

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

2023-02-02

A-F (01-2023)

THE CITY OF EKURHULENI (CoE) METROPOLITAN MUNICIPALITY: UNAUDITED SECOND QUARTER AND MID YEAR REVIEW OF FINANCIAL AND PERFORMANCE RESULTS – 2022/23 FINANCIAL YEAR

1. PURPOSE

To report to Council the City of Ekurhuleni's (CoE) Unaudited **Second Quarter and Mid-year** Financial and Performance Results of the 2022/23 financial year as required by Section 52(d) **read with** Section 72 (sec 88 for entities) of the Municipal Finance Management Act and more detailed in the Municipal Budget and Reporting Regulations.

2. STRATEGIC PRIORITY

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

3. WARDS AFFECTED

All wards.

4. DP LINKAGE

Good governance.

5. EXECUTIVE SUMMARY

The table below shows the consolidated operating statement for the 2022/23 second quarter and the Mid-Year results:

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Description	Budget Year 22/23					
	2022/23 Budget R	Budget Q2 R	Actual Q2 R	YearTD budget R	YearTD actual R	YTD variance %
Revenue By Source						
Property rates	7,581,352,036	1,895,337,816	1,944,462,613	3,790,675,632	3,797,096,987	0.2%
Service charges - electricity revenue	19,760,579,818	4,451,990,656	4,260,724,743	11,363,356,750	10,047,243,721	-11.6%
Service charges - water revenue	6,091,505,528	1,522,876,368	1,484,152,962	3,045,752,736	2,907,165,430	-4.6%
Service charges - sanitation revenue	2,298,639,109	574,659,789	932,960,700	1,149,319,578	1,566,593,460	36.3%
Service charges - refuse revenue	1,719,415,847	430,803,123	426,990,049	859,328,247	865,561,988	0.7%
Rental of facilities and equipment	133,858,854	33,429,177	34,996,284	66,869,283	70,410,451	5.3%
Interest earned - external investments	80,637,665	20,158,767	38,373,810	40,318,826	55,754,648	38.3%
Interest earned - outstanding debtors	430,374,355	107,593,569	403,756,943	215,187,138	763,223,600	254.7%
Fines, penalties and forfeits	817,243,638	204,270,516	30,038,998	408,662,181	66,520,417	-83.7%
Licences and permits	324,758,486	81,189,579	84,329,030	162,379,160	178,361,744	9.8%
Transfers and subsidies	5,681,696,947	1,823,447,108	1,768,658,759	3,991,667,575	3,712,096,693	-7.0%
Other revenue	3,346,929,054	824,601,572	1,021,190,779	1,653,074,775	2,028,292,287	22.7%
Total Revenue (excluding capital transfers and contributions)	48,266,991,337	11,970,358,040	12,430,635,670	26,746,591,881	26,058,321,426	-2.6%
Expenditure By Type						
Employee related costs	10,810,895,988	2,713,950,594	2,539,801,322	5,429,878,404	5,105,896,342	-6%
Remuneration of councillors	150,854,782	37,707,284	36,544,182	75,440,525	73,332,984	-3%
Debt impairment	4,703,780,642	1,175,945,178	1,179,603,046	2,351,890,356	2,370,681,912	1%
Depreciation & asset impairment	2,842,210,754	710,552,784	710,380,233	1,421,105,568	1,420,760,589	0%
Finance charges	1,489,922,883	372,480,735	481,718,916	744,961,470	547,383,206	-27%
Bulk purchases - electricity	15,418,907,875	3,183,218,115	3,096,878,787	8,130,528,898	7,719,113,785	-5%
Inventory consumed	5,536,398,524	1,507,621,132	1,488,887,079	2,992,301,853	2,614,405,134	-12.6%
Contracted services	5,321,929,120	1,374,174,541	1,458,809,967	2,581,046,673	2,171,495,452	-15.9%
Transfers and subsidies	523,919,665	132,453,916	172,585,525	260,099,436	219,238,651	-16%
Other expenditure	1,168,171,104	265,766,071	307,660,518	654,003,644	626,986,705	-6%
Total Expenditure	47,966,991,337	11,473,870,350	11,472,869,574	24,641,256,828	22,869,294,759	-7.2%
Surplus/(Deficit)	300,000,000	496,487,690	957,766,096	2,105,335,053	3,189,026,667	

5.1 Operating Budget Results

The **Operating Income** budgeted for the **2nd Quarter** ending 31 December 2022 was R11.970 billion. The actual income was R460 million (or 3.8%) more than budgeted.

The budgeted **Operating Expenditure** for the **2nd Quarter** ending 31 December 2022 was R11.473 billion. The actual expenditure is R11.472 billion which is R1 million (0.01%) less than budgeted.

The **Total Income** budgeted for the **2022/23 Mid-Year** was R26.746 billion. The actual income was R26.058 billion. The Actual Income for the Mid-Year was R688 million (2.6%) less than budgeted.

The **Total Expenditure** budgeted for the **2022/23 Mid-Year** was R24.641 billion. The actual expenditure was R22.869 billion which is R1.771 billion (7.2%) less than budgeted.

The deviation of the income and expenditure in the various categories below or above 8% of the budget is regarded as significant and is discussed in **section 6.1** of this report.

5.2 Capital Expenditure

The actual Capital Expenditure 2022/23 Mid-Year is **R869. 2 million**, which represents a spending of **26.15%** of the total capital budget of **R3. 323 billion**. It is important to note that the outstanding commitments at the end of December 2022 amounted to **R128. 5 million**. The actual expenditure plus commitments for the Mid-Year amounted to **R997. 8 million**, which represents **30.02%** of the Capital Budget.

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The capital spending per department as well as sources of funding are elaborated further in section 6.2 of the report.

5.3 Collection Rate

The Collection Rate for the mid-year ended 31 December 2022 is 84.35% against a target of 85% set for the year ending 30 June 2023. The table below is an illustration of collection based on residential and business.

Performance in respect of 2022-23 financial year as follows:

	Business	Residential
Jul-22	101.36	67.93
Aug-22	89.78	82.16
Sep-22	97.69	59.73
Oct-22	95.35	72.60
Nov-22	93.93	58.25
Dec-22	99.47	58.83
	96.26	66.58

In respect of above-mentioned, business collections consistently above collection target whilst residential – inclusive of Eskom supply areas, remains below collection target despite credit control measures being applied.

5.4 Cash balances and cost coverage

The City had a bank balance of **R372.4 million** at the end of December 2022. The **number of days cash on hand for the month of December 2022 is 13 days**. This is below the quarterly target of 25 days. The following measures are implemented to achieve the target:

- Credit control and debt collection measures are continuously implemented to increase the collection levels and cash flow;
- The tightened credit control measures will focus largely on large utility consumers where there is the greatest impact;
- The cost containment measures are continuously implemented; and
- As part of the main adjustment budget, the City has reviewed the adequacy of funding the non-cash items such as depreciation and debt impairment

6. BACKGROUND AND DISCUSSION

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

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

- (i) the monthly statements referred to in section 71 for the first half of the financial year;

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(ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;

(iii) the past year's annual report, and progress on resolving problems identified in the annual report; and

(iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities.

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

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

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

"The mayor of a municipality-

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

In compliance with section 52(d) relating to the quarterly reporting period ended 31 December 2022, the 30 days' limit expires on **30 January 2023**.

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 –

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

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

- (a) consider the statement or report;
- (b) check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
- (c) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that the revisions to the service delivery targets and

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performance indicators in the plan may only be made with the approval of the council following approval of the adjustment budget

(d) issue any appropriate instructions to the accounting officer to ensure-

(i) that the budget is implemented in accordance with the service delivery and budget implementation plan; and

(ii) that spending of funds and revenue collection proceed in accordance with the budget.

(e) identify any financial problems facing the municipality, including any emerging or impending financial problems; and

(f) in the case of section 72 report, submit the report to the council by **31 January of each year**.

Given the above legislative framework, this report presents both the mid-year financial and performance assessment as well as the second quarter financial results for 2022/23.

The following Annexures are provided:

Annexure A: Departmental Operating Budget Reports for mid-year and 2nd Quarter of 2022/23 Financial Year;

Annexure B: Detailed Capital Expenditure Reports for mid-year and 2nd Quarter of 2022/23 Financial Year; and

Annexure C: Detailed Performance Report (Pre-Determined Measurable Performance Targets for mid-year and 2nd Quarter of 2022/23

6.1 Financial Performance of Operating Budget

The discussion below highlights the performance of the operating budget. Annexure A provides more detailed operating results for the mid-year.

6.1.1 Revenue by Source

The revenue performance for the **2022/23 Mid-Year** as well as **Quarter 2** is reflected in the table below.

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Revenue By Source						
Property rates	7,581,352,036	1,895,337,816	1,944,462,613	3,790,675,632	3,797,096,987	0.2%
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Service charges - water revenue	6,091,505,528	1,522,876,368	1,484,152,962	3,045,752,736	2,907,165,430	-4.6%
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Service charges - refuse revenue	1,719,415,847	430,803,123	426,990,049	859,328,247	865,561,988	0.7%
Rental of facilities and equipment	133,858,854	33,429,177	34,996,284	66,869,283	70,410,451	5.3%
Interest earned - external investments	80,637,665	20,158,767	38,373,810	40,318,826	55,754,648	38.3%
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Licences and permits	324,758,486	81,189,579	84,329,030	162,379,160	178,361,744	9.8%
Transfers and subsidies	5,681,696,947	1,823,447,108	1,768,658,759	3,991,667,575	3,712,096,693	-7.0%
Other revenue	3,346,929,054	824,601,572	1,021,190,779	1,653,074,775	2,028,292,287	22.7%
Total Revenue (excluding capital transfers and contributions)	48,266,991,337	11,970,358,040	12,430,635,670	26,746,591,881	26,058,321,426	-2.6%

Analysis of Performance

The **Operating Income** budgeted for the **2nd Quarter** ending 31 December 2022 was R11.970 billion. The actual income was R460 million (or 3.8%) more than budgeted.

The **Total Income** budgeted for the **2022/23 Mid-Year** was R26.746 billion. The actual income was R26.058 billion. The Actual Income for the Mid-Year was R688 million (2.6%) less than budgeted.

Management has deemed any variances of 8% or less to be immaterial and as such no reasons will be provided. The discussions of the **significant deviations of 8% and more** are elaborated below. Although the quarterly variances may be higher, the **focus is on the Year to Date variances** as they reflect a fair and smooth performance during the entire mid-year.

a. Service charges:

Service charges – electricity revenue

The actual income from sale of electricity is R1.316 billion less than the budget of R11.363 billion for the 2022/23 Mid-year, which represent a negative deviation of 11.6%. The deviation is due to reduced consumption as a result of high stages of load shedding.

Service charges – sanitation revenue

The actual income from sewer purification is R417 million more than the budget of R1.149 billion for the 2022/23 Mid-year, which represent a positive deviation of 36.3%. This positive deviation results from industrial effluent charges associated with the industrial waste water and associated penalties. This category will be monitored for possible adjustment during adjustment budget process.

Moreover, performance of sanitation/ sewer service shows better performance than that of water service. Sewer is performing better than water because some bulk sewer customers are not billed on the bases of water consumed, but on the bases of a formula for industrial effluent associated with the industrial waste water.

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b. Interest earned

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

The positive deviation on the interest earned on the bank and investments accounts, in particular from ERWAT.

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

The interest will also be adjusted in the adjustment budget.

c. Fines, penalties and forfeits

The budget of Fines, Penalties and Forfeits for the 2022/23 Mid-year amounted to R408.6 million whilst the actual revenue amounted to R66.5 million, thus a negative deviation of 83.7% 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.

d. Licenses and permits

Revenue budgeted for licenses and permits for the 2022/23 Mid-year amounted to R162.3 million whilst the actual revenue amounted to R178.3 million, thus a positive deviation of 9.8%. 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. The annual budget will be reviewed during the main adjustment budget process.

g. Other revenue

Other revenue shows over performance of R375 million more than the budget of R1.653 billion for the 2022/23 Mid-year, which represent a deviation of 22.7%. The category includes fuel levy received from National Treasury. The budget is for the full year while the actual cash flows are in three instalments. 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.

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6.1.2 Expenditure by type

The expenditure performance for the **2022/23 Mid-Year** as well as **Quarter 2** is reflected in the table below.

Description	Budget Year 22/23					
	2022/23 Budget	Budget Q2	Actual Q2	YearTD budget	YearTD actual	YTD variance %
	R	R	R	R	R	%
Expenditure By Type						
Employee related costs	10,810,895,988	2,713,950,594	2,539,801,322	5,429,878,404	5,105,896,342	-6%
Remuneration of councillors	150,854,782	37,707,284	36,544,182	75,440,525	73,332,984	-3%
Debt impairment	4,703,780,642	1,175,945,178	1,179,603,046	2,351,890,356	2,370,681,912	1%
Depreciation & asset impairment	2,842,210,754	710,552,784	710,380,233	1,421,105,568	1,420,760,589	0%
Finance charges	1,489,922,883	372,480,735	481,718,916	744,961,470	547,383,206	-27%
Bulk purchases - electricity	15,418,907,875	3,183,218,115	3,096,878,787	8,130,528,898	7,719,113,785	-5%
Inventory consumed	5,536,398,524	1,507,621,132	1,488,887,079	2,992,301,853	2,614,405,134	-12.6%
Contracted services	5,321,929,120	1,374,174,541	1,458,809,967	2,581,046,673	2,171,495,452	-15.9%
Transfers and subsidies	523,919,665	132,453,916	172,585,525	260,099,436	219,238,651	-16%
Other expenditure	1,168,171,104	265,766,071	307,660,518	654,003,644	626,986,705	-6%
Total Expenditure	47,966,991,337	11,473,870,350	11,472,869,574	24,641,256,828	22,869,294,759	-7.2%
Surplus/(Deficit)	300,000,000	496,487,690	957,766,096	2,105,335,053	3,189,026,667	

The budgeted **Operating Expenditure** for the **2nd Quarter** ending 31 December 2022 was R11.473 billion. The actual expenditure is R11.472 billion which is R1 million (0.01%) less than budgeted

The **Total Expenditure** budgeted for the **2022/23 Mid-Year** was R24.641 billion. The actual expenditure was R22.869 billion which is R1.771 billion (7.2%) less than budgeted

Analyses of significant items is highlighted below.

a. Overtime

The overtime worked for the **2nd Quarter** and for **2022/23 Mid-year** is reflected in the table below. The table shows, amongst others, that:

- Overall overtime budget for the mid-year is underspent by R75.3 million or 16.8%; and
- Although some departments have exceeded their overtime budgets (Executive Office, Legislature, and Strategy), overtime forms part of the employee costs and is not unauthorised expenditure. Control of overtime is one of the focus areas for cost containment measures instituted by management.

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Description	Budget Year 22/23					
	Revised Budget	Budget Q2	Actual Q2	YearTD budget	YearTD actual	YTD variance
	R	R	R	R	R	%
SERVICE DELIVERY COORDINATION	6,503,330	1,625,835	1,638,484	3,251,670	3,232,457	-0.6%
CITY MANAGER	-	-	-	-	-	-
CITY PLANNING	17,812	4,455	-	8,910	665	-107.5%
COMMUNICATION & BRANDING	183,034	45,845	8,648	91,365	60,825	-33.4%
CORPORATE LEGAL	130,678	-	35,014	65,346	82,927	26.9%
DISASTER AND EMERGENCY MANAGEMENT SERVICES	12,466,402	3,116,803	5,173,397	6,232,816	10,024,213	60.8%
ECONOMIC DEVELOPMENT	1,433,545	358,389	362,557	716,778	758,372	5.8%
EHC	406,075	101,520	-	203,040	12,176	-94.0%
EKURHULENI METRO POLICE DEPARTMENT	454,347,067	113,590,112	79,009,656	227,166,886	160,875,498	-29.2%
ENERGY	129,494,402	32,373,624	30,371,679	64,747,248	59,873,029	-7.5%
ENVIRONMENTAL RESOURCE MANAGEMENT	103,413,129	25,853,292	23,640,945	51,706,584	44,029,390	-14.8%
ERWAT	44,514,404	5,977,566	7,961,083	11,955,132	17,503,875	46.4%
EXECUTIVE OFFICE	45,947	13,601	18,375	18,746	50,233	168.0%
FINANCE	25,073,125	6,263,959	4,362,791	12,545,237	10,692,879	-14.8%
HEALTH AND SOCIAL DEVELOPMENT	6,737,800	1,684,710	1,704,223	3,368,428	3,526,815	4.7%
HUMAN RESOURCES	777,234	194,310	112,750	388,620	587,475	51.2%
HUMAN SETTLEMENTS	985,825	246,961	138,684	491,914	311,642	-36.6%
INFORMATION COMMUNICATION TECHNOLOGY	1,698,660	424,671	311,396	849,342	702,455	-17.3%
LEGISLATURE	204,949	51,240	623,811	102,480	1,159,774	1031.7%
REAL ESTATE	3,848,117	981,142	690,438	1,885,843	2,147,962	13.9%
ROADS AND STORMWATER	8,174,787	2,043,720	1,642,616	4,087,440	3,528,315	-13.7%
SPORTS, RECREATION, ARTS AND CULTURE	11,199,578	2,800,740	2,597,536	5,598,130	4,918,906	-12.1%
STRATEGY & CORPORATE PLANNING	31,868	7,971	61,095	15,942	61,095	283.2%
TRANSPORT	15,174,755	3,794,179	2,487,310	7,586,440	5,951,456	-21.6%
WATER AND SANITATION	88,840,161	22,210,056	20,638,627	44,420,112	42,029,340	-5.4%
Grand Total	915,702,684	223,764,701	183,591,114	447,504,448	372,120,442	-16.8%

b. Finance charges

The negative deviation of R197.5 million on finance charges for the 2022/23 Mid-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. Inventory consumed

The actual expenditure for inventory consumed is R377.8 million less than the budgeted expenditure on R2.992 billion for the 2022/23 Mid-year, which represent under-expenditure of 12.6%. The major components of this category are water purchases and materials used for repairs & maintenance of vehicles.

Water purchases actual expenditure is R285.9 million less than the budget of R2.087 billion for the 2022/23 Mid-year.

Repairs and maintenance – inclusive of inventory consumed

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

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

Department	Budget Year 22/23					
	Revised Budget	Budget Q2	Actual Q2	YearTD budget	YearTD actual	YTD variance
	R	R	R	R	R	%
CITY PLANNING	35 074 208	8 768 553	4 618 662	17 537 106	8 240 174	-53,0%
DISASTER AND EMERGENCY MANAGEMENT SERVICE	1 175 909	294 000	137 682	588 000	266 616	-54,7%
ECONOMIC DEVELOPMENT	3 015 703	724 228	844 802	1 507 850	848 387	-43,7%
EHC	5 607 871	1 402 002	775 184	2 804 004	2 355 135	-16,0%
EKURHULENI METRO POLICE DEPARTMENT	2 022 993	505 746	89 524	1 011 492	99 885	-90,1%
ENERGY	923 467 534	230 867 124	244 601 945	461 734 248	600 888 689	30,1%
ENVIRONMENTAL RESOURCE MANAGEMENT	130 967 201	39 459 906	16 024 724	67 420 911	20 456 734	-69,7%
ERWAT	167 313 986	41 828 601	51 862 822	83 657 202	56 144 317	-32,9%
FINANCE	20 500 714	5 125 203	996	10 250 406	16 396	-99,8%
HEALTH AND SOCIAL DEVELOPMENT	4 494 197	1 221 686	3 442	2 073 983	346 510	-83,3%
HUMAN SETTLEMENTS	11 257 736	2 442 296	2 346 706	4 506 592	2 343 368	-48,0%
INFORMATION COMMUNICATION TECHNOLOGY	204 360 000	51 090 000	58 457 347	102 180 000	88 721 255	-13,2%
REAL ESTATE	68 775 085	17 193 801	10 489 349	34 387 602	12 418 098	-63,9%
ROADS AND STORMWATER	369 443 884	103 458 964	188 244 251	167 025 319	199 858 352	19,7%
SPORTS, RECREATION, ARTS AND CULTURE	27 858 384	5 201 566	33 006	8 059 575	120 191	-98,5%
TRANSPORT	170 773 042	42 685 677	57 101 147	85 377 654	79 242 496	-7,2%
WATER AND SANITATION	382 416 767	95 604 291	80 829 607	191 208 582	105 904 790	-44,6%
Grand Total	2 528 525 214	647 873 644	716 461 195	1 241 330 526	1 178 271 392	-5,1%

Overall, repairs and maintenance spent averages 45% for the mid-year. This is more in line with annual budget as the expenditure is in arrears, meaning that the expenditure for December 2022 will be paid in January 2023.

d. Contracted Services

The budget for Contracted Services for the 2022/23 Mid-year amounted to R2.581 billion whilst the actual expenditure amounted to R2.171 billion, being a negative deviation of 15.9%.

The following table reflects the detail expenditure per department:

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Department	Budget Year 22/23					
	Revised Budget	Budget Q2	Actual Q2	YearTD budget	YearTD actual	YTD variance %
	R	R	R	R	R	
SERVICE DELIVERY COORDINATION	10 191	-	-	10 191	-	-100,0%
CITY MANAGER	59 154 190	17 575 100	15 019	23 917 500	15 019	-99,9%
CITY PLANNING	43 052 153	10 756 012	4 618 662	21 690 205	8 244 062	-62,0%
COMMUNICATION & BRANDING	219	57	-	114	-	-100,0%
CORPORATE LEGAL	44 626 541	12 500 000	9 548 867	22 533 000	19 367 081	-14,1%
COUNCIL GENERAL	331 768 332	82 942 083	82 563 407	165 884 166	174 820 534	6,1%
DISASTER AND EMERGENCY MANAGEMENT SERVICE	28 192 136	7 048 065	4 395 641	14 096 130	10 900 325	-22,7%
ECONOMIC DEVELOPMENT	7 515 154	2 354 743	1 154 912	4 907 233	1 267 977	-74,2%
EKURHULENI METRO POLICE DEPARTMENT	403 589 140	104 159 219	114 890 125	165 105 466	204 617 523	23,9%
ENERGY	583 665 993	143 820 579	179 614 595	294 249 176	251 434 756	-14,6%
ENVIRONMENTAL RESOURCE AND WASTE MANAGEMENT	552 939 903	171 445 714	118 362 573	293 756 401	154 344 971	-47,5%
EXECUTIVE OFFICE	783 622	195 886	61 257	391 931	146 416	-62,6%
FINANCE	190 693 418	47 673 446	83 121 640	95 383 142	87 130 612	-8,7%
HEALTH AND SOCIAL DEVELOPMENT	19 815 930	4 944 176	3 590 217	10 023 208	5 498 277	-45,1%
HUMAN RESOURCES	2 770 000	682 000	383 118	994 000	383 118	-61,5%
HUMAN SETTLEMENTS	195 059 558	63 025 343	24 498 408	89 006 139	32 739 383	-63,2%
INFORMATION COMMUNICATION TECHNOLOGY	204 360 000	51 090 000	58 457 347	102 180 000	88 721 255	-13,2%
INTERNAL AUDIT	14 504 481	3 113 576	2 029 840	4 835 231	4 567 758	-5,5%
LEGISLATURE	3 273 829	818 492	228 376	1 659 484	598 972	-63,9%
REAL ESTATE	262 530 780	65 632 725	158 382 879	131 265 450	256 909 455	95,7%
RISK MANAGEMENT	10 857 623	1 102 385	348 580	1 567 342	686 296	-56,2%
ROADS AND STORMWATER	366 150 482	102 341 777	187 193 406	163 716 566	198 589 514	21,3%
SPORTS, RECREATION, ARTS AND CULTURE	23 722 520	4 695 657	33 006	7 243 315	120 191	-98,3%
STRATEGY & CORPORATE PLANNING	474 167	-	161 560	200 000	161 560	-19,2%
TRANSPORT	445 416 551	94 514 298	81 474 265	202 914 867	107 788 749	-46,9%
WATER AND SANITATION	1 393 915 083	348 471 312	325 301 739	696 972 624	531 947 734	-23,7%
ERWAT	113 435 761	28 359 000	14 885 489	56 718 000	22 261 827	-60,7%
EHC	19 651 363	4 912 896	3 495 038	9 825 792	8 232 088	-16,2%
Grand Total	5 321 929 120	1 374 174 541	1 458 809 967	2 581 046 673	2 171 495 452	-15,9%

e. Transfers and subsidies.

The category includes the provision of ablution facilities to informal settlements and grants to entities.

The budget for Ablution facilities for the 2022/23 Mid-year amounted to R190.6 million whilst the actual expenditure amounted to R149.5 million, being a negative deviation of 21.5%

6.1.3 Impact of cost containment measures

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

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Consolidated cost containment measures for 2022/23 Mid-Year and Quarter 2

Description	Budget Year 22/23					
	Revised Budget	Budget Q2	Actual Q2	YearTD budget	YearTD actual	YTD variance
	R	R	R	R	R	%
Advertising Costs	7 802 228	1 213 296	336 236	3 729 041	615 016	-83,5%
Catering services	4 611 814	1 111 984	377 035	2 177 086	855 467	-60,7%
Printing & Stationery	23 413 540	5 647 308	2 860 413	11 883 143	5 696 873	-52,1%
Professional services/Consultants	230 642 739	57 532 874	40 913 985	107 474 286	58 239 986	-45,8%
Special Events (e.g Budget Day, SOCA, Women in Uniform)	10 677 253	2 607 619	1 624 558	4 531 784	2 237 218	-50,6%
Staff study - Internal bursaries	3 000 000	-	646 544	1 500 000	609 216	-59,4%
Travel & Accommodation - Domestic	3 709 464	926 134	461 209	1 857 204	508 052	-72,6%
Travel & Accommodation - Foreign	2 000 010	1 149 949	69 153	1 029 994	143 754	-86,0%
Workshops	7 488 991	1 916 585	770 173	3 953 548	1 420 522	-64,1%
TOTAL	293 346 039,00	72 105 749,64	48 059 305,54	138 136 086,35	70 326 104,58	-49,1%

The table above shows the various items to which the cost containment regulations apply. The table shows that the **2022/23 Mid-year** budget amounted to R138.1 million whilst YTD actual expenditure amounted to R70.3 million, which is R67.8 million or 49.1% less than budget.

With regards to **Quarter 2**, the budget on the items amounted to R72.1 million while actual expenditure amounted R48 million, which is 33% below budget. The key driver of these reductions is that the City Manager approves the expenditures before they are incurred as required by the Regulations.

6.2 Capital programme performance

The actual Capital Expenditure 2022/23 Mid-Year is **R869. 2 million**, which represents a spending of **26.15%** of the total capital budget of **R3. 323 billion**. The outstanding commitments at the end of December 2022 amounted to **R128. 5 million**. The actual expenditure plus commitments for the Mid-Year amounted to **R997. 8 million**, which represents **30.02%** of the Capital Budget.

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

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Department	Original Budget 2022/23	Actuals Quarter 2	Actual Expenditure Year to Date	% Spent (Actual vs Original Budget)
Chief Operating Officer	34 000 000	-	-	0,00%
City Planning	300 000	92 474	92 474	30,82%
Communication and Brand Management	50 000	-	-	0,00%
Council General	29 000 000	2 299 555	3 845 656	13,26%
Disaster & Emergency Management Services	36 000 000	531 764	531 764	1,48%
Economic Development	58 000 000	-	-	0,00%
Ekurhuleni Housing Company (EHC)	1 313 488	-	-	0,00%
Ekurhuleni Metro Police Department	37 000 000	8 748 296	8 748 296	23,64%
Energy	558 033 106	161 203 326	297 842 250	53,37%
Environmental Resources & Waste Management	126 000 000	19 048 501	19 048 501	15,12%
ERWAT	91 558 800	37 953 708	61 747 183	67,44%
Executive Office	750 000	29 560	29 560	3,94%
Finance	50 000	-	-	0,00%
Health and Social Development	5 050 000	-	-	0,00%
Human Resources Management	150 000	-	-	0,00%
Human Settlements	582 000 000	156 300 613	187 232 690	32,17%
Information and Communication Technology	272 000 000	111 103 606	123 617 392	45,45%
Legislature	537 500	-	-	0,00%
Real Estate	173 136 190	7 846 986	7 846 986	4,53%
Roads and Stormwater	283 287 922	45 335 314	45 335 314	16,00%
Sport Recreation Arts and Culture	41 375 790	7 237 502	7 240 502	17,50%
Strategy & Corporate Planning	10 000	-	-	0,00%
Transport Planning & Provision	304 000 000	46 916 723	53 559 767	17,62%
Water and Sanitation	690 250 000	32 997 463	52 512 572	7,61%
TOTAL CAPITAL EXPENDITURE	3 323 852 796	637 645 391	869 230 905	26,15%

The actual Capital Expenditure of R869. 2 billion as indicated above is funded as follows:

SOURCE OF FINANCE	ORIGINAL BUDGET 2022/23	TOTAL EXPENDITURE YEAR TO DATE	% SPENT OF TOTAL BUDGET
External Loans	741 982 950	206 658 350	27,85%
Informal Settlement Upgrading Programme Grant (ISUPG)	700 867 348	258 300 522	36,85%
Neighbourhood Development Partnership Grants (NDPG)	60 000 000	13 216 002	22,03%
SRAC Provincial Grant	12 000 000	4 162 248	34,69%
Public Transport Network Grants (PTNG)	260 000 000	52 911 519	20,35%
Revenue	277 890 798	39 044 536	14,05%
Urban Settlement Development Grants (USDG)	1 271 111 700	294 937 729	23,20%
Grand Total	3 323 852 796	869 230 905	26,15%

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The amount spent on **grant funded** projects amounts to **R623. 5m** which represents 71.73% of the total 2nd quarter spending of **R869. 2 million**. However, the R623. 5m represents **27.06%** spending from the total grant funded budget of **R2. 303 billion**.

Annexure B shows the detailed capital expenditure per project.

6.3 Financial Position

6.3.1 Debtors Analysis

The Collection Rate for the mid year ended 31 December 2022 is **84.35% against the set target of 90% for the year ending 30 June 2023**. The table below reflects the total consumer debtors' age analysis at the end of the 2nd quarter of the 2022-23 Financial Year:

SUMMARY	NT Code	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1Yr	Over 1Yr	Total	Total over 90 days
Debtors Age Analysis By Income Source											
Trade and Other Receivables from Exchange Transactions - Water	1200	863 549	562 271	379 596	270 520	270 562	246 785	1797 641	7771 274	12162 198	10 356 782
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1 318 160	260 642	109 482	99 346	85 812	67 206	273 105	994 274	3208 026	1 519 742
Receivables from Non-exchange Transactions - Property Rates	1400	560 709	250 060	191 829	170 559	168 605	161 701	943 510	2593 559	5040 532	4 037 933
Receivables from Exchange Transactions - Waste Water Management	1500	304 124	197 421	130 604	95 720	91 884	62 208	458 442	1969 236	3309 639	2 677 490
Receivables from Exchange Transactions - Waste Management	1600	147 682	89 965	75 571	71 529	68 980	67 401	431 129	2021 064	2973 321	2 660 103
Receivables from Exchange Transactions - Property Rental Debtors-8P 866	1700	3 114	4 649	3 578	226 472					237 813	226 472
Interest on Arrear Debtor Accounts	1810	129 039	137 041	153 322	125 530	122 960	106 848	354 863	1758 373	2887 976	2 468 574
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-
Other	1900	35 121	26 044	16 245	20 244	19 727	20 362	121 124	556 538	815 405	737 995
Total By Income Source	2000	3361 498	1528 094	1060 227	1079 919	828 529	732 512	4379 813	17664 318	30634 909	24 685 091
Debtors Age Analysis By Customer Group											
Organs of State	2200	92 600	41 303	20 173	14 310	12 953	11 221	28 240	33 929	254 730	100 663
Commercial	2300	1598 995	374 789	197 760	171 281	156 910	141 763	682 822	2010 999	5335 319	3 163 774
Households	2400	1644 645	1099 920	837 763	890 158	682 300	575 890	3641 262	15425 241	24767 179	21 184 861
Other	2500	25 258	12 081	4 531	4 171	6 366	3 637	27 489	194 149	277 682	235 812
Total By Customer Group	2600	3361 498	1528 094	1060 227	1079 919	828 529	732 512	4379 813	17664 318	30634 909	24 685 091

Total outstanding debtors as at 31st December 2022 amounted to R30,6 billion. The debt payable between 0-30 days is regarded as current debt and amounts to R3,4 billion, debt from 30-90 days to value of R 2,6 billion within reasonable credit terms whilst R 24,7 billion in arrears for more than 90 days which requires debt collector and legal interventions in addition to physical credit control measures. Households debt over 90 days represent 85,8% of arrear +90 days debt whilst commercial account for 12,8 within category .

Below reflects some of the challenges and corrective measures:

- **Implementation of new general valuation roll** with effect from 01 July 2021 which impacted on property bill value. Appeals processes are being concluded, which will bring stabilization to objected property valuations and enable a better collection.
- General tariff increases with effect from 1 July 2022 which impacts on consumer ability to pay for services.
- **ESKOM Supply Areas** - City is unable to disconnect electricity to customers directly supplied by ESKOM. Reliance on debt collectors to collect outstanding CoE debt which has lengthy

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processes before customers respond. Eskom supply areas have a collection rate of 15.96%. Moreover, the City pays Eskom the full subsidy to Eskom for registered and deemed indigents. Credit control measures with focus on all customers implemented, but due to budget constrain, limited measures were applied on Eskom supply areas;

Eskom supply area 90+ day consumer debtors balances represents 52,3% of total debt within 90+ day category

- **Challenging areas:** No go areas and denied access to specific areas impacts on credit control actions and collection efforts; Special collection actions with assistance of departmental stakeholders and ward representatives to be initiated;
- **Illegal connections, tampering and meter access** - Energy department to assist with supply disconnections.
- **Implementation of Debt Relief program** – to date approximately 1,855 applications received. Scheme write-offs and incentive allocations to be processed during Q3 will impact on outstanding debt balance and
- **Load shedding** – impacts on ability to process scheduled consumer billing, ability to accept payments and address enquiries from public.

Collection Rate per CCA for the 2nd Quarter (October – December 2022)

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2022-23 Q2				Year-to Date	
Quarterly Collection Target = 85%					
Customer Care Area	Billed	Receipts	%	%	
Alberton	905 956 751.48	854 844 883.36	94.36%	97.30%	
Benoni	757 860 115.65	686 337 807.35	90.56%	90.16%	
Boksburg	830 056 067.36	782 432 755.16	94.26%	97.04%	
Brakpan	591 528 311.82	585 989 917.17	99.06%	95.09%	
Daveyton	169 048 526.44	62 823 962.79	37.16%	36.40%	
Duduza	62 565 880.29	17 864 096.60	28.55%	43.59%	
Edenvale	723 722 242.25	666 195 822.52	92.05%	93.85%	
Etwatwa	91 620 244.79	7 065 335.41	7.71%	6.32%	
Germiston	1 352 708 060.06	1 245 837 665.32	92.10%	91.43%	
Katlehong 1	322 456 736.55	119 692 409.16	37.12%	38.39%	
Katlehong 2	163 519 173.12	18 494 526.78	11.31%	11.93%	
Kempton Park	1 778 104 397.68	1 668 648 949.88	93.84%	95.37%	
Kwa-Thema	52 414 939.25	10 179 653.34	19.42%	18.20%	
Nigel	295 273 403.39	244 423 627.25	82.78%	93.05%	
Springs	396 731 087.67	357 154 420.38	90.02%	90.58%	
Sundries and Other	5 836 240.66	18 951 067.96	324.71%	118.51%	
Tembisa 1	76 995 032.17	43 669 598.00	56.72%	63.26%	
Tembisa 2	653 674 246.42	544 153 844.70	83.25%	88.27%	
Tokoza	154 480 105.96	51 304 320.82	33.21%	33.42%	
Tsakane	161 929 038.52	36 149 768.52	22.32%	26.38%	
Vosloorus	488 277 479.87	198 238 135.38	40.60%	51.35%	
	10 034 758 081.40	8 220 452 567.85	81.92%	84.35%	

The quarterly revenue collection performance is 81.92% in comparison with quarterly target of 85.0%. The quarterly target was not achieved and reflects under performance of 3.08%. Under performance mainly due to decline in economic climate and ability to pay for increased services and winter consumption. In addition, Eskom supplied areas registered a collection year to date rate of averaging 15.96% whilst City of Ekurhuleni (CoE) supplied areas registered an average of 90.73% which exceeds the required annual target.

6.3.2 Creditors Analysis

The creditors' age analysis at the end of **December 2022** was as follows:

Detail	0 – 30 Days	31 – 60 Days	61 – 90 Days	91 – 120 Days	121 – 150 days	151- 180 Days	181 Days – 1 Year	Over 1 Year	Total
Bulk Electricity	1 290 106 410								1 290 106 410
Bulk Water	812 168 224								812 168 224
PAYE deductions	187 448 386								187 448 386
VAT (Output less input)	0								0
Pensions/Retirement deductions	172 551 614,								172 551 614
Trade creditors	902 678 320	320 894 111	469 421 364						1 692 993 795
Auditor General	0								
Other	0								0
Total	2 065 234 717	320 894 111	469 421 364						3 967 820 043

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The table above shows all the major creditors and 3rd party payments are within 30 days. The outstanding creditors that are longer than 30 days are due to late responses on invoice queries and low collection of revenue. Invoices are paid only when they are valid. All invalid invoices are sent back to Departments and services providers for correction.

6.3.3 Investment Portfolio Analysis

The investments as at 31 December 2022 are as follows:

• Unencumbered:	120,184,604.67
• Encumbered:	732,282,218.57
• In entities (Rand Airport)	<u>4,000,106.00</u>
Total investments as per register	<u>856,466,929.24</u>

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6.3.4 Grant Receipts and Expenditure

The status of grants receipts and spending as at the end of the mid-year and quarter two is reflected in the table below:

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
NATIONAL / DORA GRANTS - OPERATING							
Finance Management Grant (FMG)	Finance	127,100.35	-	1,000,000.00	(254,183.00)	872,917.35	22.55%
TOTAL		127,100.35	-	1,000,000.00	(254,183.00)	872,917.35	22.55%
NATIONAL / DORA GRANTS - CAPITAL							
Equitable Share - Electricity	Energy	-	-	582,262,822.27	(582,262,822.27)	-	100.00%
Equitable Share - Solid Waste	Waste Management	-	-	528,766,359.53	(528,766,359.53)	-	100.00%
Equitable Share -Water and Wastewater	Water & Sanitation	-	-	1,545,864,736.20	(1,545,864,736.20)	-	100.00%
Equitable Share - Finance	Finance	-	-	672,547,082.00	(672,547,082.00)	-	100.00%
Fuel Levy - Finance	Finance	-	-	1,220,652,000.00	(1,220,652,000.00)	-	100.00%
TOTAL		-	-	4,550,093,000.00	(4,550,093,000.00)	-	100.00%
NATIONAL / DORA GRANTS - CAPITAL							
Urban Settlement Development Grant (USDG)	Human Settlements	-	-	576,991,000.00	(296,145,939.83)	280,845,060.17	51.33%
Public Transport Network Grant (PTNG)	Transport	113,255.69	-	238,794,000.00	(160,709,729.26)	78,197,526.43	67.27%
Neighborhood Development Partnership Grant (NDPG)	Human Settlements	2,672,002.72	-	25,264,000.00	(13,216,001.77)	14,720,000.95	47.31%
NDPG- Public Employment Programme (PEP)	Economic Development	5,288,483.55	-	54,178,000.00	(43,062,553.38)	16,403,930.17	72.41%
Energy efficiency and Demand-Side Management Grant	Energy	-	-	4,000,000.00	(7,686,606.14)	(3,686,606.14)	192.17%
Expanded Public Works Programme (EPWP)	Economic Development	-	-	16,830,000.00	(5,581,503.41)	11,248,496.59	33.16%
Informal Settlement Upgrading Partnership Grant (ISUPG)	Human Settlements	7,044,989.27	-	405,813,000.00	(258,346,931.71)	154,511,057.56	62.58%
Programme & Project Preparation Support Grant (PPPSG)	EPMO	-	-	-	1,127,358.30	1,127,358.30	0.00%
TOTAL		15,118,731.23	-	1,321,870,000.00	(783,621,907.20)	553,366,824.03	58.61%
PROVINCIAL GRANTS - OPERATING							
SETA	Human Resources	5,451,295.78	-	9,133,164.36	(4,019,108.17)	10,565,351.97	27.56%
HIV/AIDS Grant	Health & Social Development	1.33	-	18,900,000.00	(7,230,415.42)	11,669,585.91	38.26%
Recapitalisation of Community Libraries and Libraries Plan	SRAC - Libraries	-	-	20,750,000.00	(4,171,788.39)	16,578,211.61	20.11%
Human Settlement Development Grant (HSDG)	Human Settlements	121,451,555.73	-	-	(12,415,675.11)	109,035,880.62	10.22%
TOTAL		126,902,852.84	-	48,783,164.36	(27,836,987.09)	147,849,030.11	15.84%
PROVINCIAL - SUBSIDIES							
Primary Health Care Subsidy (PHC)	Health & Social Development	-	-	120,018,000.00	(120,018,000.00)	-	100.00%
TOTAL		-	-	120,018,000.00	(120,018,000.00)	-	100.00%
Total National / DORA Grants + Subsidies		15,245,831.58	-	5,872,963,000.00	(5,333,969,090.20)	554,239,741.38	90.59%
Total Provincial Grants + Subsidies		126,902,852.84	-	168,801,164.36	(147,854,987.09)	147,849,030.11	50.00%
GRAND TOTAL		142,148,684.42	-	6,041,764,164.36	(5,481,824,077.29)	702,088,771.49	88.65%

The **unspent grants** at the beginning of the 2022/23 financial year amounted to R142.1 million. Of the R142,1 million of the roll-over applications submitted to both National and Provincial Treasury, R139,2 million was approved and R2.9 million was rejected.

The receipts to date amounted to R6 billion whilst expenditure is at R5,4 billion. The total unspent funds as at 31 December 2022 including approved rollovers is R702 million.

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Name of Grant	CoE Responsible Department	Unspent Funds - 21/22 Opening Balances 22/23	Roll-over approved	Roll-over rejected	Comments
NATIONAL / DORA GRANTS					
Finance Management Grant (FMG)	Finance	127,100.35	-	127,100.35	Funds will be offset against the Equitable Share
Public Transport Network Grant (PTNG)	Transport	113,255.69	-	113,255.69	Funds will be offset against the Equitable Share
Neighborhood Development Partnership Grant (NDPG)	Human Settlements	2,672,002.72	-	2,672,002.72	Funds will be offset against the Equitable Share
NDPG- Public Employment Programme (PEP)	Economic Development	5,288,483.55	5,288,483.55	-	Roll-over approved, to be appropriated in the adjustment budget
Informal Settlement Upgrading Partnership Grant (ISUPG)	Human Settlements	7,044,989.27	7,044,989.27	-	Roll-over approved, to be appropriated in the adjustment budget
TOTAL		15,245,831.58	12,333,472.82	2,912,358.76	
OTHER GRANTS					
SETA	Human Resources	5,451,295.78	5,451,295.78	-	Automatic roll-over, no requirement to apply for a rollover
TOTAL		5,451,295.78	5,451,295.78	-	
PROVINCIAL GRANTS					
HIV/AIDS Grant	Health & Social Development	1.33	1.33	-	N/A
Human Settlement Development Grant (HSDG)	Human Settlements	121,451,555.73	121,451,555.73	-	Roll-over approved, to be appropriated in the adjustment budget
TOTAL		121,451,557.06	121,451,557.06	-	
GRAND TOTAL		142,148,684.42	139,236,325.66	2,912,358.76	

Additional Allocations provided for 2022-23 FY

The following grants were allocated through allocation letters and will be included in the 2022/23 adjustment budget:

Name of Grant	EMM Responsible Department	2022-23 Original Allocation	Additional Allocation	Adjusted Allocation	Comments
NATIONAL / DORA GRANTS					
Programme & Project Preparation Support Grant (PPPSG)	EPMO	56 064 000	31 936 000	88 000 000	Funds were provided through allocation letters , awaiting the ammended DoRB to be published
NDPG- Public Employment Programme (PEP)	Economic Development	58 470 000	58 470 000	116 940 000	Funds were provided through allocation letters , awaiting the ammended DoRB to be published
TOTAL		114 534 000	90 406 000	204 940 000	

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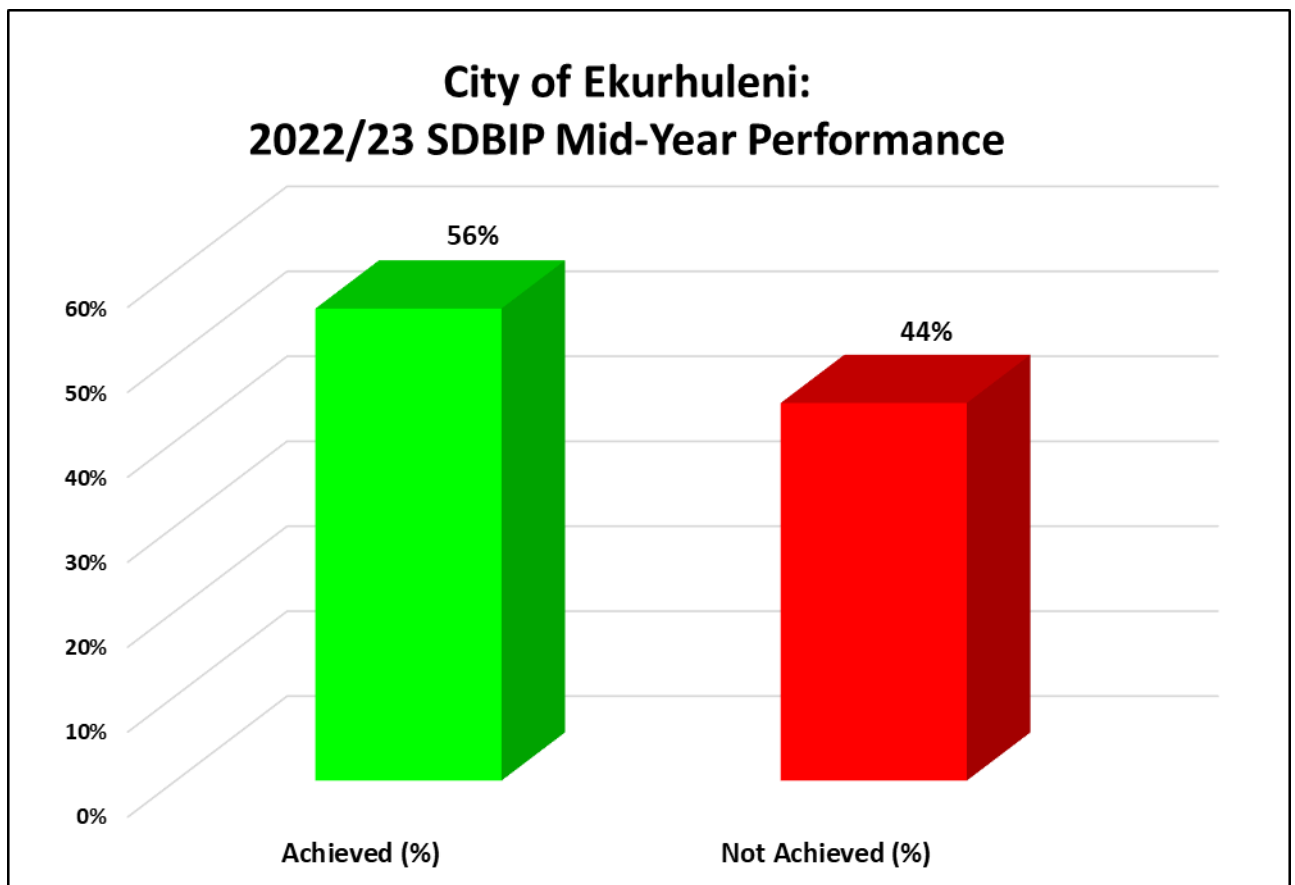
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7. SUMMARY OF THE UNAUDITED MID-YEAR SDBIP REPORT: MID-YEAR OF THE
2022/2023 FINANCIAL YEAR

SUMMARY OF THE MID-YEAR NON-FINANCIAL PERFORMANCE INFORMATION

CITY-WIDE PERFORMANCE

FIGURE 1: CITY-WIDE 2022/2023 MID-YEAR PERFORMANCE



The City committed to a total of 99 targets in the mid-year period of the 2022/2023 financial year. Against these commitments, 55 (56%) targets were achieved and 44 (44%) were not achieved. The committed targets were contributed by the twenty-three (23) departments and entities for the metro-wide SDBIP during the mid-year reporting period. Of the twenty-three (23) departments and entities that committed to the targets, eight (8) departments achieved 100%, four (4) departments achieved between 67% and 71%, while eleven (11) departments achieved 50% and less. A total of three (3) departments and the one entity achieved 0% of their targets at mid-year.

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FIGURE 2: CITY-WIDE 2022/2023 MID-YEAR PERFORMANCE PER CLUSTER

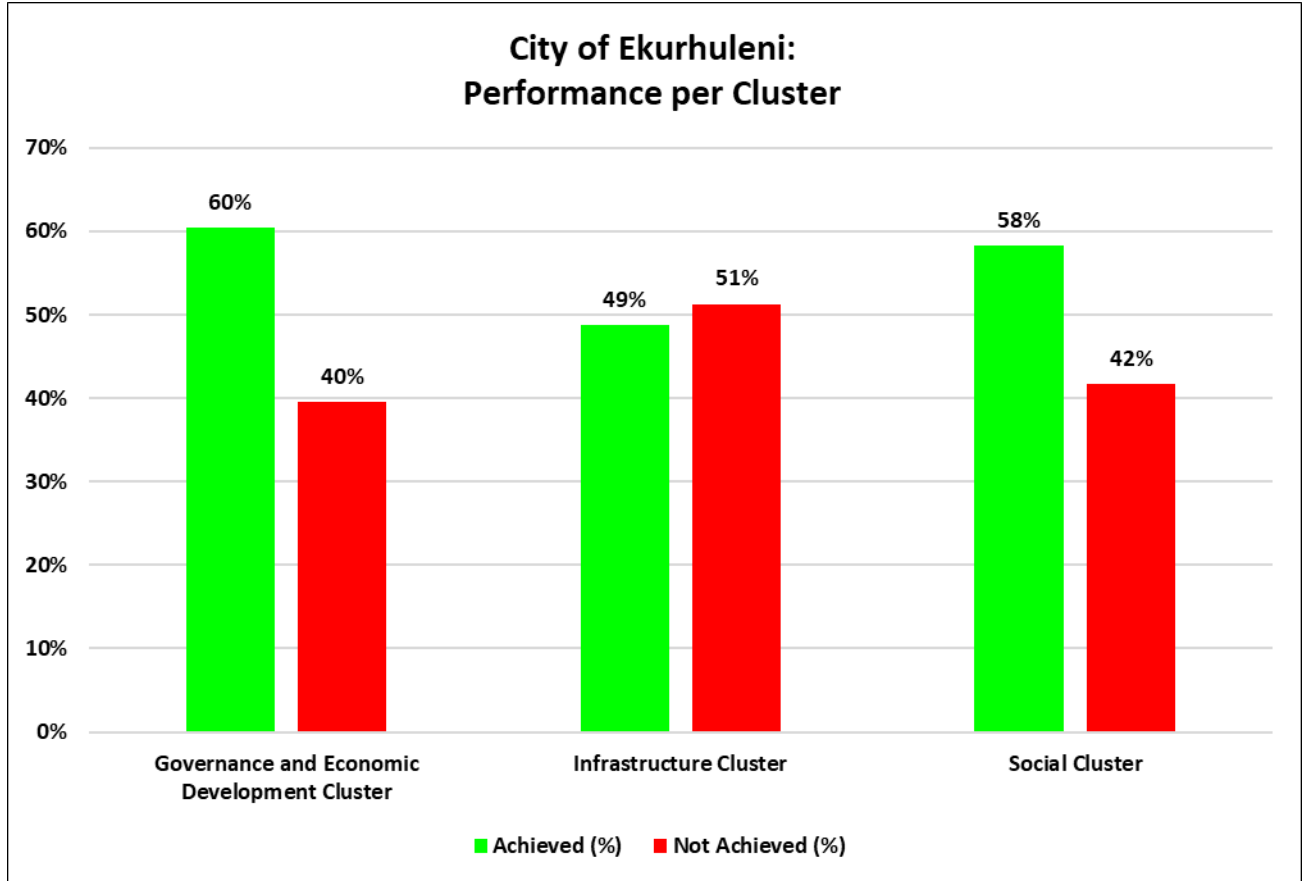


Figure 2. above presents the mid-year performance against the targets set for the mid-year period of the 2022/2023 financial year per cluster. The figure shows that the Governance and Economic Cluster recorded the highest performance of 60% target achievement followed by the Social Cluster which recorded 58% target achievement and Infrastructure Cluster with 49% target achievement.

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

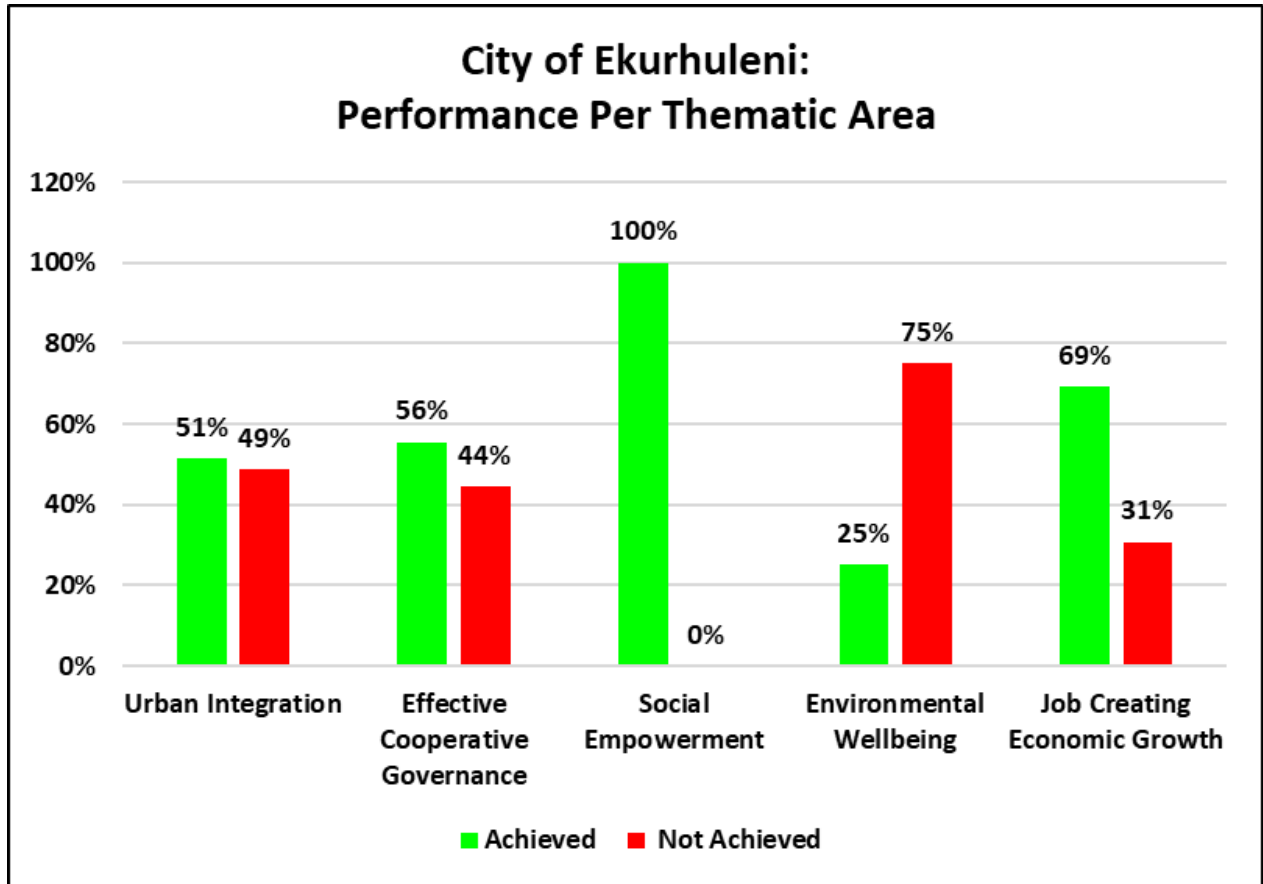


Figure 3. above presents the performance against targets set within specific Thematic Areas of the Growth and Development Strategy (GDS) 2055. The performance on targets that were planned to be delivered over the period under review is summarised as follows:

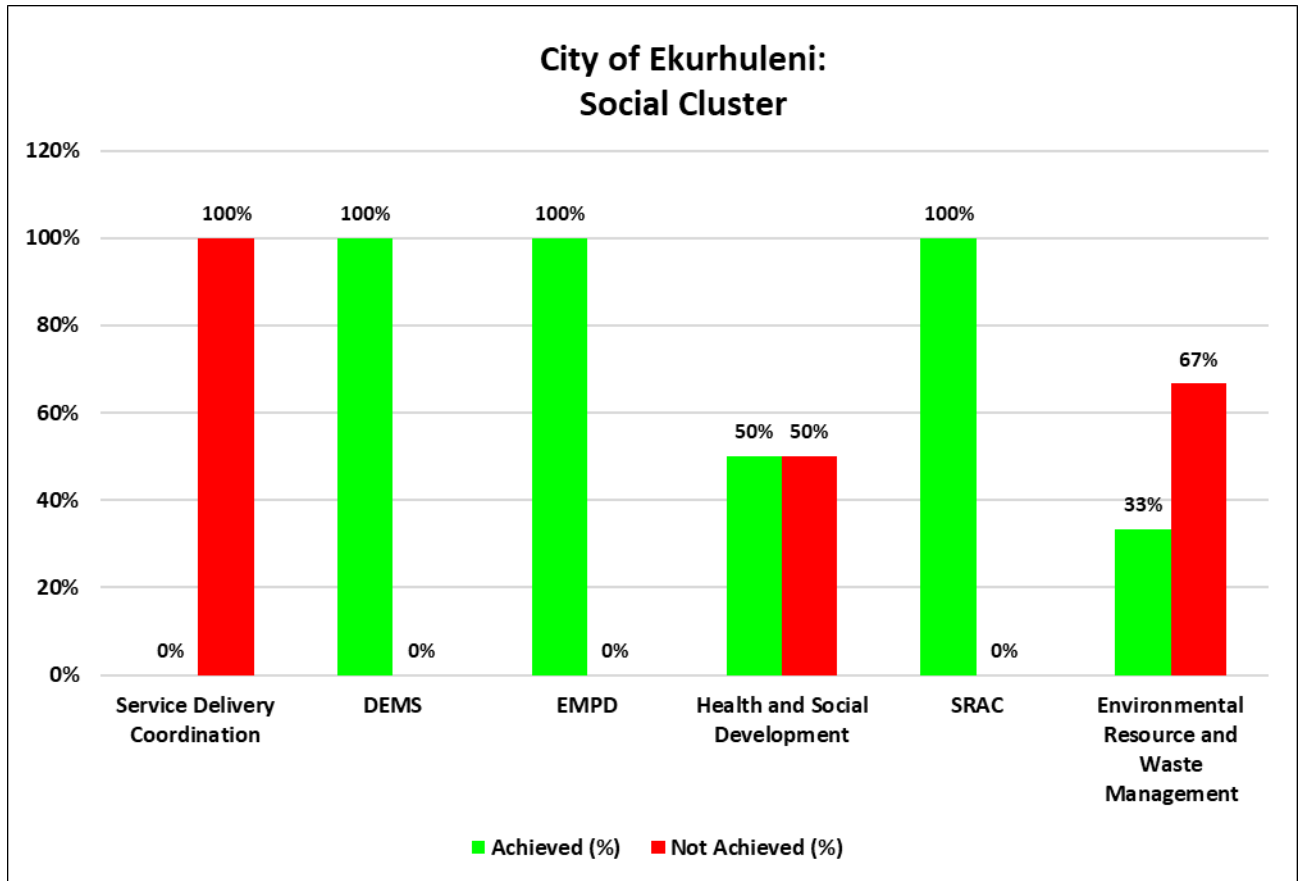
- The highest performance was recorded for targets that were planned for Social Empowerment GDS Thematic Area. A total of 5 targets that were planned were all achieved and this translates to 100% target achievement.
- The second highest performance was recorded for the Job Creation Economic Growth GDS Thematic Area in which 69% of the 13 targets that were planned during the mid-year period were achieved.
- The above figure also indicates that Effective Cooperative Governance GDS Thematic Area achieved 56% of the planned targets as the third highest performance achieved.
- A total of 37 targets were planned for Urban Integration GDS Thematic Area and 51% of the targets were achieved while the Environmental Wellbeing GDS Thematic Area achieved 25% of its 24 set targets at mid-year.

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



Social Cluster

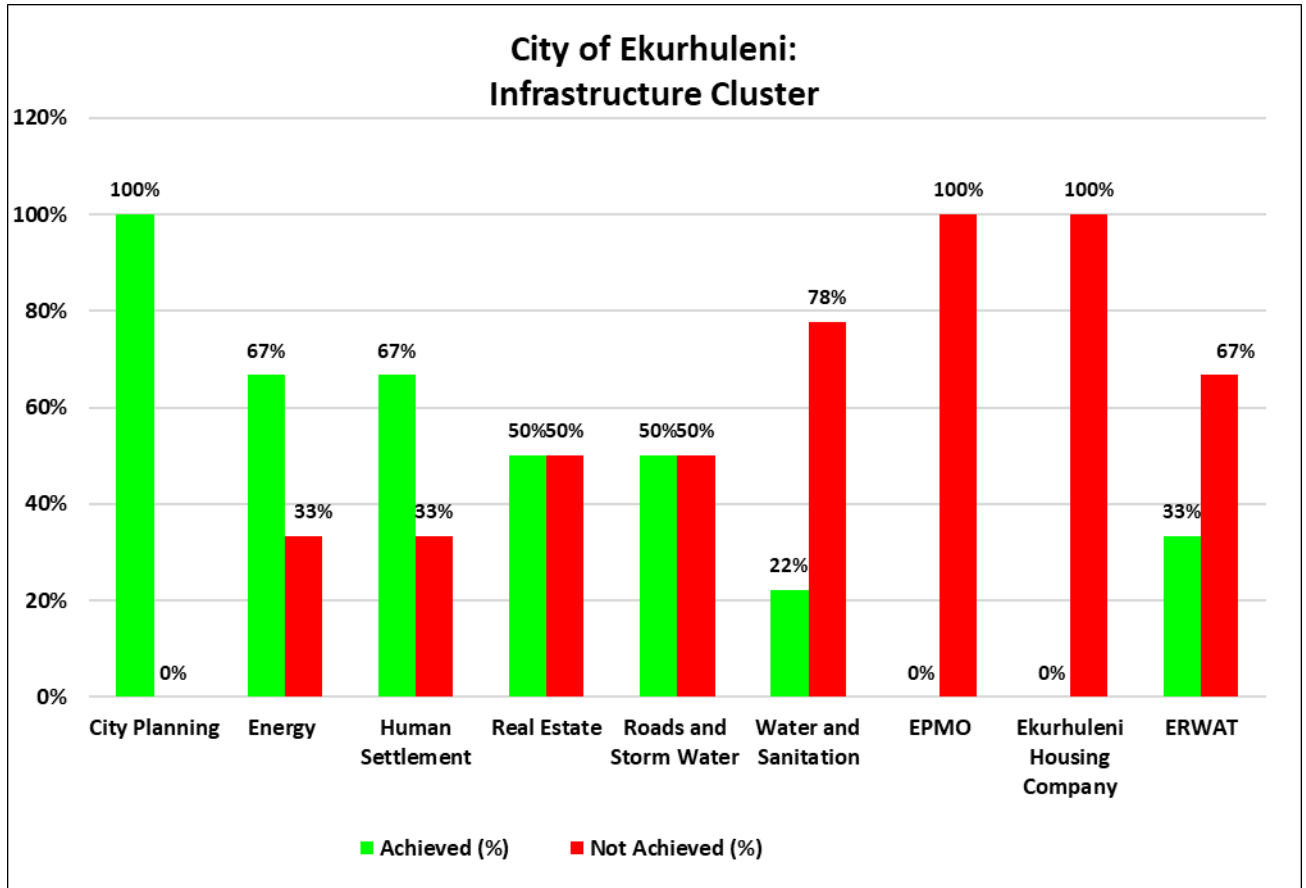
The Social Cluster committed to a total of seven (7) targets which were contributed to by six (6) departments during the period under review. Three(3) of these departments achieved hundred per cent (100%) of their targets as presented in the above Figure 4. These departments are Disaster and Emergency Management Services, Ekurhuleni Metro Police Department and Sports, Recreation, Arts and Culture. The second highest achievement was recorded for the Health and Social Development department with fifty per cent (50%) achievement of its targets followed by Environmental Resource and Waste Management at 33%. Service Delivery Coordination department which did not record an achievement on its one target that was planned.

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



Infrastructure Cluster

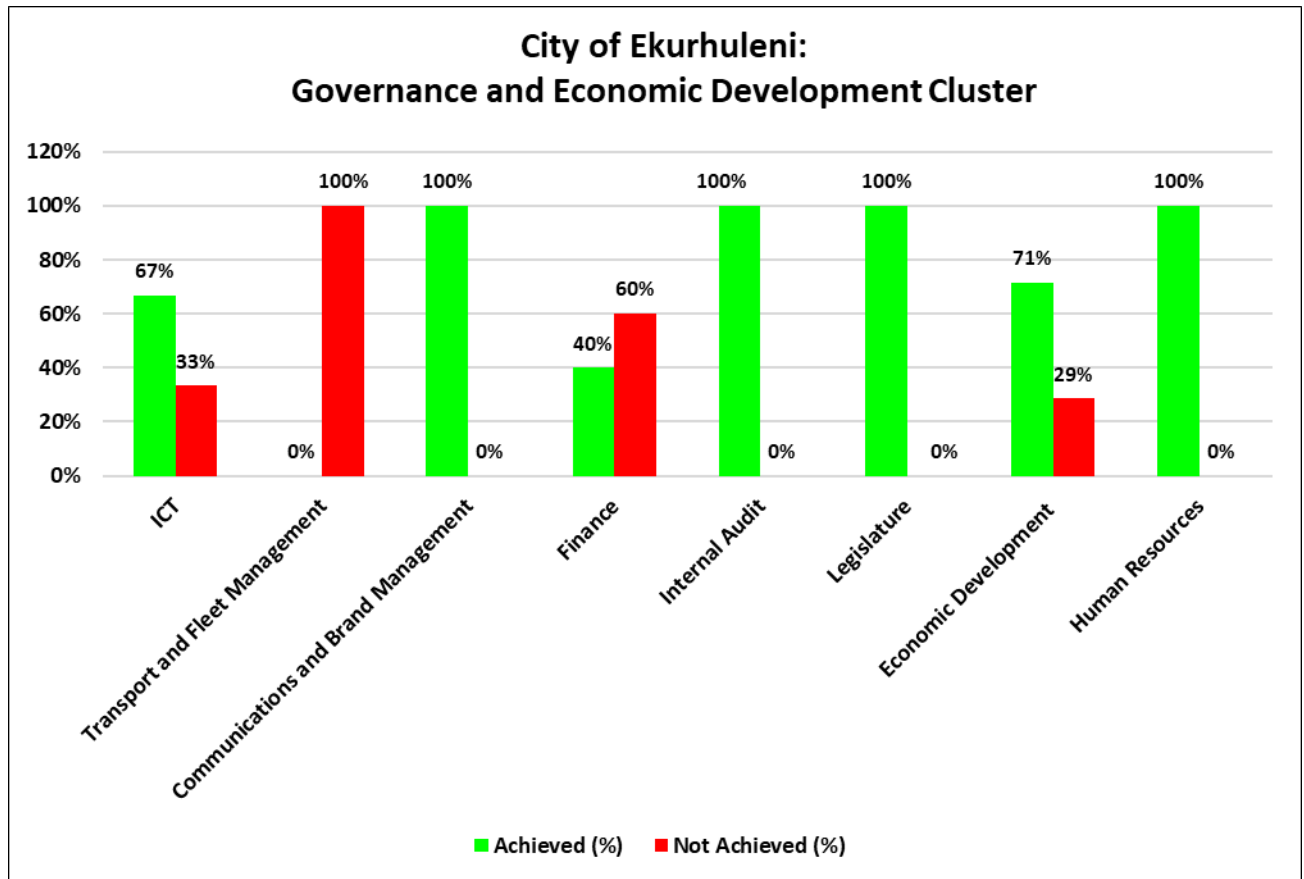
The cluster committed to a total of 39 targets and of those targets, 17 (44%) were achieved. City Planning is the only department in this cluster that achieved 100% of their planned targets during the period under review. This was followed by Human Settlement and Energy Departments at 67%. Real Estate and Roads and Stormwater achieved 50% of their planned targets followed by East Rand Water Care Company (ERWAT) at 33% and Water and Sanitation at 22%, while Enterprise Programme Management Office (EPMO) and Ekurhuleni Housing Company (EHC) achieved 0% of their planned targets.

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



Governance and Economic Development Cluster

The performance of the cluster was measured against forty-seven (48) targets that were planned to be met during the period under review. A total of 29 (60%) targets were achieved and 19 (40%) were not achieved. Four (4) departments (Legislature, Communications and Brand Management, Internal Audit, and Human Resources) achieved 100% of their set targets. The second highest performing department was Economic Development at 71%, which was followed by ICT at 67% and Finance which achieved 40% of its set targets. Transport and Fleet Management recorded nil per cent (0%) target achievement.

HIGHLIGHTS FOR 2022/2023 SDBIP MID-YEAR PERFORMANCE

During this period under review, the key focus was on the improvement of the quality of targeted services to informal settlements. Electrification, gravelling and upgrading of roads in the informal settlements, promoting targeted service provision in informal settlements and maintenance of service levels in all areas of the City are some of the noteworthy key service delivery highlights.

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:

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- SRAC implemented 8 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 mid-year which is well below the National Targets of 2%.
- In contributing towards the attainment of the City's back-to-basics ethos, the Department of Health and Social Development continued the implementation of its Indigent Support Programme aimed at improving the lives of the indigent households. During mid-year, a total of 232 new indigent households were approved as part of the process to get the finance final approval to receive the free basic services. This performance is, however, not ideal against a target of 2620. The department is encouraged to ensure that the majority of the indigent households are reached in the City.

Safety and security across the City continue to be a high priority especially during the lockdown period. 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 80 planned by-law enforcement policing operations were implemented at mid-year, while 283 interventions to reduce crime and related incidents were implemented at mid-year.

2. SUSTAINABLE URBAN INTEGRATION

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

- Significant strides in the provision of quality of services in relation to water and sanitation. In this regard, a total of 1246 new water connections meeting minimum standards were done throughout the City.

The City continues to perform within standards at 95% with regard to percentage compliance with Blue Drop standards

3. JOB CREATION

The City recognises that, unemployment, poverty, homelessness as fundamental challenges human development, restoration of human dignity which will be addressed as part of the back-to-basics approach. Unemployment has continued to grow and undermined expectations for increased employment opportunities. In pursuit of addressing this challenge at a local level, the City has during the mid-year, created 4470 work opportunities created through EPWP, CWP and other related employment programmes.

8. RECOMMENDATION

1. **That** the 2022/23 mid-year budget and performance assessment report as required by section 72 of the Municipal Finance Management Act **BE SUBMITTED** by the Accounting Officer to the Executive Mayor by the **25th January 2023**.
2. **That**, in compliance with Section 52(d) of the MFMA, the financial results regarding the operating and capital budgets for the 2nd quarter of the 2022/23 financial as at 31 December 2022, **BE SUBMITTED** to Council.

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- 3. That, in compliance with Section 54(1)(f) of the MFMA, the section 72 report **BE SUBMITTED** by the Executive Mayor to Council by the **31 January 2023**.**
- 4. That, based on the mid-year review, an adjustment budget will **BE SUBMITTED** separately to council for consideration of approval by **28th February 2023**.**
- 5. In order to comply with Section 31(1) of the Government Gazette No 32141 of 17 April 2009, this report **BE SUBMITTED** to the National Treasury and the relevant Provincial Treasury within five days of tabling of the report in the council, in both a Council approved document and in electronic format.**