%
HUMAN SETTLEMENTS	63 400 175.00	12 736 358.00	7 047 643.63	19 156 624.00	12 529 178.00	-45%	-35%
EKURHULENI METRO POLICE DEPARTMENT	42 140 053.00	10 445 549.56	11 535 595.34	20 980 670.56	20 489 312.28	10%	-2%
TRANSPORT	32 079 045.00	8 049 923.00	6 001 297.08	16 042 565.00	9 694 706.76	-25%	-40%
HEALTH AND SOCIAL DEVELOPMENT	9 701 323.00	2 668 357.00	2 530 498.13	5 050 475.00	4 074 202.34	-5%	-19%
CHIEF OPERATING OFFICER: DELIVERY CO-ORDINATION	8 342 034.00	2 056 956.58	1 133 740.17	4 142 484.58	2 147 039.57	-45%	-48%
FINANCE	6 597 275.00	1 655 950.00	739 469.85	3 302 761.00	1 021 637.35	-55%	-69%
BBC	5 422 770.00	1 355 703.00	72 043.20	2 711 406.00	121 527.54	-95%	-96%
EHC	4 526 828.00	1 131 741.00	1 133 366.75	2 263 482.00	2 535 196.78	0%	12%
ECONOMIC DEVELOPMENT	3 590 335.00	1 122 597.00	1 188 409.77	2 020 194.00	2 288 157.87	6%	13%
HUMAN RESOURCES	1 458 623.00	624 427.00	467 403.31	1 278 752.00	1 099 710.82	-25%	-14%
EXECUTIVE OFFICE	213 180.00	53 295.00	63 624.71	106 590.00	78 001.98	19%	-27%
CITY MANAGER	189 471.00	47 370.00	8 399.00	94 740.00	41 213.02	-82%	-56%
STRATEGY & CORPORATE PLANNING	101 142.00	25 287.00	14 947.24	50 574.00	14 947.24	-41%	-70%
LEGISLATURE	81 714.00	20 439.00	14 888.46	40 878.00	26 438.46	-27%	-35%
INTERNAL AUDIT	77 628.00	19 413.00	-	38 826.00	395.00	-100%	-99%
COMMUNICATION & BRANDING	70 374.00	17 595.00	1 326.81	35 190.00	9 551.81	-92%	-73%
CORPORATE LEGAL	36 819.00	10 000.00	-	17 800.00	-	-100%	-100%
Grand Total	1 972 420 868.00	471 806 960.56	774 126 292.41	956 331 830.56	1 222 366 375.93		

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d. Contracted Services

Contracted Services relates to all expenditure incurred by Council which could/should have been rendered by Council itself. It therefore includes;

- Outsources services;
- Consultants; and
- Other Contracts.

The budget for Contracted Services for the 2019/20 Mid-Year is amounted to R2.162 billion whilst the actual expenditure amounted to R2.020 billion, being a negative deviation of 7%.

Cognisance must be taken that the expenditure of this nature is not accrued and therefore it could reflect to a large extent **excludes** expenditure of one month of the mid-year (i.e. December 2019 invoices will only get paid in January 2020), meaning that the variance is understated by one month.

The following table reflects the detail expenditure per department:

Department	Budget Year 1920						
	Original Budget	Budget Q2	Actual Q2	YearTD budget	YearTD actual	Quartely variance	YTD variance
	R	R	R	R	R	%	%
CHIEF OPERATING OFFICER: DELIVERY CO-ORDINATION	1 064 225	237 576	167 274	503 688	244 170	-30%	-52%
CITY MANAGER	13 761 358	3 187 861	785 281	6 547 662	1 304 523	-75%	-80%
CITY PLANNING	92 982 214	23 020 847	19 750 650	46 216 213	23 187 600	-14%	-50%
COMMUNICATION & BRANDING	122 139	30 531	16 491	61 062	16 491	-46%	-73%
CORPORATE LEGAL	50 570 032	9 588 299	14 740 922	15 672 855	20 164 259	54%	29%
COUNCIL GENERAL	53 615 535	12 914 600	109 014	26 318 486	168 954	-99%	-99%
DISASTER AND EMERGENCY MANAGEMENT SERVICES	64 258 333	16 111 212	9 158 476	32 179 900	17 258 649	-43%	-46%
ECONOMIC DEVELOPMENT	18 661 226	4 297 827	536 908	8 963 154	693 234	-88%	-92%
EKURHULENI METRO POLICE DEPARTMENT	331 691 212	82 978 087	107 693 909	165 874 595	178 505 572	30%	8%
ENERGY	486 194 629	116 900 861	154 476 632	243 557 413	248 724 187	32%	2%
ENVIRONMENTAL RESOURCE MANAGEMENT	630 494 829	157 719 823	123 649 017	289 614 710	187 433 499	-22%	-35%
EXECUTIVE OFFICE	360 098	146 756	184 733	388 231	366 149	26%	-6%
FINANCE	207 044 068	54 271 428	52 378 114	103 841 231	60 962 124	-3%	-41%
HEALTH AND SOCIAL DEVELOPMENT	17 403 047	3 152 415	2 510 956	5 765 884	3 552 495	-20%	-38%
HUMAN RESOURCES	1 983 077	920 636	634 248	1 729 210	1 539 936	-31%	-11%
HUMAN SETTLEMENTS	167 687 739	40 806 651	26 339 269	109 430 722	39 526 558	-35%	-64%
INFORMATION COMMUNICATION TECHNOLOGY	185 702 668	46 425 672	45 001 245	92 851 344	66 023 090	-3%	-29%
INTERNAL AUDIT	25 365 631	6 341 418	4 206 261	12 682 836	4 225 801	-34%	-67%
LEGISLATURE	4 598 932	1 149 789	976 863	2 299 578	1 750 044	-15%	-24%
REAL ESTATE	54 385 225	16 036 523	20 467 592	29 647 046	23 836 740	28%	-20%
RISK MANAGEMENT	2 196 444	529 530	201 299	1 072 120	511 564	-62%	-52%
ROADS AND STORMWATER	722 479 808	180 705 818	341 571 938	361 304 824	574 383 204	89%	59%
SPORTS, RECREATION, ARTS AND CULTURE	56 392 900	11 907 133	7 123 587	24 871 982	13 715 267	-40%	-45%
STRATEGY & CORPORATE PLANNING	530 794	49 797	-	182 505	-	-100%	-100%
TRANSPORT	116 113 480	29 587 092	73 871 863	58 588 332	93 281 537	150%	59%
WATER AND SANITATION	958 608 898	241 817 429	219 732 056	480 220 642	432 734 993	-9%	-10%
BBC	1 951 826	487 962	47 440	975 924	52 870	-90%	-95%
ERWAT	66 476 366	16 619 205	10 454 719	33 238 410	18 430 591	-37%	-45%
EHC	14 820 022	3 705 063	4 056 897	7 410 126	8 269 847	9%	12%
TOTAL CONTRACTED SERVICES	4 347 516 755	1 081 647 841	1 240 843 654	2 162 010 684	2 020 863 947	15%	-7%

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e. **Transfers and subsidies.** This relates to grants to the entities. In particular, ERWAT expenditure has progressed just above 50% being at 56%, which is a norm for Q2 performance and expected to accelerate further in the remaining period of the FY to ensure full implementation of the grant. Furthermore, ERWAT has requested additional R 24,235,521.00 during the adjustment budget.

f. **Other expense**

The category includes items such as travelling costs, printing and stationery, catering, special events, workshops, etc. The negative deviation of 17% is due to cost containment measures instituted by the City on items that are not directly related to service delivery.

g. **Disposal of PPE**

There is zero expenditure due to the fact that expenditure is recognised at year-end when the annual financial statements are prepared.

2.1.3 Impact of cost containment measures

Clause 15 of the Cost Containment Regulations require municipalities to disclosure measures applied by the municipality and municipal entity in the municipal in -year budget reports and annual costs savings disclosed in the annual report. The table below disclose the impact of cost containment on the budget of the City and its entities.

Consolidated cost containment measures for 2019/20 Mid-Year and Quarter 2

CATEGORIES (CONSOLIDATED)	2019/20 Approved Budget	2019/20 Budget as at December 2019	Budget Quarter 2	Actual Quarter 2	YTD Budget	YTD Actuals	Quarterly variance %	YTD variance %
Professional services/Consultants	308,951,921	310,467,698	78,189,881	60,654,359	136,277,912	72,970,906	-22.4%	-46.5%
Special Events (WAQ)	174,611,273	173,980,031	43,547,180	18,540,802	88,034,215	26,308,091	-57.4%	-70.1%
Printing & Stationery	35,412,064	38,313,335	9,816,922	9,212,624	19,037,433	17,470,289	-6.2%	-8.2%
Advertising Costs	16,236,316	15,314,136	3,679,012	2,907,098	7,737,858	2,408,184	0.0%	0.0%
Workshops (WAD)	14,719,411	14,127,257	3,997,144	2,673,575	7,355,444	4,320,056	-33.1%	-41.3%
Travel & Travel - Foreign	7,044,527	9,878,634	2,288,536	300,075	4,094,356	897,358	-86.9%	-78.1%
Catering services	4,162,902	4,903,938	1,231,152	1,230,586	2,501,581	2,835,161	0.0%	13.3%
Staff study - Internal bursaries	4,303,266	4,303,266	-	13,764	2,250,000	2,487,713	#DIV/0!	10.6%
Travel & Accomodation - Domestic	1,839,356	3,635,569	950,097	439,780	1,764,363	729,347	-53.7%	-58.7%
TOTAL	567,281,036	574,923,864	143,699,924	95,972,663	269,053,162	130,427,104	-33.2%	-51.5%

The table above shows the various items to which the cost containment regulations apply. The table shows that the **2019/20 Mid-Year** budget amounted to R269.0 million while YTD actual expenditure amounted to R130.4 million, which is R138.6 million or 51.5 million less than budget.

With regards to **Quarter 2**, the budget on the items amounted to R143.6 while actual expenditure amounted R95.9 million, which is 33.2% below budget. The key driver of these reductions is that the City Manager approves the expenditures before they are incurred as required by the Regulations.

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2.2 Capital programme performance

The actual Capital Expenditure 2019/20 Mid-Year is **R1. 761 billion**, which represents a spending of **23.74%** of the total capital budget of **R7. 417 billion**. It is important to note that the outstanding commitments at the end of December 2019 amounted to **R181 million**. The actual expenditure plus commitments for the Mid-Year amounted to **R1. 941 billion**, which represents **26.18%** of the Capital Budget. The amount spent to date of **R1. 761 billion**, is the highest in rand value spent in the previous four (4) financial years.

The following table reflects the comparative spending for the Mid-Year period in previous years:

FY	Budget as at 31 December	Actual Expenditure	% of Budget
16/17	5,130,961,437	1,201,893,264.20	23.42%
17/18	6,399,356,712	1,530,496,149.89	23.92%
18/19	6,768,708,721	922,729,554.00	13.63%
19/20	7,417,206,981	1,760,816,443.40	23.74%

The results from the table above indicate that the City needs to put measures in place to accelerate the spending of the capital budget if it has to meet its targets at the end of the financial year.

The actual spending per department is indicated in the following table.

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	Budget 2019/20	DEPT. PROJECTION	ACTUAL	VAR	Actual Expenditure	% Spent of Total Budget
	Original R	Quarter 2 R	Quarter 2 R	Quarter 2 %	Year To Date R	%
CAPITAL BUDGET						
Chief Operating Officer	44 500 000	15 478 000	1 817 643	↓ -88,26%	5 238 646	11,77%
City Manager	112 050 000	12 500	11 423 362	↑ 91286,90%	23 590 523	21,05%
City Planning	600 000	530 000	23 128	↓ -95,64%	30 115	5,02%
Communication and Brand Management	50 000	-	15 600	↑ 0,00%	15 600	31,20%
Corporate Legal Services	280 000	160 000	-	↓ -100,00%	73 205	26,14%
Council General	516 459 625	36 121 268	59 970 341	↑ 66,03%	59 970 341	11,61%
Disaster & Emergency Management Services	160 300 000	22 200 000	13 933 228	↓ -37,24%	27 319 934	17,04%
Economic Development	193 300 000	53 350 000	2 415 360	↓ -95,47%	3 626 183	1,88%
Ekurhuleni Metro Police Department	115 300 000	23 500 000	11 842 163	↓ -49,61%	20 286 548	17,59%
Energy	706 850 450	193 508 874	152 673 148	↓ -21,10%	251 394 702	35,57%
Environmental Resources & Waste Management	432 600 000	114 045 000	27 204 632	↓ -76,15%	68 248 290	15,78%
Executive Office	1 000 000	-	135 998	↑ 0,00%	135 998	13,60%
Finance	270 000	270 000	207 168	↓ -23,27%	266 018	98,53%
Health and Social Development	13 950 000	1 330 000	592 864	↓ -55,42%	851 101	6,10%
Human Resources Management	150 000	125 000	102 795	↓ -17,76%	102 795	68,53%
Human Settlements	1 386 648 919	318 822 518	187 112 862	↓ -41,31%	395 808 530	28,54%
Information and Communication Technology	952 244 768	340 400 000	66 678 399	↓ -80,41%	127 939 809	13,44%
Internal Audit	30 000	-	-	↑ 0,00%	25 780	85,93%
Real Estate	179 253 335	29 905 000	4 790 812	↓ -83,98%	8 247 652	4,60%
Risk Management	10 000	-	9 500	↑ 0,00%	9 500	95,00%
Roads and Stormwater	656 650 000	250 275 000	136 430 138	↓ -45,49%	219 284 660	33,39%
Sport Recreation Arts and Culture	119 000 000	21 257 000	8 576 656	↓ -59,65%	13 312 875	11,19%
Strategy & Corporate Planning	120 000	60 000	-	↓ -100,00%	95 391	79,49%
Transport Planning & Provision	753 510 000	212 550 000	110 500 146	↓ -48,01%	176 641 346	23,44%
Water and Sanitation	894 800 000	198 000 000	177 477 372	↓ -10,36%	316 800 219	35,40%
Brakpan Bus Company (BBC)	15 871 913	-	102 990	↑ 0,00%	321 803	2,03%
Ekurhuleni Housing Company (EHC)	40 007 971	-	1 192 757	↑ 0,00%	2 006 965	5,02%
ERWAT	121 400 000	-	27 410 928	↑ 0,00%	39 171 916	32,27%
TOTAL CAPITAL EXPENDITURE	7 417 206 981	1 831 900 160	1 002 639 988	↓ -45,27%	1 760 816 443	23,74%

The table above shows, amongst others, that almost all the departments' quarter two spending projections are lower than actual spending. This means that the planned expenditure is not been achieved.

The actual Capital Expenditure of R1. 761 billion as indicated above is funded as follows:

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	BUDGET 2019/20	TOTAL YEAR TO DATE	% spent of Budget
SOURCE OF FINANCE	R	R	
Energy Efficiency Demand Management Side (EEDMS)*	12,150,000	-	0.00%
External Loans	3,749,907,728	892,523,554	23.80%
Integrated City Development Grant (ICDG)*	54,295,000	4 468 421	8.23%
Neighbourhood Development Partnership Grants (NDPG)*	65,000,000	10,664,612	16.41%
Provincial Grant*	8,500,000	-	0.00%
Public Transport Network Grants (PTNG)*	568,521,000	176,624,546	31.07%
Revenue	883,838,884	157,139,815	17.78%
Urban Settlement Development Grants (USDG)*	2,074,993,919	519,395,494	25.03%
Grand Total	7,417,206,981	1,760,816,443	23.74%

The following grants show zero spending due to the following factors:

- Energy Efficiency Demand Side Management (EEDMS). This grant was withdrawn through a gazette just after the budget was approved. This will be corrected in the adjustment budget; and
- Provincial grant. The table below elaborates on the reasons.

Project Name	Source of Funding	Original Budget	Comments
Guardhouses at Primrose / Bedfordview Library	Provincial Grant	800,000	The Department was unaware that the construction of Guardhouses requires the alterations of the building plans, hence the Department took the decision to source modular structure instead, procurements for the modular structure is in progress.
ICT Equipment(Operational Equipment)	Provincial Grant	2,000,000	Procurement process by ICT was delayed and was only finalised at the end of the 1 st quarter.
Refurbishment & Extension of Bakerton Library	Provincial Grant	700,000	The procurement process was delayed, however the request to

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			appoint the consultants through the EPMO panel is being undertaken.
Refurbishment roofs - Springs/ Boksburg	Provincial Grant	2,000,000	Procurement process was delayed, the request to appoint consultants through EPMO has been submitted.
Replacement of 3 M security systems(Operational Equipment)	Provincial Grant	3,000,000	The tender to procure the 3M security system was initiated in the 2018/19 financial year. However, the Bid Specification Committee referred the report back requesting comments from the ICT Department because the committee was sceptical about it. The committee instead was of the view that the 3m security system should be viewed as being ICT not the security system. The tender will be re-initiated in the second quarter.
Total		8,500,000	

* The amount spent on **grant funded** projects amounts to R711.1m which represents 40.39% of the total 2nd quarter spending of **R1. 761 billion**. However, the R711.1m represents **25.55%** spending from the total grant funded budget of **R2.783 billion**.

	BUDGET 2019/20	% of Total Budget	TOTAL YEAR TO DATE	% of Total Spending	% spent of Budget
SOURCE OF FINANCE	R		R		
Grants	2,783,460,369	37.53%	711,153,074	40.39%	25.55%
Borrowings	3,749,907,728	50.56%	892 523 554	50.69%	23.80%
Internally Generated Funding	883,838,884	11.92%	157,139,815	8.92%	17.78%
Grand Total	7,417,206,981		1,760,816,443		23.74%

2.3 Financial Position

2.3.1 Debtors Analysis

The Collection Rate for the **2nd Quarter** ended 31 December 2019 is **93.46%** which is less than the **target of 94%**. Year-to-date collection rate is 90.07% against target of 94%. The table below reflects the total consumer debtors age analysis at the end of the 2nd quarter of the 2019/20 Financial Year:

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<i>R Thousands</i>	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
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	420 844	235 233	201 557	194 804	202 766	124 821	947 626	2 904 489	5 232 139	4 374 505
Trade and Other Receivables from Exchange Transactions - Electricity	1 029 928	220 883	80 698	93 064	73 526	68 952	195 009	456 624	2 218 685	887 175
Receivables from Non-exchange Transactions - Property Rates	384 813	123 528	83 248	70 518	63 802	62 200	359 892	1 196 240	2 344 241	1 752 651
Receivables from Exchange Transactions - Waste Water Management	137 632	67 224	53 746	50 025	55 767	33 537	254 699	775 298	1 427 927	1 169 325
Receivables from Exchange Transactions - Waste Management	110 989	55 542	46 056	43 420	41 753	38 778	239 858	829 694	1 406 089	1 193 503
Receivables from Exchange Transactions - Property Rental Debtors-BP866	1 621	3 326	5 249	104 397	-	-	-	-	114 593	104 397
Interest on Arrear Debtor Accounts	36 503	33 934	35 814	45 246	54 556	52 097	249 735	768 247	1 276 131	1 169 880
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	-	-	-	-	-	-	-	-	-	-
Other	46 228	19 928	15 501	11 702	13 902	14 439	66 232	276 878	464 810	383 152
Total By Income Source	2 168 559	759 597	521 870	613 176	506 070	394 823	2 313 051	7 207 469	14 484 615	11 034 588
									-	-
Debtors Age Analysis By Customer Group										
Organs of State	44 996	24 635	12 905	5 505	5 841	4 219	9 590	29 317	137 007	54 471
Municipal	57	19	7	1	1	1	-	-	86	3
Commercial	1 239 147	283 592	105 357	99 057	95 320	86 515	346 632	910 927	3 166 547	1 538 451
Households	869 084	442 059	392 595	493 462	400 958	299 953	1 938 127	6 180 532	11 016 770	9 313 032
Other	15 276	9 292	11 007	15 150	3 950	4 135	18 702	86 694	164 206	128 631
Total By Customer Group	2 168 559	759 597	521 870	613 176	506 070	394 823	2 313 051	7 207 469	14 484 615	11 034 588

Total outstanding debtors as at 31st December 2019 amounted to R14,4 billion. The debt payable between 0-30 days is regarded as current debt and amounts to R2.1 billion. The table below detail the challenges and corrective measures:

- PRE-PAID METERS BLOCKING - Blocking being done but customers continue to utilize electricity through illegal connections.
- LEGAL DISPUTES - Group of Companies disputing electricity tariffs and credit control actions on legal advice held in abeyance.
- COURT ORDERS against CoE not to terminate electricity supply and making partial payments to billed account.
- HV DISCONNECTIONS - Significant accounts mainly for businesses remain not disconnected due to limited assistance by energy department.
- ESKOM SUPPLY AREAS - City unable to disconnect electricity supply as a credit control enforcement measure as electricity supply to customer directly from ESKOM. Reliance on debt collectors to collect outstanding CoE debt which result in lengthy processes before responses by customers.

Collection Rate per CCA for the 2nd Quarter (October – December 2019)

The collection rate per CCA for the 2nd quarter per CCA was as follows:

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Customer Care Area	2019-20			
	Quarter Target = 94%			
	Billed	Adjustments	Receipts	%
Alberton	783 679 966	-66 880 005	766 675 005	106.96%
Benoni	667 243 920	-72 684 507	586 394 477	98.63%
Boksburg	700 120 972	-11 305 764	696 680 376	101.14%
Brakpan	493 466 980	-22 881 350	468 484 705	99.55%
Daveyton	133 196 355	-28 491 032	52 933 610	50.55%
Duduza	46 482 148	-18 182 348	12 842 988	45.38%
Edenvale	620 551 163	-38 315 867	554 996 194	95.32%
Etwatwa	108 224 154	-56 471 092	6 951 093	13.43%
Germiston	1 196 603 612	-65 688 585	1 076 521 535	95.19%
Katlehong 1	216 189 520	-24 280 231	102 560 305	53.44%
Katlehong 2	180 836 271	-83 458 589	17 079 266	17.54%
Kempton Park	1 490 473 278	-146 845 807	1 478 787 190	110.06%
Kwa-Thema	45 047 675	-14 437 065	9 197 786	30.05%
Nigel	218 589 925	-15 256 132	206 276 479	101.45%
Springs	340 113 999	-29 204 742	293 326 142	94.34%
Sundries and Other	13 441 084	16 408 698	23 647 815	79.22%
Tembisa 1	83 535 774	-27 343 373	50 992 821	90.75%
Tembisa 2	470 193 100	-56 539 269	397 507 899	96.10%
Tokoza	150 366 578	-50 744 128	29 315 396	29.43%
Tsakane	152 869 247	-49 292 925	31 652 110	30.56%
Vosloorus	313 663 736	-41 818 348	166 606 474	61.29%
	8 424 889 455	-903 712 462	7 029 429 666	93.46%

The quarterly revenue collection performance is 93.46% in comparison with quarterly target of 94%. The quarterly target was not achieved and reflects under performance of 0.54%. Under performance mainly due to decline in economic climate and ability to pay for services. The reasons for low collection is amongst others due to Eskom supplied areas that registered a collection rate of only 22.6% in respect of Quarter 2 whilst City of Ekurhuleni (CoE) supplied areas registered 98.9% which is above the required target.

2.3.2 Creditors Analysis

The creditors' age analysis for creditors at the end of **December 2019** was as follows:

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Bulk Electricity	825,674,511	0	0	0	0	0	0	0	825,674,511
Bulk Water	337,466,809	0	0	0	0	0	0	0	337,466,809
PAYE deductions	0	0	0	0	0	0	0	0	0
VAT (output less input)	0	0	0	0	0	0	0	0	0
Pensions / Retirement deductions	0	0	0	0	0	0	0	0	0
Loan repayments	0	0	0	0	0	0	0	0	0
Trade Creditors	0	0	0	0	0	0	0	0	0
Auditor General	6,647,783	0	0	0	0	0	0	0	6,647,783
Other	0	0	0	0	0	0	0	0	0
Total	1,169,789,103	0	0	0	0	0	0	0	1,169,789,103

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The table above shows that all outstanding creditors are within the days 30 payment period.

2.3.3 Investment Portfolio Analysis

The number of days cash on hand for the month of December 2019 was 21 days, which was less than the target of 30 days. The reasons for under achievement of the target include;

- Increasing decline in economic climate and ability to pay for services;
- Winter consumption resulted in increased billing and impacts on ability to pay account;
- There were challenges with re-registration and payment processes within new Siyakhokha system; and
- There is on-going limited credit control functions within Eskom supply areas with collection rate of 20.54%.

Opening cash on hand balance for the month of December 2019 was R152 877 099. Internally generated revenue was R3 692 050 349. The total expenditure for the month was R3 670 446 999, of which R554 071 384 was for capex projects funded by external borrowings. The closing Treasury balance at 31 December 2019 was R174 480 449 cash on hand. The total of unencumbered investments, as well as other bank balances, at end of the month was R565 600 873. The total balance of unencumbered cash including short term investments was R740 081 322 at end of December 2019.

Investments balances as at 31st December 2019 are as follows:

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CAPITAL																	
COMMENTING DATE	MATURITY DATE	INVESTMENT MADE / WITHDRAWAL DATE	TYPE OF INVESTMENT	ACCOUNT / CERT NUMBER	OPENING BALANCE 1.07.2015	INVESTMENT MADE	INVESTMENT WITHDRAWN	ACCRUED INTEREST / EARNED	INTE-REST RATE	REFERENC E IN LEDGER	BALANCE 31.12.2019	ENCUMBERED	En/Unencumbered	Description	Interest		
INVESTEC BANK																	
13-Nov-98		Call deposit	ENCUMBERED DEP.	138799500	82,194,933.49			453,423.28	6.85%	GROWTH	82,648,356.77		Unencumbered		Capitalised		
			Accrued Inter. Aug 2019					445,735.04			445,735.04						
						42,880,000.00		650,021.27			43,530,021.27						
								1,070,735.16			1,070,735.16						
					82,194,933.49	42,880,000.00	-	2,619,914.75			127,694,848.24						
INVESTEC BANK STRUCTURED DEPOSIT SINKING FUND R800M TO PROVIDE FOR A BOND CAPITAL EMM 02																	
29-Feb-12	1-Mar-21		OPENING BALANCE	1400-138799	617,673,925.08				9.2278%	GROWTH	617,673,925.08	617,673,925.08	Encumbered	Structural Bond	Capitalised		
29-Feb-12	1-Mar-21	1-Jul-19	Inv & Acc Inter. Jul 2019			11,631,606.01		4,932,062.27	9.2278%		16,563,668.28	16,563,668.28	Encumbered	Structural Bond	Capitalised		
29-Feb-12	1-Mar-21	30-Aug-19	Inv & Acc Inter. Aug 2019			11,631,606.01		5,061,876.87	9.2278%		16,693,482.88	16,693,482.88	Encumbered	Structural Bond	Capitalised		
29-Feb-12	1-Mar-21	1-Sep-19	Inv & Acc Inter. Sep 2019			11,631,606.01	42,880,000.00	4,707,879.17	9.2278%		-26,540,514.82	-26,540,514.82	Encumbered	Structural Bond	Capitalised		
29-Feb-12	1-Mar-21	1-Oct-19				11,631,606.01			9.2278%		11,631,606.01	11,631,606.01	Encumbered	Structural Bond	Capitalised		
29-Feb-12	1-Mar-21	1-Nov-19				11,631,606.01		9,934,634.66	9.2278%		21,566,240.69	21,566,240.69	Encumbered	Structural Bond	Capitalised		
29-Feb-12	1-Mar-21	1-Dec-19				11,631,606.01			9.2278%		11,631,606.01	11,631,606.01	Encumbered	Structural Bond	Capitalised		
					617,673,925.08	69,789,636.06	42,880,000.00	24,636,452.99			669,220,014.13	669,220,014.13					
STANLIB																	
10-Apr-00	ON CALL	Call deposit	MONEY MARKET FUND	53967019	5,462,559.41		0.00	201,544.76	Variable	700369888	5,664,104.17		Unencumbered	Long term	Capitalised		
					5,462,559.41	0.00	0.00	201,544.76			5,664,104.17						
RAND MERCHANT BANK																	
2-Aug-00			GUARANTEED TRUST	RU 501811784	12,602,191.81				13.25%	GROWTH	12,602,191.81		Unencumbered	Long term/ Inca Gurantee	Capitalised		
1-Oct-98	Unit Trusts		MONEY MARKET FUND	RU500456214	41,127,630.98			1,502,222.16	6.07%	GROWTH	42,629,853.14		Unencumbered	Long term/ Inca Gurantee	Capitalised		
12-Nov-98			GUARANTEED TRUST	RU500433509	30,454,701.27			740,247.11	14.76%	GROWTH	31,194,948.38		Unencumbered	Long term/ Inca Gurantee	Capitalised		
					84,184,524.06	0.00		2,242,469.27			86,426,993.33	0.00					
RAND MERCHANT BANK STRUCTURED DEPOSIT SINKING FUND R815M TO REPAY LOAN AND BOND CAPITAL EMM01																	
1-Jul-16			OPENING BALANCE	50619016740	728,585,655.00				9.23%	GROWTH	728,585,655.00	728,585,655.00	Encumbered	Long term/ Inca Gurantee	Capitalised		
28-Feb-11	28-Feb-20	29-Jul-19	STRUCTURED DEPOSIT	50619016740		11,507,731.00	42,877,642.00	5,696,942.32	9.23%		-25,672,968.68	-25,672,968.68	Encumbered	Long term/ Inca Gurantee	Capitalised		
28-Feb-11	28-Feb-20	28-Aug-19	Inv & Acc Inter. Aug 2019	50619016740		11,507,731.00		5,520,155.8			17,027,886.84	17,027,886.84	Encumbered	Long term/ Inca Gurantee	Capitalised		
28-Feb-11	28-Feb-20	28-Sep-19	Inv & Acc Inter. Sep 2019	50619016740		11,507,731.00		5,462,183.5			16,969,914.48	16,969,914.48	Encumbered	Long term/ Inca Gurantee	Capitalised		
28-Feb-11	28-Feb-20	28-Oct-19		50619016740		11,507,731.00					11,507,731.00	11,507,731.00	Encumbered	Long term/ Inca Gurantee	Capitalised		
28-Feb-11	28-Feb-20	28-Nov-19		50619016740		11,507,731.00		11,514,675.7			23,022,406.67	23,022,406.67	Encumbered	Long term/ Inca Gurantee	Capitalised		
28-Feb-11	28-Feb-20	27-Dec-19		50619016740		11,507,731.00					11,507,731.00	11,507,731.00	Encumbered	Long term/ Inca Gurantee	Capitalised		
					728,585,655.00	69,046,386.00	42,877,642.00	28,193,957.31			782,948,356.31	782,948,356.31					
NEDBANK STRUCTURED DEPOSIT SINKING FUND R800M TO PROVIDE FOR A BOND CAPITAL EMM03																	
1-Jul-16			OPENING BALANCE	18552276	553,217,497.38				8.24%	GROWTH	553,217,497.38	553,217,497.38	Encumbered	Structural Bond	Capitalised		
18-Dec-12	1-May-24	1-Jul-19		18552276		8,030,533.41		3,496,940.85	8.24%		11,527,474.26	11,527,474.26	Encumbered	Structural Bond	Capitalised		
18-Dec-12	1-May-24	30-Aug-19	Accrued Inter. Aug 2019			8,030,533.41		3,952,286.46			11,982,819.87	11,982,819.87	Encumbered	Structural Bond	Capitalised		
18-Dec-12	1-May-24	1-Sep-19		18552276		8,030,533.41		4,166,344.77			12,196,878.18	12,196,878.18	Encumbered	Structural Bond	Capitalised		
18-Dec-12	1-May-24	1-Oct-19		18552276		8,030,533.41		8,030,533.41			8,030,533.41	8,030,533.41	Encumbered	Structural Bond	Capitalised		
18-Dec-12	1-May-24	1-Nov-19		18552276		8,030,533.41	40,200,000.00	8,060,289.07			-24,109,177.52	-24,109,177.52	Encumbered	Structural Bond	Capitalised		
18-Dec-12	1-May-24	27-Dec-19		18552276		7,227,480.07		7,227,480.07			7,227,480.07	7,227,480.07	Encumbered	Structural Bond	Capitalised		
					553,217,497.38	47,380,147.12	40,200,000.00	19,675,861.15			580,073,505.65	580,073,505.65					
NEDBANK SHORT TERM																	
18-Aug-16	CALL		CALL	/7288511162/0000	2,712,115.46			12,725.19	7.85%		2,724,840.65		Unencumbered				
								4,708.90			4,708.90						
					2,712,115.46	0.00	0.00	17,434.09			2,729,549.55						
RAND AIRPORT																	
			SHAREHOLDING		4,000,000.00						4,000,000.00		Entities				
MUNICIPAL ENTITIES																	
10-Mar-99			G.G. INNER CITY HSNG		106.00						106.00		Entities				
					106.00		0.00				106.00						
			TOTAL INVESTMENTS		2,078,031,315.88	229,096,169.18	125,957,642.00	77,587,634.32			2,258,757,477.38	2,032,241,876.09					

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2.3.4 Grant Receipts and Expenditure

A risk rating has been attached to all unspent grants and is indicated as follows:

- No risk – indicated with a “1” and upward arrows – these grants have been received recently and have no risk of being surrendered as it is expected that the grant will be spent in full as per the conditions of the grant.
- Tolerable risk – indicated with a “2” and sideways arrow – the unspent portion of the grant is less than the total of the outstanding amount at the beginning of the year plus the amount received during the year. There is a risk of surrender insofar as the unspent portion of the previous year is concerned. An intervention is required to ensure the grant is spent as per the conditions of the grant.
- Significant risk – indicated with a “3” and downward arrow – the outstanding portion is more than the total of the outstanding amount at the beginning of the year plus the amount received during the year, in other words, the outstanding grant is getting bigger and new allocations are not spent (in addition to old unspent allocations). There is a great risk of the grant being surrendered and urgent attention is required.

The status of grants as at the end of the Q2 is reflected in the table below.

Name of Grant	EMM Responsible Department	Unspent Funds - 18/19 Opening Balances 19/20	Surrenders to National / Provincial Treasury / Appropriation to revenue	Accumulated Receipts for the Financial year	Accumulated Expenditure for the Financial year	Balance Available	% Spent	Risk
NATIONAL / DORA GRANTS - OPERATING								
FMG	Finance	396,078.04	-	1,000,000.00	(443,344.88)	952,733.16	31.76%	↓ 3
TOTAL		396,078.04	-	1,000,000.00	(443,344.88)	952,733.16	31.76%	
NATIONAL / DORA GRANTS - CAPITAL								
Equitable Share - Electricity	Energy	-	-	442,314,121.00	(442,314,121.00)	-	100.00%	↑ 1
Equitable Share - Solid Waste	Waste Management	-	-	429,476,510.00	(429,476,510.00)	-	100.00%	↑ 1
Equitable Share -Water and Wastewater	Water & Sanitation	-	-	1,194,314,818.00	(1,194,314,818.00)	-	100.00%	↑ 1
Equitable Share - Finance	Finance	-	-	542,612,245.35	(542,612,245.35)	-	100.00%	↑ 1
Fuel Levy - Finance	Finance	-	-	1,140,860,000.00	(1,140,860,000.00)	-	100.00%	↑ 1
TOTAL		-	-	3,749,577,694.35	(3,749,577,694.35)	-	100.00%	
NATIONAL / DORA GRANTS - CAPITAL								
USDG	Human Settlements	290,862,218.75	(290,862,218.75)	926,257,000.00	(553,863,660.30)	372,393,339.70	59.80%	↔ 2
INEP	Energy	8,302,337.05	-	-	-	8,302,337.05	0.00%	↓ 3
PTNG	Transport	143,893,542.69	(143,893,542.69)	305,619,000.00	(269,873,846.96)	35,745,153.04	88.30%	↑ 1
NDPG	Human Settlements	5,304,228.09	(5,304,228.09)	46,005,000.00	(10,664,612.00)	35,340,388.00	23.18%	↓ 3
Electricity Demand Side	Energy	9,704.82	(9,704.82)	-	-	-	0.00%	↓ 3
Expanded Public Works Programme	Economic Development	-	-	15,416,000.00	(11,795,000.81)	3,620,999.19	76.51%	↑ 1
Intergrated City Development	Human Settlements	-	-	54,295,000.00	(4,468,421.11)	49,826,578.89	8.23%	↓ 3
TOTAL		448,372,031.40	(440,069,694.35)	1,347,592,000.00	(850,665,541.18)	505,228,795.87	62.74%	
PROVINCIAL GRANTS - OPERATING								
SETA	Human Resources	4,729,237.15	-	6,828,781.73	(9,077,691.84)	2,480,327.04	78.54%	↑ 1
HIV/AIDS	Health & Social Development	760.55	-	14,368,000.00	(7,860,614.75)	6,508,145.80	54.71%	↔ 2
Township Initiatives	SRAC - Libraries	614,421.22	(167,897.00)	18,500,000.00	(2,437,906.92)	16,508,617.30	12.87%	↓ 3
HSDG Accreditation	Human Settlements	505,738,585.77	(8,396,816.00)	-	(2,000,000.00)	495,341,769.77	0.40%	↓ 3
TOTAL		511,083,004.69	(8,564,713.00)	39,696,781.73	(21,376,213.51)	520,838,859.91	3.94%	
PROVINCIAL - SUBSIDIES								
Health Subsidies	Health & Social Development	-	-	102,128,600.00	(102,128,600.00)	-	100.00%	↑ 1
Emergency Subsidies	DEMS	-	-	123,923,100.00	(123,923,100.00)	-	100.00%	↑ 1
Total National / DORA Grants + Subsidies		448,768,109.44	(440,069,694.35)	5,098,169,694.35	(4,600,686,580.41)	506,181,529.03	90.09%	
Total Provincial Grants + Subsidies		511,083,004.69	(8,564,713.00)	265,748,481.73	(247,427,913.51)	520,838,859.91	32.21%	
GRAND TOTAL		959,851,114.13	(448,634,407.35)	5,363,918,176.08	(4,848,114,493.92)	1,027,020,388.94	82.52%	

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The **unspent grants** at the beginning of the 2019/20 financial year amounted to R 959,9 million and roll-over applications were submitted to Provincial Treasury on the 31 July 2019 and to National Treasury on the 31 August 2019. Of the R959,9 million unspent in 2018/19 , only R 511,216,706.78 was approved and R 448,634,407.35 was surrendered to both National and Provincial Treasury. The receipts to date amount to R5, 364 billion whilst expenditure is at R4, 848 billion. The total unspent funds as at 31 December 2019 including approved rollovers is **R1, 027 billion**.

The 2018/19 unspent grants are further illustrated below:

Name of Grant	EMM Responsible Department	Unspent Funds - 18/19	Roll-over approved	Surrenders to National / Provincial Treasury	Comments
FMG	Finance	396,078.04	396,078.04	-	
USDG	Human Settlements	290,862,218.75	-	(290,862,218.75)	The actual unspent amount for 2018/19 was R20,2 million , the surrendered R270.6 million relates to 2017/18 expenditure on Chemical toilets which was reversed as instructed by AG. After numerous deliberations to secure the funds, the City was still required to surrender the funds to National Revenue Fund.
INEP	Energy	8,302,337.05	8,302,337.05	-	
PTNG	Transport	143,893,542.69	-	(143,893,542.69)	The rollover was not supported and the reason provided was that the unspent 2018-19 funds have been adequately provided for in the 2019/20 allocation.
NDPG	Human Settlements	5,304,228.09	-	(5,304,228.09)	The rollover was not supported but rather R29 m was made available in a letter format after the rollover process.
Electricity Demand Side Management	Energy	9,704.82	-	(9,704.82)	This was a saving and there was no allocation for 2019/20.
SETA	Human Resources	4,729,237.15	4,729,237.15	-	
HIV/AIDS	Health & Social Development	760.55	760.55	-	
Township Initiatives	SRAC – Libraries	614,421.22	446,524.22	(167,897.00)	This was a saving, which was not supported by Treasury.
HSDG Accreditation	Human Settlements	505,738,585.77	497,341,769.77	(8,396,816.00)	The surrendered funds remained unspent from the 2017/18 rollover approval and Treasury do not approve rollover requests on previously approved rollovers.
TOTAL		959,851,114.13	511,216,706.78	(448,634,407.35)	

3. IN-YEAR BUDGET TABLES

The **main tables** as required in terms of the Municipal Budget and Reporting Regulations are included in the report as follows:

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EKU Ekurhuleni Metro - Table C1 Monthly Budget Statement Summary - M06 December												
Description	2018/19	Budget Year 2019/20										
	Audited Outcome	Original Budget	Monthly actual	Q2 Budget	Q2 Actual	YearTD actual	YearTD budget	Q2 Variance	Q2 Variance %	YTD variance	YTD variance %	Full Year Forecast
R thousands									%		%	
Financial Performance												
Property rates	5,395,431	6,140,478	479,737	1,535,119	1,425,893	2,685,023	3,070,239	(109,227)	-7%	(385,216)	-13%	6,140,478
Service charges	20,586,159	23,728,239	1,798,236	5,646,840	5,415,532	12,171,392	12,556,168	(231,308)	-4%	(384,775)	-3%	23,728,239
Investment revenue	397,694	438,015	8,687	108,754	65,260	151,785	217,508	(43,494)	-40%	(65,722)	-30%	438,015
Transfers recognised - operational	4,010,125	5,907,502	1,794,803	1,923,123	1,983,825	4,185,299	4,210,156	60,702	3%	(24,856)	-1%	5,907,502
Other own revenue	4,715,826	2,593,281	172,416	651,383	589,233	1,212,444	1,288,834	(62,151)	-10%	(76,390)	-6%	2,593,281
Total Revenue (excluding capital transfers and contributions)	35,105,235	38,807,515	4,253,880	9,865,221	9,479,742	20,405,943	21,342,904	(385,478)	-4%	(936,960)	-4%	38,807,515
Employee costs	8,451,195	9,628,450	784,346	2,407,698	2,329,272	4,604,168	4,814,818	(78,426)	-3%	(210,650)	-4%	9,628,450
Remuneration of Councillors	137,936	139,695	11,363	34,924	34,022	67,957	69,848	(902)	-3%	(1,891)	-3%	139,695
Depreciation & asset impairment	2,585,931	2,202,789	186,517	550,697	559,245	1,112,282	1,101,395	8,547	2%	10,887	1%	2,202,789
Finance charges	944,051	1,096,076	78,223	274,019	291,648	473,925	548,038	17,629	6%	(74,113)	-14%	1,096,076
Materials and bulk purchases	15,268,960	17,862,556	1,172,707	3,426,748	3,298,475	8,871,224	9,217,141	(128,274)	-4%	(345,917)	-4%	17,862,556
Transfers and grants	1,038,317	675,033	30,311	157,958	145,999	206,218	306,816	(11,959)	-8%	(100,598)	-33%	675,033
Other expenditure	9,593,032	7,201,431	649,850	2,315,601	2,483,691	3,356,803	3,607,304	168,091	7%	(250,501)	-7%	7,201,431
Total Expenditure	38,019,421	38,806,031	2,913,316	9,167,645	9,142,351	18,692,576	19,665,358	(25,294)	0%	(972,782)	-5%	38,806,031
Surplus/(Deficit)	(2,914,186)	1,484	1,340,563	697,575	337,391	1,713,367	1,677,545	(360,184)	-52%	35,822	2%	1,484
Transfers recognised - capital	2,053,381	2,783,460	234,893	614,749	593,344	713,113	1,026,005	(21,405)	-3%	(312,892)	-30%	2,783,460
Surplus/(Deficit) after capital transfers & contributions	(778,812)	2,784,944	1,575,456	1,312,324	930,735	2,426,480	2,703,551	(381,589)	-29%	(277,070)	-10%	2,784,944
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	0%	-	-	-
Surplus/ (Deficit) for the year	(778,812)	2,784,944	1,575,456	1,312,324	927,808	2,426,480	2,703,551	(384,516)	-29%	(277,070)	-10%	2,784,944
Capital expenditure & funds sources												
Capital expenditure	5,970,194	7,417,207	554,071	1,831,900	1,454,723	1,760,816	3,708,605	(377,177)	-21%	(1,947,789)	-53%	7,417,207
Capital transfers recognised	2,042,094	2,783,460	202,783	574,739	616,769	711,153	1,187,047	42,030	7%	(475,894)	-40%	2,385,010
Borrowing	2,996,591	3,749,908	286,058	995,793	718,456	892,524	1,996,118	(277,338)	-28%	(1,103,595)	-55%	3,981,318
Internally generated funds	931,510	883,839	65,230	261,368	119,499	157,140	525,440	(141,869)	-54%	(368,300)	-70%	1,050,879
Total sources of capital funds	5,970,194	7,417,207	554,071	1,831,900	1,454,723	1,760,816	3,708,605	(377,177)	-21%	(1,947,789)	-53%	7,417,207

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY
ORDINARY COUNCIL MEETING**

2020.01.30

A-F (05-2020)

EKU Ekurhuleni Metro - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M06 December

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Revenue - Standard										
Governance and administration		8,739,952	9,527,961	-	1,314,073	4,644,006	5,098,867	(454,861)	-9%	9,527,961
Executive and council		-	-	-	-	-	-	-		-
Budget and treasury office		8,739,952	9,527,961	-	1,314,073	4,644,006	5,098,867	(454,861)	-9%	9,527,961
Corporate services		-	-	-	-	-	-	-		-
Community and public safety		2,433,988	2,167,229	-	154,608	801,336	1,013,142	(211,806)	-21%	2,167,229
Community and social services		203,988	232,886	-	2,184	141,062	147,249	(6,187)	-4%	232,886
Sport and recreation		14,217	15,891	-	715	4,026	5,610	(1,584)	-28%	15,891
Public safety		698,913	145,962	-	11,384	72,202	72,981	(779)	-1%	145,962
Housing		1,356,190	1,599,133	-	138,069	467,797	671,700	(203,904)	-30%	1,599,133
Health		160,680	173,356	-	2,257	116,249	115,601	648	1%	173,356
Economic and environmental services		737,971	1,023,071	-	130,492	359,766	461,157	(101,390)	-22%	1,023,071
Planning and development		60,395	67,291	-	3,151	29,889	34,134	(4,245)	-12%	67,291
Road transport		677,575	955,635	-	127,341	329,877	426,950	(97,073)	-23%	955,635
Environmental protection		1	144	-	-	0	72	(72)	-100%	144
Trading services		25,000,266	28,540,978	-	2,869,161	15,147,897	15,629,876	(481,979)	-3%	28,540,978
Electricity		14,816,508	16,533,647	-	1,375,711	8,885,349	9,087,946	(202,597)	-2%	16,533,647
Water		5,723,153	6,954,240	-	950,828	3,687,926	3,871,225	(183,299)	-5%	6,954,240
Waste water management		2,489,138	2,892,460	-	240,589	1,434,961	1,446,230	(11,269)	-1%	2,892,460
Waste management		1,971,466	2,160,631	-	302,032	1,139,660	1,224,475	(84,814)	-7%	2,160,631
Other	4	328,432	331,737	-	20,440	166,051	165,868	184	0%	331,737
Total Revenue - Standard	2	37,240,609	41,590,975	-	4,488,772	21,119,056	22,368,909	(1,249,853)	-6%	41,590,975
Expenditure - Standard										
Governance and administration		6,489,211	5,071,405	-	376,923	2,148,910	2,522,355	(373,445)	-15%	5,071,405
Executive and council		500,945	523,844	-	38,056	218,055	246,929	(28,874)	-12%	523,844
Budget and treasury office		5,916,612	4,468,159	-	333,891	1,901,140	2,235,725	(334,585)	-15%	4,468,159
Corporate services		71,654	79,402	-	4,975	29,715	39,701	(9,986)	-25%	79,402
Community and public safety		6,256,676	6,029,409	-	487,902	2,825,714	2,996,268	(170,554)	-6%	6,029,409
Community and social services		681,203	795,422	-	58,376	368,841	392,368	(23,527)	-6%	795,422
Sport and recreation		1,019,455	1,105,988	-	76,057	453,652	528,824	(75,172)	-14%	1,105,988
Public safety		1,907,548	1,976,588	-	185,090	1,037,671	988,077	49,594	5%	1,976,588
Housing		1,158,538	525,812	-	37,767	187,182	276,525	(89,343)	-32%	525,812
Health		1,489,932	1,625,599	-	130,612	778,368	810,474	(32,106)	-4%	1,625,599
Economic and environmental services		3,297,729	3,232,714	-	281,583	1,620,114	1,616,614	3,501	0%	3,232,714
Planning and development		679,519	775,479	-	49,547	246,572	387,863	(141,291)	-36%	775,479
Road transport		2,463,342	2,354,196	-	226,268	1,338,535	1,177,279	161,256	14%	2,354,196
Environmental protection		154,868	103,039	-	5,767	35,007	51,471	(16,464)	-32%	103,039
Trading services		21,734,202	24,197,398	-	1,745,228	11,960,862	12,392,141	(431,279)	-3%	24,197,398
Electricity		13,083,962	15,012,524	-	1,015,943	7,871,888	7,801,027	70,861	1%	15,012,524
Water		6,436,634	6,768,659	-	506,781	3,002,001	3,385,155	(383,154)	-11%	6,768,659
Waste water management		1,040,312	1,060,346	-	91,193	505,120	530,105	(24,985)	-5%	1,060,346
Waste management		1,173,294	1,355,869	-	131,312	581,854	675,855	(94,001)	-14%	1,355,869
Other		255,781	275,105	-	24,609	139,903	137,980	1,923	1%	275,105
Total Expenditure - Standard	3	38,033,599	38,806,031	-	2,916,244	18,695,504	19,665,358	(969,855)	-5%	38,806,031
Surplus/ (Deficit) for the year		(792,990)	2,784,944	-	1,572,528	2,423,553	2,703,551	(279,998)	-10%	2,784,944

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY
ORDINARY COUNCIL MEETING**

2020.01.30

A-F (05-2020)

EKU Ekurhuleni Metro - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December										
Vote Description	Ref	2018/19	budget year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Executive and Council		271,876	307,440	-	9	569	27,502	(26,933)	-97.9%	307,440
Vote 2 - Finance and Corporate Services		8,436,323	9,178,698	-	1,310,484	4,626,640	5,050,456	(423,816)	-8.4%	9,178,698
Vote 3 - Energy		14,816,508	16,533,647	-	1,375,711	8,885,349	9,087,946	(202,597)	-2.2%	16,533,647
Vote 4 - Water and Sanitation		8,212,291	9,846,700	-	1,191,418	5,122,887	5,317,455	(194,568)	-3.7%	9,846,700
Vote 5 - Waste Management		1,972,447	2,161,704	-	302,104	1,140,139	1,225,011	(84,872)	-6.9%	2,161,704
Vote 6 - Human Settlements		1,386,963	1,639,884	-	141,577	484,115	692,074	(207,958)	-30.0%	1,639,884
Vote 7 - City Planning		35,088	45,269	-	2,522	17,988	22,634	(4,647)	-20.5%	45,269
Vote 8 - Economic Development		48,495	47,675	-	2,805	24,434	24,327	107	0.4%	47,675
Vote 9 - Disaster and Emergency Management Services		181,110	202,996	-	790	132,105	136,905	(4,800)	-3.5%	202,996
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)		20,326	28,223	-	639	5,570	7,176	(1,606)	-22.4%	28,223
Vote 11 - Health and Social Development		156,623	164,774	-	1,879	113,201	111,310	1,891	1.7%	164,774
Vote 12 - Environmental Resource Management		23,171	35,554	-	1,948	12,743	17,777	(5,034)	-28.3%	35,554
Vote 13 - Ekurhuleni Metropolitan Police Department (EMP)		696,568	136,693	-	11,284	69,921	68,347	1,575	2.3%	136,693
Vote 14 - Transport Planning & Provisioning		822,181	1,160,794	-	127,208	441,731	524,128	(82,397)	-15.7%	1,160,794
Vote 15 - Roads and Stormwater		160,639	100,925	-	18,397	41,664	55,863	(14,198)	-25.4%	100,925
Total Revenue by Vote	2	37,240,609	41,590,975	-	4,488,772	21,119,056	22,368,909	#####	-5.6%	41,590,975
Expenditure by Vote	1									
Vote 1 - Executive and Council		1,308,645	1,438,993	-	102,349	589,699	679,328	(89,629)	-13.2%	1,438,993
Vote 2 - Finance and Corporate Services		4,591,600	3,013,719	-	233,499	1,347,813	1,533,650	(185,836)	-12.1%	3,013,719
Vote 3 - Energy		13,083,962	15,012,524	-	1,015,943	7,871,888	7,801,027	70,861	0.9%	15,012,524
Vote 4 - Water and Sanitation		7,463,485	7,813,324	-	597,353	3,501,771	3,907,504	(405,733)	-10.4%	7,813,324
Vote 5 - Waste Management		1,173,334	1,355,965	-	131,319	581,876	675,896	(94,020)	-13.9%	1,355,965
Vote 6 - Human Settlements		1,553,201	1,056,613	-	73,516	364,709	541,963	(177,254)	-32.7%	1,056,613
Vote 7 - City Planning		333,666	325,799	-	29,289	117,066	162,901	(45,835)	-28.1%	325,799
Vote 8 - Economic Development		312,909	399,459	-	16,020	104,736	200,219	(95,483)	-47.7%	399,459
Vote 9 - Disaster and Emergency Management Services		870,100	943,624	-	73,028	455,650	472,008	(16,358)	-3.5%	943,624
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)		708,940	762,636	-	57,985	371,000	376,725	(5,725)	-1.5%	762,636
Vote 11 - Health and Social Development		1,019,503	1,133,894	-	89,477	516,367	564,620	(48,253)	-8.5%	1,133,894
Vote 12 - Environmental Resource Management		804,508	863,282	-	54,929	320,463	406,413	(85,949)	-21.1%	863,282
Vote 13 - Ekurhuleni Metropolitan Police Department (EMP)		1,873,955	1,932,679	-	183,069	1,025,183	966,189	58,994	6.1%	1,932,679
Vote 14 - Transport Planning & Provisioning		884,249	782,159	-	93,467	392,711	391,235	1,476	0.4%	782,159
Vote 15 - Roads and Stormwater		2,051,542	1,971,362	-	165,001	1,134,572	985,682	148,890	15.1%	1,971,362
Total Expenditure by Vote	2	38,033,599	38,806,031	-	2,916,244	18,695,504	19,665,358	(969,855)	-4.9%	38,806,031
Surplus/ (Deficit) for the year	2	(792,990)	2,784,944	-	1,572,528	2,423,553	2,703,551	(279,998)	-10.4%	2,784,944

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY
ORDINARY COUNCIL MEETING**

2020.01.30

A-F (05-2020)

EKU Ekurhuleni Metro - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2018/19	budget year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		5,395,431	6,140,478	-	479,737	2,685,023	3,070,239	(385,216)	-13%	6,140,478
Service charges - electricity revenue		13,915,463	15,553,417	-	1,164,963	8,371,240	8,468,756	(97,517)	-1%	15,553,417
Service charges - water revenue		3,873,112	4,870,108	-	380,858	2,256,881	2,435,054	(178,173)	-7%	4,870,108
Service charges - sanitation revenue		1,477,906	1,771,371	-	145,389	865,082	885,685	(20,603)	-2%	1,771,371
Service charges - refuse revenue		1,319,678	1,533,344	-	107,026	678,190	766,672	(88,482)	-12%	1,533,344
Service charges - other										
Rental of facilities and equipment		116,471	136,271	-	10,737	66,104	68,135	(2,031)	-3%	136,271
Interest earned - external investments		397,694	438,015	-	8,687	151,785	217,508	(65,722)	-30%	438,015
Interest earned - outstanding debtors		484,884	560,910	-	35,538	236,376	280,497	(44,120)	-16%	560,910
Dividends received		182	-	-	(4)	10	-	10	#####	-
Fines		650,079	145,107	-	11,169	72,063	72,553	(490)	-1%	145,107
Licences and permits		305,138	305,916	-	18,256	153,478	152,957	521	0%	305,916
Agency services				-						
Transfers recognised - operational		4,010,125	5,907,502	-	1,794,803	4,185,299	4,210,156	(24,856)	-1%	5,907,502
Other revenue		3,157,427	1,445,077	-	96,721	684,412	714,692	(30,280)	-4%	1,445,077
Gains on disposal of PPE		1,644	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		35,105,235	38,807,515	-	4,253,880	#####	21,342,904	(936,960)	(0)	38,807,515
Expenditure By Type										
Employee related costs		8,451,195	9,628,450	-	784,346	4,604,168	4,814,818	(210,650)	-4%	9,628,450
Remuneration of councillors		137,936	139,695	-	11,363	67,957	69,848	(1,891)	-3%	139,695
Debt impairment		4,147,512	1,579,646	-	131,005	795,553	789,823	5,730	1%	1,579,646
Depreciation & asset impairment		2,585,931	2,202,789	-	186,517	1,112,282	1,101,395	10,887	1%	2,202,789
Finance charges		944,051	1,096,076	-	78,223	473,925	548,038	(74,113)	-14%	1,096,076
Bulk purchases		13,359,107	15,703,690	-	985,807	8,001,284	8,162,241	(160,957)	-2%	15,703,690
Other materials		1,909,854	2,158,867	-	186,900	869,940	1,054,900	(184,960)	-18%	2,158,867
Contracted services		4,276,415	4,347,517	-	438,284	2,020,864	2,162,011	(141,147)	-7%	4,347,517
Transfers and grants		1,038,317	675,033	-	30,311	206,218	306,816	(100,598)	-33%	675,033
Other expenditure		1,154,688	1,258,961	-	80,593	540,385	647,816	(107,431)	-17%	1,258,961
Loss on disposal of PPE		14,417	15,307	-	(32)	-	7,654	(7,654)	-100%	15,307
Total Expenditure		38,019,421	38,806,031	-	2,913,316	#####	19,665,358	(972,782)	(0)	38,806,031
Surplus/(Deficit)		(2,914,186)	1,484	-	1,340,563	1,713,367	1,677,545	35,822	0	1,484
Transfers recognised - capital		2,053,381	2,783,460	-	234,893	713,113	1,026,005	(312,892)	(0)	2,783,460
Contributions recognised - capital		81,993	-	-	-	-	-	-		-
Contributed assets		-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers		(778,812)	2,784,944	-	1,575,456	2,426,480	2,703,551	2,928	-	2,784,944
Taxation		14,178	-	-	2,928	2,928	-	2,928	-	-
Surplus/(Deficit) after taxation		(792,990)	2,784,944	-	1,572,528	2,423,553	2,703,551			2,784,944
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		(792,990)	2,784,944	-	1,572,528	2,423,553	2,703,551			2,784,944
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		(792,990)	2,784,944	-	1,572,528	2,423,553	2,703,551			2,784,944

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY
ORDINARY COUNCIL MEETING**

2020.01.30

A-F (05-2020)

EKU Ekurhuleni Metro - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M06 December								
Vote Description	2018/19	budget year 2019/20						
	Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Multi-Year expenditure appropriation								
Vote 1 - Executive and Council	593,269	631,740	54,365	85,032	315,870	(230,838)	-73%	631,740
Vote 2 - Finance and Corporate Services	458,570	995,305	35,301	132,336	497,652	(365,316)	-73%	995,305
Vote 3 - Energy	715,048	706,850	50,395	251,395	353,425	(102,031)	-29%	706,850
Vote 4 - Water and Sanitation	859,928	1,016,200	108,466	355,972	508,100	(152,128)	-30%	1,016,200
Vote 5 - Waste Management	187,330	128,000	8,226	18,063	64,000	(45,937)	-72%	128,000
Vote 6 - Human Settlements	1,333,378	1,605,910	129,515	406,063	802,955	(396,892)	-49%	1,605,910
Vote 7 - City Planning	1,197	600	-	30	300	(270)	-90%	600
Vote 8 - Economic Development	156,281	193,300	2,415	3,626	96,650	(93,024)	-96%	193,300
Vote 9 - Disaster and Emergency Management Services	128,835	160,300	5,416	27,320	80,150	(52,830)	-66%	160,300
Vote 10 - Sports, Recreation, Arts & Culture (SRAC)	100,330	119,120	8,055	13,408	59,560	(46,152)	-77%	119,120
Vote 11 - Health and Social Development	23,465	13,950	121	851	6,975	(6,124)	-88%	13,950
Vote 12 - Environmental Resource Management	312,760	304,600	12,578	50,185	152,300	(102,115)	-67%	304,600
Vote 13 - Ekurhuleni Metropolitan Police Department (EM)	168,661	115,300	8,554	20,287	57,650	(37,363)	-65%	115,300
Vote 14 - Transport Planning & Provisioning	423,407	769,382	63,672	176,963	384,691	(207,728)	-54%	769,382
Vote 15 - Roads and Stormwater	507,735	656,650	66,993	219,285	328,326	(109,041)	-33%	656,650
Total Capital Multi-year expenditure	5,970,194	7,417,207	554,071	1,760,816	3,708,605	(1,947,789)	-53%	7,417,207
Total Capital Expenditure	5,970,194	7,417,207	554,071	1,760,816	3,708,605	(1,947,789)	-53%	7,417,207
Capital Expenditure - Standard Classification								
Governance and administration	1,186,110	1,817,737	92,215	225,584	908,868	(683,285)	-75%	1,817,737
Executive and council	100,418	115,000	55	24,989	57,500	(32,511)	-57%	115,000
Budget and treasury office	1,085,372	1,702,707	92,160	200,569	851,353	(650,784)	-76%	1,702,707
Corporate services	320	30	-	26	15	11	72%	30
Community and public safety	1,876,686	2,059,207	159,193	500,773	1,029,604	(528,831)	-51%	2,059,207
Community and social services	128,835	160,300	5,416	27,320	80,150	(52,830)	-66%	160,300
Sport and recreation	350,288	343,000	18,137	54,500	171,500	(117,000)	-68%	343,000
Public safety	168,661	115,300	8,554	20,287	57,650	(37,363)	-65%	115,300
Housing	1,205,437	1,426,657	126,965	397,815	713,329	(315,513)	-44%	1,426,657
Health	23,465	13,950	121	851	6,975	(6,124)	-88%	13,950
Economic and environmental services	1,145,093	1,689,213	135,577	409,030	844,607	(435,578)	-52%	1,689,213
Planning and development	158,007	194,070	2,415	3,801	97,035	(93,234)	-96%	194,070
Road transport	924,625	1,414,543	130,665	396,231	707,272	(311,041)	-44%	1,414,543
Environmental protection	62,461	80,600	2,497	8,998	40,300	(31,302)	-78%	80,600
Trading services	1,762,306	1,851,050	167,086	625,430	925,526	(300,096)	-32%	1,851,050
Electricity	715,048	706,850	50,395	251,395	353,425	(102,031)	-29%	706,850
Water	696,304	894,800	86,738	316,800	447,400	(130,600)	-29%	894,800
Waste water management	163,624	121,400	21,728	39,172	60,700	(21,528)	-35%	121,400
Waste management	187,330	128,000	8,226	18,063	64,000	(45,937)	-72%	128,000
Other	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard Classification	5,970,194	7,417,207	554,071	1,760,816	3,708,605	(1,947,789)	-53%	7,417,207
Funded by:								
National Government	2,033,103	2,774,960	202,783	711,153	1,182,797	(471,644)	-40%	2,376,510
Provincial Government	8,990	8,500	-	-	4,250	(4,250)	-100%	8,500
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-
Transfers recognised - capital	2,042,094	2,783,460	202,783	711,153	1,187,047	(475,894)	-40%	2,385,010
Public contributions & donations								
Borrowing	2,996,591	3,749,908	286,058	892,524	1,996,118	(1,103,595)	-55%	3,981,318
Internally generated funds	931,510	883,839	65,230	157,140	525,440	(368,300)	-70%	1,050,879
Total Capital Funding	5,970,194	7,417,207	554,071	1,760,816	3,708,605	(1,947,789)	-53%	7,417,207

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EKU Ekurhuleni Metro - Table C6 Monthly Budget Statement - Financial Position - M06 December						
Description	Ref	2018/19	Budget year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		3,507,477	5,986,426	5,986,426	1,435,474	5,986,426
Call investment deposits		21,579	14,630	14,630	174,554	14,630
Consumer debtors		4,465,484	3,494,108	3,494,108	9,626,655	6,033,155
Other debtors		1,502,587	96,855	96,855	914,860	3,145,854
Inventory		1,330,458	217,889	217,889	1,395,574	1,388,530
Total current assets		10,925,100	9,809,909	9,809,909	13,547,118	16,683,626
Non current assets						
Long-term receivables		2,108	32,593	32,593	3,338	32,593
Investments		2,093,878	2,869,625	2,869,625	2,052,023	2,869,625
Investment property		418,550	230,415	230,415	502,154	416,317
Property, plant and equipment		57,759,785	60,310,606	60,310,606	55,718,700	60,310,606
Intangible assets		881,142	593,221	593,221	917,963	952,846
Other non-current assets		69,034	36,194	36,194	69,034	69,034
Total non current assets		61,228,497	64,072,654	64,072,654	59,263,212	64,655,020
TOTAL ASSETS		72,153,597	73,882,563	73,882,563	72,810,330	81,338,646
LIABILITIES						
Current liabilities						
Borrowing		58,013	51,584	51,584	-	51,781
Consumer deposits		920,173	780,938	780,938	948,333	960,937
Trade and other payables		8,521,375	9,694,562	9,694,562	6,879,471	9,694,562
Provisions		3,491,610	4,248,841	4,248,841	582,852	4,248,841
Total current liabilities		12,991,170	14,775,924	14,775,924	8,410,656	14,956,121
Non current liabilities						
Borrowing		9,016,241	13,422,358	13,422,358	9,412,577	13,422,358
Provisions		117,503	78,944	78,944	2,934,626	108,725
Total non current liabilities		9,133,744	13,501,302	13,501,302	12,347,202	13,531,083
TOTAL LIABILITIES		22,124,914	28,277,226	28,277,226	20,757,858	28,487,204
NET ASSETS	2	50,028,683	45,605,337	45,605,337	52,052,472	52,851,442
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		49,499,737	45,605,337	45,605,337	52,052,472	51,923,753
Reserves		528,946	0	0	-	927,689
TOTAL COMMUNITY WEALTH/EQU	2	50,028,683	45,605,337	45,605,337	52,052,472	52,851,442

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Key Financial Ratio's

As part of the requirements of the Municipal Budget and Reporting Regulations Council must complete schedule SC2 (Monthly Budget Statement Performance Indicators).

The following is an extract from the mentioned schedule indicating some of the key financial ratios.

EKU City of Ekurhuleni - Supporting Table SC2 Monthly Budget Statement - performance indicators - M06 December					
Description of financial indicator	Basis of calculation	2018/19	Budget Year 2019/20		
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual
<u>Borrowing Management</u>					
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure	2.5%	8.5%	0.0%	2.5%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants	50.2%	50.6%	0.0%	50.7%
<u>Safety of Capital</u>					
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves	35.2%	50.8%	0.0%	31.3%
<u>Liquidity</u>					
Current Ratio	Current assets/current liabilities	84.1%	66.4%	0.0%	161.1%
Liquidity Ratio	Monetary Assets/Current Liabilities	27.2%	40.6%	0.0%	19.1%
<u>Revenue Management</u>					
Outstanding Debtors	Total Outstanding Debtors to Annual Revenue	17.3%	9.3%	0.0%	51.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%
Employee costs	Employee costs/Total Revenue - capital revenue	24.1%	24.8%	0.0%	22.6%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	7.0%	7.8%	0.0%	7.2%
Interest & Depreciation	I&D/Total Revenue - capital revenue	10.1%	8.5%	0.0%	2.3%

4. OTHER SUPPORTING DOCUMENTS

In terms of Council's Unauthorised, Fruitless, Wasteful and Irregular Expenditure policy, all known instances of Fruitless, Wasteful and Irregular Expenditure are reported to Council on a quarterly basis as part of the SDBIP report.

There were no reported instances of Unauthorised, Irregular, Fruitless and Wasteful expenditure in the second quarter ending 31 December 2019.

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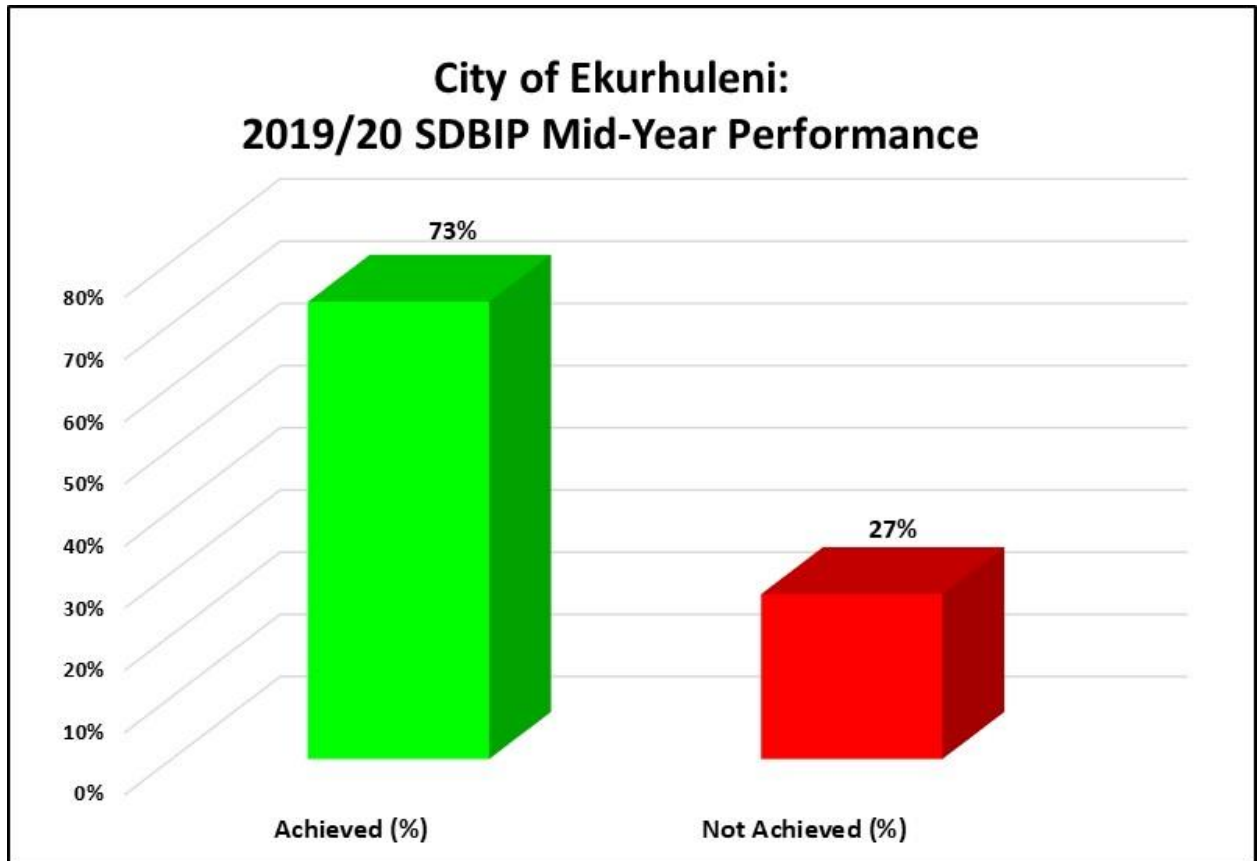
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5. SUMMARY OF THE UNAUDITED MID-YEAR SDBIP REPORT: MID-YEAR OF THE 2019/20 FINANCIAL YEAR

CITY-WIDE PERFORMANCE

FIGURE 1: CITY-WIDE 2019/2020 MID-YEAR PERFORMANCE



The City committed to a total of 83 targets in the mid-year period of the 2019/2020 financial year. Against these commitments, 61 (73%) targets were achieved and 22 (27%) were not achieved. The committed targets were contributed by the twenty-seven (27) departments and entities for the metro-wide SDBIP. Of the twenty-seven (27) departments and entities that committed to the targets, thirteen (13) departments achieved hundred per cent (100%) and seven (7) achieved 50% and less. All the three CoE entities achieved 50% and less with ERWAT achieving 33% of their targets while Brakpan Bus Company (BBC) and Ekurhuleni Housing Company (EHC) achieved none (0%) of their targets. The only department that received none (0%) of their targets is EPMO.

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FIGURE 2: CITY-WIDE 2019/2020 MID-YEAR PERFORMANCE PER CLUSTER

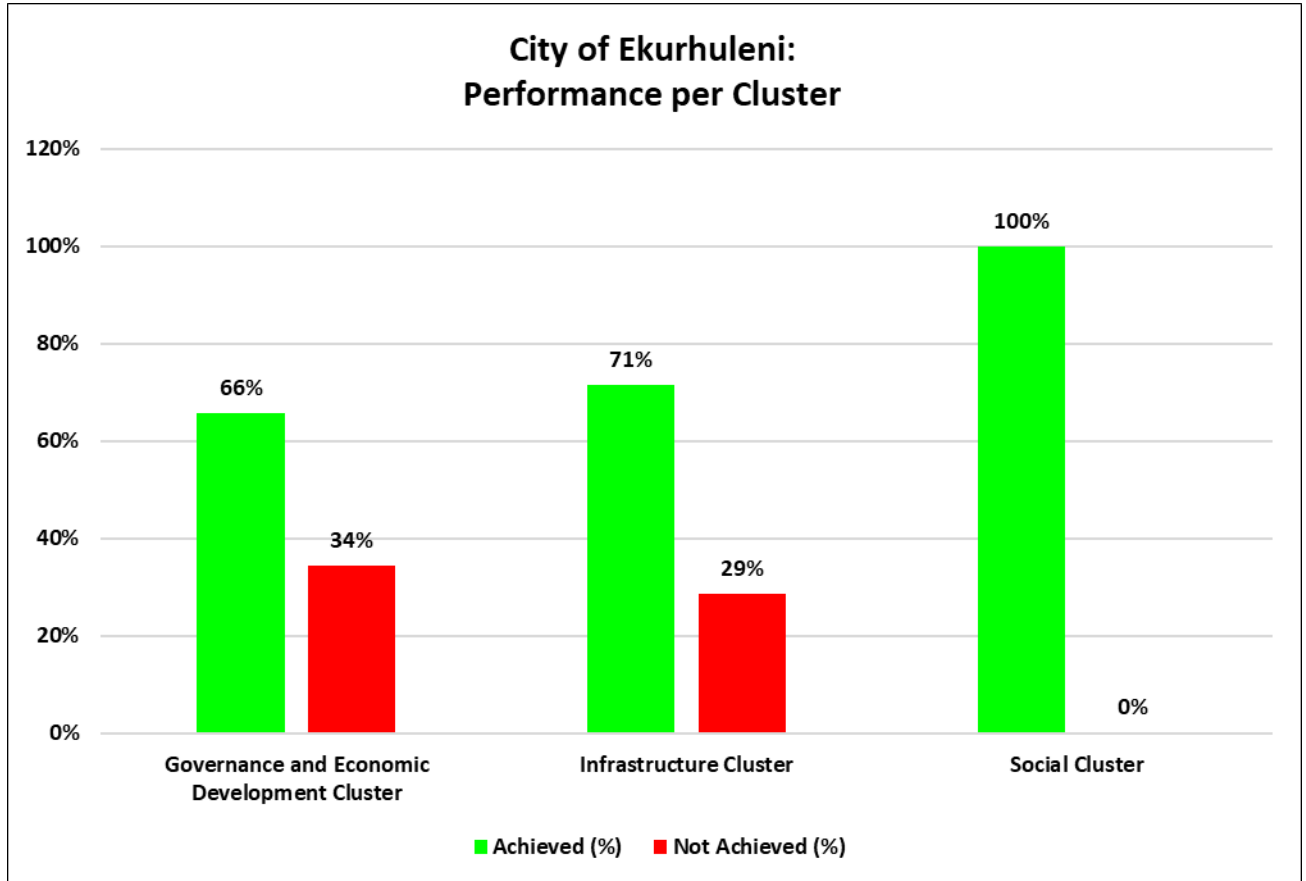


Figure 2. above presents the mid-year performance against the targets set for the mid-year period of the 2019/2020 financial year per cluster. The figure shows that the Social Cluster recorded the highest performance of hundred per cent (100%) target achievement followed by the Infrastructure Cluster with seventy-one per cent (71%) and Governance and Economic Cluster which recorded sixty-six per cent (66%) target achievement.

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FIGURE 3: CITY-WIDE MID-YEAR PERFORMANCE BY GDS THEMATIC AREAS

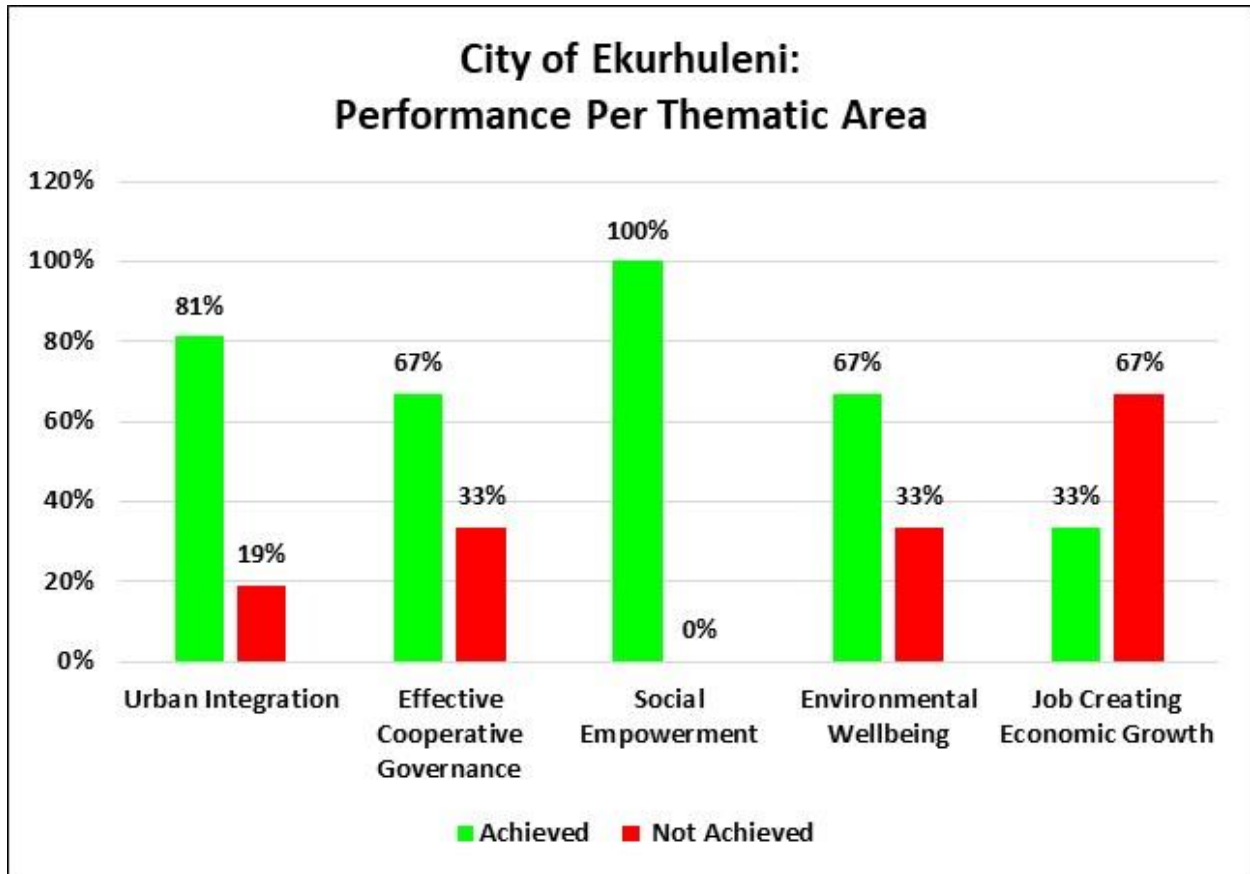


Figure 3. above presents the performance against target set within specific Thematic Areas of the Growth and Development Strategy (GDS) 2055. The performance on targets that were planned to be delivered over the period under review is summarised as follows:

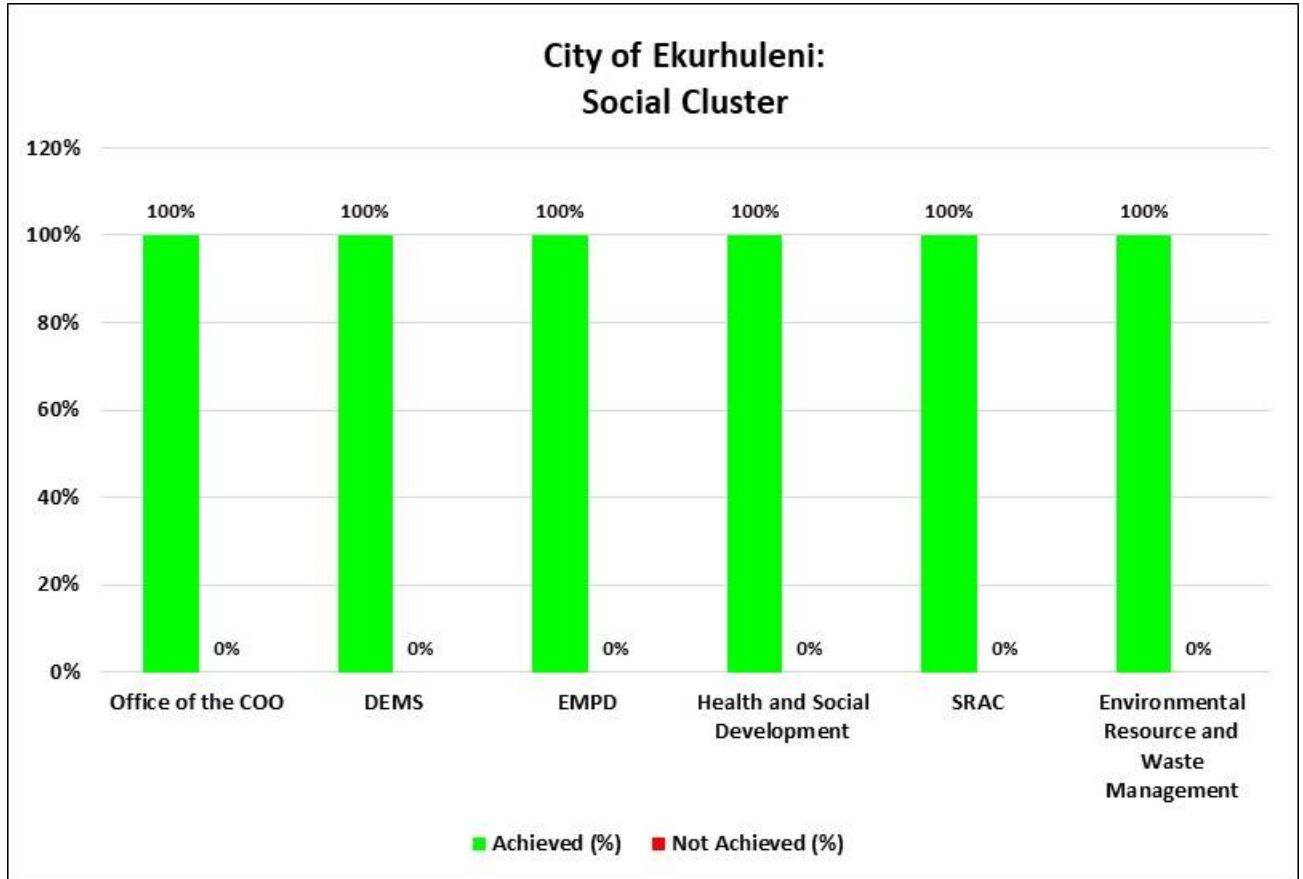
- The highest performance was recorded for the Social Empowerment GDS Thematic Area in which hundred per cent (100%) of the seven (7) targets that were planned during the mid-year period were achieved.
- The second highest performance was recorded for targets that were planned for the Urban Integration GDS Thematic Area. Thirty (30) of the thirty-seven (37) targets that were planned were achieved and this translates to eighty-one per cent (81%) target achievement.
- The above figure also indicates that a total of six (6) targets were planned for the Environmental Wellbeing GDS Thematic Area, of which four (67%) were achieved and two (33%) were not achieved.
- A total of twenty-seven (27) targets were planned for the Effective Cooperative Governance GDS Thematic Area. Of the twenty-seven (27) targets, 18 (67%) were achieved.
- Only six (6) targets were planned for the Job Creation Economic Growth GDS Thematic Area out of which only 2 (33%) were achieved.

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FIGURE 4: CITY-WIDE MID-YEAR PERFORMANCE ACROSS SOCIAL CLUSTER



Social Cluster

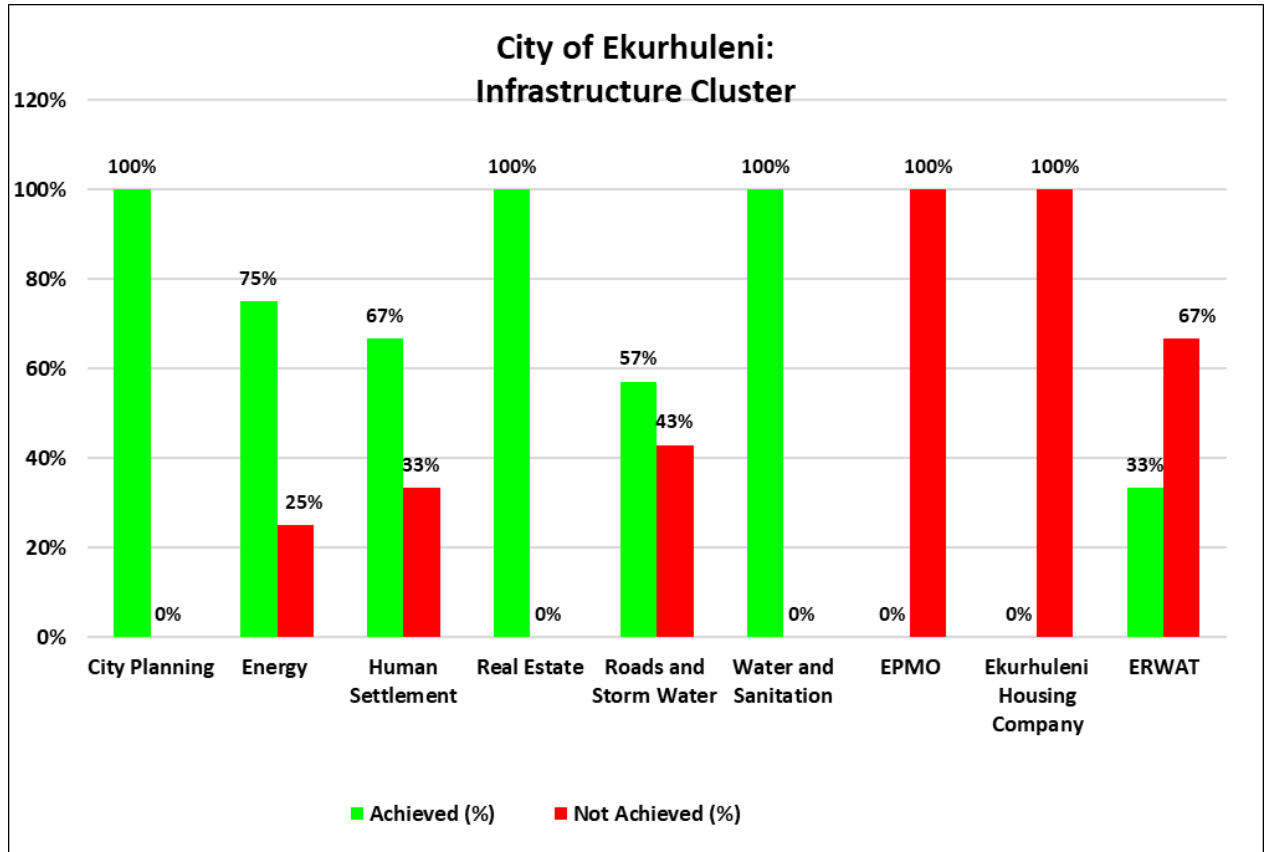
The Social Cluster committed to a total of thirteen (13) targets and of those, all 13 (100%) targets were achieved as presented in Figure 4 above. A total of six (6) departments in this cluster achieved 100% of their planned targets during the period under review. These departments are Environmental Resource Management, Sports, Recreation, Arts and Culture, Disaster and Emergency Management Services, Ekurhuleni Metro Police Department, Office of the Chief Operations Officer and Health and Social Development.

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FIGURE 5: CITY-WIDE MID-YEAR PERFORMANCE ACROSS INFRASTRUCTURE CLUSTER



Infrastructure Cluster

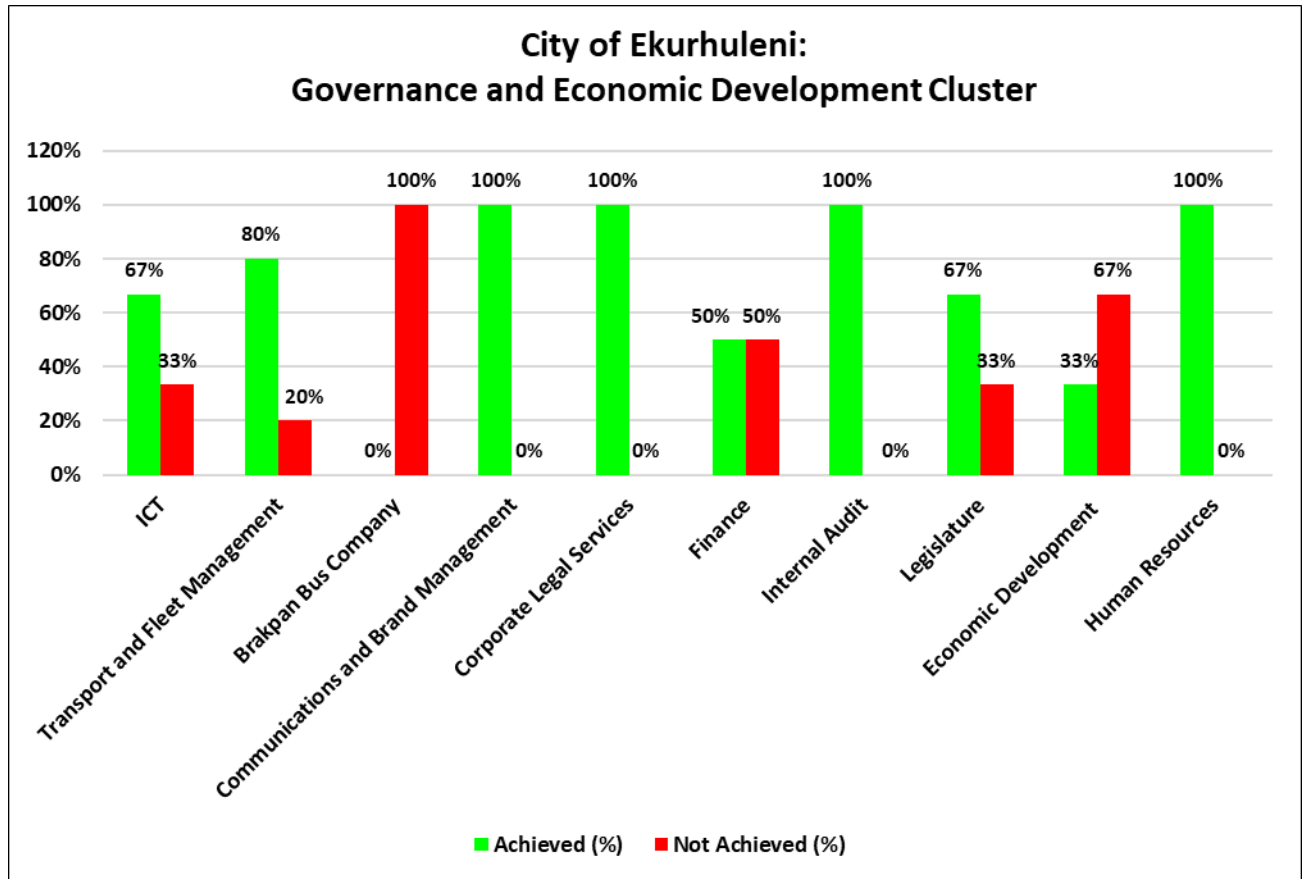
The cluster committed to a total of 35 targets and of those targets, 25 (71%) were achieved. A total of three (3) departments in this cluster achieved 100% of their planned targets during the period under review. These departments are City Planning, Real Estate and Water and Sanitation. The second best performing department in this cluster was Energy which achieved seventy-five per cent (75%) of their planned targets followed by Human Settlement department at sixty-seven per cent (67%) and Roads and Stormwater at fifty-seven (57%) target achievement. East Rand Water Care Company (ERWAT) each achieved thirty-three per cent (33%) of their planned targets whilst Enterprise Programme Management Office (EPMO) and Ekurhuleni Housing Company (EHC) achieved none (0%) of their planned targets.

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FIGURE 6: CITY-WIDE MID-YEAR PERFORMANCE ACROSS GOVERNANCE AND ECONOMIC DEVELOPMENT CLUSTER



Governance and Economic Development Cluster

The performance of the cluster was measured against thirty-five (35) targets that were planned to be met during the period under review. A total of 23 (66%) targets were achieved and 12 (34%) were not achieved. Four (4) departments (Communications and Brand Management, Internal Audit, Human Resources and Corporate Legal Services) achieved 100% of their set targets. The second highest performing department is Transport and Fleet Management with 80% of its set targets achieved. This is followed by ICT and Legislature which achieved sixty-seven per cent (67%) of their targets. Finance Department achieved 50% of their targets while Economic Development achieved only 33% of their planned targets. The Brakpan Bus Company (BBC), recorded nil per cent (0%) target achievement.

HIGHLIGHTS FOR 2019/20 SDBIP MID-YEAR PERFORMANCE

The pro-poor agenda is still reaffirmed as the foremost developmental agenda of the City in its commitment to stimulate and improve economic growth for the benefit of poor by broadening its reach through service delivery to all informal settlements. Hence during this period under review, the key focus was on the improvement of the quality of targeted services to informal settlements. Electrification, gravelling and upgrading of roads in the informal settlements, promoting targeted service provision in informal settlements and maintenance of service levels in all areas of the City are some of the noteworthy key service delivery highlights.

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1. SOCIAL EMPOWERMENT

This thematic area aims at building a socially cohesive, healthy, active and engaged citizenry capable of working in partnership. The City embarked on a number of initiatives that yielded some commendable results. These included:

- SRAC implemented 4 school programmes in quarter 2 engaging children on leading active and positive lives for their own development. At mid-year, the department has implemented a total of 8 school programme.
- Commendable strides were made in the provision of health care services. Some of the notable achievements included the:
 - Reduction of HIV transmission from Mother-To-Child to a level of 0.8% at mid-year which is well below the National Targets of 2%.
- In contributing towards the attainment of the national outcome of a long and healthy life for all South Africans, the Department of Health and Social Development continues its vector control programme aimed at the eradication of rodents. A total of 33 in quarter 2 of the Informal Settlements were treated for rodent infestation through baiting method. By mid-year, a total of 65 Informal Settlements were treated for rodent infestation

Safety and security across the City continues to be a high priority. The municipality focused on reducing accidents, fatalities and injuries and restore confidence and respect for road traffic management. This was done through heightened awareness of road traffic safety issues and by-law enforcement operations thereby inculcating good road user behaviour and voluntary compliance to by-laws and traffic laws. A total of 31 planned by-law enforcement policing operations were implemented in Q2 and at mid-year, 61 by-law enforcement policing operations were implemented.

2. SUSTAINABLE URBAN INTEGRATION

In its efforts to re-urbanise the City, focused on improving service delivery across all areas of service delivery. The results of these efforts included:

- Significant strides in the connection of households to water and sewer services. In this regard, a total of 6.690 kilometres of water and sewer pipes were replaced, upgraded and extended in quarter 2. A total of 8.02 kilometres of water and sewer pipes were replaced, upgraded and extended by mid-year.

The City focused on the construction, upgrade and maintenance of the road and storm water infrastructure network. In this regard, 381.3 km of road networks were maintained in quarter 2. At mid-year point, a total of 829.671 km of road networks were maintained.

3. JOB CREATION

The City recognises that, unemployment, poverty, homelessness as fundamental challenges human development, restoration of human dignity which will be addressed as part of the pro-poor agenda. Unemployment has continued to grow and undermined expectations for increased employment opportunities. In pursuit of addressing this challenge at a local level, the City has

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during the quarter 2, created 588 work opportunities created through EPWP, CWP and other related infrastructure programmes, bring to a total of 2 603 work opportunities created by mid-year.

ORGANISATIONAL AND HUMAN RESOURCE IMPLICATIONS

None

FINANCIAL IMPLICATIONS

The detailed financial implications have been addressed in the report.

LEGAL IMPLICATIONS

The report is compiled in accordance with the requirements of the Municipal Finance Management Act and Municipal Budget and Reporting Regulations.

COMMUNICATION IMPLICATION

The contents of the report must be communicated to National and Provincial Treasury. This will be done by the Finance Department.

The Marketing and Brand Management Department will ensure that the report is placed on the official website of Council.

OTHER DEPARTMENTS/ BODIES CONSULTED

- The Finance Management Team was consulted and the recommendations are supported.
- The Strategy and Corporate Planning Department was responsible for the compilation of the Performance Report.
- The Municipal Entities compiled their own Performance Reports.

RECOMMENDATION

1. **That** the 2019/20 mid-year budget and performance assessment report as required by section 72 of the Municipal Finance Management Act **BE SUBMITTED** by the Accounting Officer to the Executive Mayor by the 25th January 2020.
2. **That**, in compliance with Section 52(d) and Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 April 2009, regarding the “Local Government: Municipal Finance Management Act 2003 Municipal Budget and Reporting Regulations” the financial results regarding the operating and capital budgets for the 2nd quarter of the 2019/20 financial year, and supporting documents as required by National Treasury (Schedule C) as at 31 December 2019, **BE SUBMITTED** to Council.
3. **That**, in compliance with Section 54(1)(f) of the MFMA, the section 72 report must **BE SUNMITTED** by the Executive Mayor to Council by **31 January 2020**.
4. **That**, based on the mid-year review, an adjustment budget **WILL BE SUBMITTED** separately to council for consideration of approval.

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5. **That** in order to comply with Section 31(1) of the Government Gazette No 32141 of 17 April 2009 this report **BE SUBMITTED** to the National Treasury and the relevant Provincial Treasury within five days of tabling of the report in the council, in both a Council approved document and in electronic format.