

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

**2022.10.26**

**A-F (53-2022)**

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**CITY OF EKURHULENI (CoE): UNAUDITED FINANCIAL AND PERFORMANCE RESULTS  
FOR THE FIRST QUARTER OF THE 2022/23 FINANCIAL YEAR**

**1. PURPOSE**

To report to Council the Unaudited Financial and Performance Results for the **First Quarter** of the 2022/23 FY (financial year) as required in terms of Section 52(d) of the Municipal Finance Management Act and more detailed in the Municipal Budget and Reporting Regulations.

**2. STRATEGIC PRIORITY**

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

**3. WARDS AFFECTED**

All wards

**4. IDP LINKAGE**

Good governance

**5. EXECUTIVE SUMMARY**

**5.1 Operating Budget Results**

The table below shows the consolidated operating results (City and Entities) for the first quarter of the 2022/23 financial year.

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| Description  | Budget Year 22/23     |                       |                       |                       |                       |               |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------|
|  | Revised Budget        | Budget Q1             | Actual Q1             | YearTD budget         | YearTD actual         | YTD variance  |
|  | R                     | R                     | R                     | R                     | R                     | %             |
| <b>Revenue By Source</b>   |                       |                       |                       |                       |                       |               |
| Property rates   | 7 581 352 036         | 1 895 337 816         | 1 852 634 374         | 1 895 337 816         | 1 852 634 374         | -2.3%         |
| Service charges - electricity revenue                                | 19 760 579 818        | 6 911 366 094         | 5 786 518 978         | 6 911 366 094         | 5 786 518 978         | -16.3%        |
| Service charges - water revenue                                      | 6 091 505 528         | 1 522 876 368         | 1 423 012 469         | 1 522 876 368         | 1 423 012 469         | -6.6%         |
| Service charges - sanitation revenue                                 | 2 298 639 109         | 574 659 789           | 633 632 760           | 574 659 789           | 633 632 760           | 10.3%         |
| Service charges - refuse revenue                                     | 1 719 415 847         | 428 525 124           | 438 571 939           | 428 525 124           | 438 571 939           | 2.3%          |
| Rental of facilities and equipment                                   | 133 858 854           | 33 440 106            | 35 414 167            | 33 440 106            | 35 414 167            | 5.9%          |
| Interest earned - external investments                               | 80 637 665            | 20 160 059            | 17 380 838            | 20 160 059            | 17 380 838            | -13.8%        |
| Interest earned - outstanding debtors                                | 430 374 355           | 107 593 569           | 359 466 657           | 107 593 569           | 359 466 657           | 234.1%        |
| Fines, penalties and forfeits  | 817 243 638           | 204 391 665           | 36 481 418            | 204 391 665           | 36 481 418            | -82.2%        |
| Licences and permits   | 324 758 486           | 81 189 581            | 94 032 714            | 81 189 581            | 94 032 714            | 15.8%         |
| Transfers and subsidies  | 5 681 696 947         | 2 168 220 467         | 1 943 437 934         | 2 168 220 467         | 1 943 437 934         | -10.4%        |
| Other revenue  | 3 346 929 054         | 828 473 203           | 1 007 101 508         | 828 473 203           | 1 007 101 508         | 21.6%         |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>48 266 991 337</b> | <b>14 776 233 841</b> | <b>13 627 685 756</b> | <b>14 776 233 841</b> | <b>13 627 685 756</b> | <b>-7.8%</b>  |
| <b>Expenditure By Type</b>   |                       |                       |                       |                       |                       |               |
| Employee related costs   | 10 813 036 374        | 2 715 927 810         | 2 566 095 020         | 2 715 927 810         | 2 566 095 020         | -5.5%         |
| Remuneration of councillors  | 150 932 652           | 37 733 241            | 36 788 802            | 37 733 241            | 36 788 802            | -2.5%         |
| Debt impairment  | 4 703 780 642         | 1 175 945 178         | 1 191 078 866         | 1 175 945 178         | 1 191 078 866         | 1.3%          |
| Depreciation & asset impairment                                      | 2 842 210 754         | 710 552 784           | 710 380 355           | 710 552 784           | 710 380 355           | 0.0%          |
| Finance charges  | 1 489 922 883         | 372 480 735           | 65 664 290            | 372 480 735           | 65 664 290            | -82.4%        |
| Bulk purchases - electricity   | 15 418 907 875        | 4 947 310 783         | 4 622 234 998         | 4 947 310 783         | 4 622 234 998         | -6.6%         |
| Inventory consumed   | 5 535 983 732         | 1 484 680 721         | 1 125 518 055         | 1 484 680 721         | 1 125 518 055         | -24.2%        |
| Contracted services  | 5 326 868 798         | 1 206 872 132         | 712 685 486           | 1 206 872 132         | 712 685 486           | -40.9%        |
| Transfers and subsidies  | 523 919 665           | 127 645 520           | 46 653 127            | 127 645 520           | 46 653 127            | -63.5%        |
| Other expenditure  | 1 161 427 962         | 388 237 573           | 319 326 187           | 388 237 573           | 319 326 187           | -17.7%        |
| <b>Total Expenditure</b>   | <b>47 966 991 337</b> | <b>13 167 386 478</b> | <b>11 396 425 185</b> | <b>13 167 386 478</b> | <b>11 396 425 185</b> | <b>-13.4%</b> |
| <b>Surplus/(Deficit)</b>   | <b>300 000 000</b>    | <b>1 608 847 363</b>  | <b>2 231 260 571</b>  | <b>1 608 847 363</b>  | <b>2 231 260 571</b>  |               |

The **Operating Income** budgeted for the **1st Quarter** ended 30th September 2022 is R14.776 billion. The actual income R13.627 billion which resulted in R1.148 billion (7.8%) less than budgeted.

The **Operating Expenditure** budgeted for the **1st Quarter** ended 30th September 2022 is R13.167 billion. The actual expenditure is R11.396 billion which resulted in R1.770 billion (13.4%) less than budgeted.

The Analyses of Performance in section 6.1 below provides reasons for variances of 5% above or below the budget.

## 5.2 Capital Budget Results

The actual Capital Expenditure at the end of the 1st quarter of the 2022/23 financial year is **R316.9 million**, which represents a spending of 9.54% of the total capital budget of R3.3 billion. It is important to note that the outstanding commitments at the end of September 2022 amounted to R152.0 million. The actual expenditure plus commitments for the 1<sup>st</sup> quarter amounts to R469.0 million, which represents 14.10% of the capital budget.

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Capital spending is discussed in detail in section 6.2 of this report.

### 5.3 Collection Rate

The Collection Rate for the **1st quarter** ended 30<sup>th</sup> September 2022 is 86.84% which exceeds the quarterly target of 83%. The following matters continue to impact negatively on collection performance-

- Increasing decline in economic climate and customer ability to pay for services due to Covid-19 and resultant job losses;
- General tariff increases with effect from 1 July 2022 which impacts on consumer ability to pay for services;
- Increased winter consumption of services;
- On-going limited credit control functions within Eskom supply areas with collection rate of 17.03%;
- Challenging areas : Access to specific areas are limited and impacts on credit control actions and collection efforts; and
- Illegal connections, tampering and meter access.

The collection results of first three months of 2022-23 financial year are follows:

| Quarter | Year    | Period | Net Billed           | Receipts             | %             |
|---------|---------|--------|----------------------|----------------------|---------------|
| Q1      | 2022-23 | Jul-22 | 2 776 800 894        | 2 412 169 105        | 86.87%        |
| Q1      | 2022-23 | Aug-22 | 3 295 040 951        | 2 931 139 710        | 88.96%        |
| Q1      | 2022-23 | Sep-22 | 3 698 847 602        | 3 141 627 310        | 84.94%        |
|         |         |        | <b>9 770 689 447</b> | <b>8 484 936 126</b> | <b>86.84%</b> |

### 5.4 Bank balance and Cash on hand

The City had a bank balance of R676.5 million at the end of September 2022. This is net of cash flows from operating, financing and investing activities. The number of days cash on hand is 15 days. This is 10 days below the target of 25 days. This was impacted by consistent loadshedding and lower collection in Eskom supply areas.

## 6. BACKGROUND AND DISCUSSION

In terms of Section 52 (d) read with Section 71 of the MFMA and Section 28 of the Government Notice 32141 dated 17 April 2009, regarding the "Local Government: Municipal Finance Management Act 2003: Municipal Budget and Reporting Regulations", specific financial particulars are required to reported on and in the format prescribed, hence this report to meet legislative compliance.

*"The mayor of a municipality-*

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

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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 [of Finance] 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.”*

**The following Annexures are provided:**

**Annexure A:** Departmental Operating Budget Reports for 1<sup>st</sup> Quarter of 2022/23 Financial Year;

**Annexure B:** Detailed Capital Expenditure Reports for 1<sup>st</sup> Quarter of 2022/23 Financial Year; and

**Annexure C:** Detailed Performance Report (Pre-Determined Measurable Performance Targets for 1<sup>st</sup> Quarter of 2022/23).

## 6.1 Financial Performance of Operating Budget

The discussion below highlights the performance of the operating budget.

### 6.1.1 Revenue by Source

The revenue performance for the 1st Quarter ended 30<sup>th</sup> September 2022 is reflected in the table below.

| Description  | Budget Year 22/23     |                       |                       |                       |                       |              |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|
|  | Revised Budget        | Budget Q1             | Actual Q1             | YearTD budget         | YearTD actual         | YTD variance |
|  | R                     | R                     | R                     | R                     | R                     | %            |
| <b>Revenue By Source</b>   |                       |                       |                       |                       |                       |              |
| Property rates   | 7 581 352 036         | 1 895 337 816         | 1 852 634 374         | 1 895 337 816         | 1 852 634 374         | -2.3%        |
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| Service charges - sanitation revenue                                 | 2 298 639 109         | 574 659 789           | 633 632 760           | 574 659 789           | 633 632 760           | 10.3%        |
| Service charges - refuse revenue                                     | 1 719 415 847         | 428 525 124           | 438 571 939           | 428 525 124           | 438 571 939           | 2.3%         |
| Rental of facilities and equipment                                   | 133 858 854           | 33 440 106            | 35 414 167            | 33 440 106            | 35 414 167            | 5.9%         |
| Interest earned - external investments                               | 80 637 665            | 20 160 059            | 17 380 838            | 20 160 059            | 17 380 838            | -13.8%       |
| Interest earned - outstanding debtors                                | 430 374 355           | 107 593 569           | 359 466 657           | 107 593 569           | 359 466 657           | 234.1%       |
| Fines, penalties and forfeits  | 817 243 638           | 204 391 665           | 36 481 418            | 204 391 665           | 36 481 418            | -82.2%       |
| Licences and permits   | 324 758 486           | 81 189 581            | 94 032 714            | 81 189 581            | 94 032 714            | 15.8%        |
| Transfers and subsidies  | 5 681 696 947         | 2 168 220 467         | 1 943 437 934         | 2 168 220 467         | 1 943 437 934         | -10.4%       |
| Other revenue  | 3 346 929 054         | 828 473 203           | 1 007 101 508         | 828 473 203           | 1 007 101 508         | 21.6%        |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>48 266 991 337</b> | <b>14 776 233 841</b> | <b>13 627 685 756</b> | <b>14 776 233 841</b> | <b>13 627 685 756</b> | <b>-7.8%</b> |

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**Analysis of Performance**

The **Operating Income** budgeted for the **1st Quarter** ended 30th September 2022 is R14.776 billion. The actual income R13.627 billion which resulted in R1.148 million (7.8%) 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 elaborated below.

a. Service charges:

Service charges – electricity revenue

The actual income from sale of electricity is R1.124 billion less than the budget of R6.911 billion for the first quarter of 2022/23 financial year, which represent a negative deviation of 16.3%. The deviation is due to reduced consumption as a result of high stages of load shedding experienced in the first quarter.

Service charges – water

The actual income from water services charges is R99.8 million less than the budget of R1.522 billion for the first quarter of 2022/23 financial year, which represent a negative deviation of 6.6%. Persistent loadshedding has an impact on water supply.

Service charges – sanitation

The actual income from sanitation services charges is R58.9 million more than the budget of R574.6 billion for the first quarter of 2022/23 financial year, which represent a positive deviation of 10.3%. The sanitation increase is due to industrial effluent charges associated with the industrial waste water and associated penalties.

b. Rental of facilities and equipment

The budget for rental of facilities and equipment for the first quarter of 2022/23 financial year amounted to R33.4 million whilst the actual revenue amounted to R35.4 million, thus a deviation of 5.9% more than budgeted. The budget was informed by the low levels of revenue generated during the COVID-19 pandemic. The revenue performance will be closely monitored as more facilities are rented for funerals, weddings and other social activities and amenities.

c. Interest earned

This category of income refers mainly to the interest earned on the bank, investments accounts and interest charged on debtor accounts.

The deviation on the interest earned on the bank and investments accounts are as a result of reduced investments and reduced bank balances due to low collection rates.

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The positive deviation on the interest on outstanding debtors is directly linked to the debtors book. Non-achievement of targeted collection rate in the first quarter resulted in increased debtors and subsequently more than anticipated interest on debtors.

d. Fines, penalties and forfeits

The budget of Fines, Penalties and Forfeits for the first quarter of 2022/23 financial year amounted to R204.3 million whilst the actual revenue amounted to R36.4 million, thus a negative deviation of 82.2% less than budgeted. This category is inclusive of traffic fines. Traffic fines budget includes the non-cash item amounting to R697.5 million for the year, being GRAP accrual for the purpose of compiling the Annual Financial Statements. This R697.5 million non-cash will be journalised at the end of the financial year.

e. Licenses and permits

Revenue budgeted from licenses and permits for the first quarter of 2022/23 financial year amounted to R81.1 million whilst the actual revenue amounted to R94 million, thus a positive deviation of 15.8%. It is evident that the Licensing centres are still addressing the backlog resulting from the impact of lockdown. Also, higher revenues result from enforcement of the City's by-laws.

f. Transfers and subsidies

The actual income from transfers and subsidies is R227.4 million less than the budget of R2.168 billion for the first quarter of 2022/23 financial year, which represent a deviation of 10.4%. The category includes grants and subsidies received from National and Provincial Treasury.

g. Other revenue

Other revenue shows over performance of R178.6 million or 21.5% above budget. Included in this category is fuel very revenue from National Treasury. The cash flow projections (year to date budget) will be adjusted during the adjustment budget process to ensure alignment with actual receipts from National Treasury, as the total allocations to the City will not increase.

**6.1.2 Expenditure by type**

The expenditure performance for the 1st Quarter ended 30 September 2022 is reflected in the table below.

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| Description                     | Budget Year 22/23     |                       |                       |                       |                       |               |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------|
|                                 | Revised Budget        | Budget Q1             | Actual Q1             | YearTD budget         | YearTD actual         | YTD variance  |
|                                 | R                     | R                     | R                     | R                     | R                     | %             |
| <b>Expenditure By Type</b>      |                       |                       |                       |                       |                       |               |
| Employee related costs          | 10 813 036 374        | 2 715 927 810         | 2 566 095 020         | 2 715 927 810         | 2 566 095 020         | -5.5%         |
| Remuneration of councillors     | 150 932 652           | 37 733 241            | 36 788 802            | 37 733 241            | 36 788 802            | -2.5%         |
| Debt impairment                 | 4 703 780 642         | 1 175 945 178         | 1 191 078 866         | 1 175 945 178         | 1 191 078 866         | 1.3%          |
| Depreciation & asset impairment | 2 842 210 754         | 710 552 784           | 710 380 355           | 710 552 784           | 710 380 355           | 0.0%          |
| Finance charges                 | 1 489 922 883         | 372 480 735           | 65 664 290            | 372 480 735           | 65 664 290            | -82.4%        |
| Bulk purchases - electricity    | 15 418 907 875        | 4 947 310 783         | 4 622 234 998         | 4 947 310 783         | 4 622 234 998         | -6.6%         |
| Inventory consumed              | 5 535 983 732         | 1 484 680 721         | 1 125 518 055         | 1 484 680 721         | 1 125 518 055         | -24.2%        |
| Contracted services             | 5 326 868 798         | 1 206 872 132         | 712 685 486           | 1 206 872 132         | 712 685 486           | -40.9%        |
| Transfers and subsidies         | 523 919 665           | 127 645 520           | 46 653 127            | 127 645 520           | 46 653 127            | -63.5%        |
| Other expenditure               | 1 161 427 962         | 388 237 573           | 319 326 187           | 388 237 573           | 319 326 187           | -17.7%        |
| <b>Total Expenditure</b>        | <b>47 966 991 337</b> | <b>13 167 386 478</b> | <b>11 396 425 185</b> | <b>13 167 386 478</b> | <b>11 396 425 185</b> | <b>-13.4%</b> |

a. Overtime

The table below shows performance on actual overtime pay against the quarter 1 budget.

| Department   | Budget Year 21/22 |            |               |               |
|--|-------------------|------------|---------------|---------------|
|  | Budget Q1         | Actual Q1  | YearTD budget | YearTD actual |
|  | R                 | R          | R             | R             |
| <b>CHIEF OPERATING OFFICER: DELIVERY CO-ORDINATION</b> | 1,625,835         | 1,593,972  | 1,625,835     | 1,593,972     |
| <b>CITY MANAGER</b>                                    | 3,393             |            | 3,393         |               |
| <b>CITY PLANNING</b>                                   | 4,455             | -          | 4,455         | -             |
| <b>COMMUNICATION &amp; BRANDING</b>                    | 45,520            | 52,178     | 45,520        | 52,178        |
| <b>CORPORATE LEGAL</b>                                 | 29,280            | 30,821     | 29,280        | 47,913        |
| <b>DISASTER AND EMERGENCY MANAGEMENT SERVICES</b>      | 3,116,012         | 4,850,816  | 3,116,012     | 4,850,816     |
| <b>ECONOMIC DEVELOPMENT</b>                            | 358,389           | 395,815    | 358,389       | 395,815       |
| <b>EHC</b>   | 101,520           | 12,176     | 101,520       | 12,176        |
| <b>EKURHULENI METRO POLICE DEPARTMENT</b>              | 113,576,775       | 81,865,842 | 113,576,775   | 81,865,842    |
| <b>ENERGY</b>  | 32,373,624        | 29,501,350 | 32,373,624    | 29,501,350    |
| <b>ENVIRONMENTAL RESOURCE MANAGEMENT</b>               | 25,853,292        | 20,388,445 | 25,853,292    | 20,388,445    |
| <b>ERWAT</b>   | 5,977,566         | 9,542,792  | 5,977,566     | 9,542,792     |
| <b>EXECUTIVE OFFICE</b>                                | 5,145             | 31,857     | 5,145         | 31,857        |
| <b>FINANCE</b>   | 6,281,278         | 6,330,088  | 6,281,278     | 6,330,088     |

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|   |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| <b>HEALTH AND SOCIAL DEVELOPMENT</b>        | 1,683,718          | 1,822,591          | 1,683,718          | 1,822,591          |
| <b>HUMAN RESOURCES</b>                      | 194,310            | 474,724            | 194,310            | 474,724            |
| <b>HUMAN SETTLEMENTS</b>                    | 244,953            | 172,958            | 244,953            | 172,958            |
| <b>INFORMATION COMMUNICATION TECHNOLOGY</b> | 424,671            | 391,059            | 424,671            | 391,059            |
| <b>LEGISLATURE</b>                          | 51,240             | 535,963            | 51,240             | 535,963            |
| <b>REAL ESTATE</b>                          | 904,701            | 1,457,525          | 904,701            | 1,457,525          |
| <b>ROADS AND STORMWATER</b>                 | 2,043,720          | 1,885,699          | 2,043,720          | 1,885,699          |
| <b>SPORTS, RECREATION, ARTS AND CULTURE</b> | 2,797,390          | 2,321,370          | 2,797,390          | 2,321,370          |
| <b>STRATEGY &amp; CORPORATE PLANNING</b>    | 7,971              | -                  | 7,971              | -                  |
| <b>TRANSPORT</b>                            | 3,792,260          | 3,464,146          | 3,792,260          | 3,464,146          |
| <b>WATER AND SANITATION</b>                 | 22,210,056         | 21,390,713         | 22,210,056         | 21,390,713         |
| <b>Grand Total</b>                          | <b>223,707,074</b> | <b>188,529,993</b> | <b>223,707,074</b> | <b>188,529,993</b> |

The table shows that although some departments have exceeded their quarter 1 overtime budget, however the overall quarter 1 overtime budget has not been exceeded. Departments were informed through Human Resources department to put measures in place to reduce overtime. This matter is also under discussion at the Local Labour Forum (LLF)

b. Finance charges

The deviation of R306.8 million on finance charges in the first quarter of 2022/23 financial year relates to interest on loans to finance the capital projects. The City is intending to take up the loan in the second quarter of the financial year as part of its liquidity management strategy.

c. Repairs and maintenance – inclusive of inventory

The mSCOA Framework does not accommodate the Repair and Maintenance as a type of expenditure and category. These 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 per departments is extracted from various categories and depicted in the table below:



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| Department                                 | Budget Year 22/23    |                    |                    |                    |                    | YTD variance  |
|--|----------------------|--------------------|--------------------|--------------------|--------------------|---------------|
|  | Revised Budget       | Budget Q1          | Actual Q1          | YearTD budget      | YearTD actual      |               |
| CITY PLANNING                              | 35 074 208           | 8 768 553          | 3 621 512          | 8 768 553          | 3 621 512          | -58.7%        |
| DISASTER AND EMERGENCY MANAGEMENT SERVICES | 1 175 909            | 294 000            | 128 934            | 294 000            | 128 934            | -56.1%        |
| ECONOMIC DEVELOPMENT                       | 3 015 703            | 784 082            | 3 585              | 784 082            | 3 585              | -99.5%        |
| EHC  | 5 607 871            | 1 402 002          | 1 579 951          | 1 402 002          | 1 579 951          | 12.7%         |
| EKURHULENI METRO POLICE DEPARTMENT         | 2 022 993            | 505 746            | 10 361             | 505 746            | 10 361             | -98.0%        |
| ENERGY                                     | 923 467 534          | 230 867 124        | 356 286 743        | 230 867 124        | 356 286 743        | 54.3%         |
| ENVIRONMENTAL RESOURCE MANAGEMENT          | 130 967 201          | 27 961 005         | 4 432 010          | 27 961 005         | 4 432 010          | -84.1%        |
| ERWAT                                      | 167 313 986          | 41 828 601         | 4 281 496          | 41 828 601         | 4 281 496          | -89.8%        |
| FINANCE                                    | 20 500 714           | 5 125 203          | 15 399             | 5 125 203          | 15 399             | -99.7%        |
| HEALTH AND SOCIAL DEVELOPMENT              | 4 494 197            | 852 297            | 343 068            | 852 297            | 343 068            | -59.7%        |
| HUMAN SETTLEMENTS                          | 11 257 736           | 2 064 296          | -                  | 2 064 296          | -                  | -100.0%       |
| INFORMATION COMMUNICATION TECHNOLOGY       | 204 360 000          | 51 090 000         | 30 263 908         | 51 090 000         | 30 263 908         | -40.8%        |
| REAL ESTATE                                | 68 775 085           | 17 193 801         | 1 928 749          | 17 193 801         | 1 928 749          | -88.8%        |
| ROADS AND STORMWATER                       | 369 443 884          | 63 566 355         | 11 614 101         | 63 566 355         | 11 614 101         | -81.7%        |
| SPORTS, RECREATION, ARTS AND CULTURE       | 27 858 384           | 2 858 009          | 87 185             | 2 858 009          | 87 185             | -96.9%        |
| TRANSPORT                                  | 170 773 042          | 42 693 318         | 22 141 350         | 42 693 318         | 22 141 350         | -48.1%        |
| WATER AND SANITATION                       | 382 416 767          | 95 604 291         | 25 075 183         | 95 604 291         | 25 075 183         | -73.8%        |
| <b>GRAND TOTAL</b>                         | <b>2 528 525 214</b> | <b>593 458 683</b> | <b>461 813 535</b> | <b>593 458 683</b> | <b>461 813 535</b> | <b>-22.2%</b> |

The table above shows that only Energy Department has exceeded its first quarter budget due to continuous load-shedding and its impact on the electrical infrastructure, which needs to be repaired frequently.

d. Bulk purchases – electricity

The negative deviation of 6.6% on bulk purchases of electricity directly correlates with the reduced consumption on electricity as a result of high stages of load shedding implemented in the first quarter of 2022/23 financial year.

e. Inventory consumed

The budget for inventory in the first quarter of 2022/23 financial year amounted to R1.484 billion whilst the actual expenditure amounted to R1.125 million, being a negative deviation of 24.2%.

Included in this category is water purchased from Rand Water which indicated a deviation of R332 million for first quarter. The expenditure will be monitored for possible adjustment during the adjustment budget process.

f. Contracted Services

The budget for Contracted Services for the quarter under review is R1.206 billion whilst the actual expenditure amounted to R712 million, being a negative deviation of 40.9%.

Cognisance must be taken that the expenditure of this nature is not accrued and therefore it could reflect to a large extent only expenditure for 2 months (i.e. September 2022 invoices will only get paid in October 2022).

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The following table reflects the detail expenditure per department:

| Department                                 | Budget Year 22/23    |                      |                    |                      |                    | YTD variance  |
|--|----------------------|----------------------|--------------------|----------------------|--------------------|---------------|
|  | Revised Budget       | Budget Q1            | Actual Q1          | YearTD budget        | YearTD actual      |               |
| SERVICE DELIVERY COORDINATION              | 10 191               | 10 191               | -                  | 10 191               | -                  | -100.0%       |
| CITY MANAGER                               | 59 154 190           | 6 342 400            | 7 515 722          | 6 342 400            | 7 515 722          | 18.5%         |
| CITY PLANNING                              | 43 652 153           | 10 934 193           | 3 625 400          | 10 934 193           | 3 625 400          | -66.8%        |
| COMMUNICATION & BRANDING                   | 219                  | 57                   | -                  | 57                   | -                  | -100.0%       |
| CORPORATE LEGAL                            | 44 626 541           | 10 033 000           | 9 818 214          | 10 033 000           | 9 818 214          | -2.1%         |
| COUNCIL GENERAL                            | 331 768 332          | 82 942 083           | 84 741 405         | 82 942 083           | 84 741 405         | 2.2%          |
| DISASTER AND EMERGENCY MANAGEMENT SERVICES | 28 192 136           | 7 048 065            | 6 504 684          | 7 048 065            | 6 504 684          | -7.7%         |
| ECONOMIC DEVELOPMENT                       | 8 465 154            | 2 552 490            | 113 065            | 2 552 490            | 113 065            | -95.6%        |
| EKURHULENI METRO POLICE DEPARTMENT         | 402 589 140          | 60 946 247           | 89 727 398         | 60 946 247           | 89 727 398         | 47.2%         |
| ENERGY                                     | 584 943 980          | 150 428 597          | 71 820 161         | 150 428 597          | 71 820 161         | -52.3%        |
| ENVIRONMENTAL RESOURCE AND WASTE MANAGEMEN | 552 939 903          | 122 310 687          | 35 982 398         | 122 310 687          | 35 982 398         | -70.6%        |
| EXECUTIVE OFFICE                           | 783 622              | 196 045              | 85 160             | 196 045              | 85 160             | -56.6%        |
| FINANCE                                    | 190 838 418          | 47 709 696           | 4 008 971          | 47 709 696           | 4 008 971          | -91.6%        |
| HEALTH AND SOCIAL DEVELOPMENT              | 21 070 926           | 5 079 032            | 1 908 060          | 5 079 032            | 1 908 060          | -62.4%        |
| HUMAN RESOURCES                            | 2 770 000            | 312 000              | -                  | 312 000              | -                  | -100.0%       |
| HUMAN SETTLEMENTS                          | 196 681 253          | 25 980 796           | 8 240 975          | 25 980 796           | 8 240 975          | -68.3%        |
| INFORMATION COMMUNICATION TECHNOLOGY       | 204 360 000          | 51 090 000           | 30 263 908         | 51 090 000           | 30 263 908         | -40.8%        |
| INTERNAL AUDIT                             | 14 504 481           | 1 721 655            | 2 537 918          | 1 721 655            | 2 537 918          | 47.4%         |
| LEGISLATURE                                | 3 363 829            | 840 992              | 370 595            | 840 992              | 370 595            | -55.9%        |
| REAL ESTATE                                | 262 530 780          | 65 632 725           | 98 526 576         | 65 632 725           | 98 526 576         | 50.1%         |
| RISK MANAGEMENT                            | 10 857 623           | 464 957              | 337 716            | 464 957              | 337 716            | -27.4%        |
| ROADS AND STORMWATER                       | 366 150 482          | 61 374 789           | 11 396 107         | 61 374 789           | 11 396 107         | -81.4%        |
| SPORTS, RECREATION, ARTS AND CULTURE       | 23 722 520           | 2 547 658            | 87 185             | 2 547 658            | 87 185             | -96.6%        |
| STRATEGY & CORPORATE PLANNING              | 474 167              | 200 000              | -                  | 200 000              | -                  | -100.0%       |
| TRANSPORT                                  | 445 416 551          | 108 400 569          | 26 314 484         | 108 400 569          | 26 314 484         | -75.7%        |
| WATER AND SANITATION                       | 1 393 915 083        | 348 501 312          | 206 645 995        | 348 501 312          | 206 645 995        | -40.7%        |
| ERWAT                                      | 113 435 761          | 28 359 000           | 7 376 338          | 28 359 000           | 7 376 338          | -74.0%        |
| EHC  | 19 651 363           | 4 912 896            | 4 737 050          | 4 912 896            | 4 737 050          | -3.6%         |
| <b>GRAND TOTAL</b>                         | <b>5 326 868 798</b> | <b>1 206 872 132</b> | <b>712 685 486</b> | <b>1 206 872 132</b> | <b>712 685 486</b> | <b>-40.9%</b> |

**g. Transfers and subsidies**

The budget for transfers and subsidies in the first quarter of 2022/23 financial year amounted to R127.6 million whilst the actual expenditure amounted to R46.6 million, being a negative deviation of 63.5% or R80.9 million. The category includes the provision of ablution facilities to informal settlements budgeted at R95.3 million for the first quarter and actual expenditure amounted to R39.4 million, resulting in a deviation of R55.8 million.

Also included is the provision of housing infrastructure, operationalisation of buses (KTVR) and Public Employment Programme (NDPG). The performance to date is still very low due to appointment of contractors and Field Workers. However, all those issues have been addressed and expenditure is expected to accelerate from the 2nd quarter.

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**h. Other expenditure**

This category shows under expenditure of 17.7%. Included are discretionary expenditure items such as advertising, travel and accommodation and non-contracted services which are susceptible to cost containment.

**6.2 Financial Performance of Capital Budget**

The actual Capital Expenditure at the end of the 1st quarter of the 2022/23 financial year is **R316.9 million**, which represents a spending of 9.54% of the total capital budget of R3.3 billion. It is important to note that the outstanding commitments at the end of September 2022 amounted to R152.0 million. The actual expenditure plus commitments for the 1st quarter amounts to **R469.0 million**, which represents **14.10%** of the capital budget.

The actual **spending per department or municipal entity** is indicated in the following table.

|  | Original Budget      | Actual expenditure to | Expenditure commitments on | Actual expenditure plus commitments | Actual vs Original Budget | Actual Expenditure Plus Commitments |
|--|----------------------|-----------------------|----------------------------|-------------------------------------|---------------------------|-------------------------------------|
| Chief Operating Officer                    | 34,000,000           | -                     | -                          | -                                   | 0.00%                     | 0.00%                               |
| City Planning                              | 300,000              | 92,474                | -                          | 92,474                              | 30.82%                    | 30.82%                              |
| Communication and Brand Management         | 50,000               | -                     | -                          | -                                   | 0.00%                     | 0.00%                               |
| Council General                            | 29,000,000           | 1,546,100             | -                          | 1,546,100                           | 5.33%                     | 5.33%                               |
| Disaster & Emergency Management Services   | 36,000,000           | -                     | 1,734,308                  | 1,734,308                           | 0.00%                     | 4.82%                               |
| Economic Development                       | 58,000,000           | -                     | -                          | -                                   | 0.00%                     | 0.00%                               |
| Ekurhuleni Housing Company (EHC)           | 1,313,488            | -                     | -                          | -                                   | 0.00%                     | 0.00%                               |
| Ekurhuleni Metro Police Department         | 37,000,000           | -                     | -                          | -                                   | 0.00%                     | 0.00%                               |
| Energy                                     | 558,033,106          | 163,441,110           | 18,282,395                 | 181,723,505                         | 29.29%                    | 32.57%                              |
| Environmental Resources & Waste Management | 126,000,000          | 1,167,903             | 14,446,693                 | 15,614,596                          | 0.93%                     | 12.39%                              |
| ERWAT                                      | 91,558,800           | 23,793,475            | -                          | 23,793,475                          | 25.99%                    | 25.99%                              |
| Executive Office                           | 750,000              | -                     | 29,560                     | 29,560                              | 0.00%                     | 3.94%                               |
| Finance                                    | 50,000               | -                     | -                          | -                                   | 0.00%                     | 0.00%                               |
| Health and Social Development              | 5,050,000            | -                     | -                          | -                                   | 0.00%                     | 0.00%                               |
| Human Resources Management                 | 150,000              | -                     | -                          | -                                   | 0.00%                     | 0.00%                               |
| Human Settlements                          | 582,000,000          | 68,877,265            | -                          | 68,877,265                          | 11.83%                    | 11.83%                              |
| Information and Communication Technology   | 272,000,000          | 26,487,902            | 73,565,762                 | 100,053,664                         | 9.74%                     | 36.78%                              |
| Legislature                                | 537,500              | -                     | -                          | -                                   | 0.00%                     | 0.00%                               |
| Real Estate                                | 173,136,190          | -                     | -                          | -                                   | 0.00%                     | 0.00%                               |
| Roads and Stormwater                       | 283,287,922          | 1,928,062             | 4,641,173                  | 6,569,235                           | 0.68%                     | 2.32%                               |
| Sport Recreation Arts and Culture          | 41,375,790           | 30,645                | -                          | 30,645                              | 0.07%                     | 0.07%                               |
| Strategy & Corporate Planning              | 10,000               | -                     | -                          | -                                   | 0.00%                     | 0.00%                               |
| Transport Planning & Provision             | 304,000,000          | 7,022,543             | -                          | 7,022,543                           | 2.31%                     | 2.31%                               |
| Water and Sanitation                       | 690,250,000          | 22,602,178            | 39,310,653                 | 61,912,831                          | 3.27%                     | 8.97%                               |
| <b>Grand Total</b>                         | <b>3,323,852,796</b> | <b>316,989,658</b>    | <b>152,010,544</b>         | <b>469,000,203</b>                  | <b>9.54%</b>              | <b>14.11%</b>                       |

The actual Capital Expenditure plus commitments are funded as follows:

| Source of Funding  | Sum of Original Budget | Sum of Actual Expenditure Year to Date | Sum of Plus: Expenditure Commitments on | Sum of Actual Expenditure Plus Commitments on Solar | Percentage Spent (Actual vs Original Budget) | Percentage Spent (Actual Expenditure Plus Commitments) |
|--------------------|------------------------|--|---|---|--|--|
| External Loans     | 741,982,950            | 73,696,841                             | 115,247,235                             | 188,944,076   | 9.93%  | 25.46%   |
| ISUPG              | 700,867,348            | 116,643,025                            | -                                       | 116,643,025   | 16.64%                                       | 16.64%   |
| NDPG               | 60,000,000             | -                                      | -                                       | -   | 0.00%  | 0.00%  |
| Provincial Grant   | 12,000,000             | 27,646                                 | -                                       | 27,646  | 0.23%  | 0.23%  |
| PTNG               | 260,000,000            | 7,022,543                              | -                                       | 7,022,543   | 2.70%  | 2.70%  |
| Revenue            | 277,890,798            | 12,936,798                             | 26,550,646                              | 39,487,443  | 4.66%  | 14.21%   |
| USDG               | 1,271,111,700          | 106,662,806                            | 10,212,664                              | 116,875,470   | 8.39%  | 9.19%  |
| <b>Grand Total</b> | <b>3,323,852,796</b>   | <b>316,989,658</b>                     | <b>152,010,544</b>                      | <b>469,000,203</b>                                  | <b>9.54%</b>                                 | <b>14.11%</b>  |

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The amount spent on **grant funded** projects amounts to R240.5 million which represents **51.3%** of the total 1<sup>st</sup> quarter spending of R469.0 million. However, the R165.8 million represents **10.4%** spending from the total grant funded budget of **R2.30 billion**.

**6.3 Other Financial Performance Matters**

The combined (CoE and Eskom supply areas) Collection Rate for the **1st quarter** ended 30<sup>th</sup> September 2022 is 86.84% which exceeds the quarterly target of 83%. The following matters continue to impact negatively on collection performance –

- Increasing decline in economic climate and customer ability to pay for services due to Covid-19 and resultant job losses;
- General tariff increases with effect from 1 July 2022 which impacts on consumer ability to pay for services;
- Increased winter consumption of services;
- On-going limited credit control functions within Eskom supply areas with collection rate of 17.03%;
- Challenging areas : Access to specific areas are limited and impacts on credit control actions and collection efforts; and
- Illegal connections, tampering and meter access.

The collection results of first three months of 2022-23 financial year are follows:

| Quarter | Year    | Period | Net Billed           | Receipts             | %             |
|---------|---------|--------|----------------------|----------------------|---------------|
| Q1      | 2022-23 | Jul-22 | 2 776 800 894        | 2 412 169 105        | 86.87%        |
| Q1      | 2022-23 | Aug-22 | 3 295 040 951        | 2 931 139 710        | 88.96%        |
| Q1      | 2022-23 | Sep-22 | 3 698 847 602        | 3 141 627 310        | 84.94%        |
|         |         |        | <b>9 770 689 447</b> | <b>8 484 936 126</b> | <b>86.84%</b> |

The quarterly target of 83% was achieved and reflects over performance of **3.84%**.

Status of CoE supply areas versus Eskom supply areas is summarized below:

| Quarter | Fin-Year       | End-Priond | CoE           | Eskom         | Metro         |
|---------|----------------|------------|---------------|---------------|---------------|
|         | <b>2020-21</b> |            | <b>95.7%</b>  | <b>20.1%</b>  | <b>89.7%</b>  |
| Q1      | 2021-22        | Sep-21     | 88.33%        | 16.71%        | 82.58%        |
| Q2      | 2021-22        | Dec-21     | 91.46%        | 15.91%        | 84.84%        |
| Q3      | 2021-22        | Mar-22     | 93.80%        | 16.34%        | 86.51%        |
| Q4      | 2021-22        | Jun-22     | 93.33%        | 17.82%        | 86.53%        |
|         | <b>2021-22</b> |            | <b>91.63%</b> | <b>16.68%</b> | <b>85.04%</b> |
| Q1      | 2022-23        | Sep-22     | 92.88%        | 17.03%        | 86.84%        |
| Q2      | 2022-23        | Dec-22     |               |               |               |
| Q3      | 2022-23        | Mar-23     |               |               |               |
| Q4      | 2022-23        | Jun-23     |               |               |               |
|         | <b>2022-23</b> |            | <b>92.88%</b> | <b>17.03%</b> | <b>86.84%</b> |

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In respect of CoE collection areas, Quarterly collection rate of **92.88%** (2021-22 = 91.63%) achieved.

In respect of Eskom supply areas, Quarterly collection rate of **17.03%** (2021-22 = 16.68%) was achieved. This is well below annual required collection rate of 85%. Eskom supply areas monthly revenue billed represents 8.00% or R 777 million of total revenue billed. No or low collection within these areas negatively impacts on CoE collection rate.

Collection Rate per CCA, including Eskom supply areas in respect of first Quarter of 2022/23 financial year is as follows:

| Customer Care Area | 2022-23              |                      |               |                    |                    |               |
|--------------------|----------------------|----------------------|---------------|--------------------|--------------------|---------------|
|                    | METRO                |                      |               | Eskom Supply       |                    |               |
|                    | Billed               | Receipts             | %             | Billed             | Receipts           | %             |
| Alberton           | 886 169 412          | 885 079 822          | 99.88%        |                    |                    |               |
| Benoni             | 759 122 928          | 681 327 839          | 89.75%        | 38 984 678         | 23 968 302         | 61.48%        |
| Boksburg           | 834 854 255          | 833 278 722          | 99.81%        |                    |                    |               |
| Brakpan            | 620 832 313          | 566 871 204          | 91.31%        |                    |                    |               |
| Daveyton           | 154 290 645          | 54 882 800           | 35.57%        | 105 446 034        | 21 834 986         | 20.71%        |
| Duduza             | 16 298 877           | 16 515 307           | 101.33%       | -9 212 903         | 1 485 286          | -16.12%       |
| Edenvale           | 697 721 658          | 667 881 644          | 95.72%        |                    |                    |               |
| Etwatwa            | 96 888 616           | 4 851 265            | 5.01%         | 96 888 616         | 4 851 265          | 5.01%         |
| Germiston          | 1 418 511 974        | 1 287 915 157        | 90.79%        |                    |                    |               |
| Katlehong 1        | 294 307 171          | 117 057 419          | 39.77%        | 156 181 381        | 11 205 879         | 7.17%         |
| Katlehong 2        | 175 403 249          | 21 933 542           | 12.50%        | 119 172 630        | 9 889 011          | 8.30%         |
| Kempton Park       | 1 851 202 874        | 1 792 549 327        | 96.83%        |                    |                    |               |
| Kwa-Thema          | 46 853 205           | 7 889 099            | 16.84%        |                    |                    |               |
| Nigel              | 270 149 615          | 281 719 656          | 104.28%       |                    |                    |               |
| Springs            | 394 619 452          | 359 667 664          | 91.14%        |                    |                    |               |
| Sundries and Other | 12 662 215           | 7 700 399            | 60.81%        |                    |                    |               |
| Tembisa 1          | 64 688 648           | 45 966 399           | 71.06%        |                    |                    |               |
| Tembisa 2          | 575 479 537          | 540 868 562          | 93.99%        |                    |                    |               |
| Tokoza             | 144 839 568          | 48 739 168           | 33.65%        |                    |                    |               |
| Tsakane            | 123 432 585          | 39 116 386           | 31.69%        | 119 202 369        | 31 419 943         | 26.36%        |
| Vosloorus          | 332 360 650          | 223 124 747          | 67.13%        | 151 084 777        | 27 812 908         | 18.41%        |
|                    | <b>9 770 689 447</b> | <b>8 484 936 126</b> | <b>86.84%</b> | <b>777 747 583</b> | <b>132 467 581</b> | <b>17.03%</b> |

Eskom supplied areas registered a collection rate of only 17.03% during the 1<sup>st</sup> Quarter whilst CoE supplied areas registered 92.88%.

Duduza Customer Care Area shows a negative billing of R9.2 million. This is as a result of the policy change in the new financial year, where the threshold for value of properties belonging to deemed indigents increased from R150 000 to R250 000. Duduza is the most affected due to the high number of properties belonging to deemed indigents. This is a once off adjustment.

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**6.3.1 Trade and other receivables**

The table below shows the extent of consumer debt that is owed to the City. The debt is separated between income source and customer group.

**Debtors age analysis**

| <b>SUMMARY</b>  | <b>NT Code</b> | <b>0-30 Days</b> | <b>31-60 Days</b> | <b>61-90 Days</b> | <b>91-120 Days</b> | <b>121-150 Dys</b> | <b>151-180 Dys</b> | <b>181 Dys-1 Yr</b> | <b>Over 1Yr</b>   | <b>Total</b>      | <b>Total over 90 days</b> |
|---|----------------|------------------|-------------------|-------------------|--------------------|--------------------|--------------------|---------------------|-------------------|-------------------|---------------------------|
| <b>Debtors Age Analysis By Income Source</b>                            |                |                  |                   |                   |                    |                    |                    |                     |                   |                   |                           |
| Trade and Other Receivables from Exchange Transactions - Water          | 1200           | 539 019          | 322 725           | 258 248           | 280 377            | 352 314            | 251 384            | 1 567 261           | 7 188 154         | 10 759 482        | 9 639 490                 |
| Trade and Other Receivables from Exchange Transactions - Electricity    | 1300           | 1 817 472        | 247 792           | 97 246            | 63 365             | 61 362             | 80 275             | 277 090             | 903 193           | 3 547 795         | 1 385 284                 |
| Receivables from Non-exchange Transactions - Property Rates             | 1400           | 560 342          | 237 230           | 191 584           | 182 281            | 161 546            | 146 231            | 868 154             | 2 254 582         | 4 581 900         | 3 602 794                 |
| Receivables from Exchange Transactions - Waste Water Management         | 1500           | 227 413          | 114 410           | 68 336            | 72 132             | 87 756             | 63 738             | 405 016             | 1 832 152         | 2 870 952         | 2 460 794                 |
| Receivables from Exchange Transactions - Waste Management               | 1600           | 140 730          | 79 230            | 69 702            | 72 087             | 76 046             | 57 464             | 373 918             | 1 783 650         | 2 652 826         | 2 363 164                 |
| Receivables from Exchange Transactions - Property Rental Debtors-BP866  | 1700           | 2 931            | 5 460             | 4 212             | 215 102            | -                  | -                  | -                   | -                 | 227 706           | 215 102                   |
| Interest on Arrear Debtor Accounts                                      | 1810           | 123 355          | 121 669           | 104 004           | 63 582             | 68 480             | 53 100             | 260 076             | 1 575 331         | 2 369 596         | 2 020 568                 |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 1820           | -                | -                 | -                 | -                  | -                  | -                  | -                   | -                 | -                 | -                         |
| Other   | 1900           | 54 491           | 26 920            | 22 972            | 24 299             | 21 870             | 14 886             | 94 026              | 515 496           | 774 959           | 670 577                   |
| <b>Total By Income Source</b>   | <b>2000</b>    | <b>3 455 752</b> | <b>1 155 434</b>  | <b>816 305</b>    | <b>973 224</b>     | <b>829 374</b>     | <b>667 079</b>     | <b>3 835 540</b>    | <b>16 052 557</b> | <b>27 785 265</b> | <b>22 357 774</b>         |
| <b>Debtors Age Analysis By Customer Group</b>                           |                |                  |                   |                   |                    |                    |                    |                     |                   |                   |                           |
| Organs of State   | 2200           | 75 355           | 31 513            | 19 035            | 9 546              | 6 291              | 4 375              | 17 553              | 22 394            | 186 062           | 60 159                    |
| Municipal   |                | 22               | 18                | 13                | 9                  | 11                 | 9                  | 7                   | 22                | 112               | 59                        |
| Commercial  | 2300           | 1 989 679        | 324 117           | 179 769           | 133 581            | 133 345            | 154 257            | 643 988             | 1 722 045         | 5 280 782         | 2 787 217                 |
| Households  | 2400           | 1 355 719        | 783 713           | 609 468           | 823 766            | 683 497            | 502 328            | 3 134 264           | 14 068 071        | 21 960 826        | 19 211 925                |
| Other   | 2500           | 34 977           | 16 073            | 8 020             | 6 322              | 6 231              | 6 109              | 39 728              | 240 025           | 357 484           | 298 415                   |
| <b>Total By Customer Group</b>  | <b>2600</b>    | <b>3 455 752</b> | <b>1 155 434</b>  | <b>816 305</b>    | <b>973 224</b>     | <b>829 374</b>     | <b>667 079</b>     | <b>3 835 540</b>    | <b>16 052 557</b> | <b>27 785 265</b> | <b>22 357 774</b>         |

As per above-mentioned consolidated debtors analysis per service and debtor group as at reporting date:

- Outstanding consumer debtors amount to R27,7 billion (2022-06 R15,7 billion) with R22,3 billion in arrears in excess of 90 days;
- Outstanding debtors in excess of 90 days represents 80,5% or R22.3 billion of total debtors;
- Water service debtors represent 42,9 of total 90 plus days debt. This is mainly due to the fact that water cannot be effectively disconnected for non-payment – especially within Eskom supply areas; and
- Household/ Residential debt represents 86.4% of total 90+ days arrear debt.

The City is continuously encouraging qualified indigent registration to ensure allocation of free basic relief. Credit control measures are under implementation to curb the growing debt.

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**6.3.2 Investments**

The table below shows the investments held by the City with the various financial institutions as at 30 September 2022.

| <b>INVESTMENTS REGISTER AS AT 30.09.2022</b> |                      |   |                           |                                  |                        |                             |                                  |                      |                           |                   |                        |
|--|----------------------|---|---------------------------|----------------------------------|------------------------|-----------------------------|----------------------------------|----------------------|---------------------------|-------------------|------------------------|
| <b>CAPITAL</b>                               |                      |   |                           |                                  |                        |                             |                                  |                      |                           |                   |                        |
| <b>COMMEN-CING DATE</b>                      | <b>MATURITY DATE</b> | <b>INVESTMENT MADE /WITHDRAWAL DATE</b> | <b>TYPE OF INVESTMENT</b> | <b>OPENING BALANCE 1.07.2022</b> | <b>INVESTMENT MADE</b> | <b>INVESTMENT WITHDRAWN</b> | <b>INTEREST ACCRUED / EARNED</b> | <b>INTEREST RATE</b> | <b>BALANCE 30.09.2022</b> | <b>ENCUMBERED</b> | <b>En/Unencumbered</b> |
| <b>INVESTEC BANK</b>                         |                      |   |                           |                                  |                        |                             |                                  |                      |                           |                   |                        |
| 13-Nov-98                                    |                      | Call deposit                            | ENCUMBERED DEP.           | 20,696,761.24                    |                        |                             | 274,771.57                       | 6.85%                | 20,971,532.81             |                   | Unencumbered           |
|  |                      |   |                           | <b>20,696,761.24</b>             | <b>-</b>               | <b>-</b>                    | <b>274,771.57</b>                |                      | <b>20,971,532.81</b>      |                   |                        |
|  |                      |   |                           |                                  |                        |                             |                                  |                      |                           |                   |                        |
|  |                      |   |                           |                                  |                        |                             |                                  |                      |                           |                   |                        |
|  |                      |   |                           |                                  |                        |                             |                                  |                      |                           |                   |                        |
| <b>STANLIB</b>                               |                      |   |                           |                                  |                        |                             |                                  |                      |                           |                   |                        |
| 10-Apr-00                                    | ON CALL              | Call deposit                            | MONEY MARKET FUND         | 6,367,974.64                     |                        | 0.00                        | 121,033.47                       | Variable             | 6,489,008.11              |                   | Unencumbered           |
|  |                      |   |                           | 6,367,974.64                     | 0.00                   | 0.00                        | 121,033.47                       |                      | 6,489,008.11              |                   |                        |
|  |                      |   |                           |                                  |                        |                             |                                  |                      |                           |                   |                        |
|  |                      |   |                           |                                  |                        |                             |                                  |                      |                           |                   |                        |
| <b>RAND MERCHANT BANK</b>                    |                      |   |                           |                                  |                        |                             |                                  |                      |                           |                   |                        |
| 2-Aug-00                                     |                      |   | GUARANTEED TRUST          | 7,026,619.84                     |                        |                             | 87,843.80                        | 13.25%               | 7,114,463.64              |                   | Unencumbered           |
| 1-Oct-98                                     | Unit Trusts          |   | MONEY MARKET FUND         | 47,937,853.52                    |                        |                             | 599,298.54                       | 6.07%                | 48,537,152.06             |                   | Unencumbered           |
| 12-Nov-98                                    |                      |   | GUARANTEED TRUST          | 35,497,619.82                    |                        |                             | 443,776.06                       | 14.76%               | 35,941,395.88             |                   | Unencumbered           |
|  |                      |   |                           | <b>90,462,093.18</b>             | <b>0.00</b>            |                             | <b>1,130,918.40</b>              |                      | <b>91,593,011.58</b>      | <b>0.00</b>       |                        |

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| CAPITAL  |               |                                  |                          |                           |                 |                      |                           |               |                       |                       |                 |
|--|---------------|----------------------------------|--------------------------|---------------------------|-----------------|----------------------|---------------------------|---------------|-----------------------|-----------------------|-----------------|
| COMMEN-CING DATE   | MATURITY DATE | INVESTMENT MADE /WITHDRAWAL DATE | TYPE OF INVESTMENT       | OPENING BALANCE 1.07.2022 | INVESTMENT MADE | INVESTMENT WITHDRAWN | INTEREST ACCRUED / EARNED | INTEREST RATE | BALANCE 30.09.2022    | ENCUMBERED            | En/Unencumbered |
| <b>NEDBANK STRUCTURED DEPOSIT SINKING FUND R800M TO PROVIDE FOR A BOND CAPITAL EMM03</b> |               |                                  |                          |                           |                 |                      |                           |               |                       |                       |                 |
| 1-Jul-16   |               |                                  | OPENING BALANCE          | 717,671,675.78            |                 |                      |                           | 8.24%         | 717,671,675.78        | 717,671,675.78        | Encumbered      |
| 18-Dec-12  | 1-May-24      | 29-Jul-21                        |                          |                           | 5,854,258.86    |                      | 4,860,505.16              | 8.24%         | 10,714,764.02         | 10,714,764.02         | Encumbered      |
| 18-Dec-12  | 1-May-24      | 31-Aug-21                        |                          |                           | 5,854,258.86    |                      | 5,097,507.73              | 8.24%         | 10,951,766.59         | 10,951,766.59         | Encumbered      |
| 18-Dec-12  | 1-May-24      | 30-Sep-21                        |                          |                           | 5,854,258.86    |                      | 5,174,152.09              | 8.24%         | 11,028,410.95         | 11,028,410.95         | Encumbered      |
|  |               |                                  |                          | 717,671,675.78            | 17,562,776.58   | 0.00                 | 15,132,164.98             |               | 750,366,617.34        | 750,366,617.34        |                 |
| <b>RAND AIRPORT</b>  |               |                                  |                          |                           |                 |                      |                           |               |                       |                       |                 |
|  |               |                                  | SHAREHOLDING             | 4,000,000.00              |                 |                      |                           |               | 4,000,000.00          |                       | Entities        |
| <b>MUNICIPAL ENTITIES</b>  |               |                                  |                          |                           |                 |                      |                           |               |                       |                       |                 |
| 10-Mar-99  |               |                                  | G.G. INNER CITY HSNG     | 106.00                    |                 |                      |                           |               | 106.00                |                       | Entities        |
|  |               |                                  |                          | 106.00                    |                 | 0.00                 |                           |               | 106.00                |                       |                 |
|  |               |                                  | <b>TOTAL INVESTMENTS</b> | <b>839,198,610.84</b>     | <b>0.00</b>     | <b>0.00</b>          | <b>16,658,888.42</b>      |               | <b>873,420,275.84</b> | <b>750,366,617.34</b> |                 |



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### **6.3.3 Creditors**

The outstanding creditors as at end 30 September 2022 are the following;

- Rand water: R837 million
- Eskom R1,5 billion
- Auditor General of South Africa R3,3 million

**The above amount is a combination of current invoices and long outstanding creditors.**

The City does experience some challenges with regards to paying invoices within 30 days. The following challenges are common:

- Low revenue collection affect payment of invoices timeously;
- Quality reviews are not being performed by departmental signatories. This then leads to delay in processing of payment up until the relevant query is resolved; and
- Due to year processes finance had received a high volume of transactions which also contributed to not meeting the target of paying 80% of the invoices within 30 days.

In order to improve the invoice payment turnaround, the following initiatives have been implemented:

- Lists of Invoices with errors and queries are send to the HODs every week to fast track corrections;
- All invoices are stamped with the receipt stamp by the user departments and finance when they are received to monitor turnaround times;
- Each user department sends a consolidated invoice tracker to expenditure to receive feedback on the progress of invoices;
- Expenditure is a permanent representative of the monthly Capex meetings where reconciliation of invoices lists between service delivery departments and finance are discussed and cleared;
- Departments are requested to submit reasons for extremely late submissions of invoices;
- Departments are requested to scrutinize the statements that comes with invoices and deal with long outstanding invoices as they appear on the statement;
- Expenditure department will prioritize invoices that are long outstanding and the ones that are approaching 30 days; and
- Revenue division through revenue enhancement will improve collection.

### **6.3.4 Allocation and grant receipts and expenditure**

This section of the report deals with the unspent grants from the previous year, the grants received in the current 2022/23 year, the spent portion of these grants as well as the remaining balances.

The spending of grants as at the end of the first quarter is depicted in the table below.

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| Vote balancing                            | Name of Grant  | CoE Responsible Department  | Unspent Funds - 21/22 Opening Balances 22/23 | Surrenders to National / Provincial Treasury / Appropriation to revenue | Accumulated Receipts for the Financial year | Accumulated Expenditure for the Financial year | Balance Available     | % Spent        |
|---|--|-----------------------------|--|---|---|--|-----------------------|----------------|
| <b>NATIONAL / DORA GRANTS - OPERATING</b> |  |                             |  |   |   |  |                       |                |
| 27547630490000000000                      | Finance Management Grant (FMG)                             | Finance                     | 127,100.35                                   | -   | 1,000,000.00                                | (135,999.84)                                   | 991,100.51            | 12.07%         |
|   | <b>TOTAL</b>   |                             | <b>127,100.35</b>                            | <b>-</b>  | <b>1,000,000.00</b>                         | <b>(135,999.84)</b>                            | <b>991,100.51</b>     | <b>12.07%</b>  |
| <b>NATIONAL / DORA GRANTS - CAPITAL</b>   |  |                             |  |   |   |  |                       |                |
| 19501172010MBZZZZ16                       | Equitable Share - Electricity                              | Energy                      | -  | -   | 314,213,614.00                              | (314,213,614.00)                               | -                     | 100.00%        |
| 64581172010MBZZZZ16                       | Equitable Share - Solid Waste                              | Waste Management            | -  | -   | 285,344,663.00                              | (285,344,663.00)                               | -                     | 100.00%        |
| 68581172010MBZZZZ16                       | Equitable Share -Water and Wastewater                      | Water & Sanitation          | -  | -   | 834,213,909.00                              | (834,213,909.00)                               | -                     | 100.00%        |
| 23981172010MBZZZZ16                       | Equitable Share - Finance                                  | Finance                     | -  | -   | 362,934,814.00                              | (362,934,814.00)                               | -                     | 100.00%        |
| 23981172000MDZZZZ16                       | Fuel Levy - Finance  | Finance                     | -  | -   | 610,326,000.00                              | (610,326,000.00)                               | -                     | 100.00%        |
|   | <b>TOTAL</b>   |                             | <b>-</b>                                     | <b>-</b>  | <b>2,407,033,000.00</b>                     | <b>(2,407,033,000.00)</b>                      | <b>-</b>              | <b>100.00%</b> |
| <b>NATIONAL / DORA GRANTS - CAPITAL</b>   |  |                             |  |   |   |  |                       |                |
| 27547610590000000000                      | Urban Settlement Development Grant (USDG)                  | Human Settlements           | -  | -   | 256,440,000.00                              | (89,497,697.86)                                | 166,942,302.14        | 34.90%         |
| 27547610790000000000                      | Public Transport Network Grant (PTNG)                      | Transport                   | 113,255.69                                   | -   | 238,794,000.00                              | (62,585,264.30)                                | 176,321,991.39        | 26.20%         |
| 27547610390000000000                      | Neighborhood Development Partnership Grant (NDPG)          | Human Settlements           | 2,672,002.72                                 | -   | 25,264,000.00                               | -  | 27,936,002.72         | 0.00%          |
| 27547631590000000000                      | NDPG- Public Employment Programme (PEP)                    | Economic Development        | 5,288,483.55                                 | -   | 30,000,000.00                               | (22,915,260.94)                                | 12,373,222.61         | 64.94%         |
| 27547630190000000000                      | Energy efficiency and Demand-Side Management Grant         | Energy                      | -  | -   | 4,000,000.00                                | (7,616,751.74)                                 | (3,616,751.74)        | 190.42%        |
| 27547630290000000000                      | Expanded Public Works Programme (EPWP)                     | Economic Development        | -  | -   | 6,011,000.00                                | (2,656,022.61)                                 | 3,354,977.39          | 44.19%         |
| 27547611190000000000                      | Informal Settlement Upgrading Partnership Grant (ISUPG)    | Human Settlements           | 7,044,989.27                                 | -   | 145,813,000.00                              | (116,643,024.76)                               | 36,214,964.51         | 76.31%         |
| 27547631390000000000                      | Programme & Project Preparation Support Grant (PPPSG)      | EPMO                        | -  | -   | -   | (7,515,722.00)                                 | (7,515,722.00)        | 0.00%          |
|   | <b>TOTAL</b>   |                             | <b>15,118,731.23</b>                         | <b>-</b>  | <b>706,322,000.00</b>                       | <b>(309,429,744.21)</b>                        | <b>412,010,987.02</b> | <b>42.89%</b>  |
| <b>PROVINCIAL GRANTS - OPERATING</b>      |  |                             |  |   |   |  |                       |                |
| 27547630390000000000                      | SETA   | Human Resources             | 5,451,295.78                                 | -   | -   | (295,340.56)                                   | 5,155,955.22          | 5.42%          |
| 27547631190000000000                      | HIV/AIDS Grant   | Health & Social Development | 1.33   | -   | 11,340,000.00                               | (3,235,837.42)                                 | 8,104,163.91          | 28.53%         |
| 27547630990000000000                      | Recapitalisation of Community Libraries and Libraries Plan | SRAC - Libraries            | -  | -   | 18,350,000.00                               | (34,883.15)                                    | 18,315,116.85         | 0.00%          |
| 27547631090000000000                      | Human Settlement Development Grant (HSDG)                  | Human Settlements           | 121,451,555.73                               | -   | -   | (5,594,411.86)                                 | 115,857,143.87        | 4.61%          |
|   | <b>TOTAL</b>   |                             | <b>126,902,852.84</b>                        | <b>-</b>  | <b>29,690,000.00</b>                        | <b>(9,160,472.99)</b>                          | <b>147,432,379.85</b> | <b>5.85%</b>   |
| <b>PROVINCIAL - SUBSIDIES</b>             |  |                             |  |   |   |  |                       |                |
| 29221162050RQZZZZ16                       | Primary Health Care Subsidy (PHC)                          | Health & Social Development | -  | -   | 68,582,000.00                               | (68,582,000.00)                                | -                     | 100.00%        |
|   | <b>TOTAL</b>   |                             | <b>-</b>                                     | <b>-</b>  | <b>68,582,000.00</b>                        | <b>(68,582,000.00)</b>                         | <b>-</b>              | <b>100.00%</b> |
|   | <b>Total National / DORA Grants + Subsidies</b>            |                             | <b>15,245,831.58</b>                         | <b>-</b>  | <b>3,114,355,000.00</b>                     | <b>(2,716,598,744.05)</b>                      | <b>413,002,087.53</b> | <b>86.80%</b>  |
|   | <b>Total Provincial Grants + Subsidies</b>                 |                             | <b>126,902,852.84</b>                        | <b>-</b>  | <b>98,272,000.00</b>                        | <b>(77,742,472.99)</b>                         | <b>147,432,379.85</b> | <b>34.53%</b>  |
|   | <b>GRAND TOTAL</b>   |                             | <b>142,148,684.42</b>                        | <b>-</b>  | <b>3,212,627,000.00</b>                     | <b>(2,794,341,217.04)</b>                      | <b>560,434,467.38</b> | <b>83.29%</b>  |

The grants that show spending of more than 100%, such as EEDSM is due to the fact the expenditure is more than the funds received to date, with more funds scheduled to be received in November 2022 and January 2023, so the City's funds will be replenished once the transfers are made into its bank account.

The receipts for the Year-to-Date period at the end of the 1<sup>st</sup> quarter amounted to R 3,2 billion (including fuel levy). The expenditure as at the end of the 1<sup>st</sup> quarter is R2,7 billion which represents 83.29% spending. The total unspent funds (including 2021/22 unspent grants) at the end of September 2022 is R560.4 million.

The **unspent grants at the beginning of the 2022/23 financial year** amounted to **R142.1 million**. Roll-over applications of **R15.2 million** and **R121.4 million** were submitted to National and Provincial Treasury, respectively. The roll-over for HSDG amounting to **R121.4 million** was approved. It should be noted that an unspent amount of **R5.4 million** for LGSETA grant will automatically be rolled-over as the grant does not require an approval.

The status of roll-over applications is shown below:

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| Name of Grant   | CoE Responsible Department  | Unspent Funds 21/22- Opening Balances 22/23 | Comments  |
|---|-----------------------------|---|---|
| <b>NATIONAL / DORA GRANTS</b>                           |                             |   |   |
| Finance Management Grant (FMG)                          | Finance                     | 127,100.35                                  | The roll-over was submitted to NT awaiting response             |
| Public Transport Network Grant (PTNG)                   | Transport                   | 113,255.69                                  | The roll-over was submitted to NT awaiting response             |
| Neighborhood Development Partnership Grant (NDPG)       | Human Settlements           | 2,672,002.72                                | The roll-over was submitted to NT awaiting response             |
| NDPG- Public Employment Programme (PEP)                 | Economic Development        | 5,288,483.55                                | The roll-over was submitted to NT awaiting response             |
| Informal Settlement Upgrading Partnership Grant (ISUPG) | Human Settlements           | 7,044,989.27                                | The roll-over was submitted to NT awaiting response             |
| <b>TOTAL</b>  |                             | <b>15,245,831.58</b>                        |   |
| <b>OTHER GRANTS</b>                                     |                             |   |   |
| SETA  | Human Resources             | 5,451,295.78                                | Automatic roll-over, no requirement to apply for a rollover     |
| <b>TOTAL</b>  |                             | <b>5,451,295.78</b>                         |   |
| <b>PROVINCIAL GRANTS</b>                                |                             |   |   |
| HIV/AIDS Grant  | Health & Social Development | 1.33  | N/A   |
| Human Settlement Development Grant (HSDG)               | Human Settlements           | 121,451,555.73                              | Roll-over approved, to be appropriated in the adjustment budget |
| <b>TOTAL</b>  |                             | <b>121,451,557.06</b>                       |   |
| <b>GRAND TOTAL</b>                                      |                             | <b>142,148,684.42</b>                       |   |

**6.3.5 Cost Containment**

The Municipal Cost Containment Regulations, 2019 issued through Government Gazette number 42514, dated 7 June 2019 require regular disclosure of cost containment efforts. The table below shows the extent of cost containment during the 2022/23 first quarter.

| Description   | Budget Year 22/23  |                   |                   |                   |                   |               |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|---------------|
|   | Revised Budget     | Budget Q1         | Actual Q1         | YearTD budget     | YearTD actual     | YTD variance  |
|   | R                  |                   |                   | R                 | R                 | %             |
| Advertising Costs                                       | 9 634 352          | 2 973 782         | 479 646           | 2 973 782         | 479 646           | -83.9%        |
| Catering services                                       | 5 482 411          | 1 334 619         | 616 620           | 1 334 619         | 616 620           | -53.8%        |
| Entertainment   | 337 376            | 84 348            | 41 907            | 84 348            | 41 907            | -50.3%        |
| Printing & Stationery                                   | 22 995 132         | 6 235 835         | 2 836 460         | 6 235 835         | 2 836 460         | -54.5%        |
| Professional services/Consultants                       | 300 865 634        | 67 426 267        | 18 650 780        | 67 426 267        | 18 650 780        | -72.3%        |
| Special Events(e.g. Budget Day, SOCA, Women in uniform) | 9 820 604          | 1 924 164         | 612 661           | 1 924 164         | 612 661           | -68.2%        |
| Staff study - Internal bursaries                        | 3 000 000          | 1 500 000         | -                 | 1 500 000         | -                 | -100.0%       |
| Travel & Accommodation - Domestic                       | 4 899 850          | 1 228 674         | 121 186           | 1 228 674         | 121 186           | -90.1%        |
| Travel & Accommodation - Foreign                        | 3 835 668          | 338 961           | 74 600            | 338 961           | 74 600            | -78.0%        |
| Workshops   | 7 657 946          | 2 036 963         | 650 350           | 2 036 963         | 650 350           | -68.1%        |
| <b>TOTAL</b>  | <b>368 528 973</b> | <b>85 083 613</b> | <b>24 084 209</b> | <b>85 083 613</b> | <b>24 084 209</b> | <b>-71.7%</b> |

The table above shows that 71.7% of the budget for first quarter was saved. This is significant cost containment and will be continued going forward. A brief explanation of some of the items is as follows;

- Catering is for events that take place within the city such as “Women in uniform”;
- The CoE does not budget for entertainment, only entities do; and
- Special events refer to events such as “Women in uniform”

More detail on the items will be provided when requested.

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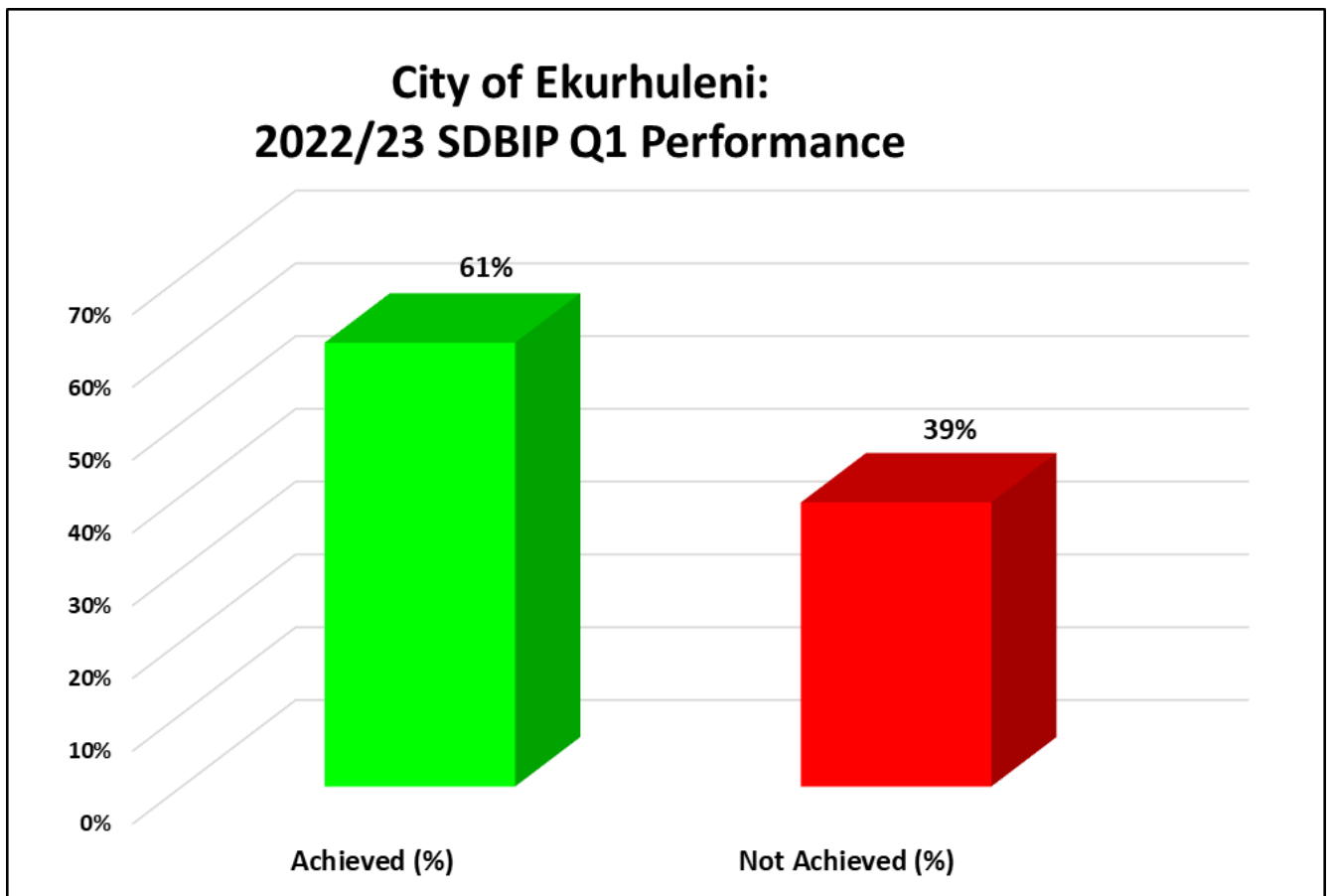
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**7. SUMMARY OF THE UNAUDITED QUARTERLY SDBIP REPORT: QUARTER ONE OF THE  
2022/23 FINANCIAL YEAR**

**SUMMARY OF THE FIRST QUARTER NON-FINANCIAL PERFORMANCE INFORMATION**

**CITY-WIDE PERFORMANCE**

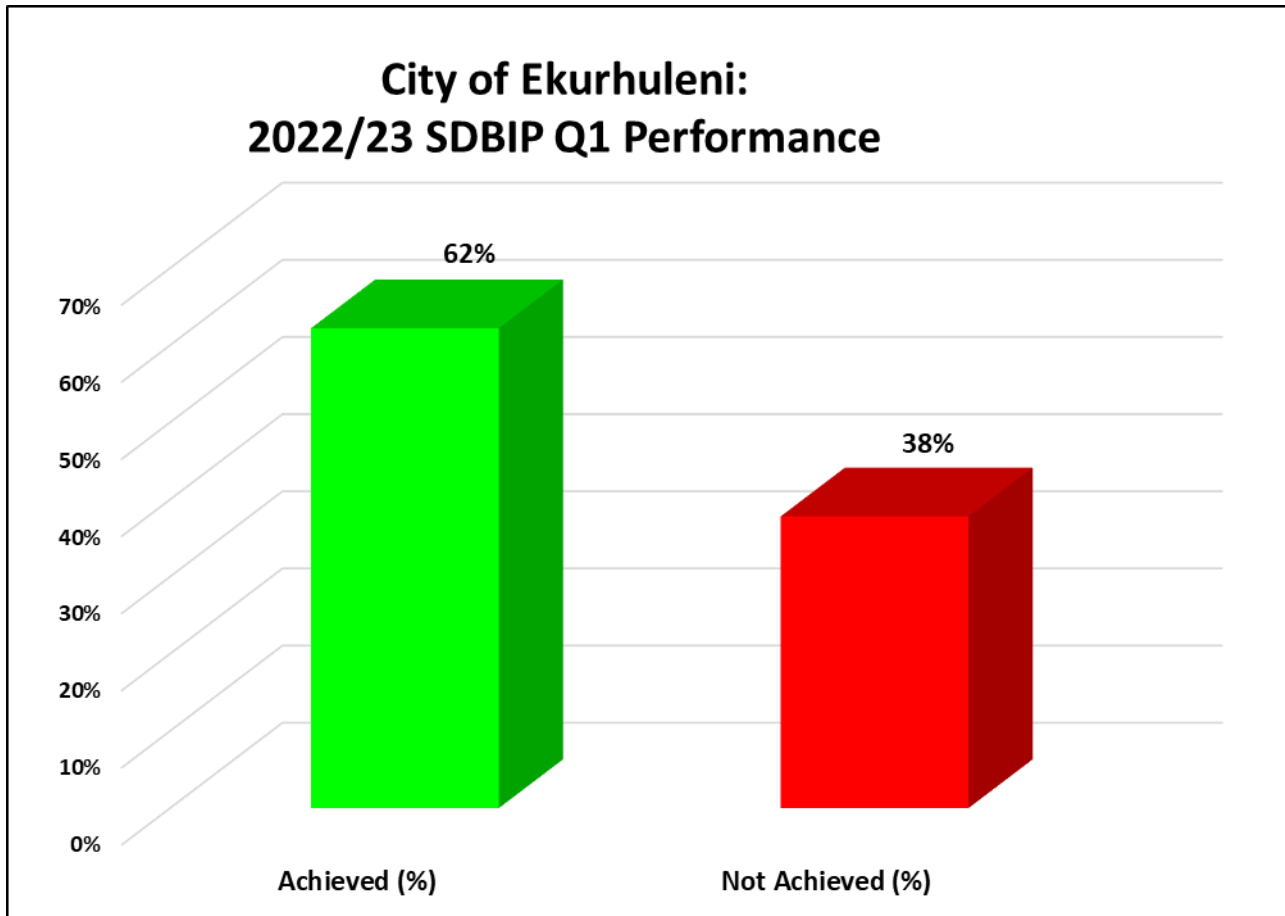
**FIGURE 1: CITY-WIDE 2022/23 QUARTER 1 PERFORMANCE**



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The City committed to a total of 82 key performance indicators (KPIs) in the first quarter of the 2022/23 financial year. Against these commitments, 51 (62%) indicators were achieved and 31 (38%) were not achieved. The committed indicators were contributed by the twenty-three (23) departments and entities for the city-wide SDBIP. Of the twenty-three (23) departments and entities that committed to the indicators, eleven (11) departments achieved hundred per cent (100%) and nine (9) achieved less than 50%. The two CoE entities that were due for reporting, achieved 0% of their indicators. Two (2) departments, i.e., Service Delivery Coordination and EPMD achieved nil per cent (0%) of their indicators during the reporting quarter.

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FIGURE 2: CITY-WIDE 2022/23 QUARTER 1 PERFORMANCE PER CLUSTER

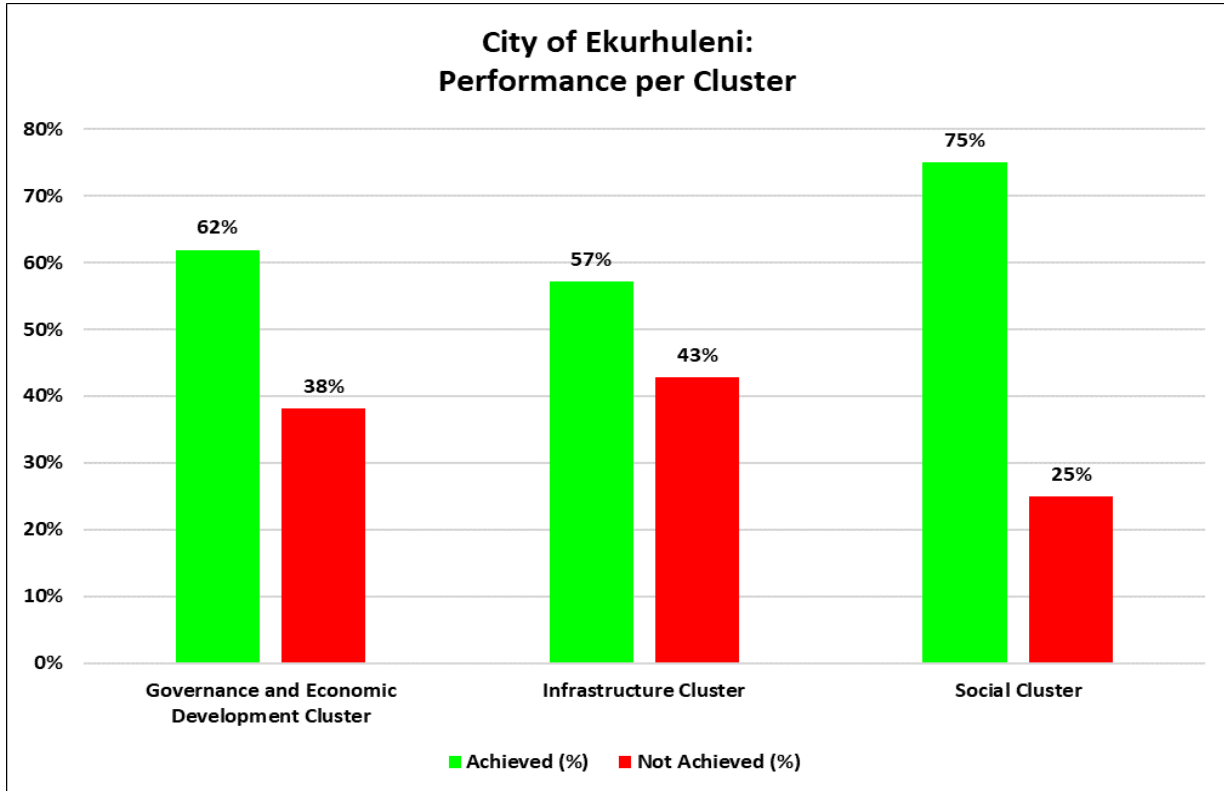
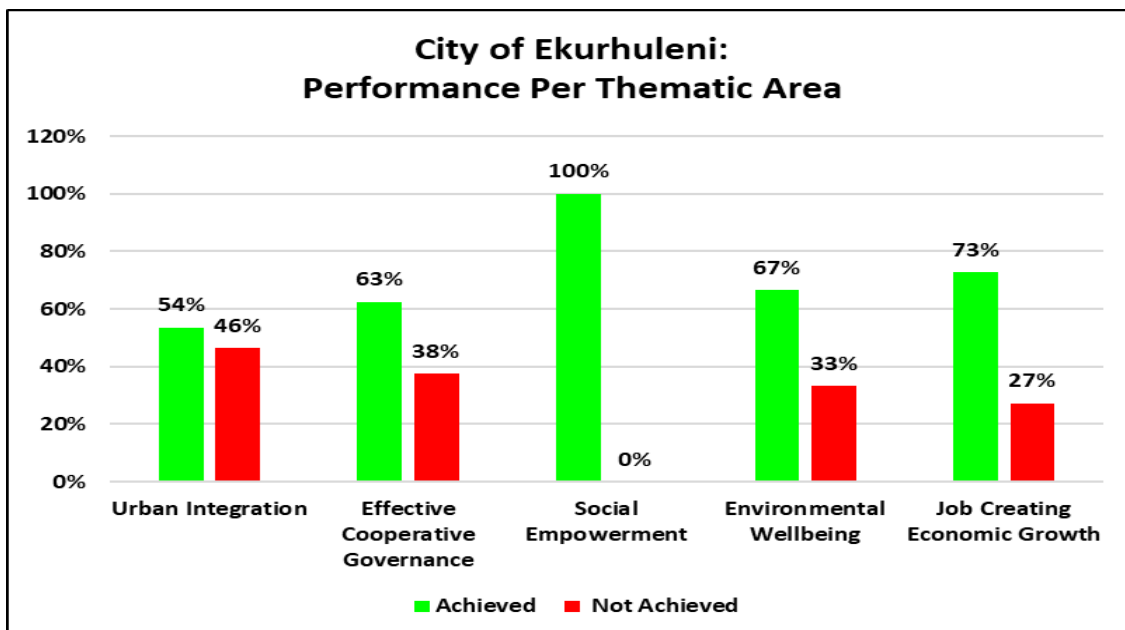


Figure 2. above presents the quarterly performance against the indicators set for quarter 1 of the 2022/23 financial year per cluster. The figure shows that the Social Cluster recorded the highest performance of seventy-five per cent (75%) target achievement followed by Governance and Economic Development Cluster at sixty-two per cent (62%) achievement. The Infrastructure Cluster recorded an achievement of fifty-seven per cent (57%).

FIGURE 3: CITY-WIDE QUARTER 1 PERFORMANCE BY GDS THEMATIC AREAS



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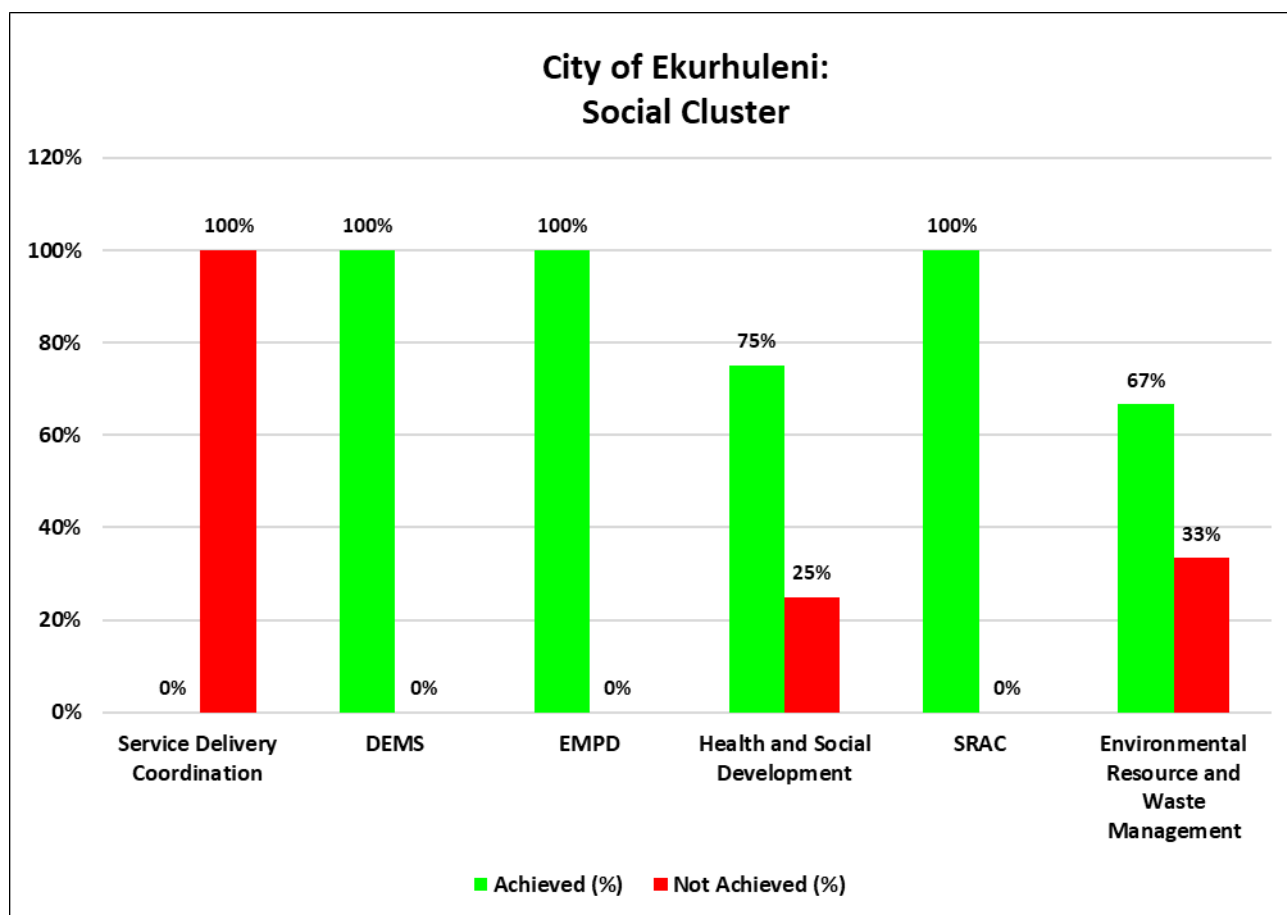
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Figure 3. above presents the organisational performance against indicators set within specific Thematic Areas of the Growth and Development Strategy (GDS) 2055. The performance on indicators that were planned to be delivered over the period under review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

- The highest performance was recorded at hundred per cent (100%) target achievement for the Social Empowerment GDS Thematic Areas.
- The second highest performance was recorded for indicators that were planned for Job Creating Economic GDS Thematic Area which achieved seventy-three per cent (73%) of their planned indicators for the quarter.
- The third highest performance was recorded for indicators that were planned for the Environmental Wellbeing GDS Thematic Areas. Sixty-seven per cent (67%) of their indicators that were planned for the quarter were achieved whilst Effective Cooperative Governance GDS Thematic Areas achieved sixty-three per cent (63%) of their planned targets.
- The Urban Integration GDS Thematic Areas achieved fifty-four per cent (54%) of their planned indicators.

**FIGURE 4: CITY-WIDE QUARTER 1 PERFORMANCE ACROSS SOCIAL CLUSTER**



**Social Cluster**

The Social Cluster committed to a total of twelve (12) indicators and nine (9) indicators were achieved which translates to 75% achievement. Three (3) of the six departments in this cluster achieved (100%) of their planned indicators for the quarter under review. These departments are Disaster and Emergency Management Services, Ekurhuleni Metro Police Department, and Sports, Recreation, Arts and Culture.

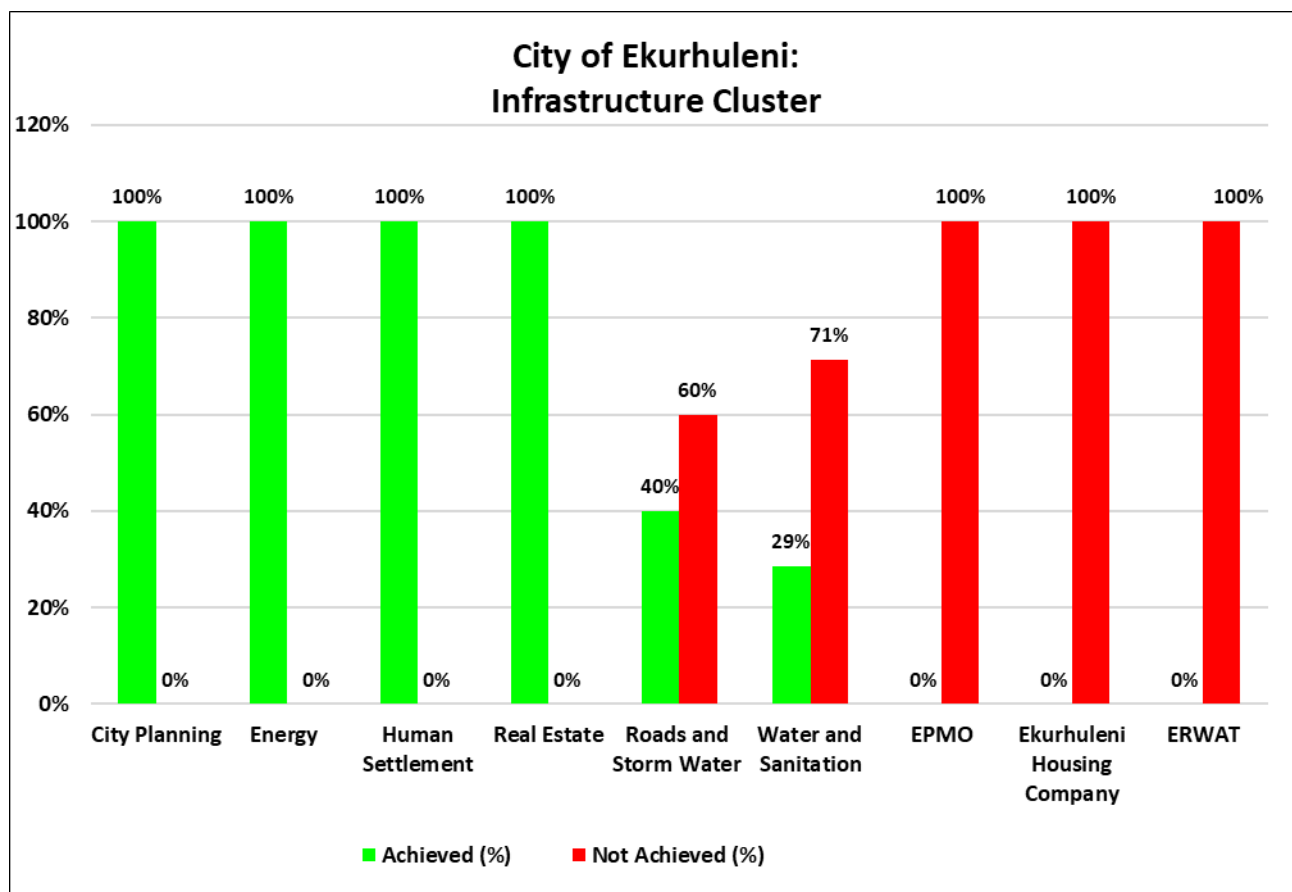
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Health and Social Development seventy-five per cent (75%) of their planned indicators whilst Environmental Resource and Waste Management achieved sixty-seven per cent (67%) of their planned indicators. Service Delivery Coordination department achieved nil per cent (0%) of their planned indicators.

**FIGURE 5: CITY-WIDE QUARTER 1 PERFORMANCE ACROSS INFRASTRUCTURE CLUSTER**



***Infrastructure Cluster***

The cluster committed to a total of 28 indicators and of those indicators, 16 (57%) were achieved. City Planning, Energy, Real Estate and Human Settlement departments achieved 100% of their planned indicators. The second highest performing department in this cluster is Roads and Storm Water department which achieved forty per cent (40%) of their planned indicators followed by Water and Sanitation department at twenty-nine per cent (29%). achieved 40% of its planned indicators whilst department achieved 20% of their planned indicators. EPMO, Ekurhuleni Housing Company (EHC) and Ekurhuleni Rand Water Care Company (ERWAT) achieved 0% of their planned indicators.

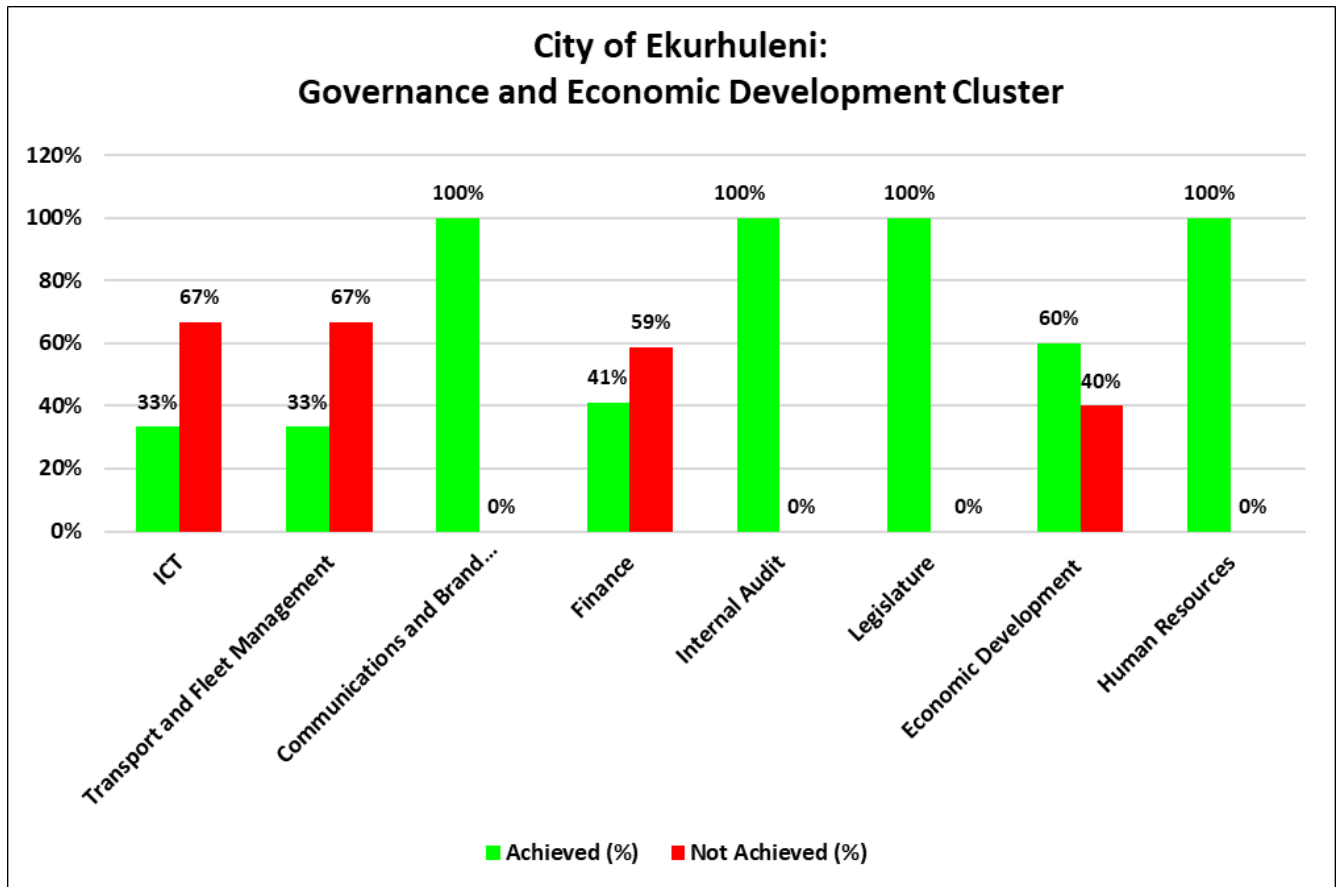


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**FIGURE 6: CITY-WIDE QUARTER 1 PERFORMANCE ACROSS GOVERNANCE AND ECONOMIC DEVELOPMENT CLUSTER**



***Governance and Economic Development Cluster***

The performance of the cluster was measured against forty-two (42) indicators that were planned to be achieved during the quarter under review. A total of 26 (62%) indicators were achieved and 16(38%) were not achieved. Four (4) departments (Communications and Brand Management, Legislature, Internal Audit and Human Resources) achieved 100% of their set indicators. The second highest performing department in this cluster is Economic Development which achieved sixty per cent (60%) of its indicators followed by Finance department with forty-one per cent (41%). Information Communication and Technology (ICT) and Transport and Fleet Management each achieved 33% of their planned indicators.

**HIGHLIGHTS FOR 2022/23 SDBIP QUARTER ONE PERFORMANCE**

During the current period under review, the key focus was on back-to-basics approach which included 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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**7.1 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 16 school programmes during the reporting period engaging with children on leading active and positive lives for their own development.
- 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 0.5% at Q1 which is well below the National Indicators of 2%.

Safety and security across the City continue 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 43 planned by-law enforcement policing operations were implemented in Q1 while 143 interventions to reduce crime and related incidents were implemented at this quarter.

**7.2 JOB CREATION**

The City recognises unemployment, poverty, homelessness as fundamental challenges human development, restoration of human dignity which are being addressed as part of the back-to-basics approach. Unemployment has continued to be a challenge, and this undermines expectations for increased employment opportunities. In pursuit of addressing this challenge at a local level, the City has created 3344 work opportunities through public employment programmes (incl. EPWP, CWP and other related employment programmes).

**8. ORGANISATIONAL AND HUMAN RESOURCE IMPLICATIONS**

None

**9. FINANCIAL IMPLICATIONS**

None

**10. LEGAL IMPLICATIONS**

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

**11. COMMUNICATION IMPLICATION**

The contents of the report must be communicated to National and Provincial Treasuries.

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

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**12. 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 report on the Unaudited Financial and Performance Results of the City of Ekurhuleni for the First Quarter of the 2022/23 financial year as required in terms of Section 52(d) of the Municipal Finance Management Act **BE NOTED**.
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 1st quarter of the 2022/23 financial year, and supporting documents as required by National Treasury (Schedule C) as at 30 September 2022, **IS SUBMITTED** to Council.
3. **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 Gauteng Provincial Treasury within five days of tabling of the report in the Council, in both a Council approved document and in electronic format.
4. **That** the report on the Financial and Performance Results for Quarter 1 of the 2022/23 financial year **BE REFERRED** to all Section 79 Oversight Committees.