

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY
MAYORAL COMMITTEE MEETING**

2023.07.27

ITEM A-F (29-2023)

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

1. PURPOSE

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

1. STRATEGIC PRIORITY

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

2. WARDS AFFECTED

All wards.

3. IDP LINKAGE

Good governance.

4. EXECUTIVE SUMMARY

IMPORTANT NOTICE

The financial and performance information contained in this report is **preliminary** as there are still year-end processes to be concluded such as payment of invoices, determination of accruals, actuarial valuations and passing of related journals. The report will be updated with final figures when the Annual Financial Statements are compiled and submitted to the Office of the Auditor-General by 31st August 2023.

Consolidated operating budget statement summary – 4th Quarter and YTD 2022/23

| Description | Budget Year 22/23 | | | Reporting month of June 2023 | | | |
|---|--------------------|------------------------|------------------------|------------------------------|---------------------|--------------------|--------------|
| | Revised Budget | Budget Q4 | Actual Q4 | Year to date budget | Year to date actual | Quarterly variance | YTD variance |
| | R | R | R | R | R | % | % |
| Total Revenue (excluding capital transfers and contributions) | 50 476 427 514 | 11 682 798 560 | 10 825 372 728 | 50 476 427 514 | 48 716 930 572 | -7,3% | -3,5% |
| Total Expenditure | 50 176 427 514 | 13 257 583 381 | 13 744 658 306 | 50 176 427 514 | 48 036 091 812 | 3,7% | -4,3% |
| Surplus/(Deficit) | 300 000 000 | (1 574 784 821) | (2 919 285 578) | 300 000 000 | 680 838 760 | | |

4.1 Operating Budget Results

The **Operating Income** budgeted for the **4th Quarter** ended 30th June 2023 is R11.6 billion. The actual income is R10.8 billion which resulted in R857 million (7.3%) less than budgeted.

The **Operating Income** budgeted for the **2022/23 financial year** was R50.4 billion. The actual income is R48.7 billion. The Actual Income for the year was R1.76 billion (3.5%) less than budgeted.

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The **Operating Expenditure** budgeted for the **4th Quarter** ended 30th June 2023 is R13.2 billion. The actual expenditure is R13.7 billion which resulted in a deviation of approximately R487 million (3.7%) less than budgeted.

The **Operating Expenditure** budgeted for the **2022/23 financial year** was R50.1 billion. The actual expenditure is R48 billion which is R2.1 billion (4.3%) less than budgeted.

The Analyses of Performance in section 5.1 below, provides reasons for variances of 5% above or below the budget.

The detailed information on operating results is in **Annexure A**.

4.2 Capital Budget Results

The actual Capital Expenditure at the end of the 4th quarter of the 2022/23 financial year is **R3.01 billion** which represents a spending of **94.87%** of the total capital budget of R3.1 billion. The last day for submission of invoices was on the **21st July 2023** as per the financial year-end plan. Finance Department is currently accruing all the invoices submitted, and it is expected that by the time the Annual Financial Statements are completed, the final capex would have increased.

Annexure B contains detailed information on capital budget and actual expenditure.

4.4 Collection Rate

The Collection Rate for the **4th quarter** is **129.36% and 90.7%** for the financial year ended 30 June 2023, which is above the quarterly target of 85%.

The collection rates for the consolidated Metro, the City and Eskom supply areas are elaborated further in section 5.3.1 of the report.

4.5 Cash Balances

The Cash on hand as at end June 2023 is 25 days against the SDBIP target of 25 day in the 2022/23 financial year. The cash balances in the City's various bank accounts are shown in section 5.3.2 of the report.

5. 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;"*

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 –

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- (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 4th Quarter of 2022/23 Financial Year;
- Annexure B:** Detailed Capital Expenditure Reports for 4th Quarter of 2022/23 Financial Year; and
- Annexure C:** Detailed Performance Report (Pre-Determined Measurable Performance Targets for 4th Quarter of 2022/23)

5.1 Financial Performance of Operating Budget

5.1.1 Revenue by Source

The consolidated revenue performance for the 4th Quarter ended 30th June 2023 is reflected in the table below.

Analysis of revenue performance

4.1 Operating Budget Results

The Operating Income budgeted for the 4th Quarter ended 30th June 2023 is R11.6 billion. The actual income is R10.8 billion which resulted in R857 million (7%) less than budgeted.

The Operating Income budgeted for the 2022/23 financial year was R50.4 billion. The actual income is R48.7 billion. The Actual Income for the year was R1.76 billion (3%) 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.

Although the **quarterly variances** may be higher, the **focus is on the Year-to-Date variances** as they reflect a **smooth performance** during the entire year. These smoothing levels **the seasonal fluctuations**.

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| Description | Budget Year 22/23 | | | Reporting month of June 2023 | | | |
|--|-----------------------|-----------------------|-----------------------|------------------------------|-----------------------|-------------------------|-------------------|
| | Revised Budget R | Budget Q4 R | Actual Q4 R | YearTD budget R | YearTD actual R | Quarterly variance % | YTD variance % |
| Revenue By Source | | | | | | | |
| Property rates | 8 231 352 036 | 2 285 338 588 | 2 077 907 179 | 8 231 352 036 | 7 896 610 807 | -9,08% | -4,07% |
| Service charges - electricity revenue | 19 760 579 818 | 4 393 267 311 | 4 179 008 585 | 19 760 579 818 | 18 238 033 015 | -4,88% | -7,70% |
| Service charges - water revenue | 6 191 505 528 | 1 582 876 424 | 1 348 357 803 | 6 191 505 528 | 5 781 489 337 | -14,82% | -6,62% |
| Service charges - sanitation revenue | 2 898 639 109 | 934 659 742 | 833 509 991 | 2 898 639 109 | 3 258 072 680 | -10,82% | 12,40% |
| Service charges - refuse revenue | 1 719 415 847 | 429 284 477 | 445 961 853 | 1 719 415 847 | 1 722 719 196 | 3,88% | 0,19% |
| Rental of facilities and equipment | 133 858 854 | 33 560 393 | 42 191 450 | 133 858 854 | 145 402 360 | 25,72% | 8,62% |
| Interest earned - external investments | 95 337 665 | 28 980 072 | 46 636 946 | 95 337 665 | 135 722 306 | 60,93% | 42,36% |
| Interest earned - outstanding debtors | 1 180 374 355 | 557 593 648 | 333 037 237 | 1 180 374 355 | 1 412 306 579 | -40,27% | 19,65% |
| Dividends received | - | - | 90 773 | - | 111 753 | 0,00% | 0,00% |
| Fines, penalties and forfeits | 817 243 638 | 204 310 941 | 720 502 978 | 817 243 638 | 815 784 113 | 252,65% | -0,18% |
| Licences and permits | 324 758 486 | 81 189 747 | 68 829 177 | 324 758 486 | 324 633 682 | -15,22% | -0,04% |
| Agency services | - | - | - | - | - | 0,00% | 0,00% |
| Transfers and subsidies | 5 754 833 124 | 269 506 957 | 258 941 897 | 5 754 833 124 | 5 468 667 421 | -3,92% | -4,97% |
| Other revenue | 3 368 529 054 | 882 230 260 | 460 220 941 | 3 368 529 054 | 3 505 962 813 | -47,83% | 4,08% |
| Gains | - | - | 10 175 918 | - | 11 414 510 | 0,00% | 0,00% |
| Total Revenue (excluding capital transfers and contributions) | 50 476 427 514 | 11 682 798 560 | 10 825 372 728 | 50 476 427 514 | 48 716 930 572 | -7,34% | -3,49% |

a. Service charges:

Service charges – electricity revenue

The actual income from sale of electricity is R1.5 billion less than the budget of R19.7 billion for the 2022/23 financial year, which represents a negative deviation of 7.7%. The deviation is due to reduced consumption because of high stages of load shedding during the financial year.

Service charges – water revenue

The actual income from sale of water is R410 million less than the budget of R6.1 billion for the 2022/23 financial year, which represent a negative deviation of 6.6%. The deviation is due to reduced consumption because of load shedding during the financial year. Load shedding affects areas which are serviced by water towers and those supplied from pump stations, and this results in low water pressure or no water to customers, and subsequently revenue loss.

Service charges – sanitation revenue

The actual income from sewer purification is R360 million more than the budget of R2.8 billion for the 2022/23 financial year, which represent a positive deviation of 12.4%. This positive deviation results from industrial effluent charges associated with the industrial waste water and associated penalties.

b. Rental of facilities and equipment

The budget of **rental of facilities** for the financial year amounted to R133.8 million whilst the actual revenue amounted to R145.4 million, thus a positive year to date deviation of 8.6%. This category is inclusive of rentals from leasing of properties by Real Estate, Human Settlements and Ekurhuleni Housing Company. Positive deviation is due to increased efforts on outdoor advertising and accelerated approvals for short-term leases between 9 to 12 months that do not require Council approval.

c. Interest earned

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

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The positive deviation on the interest earned on investments accounts emanates from increased Invested cash balances at ERWAT.

The positive deviation of 19.6% on interest raised against outstanding debtors is directly linked to low collection rate and increased consumer debt.

d. Fines, penalties and forfeits

The budget of Fines, Penalties and Forfeits for the financial year amounted to R817.2 million whilst the actual revenue amounted to R815 million, thus a shortage R1.2 m less than the budget. 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 during the finalisation of Annual Financial Statements.

e. Transfers and subsidies

The actual income from transfers and subsidies is R286 million less than the budget of R5.7 billion for 2022/23 financial year, which represents a negative deviation of 4.9%. The category includes grants and subsidies received from National and Provincial Treasuries.

The deviation is mainly caused by underperformance on HSDG due to delay in appointment of contractors. Furthermore, NDPG – Public Employment Programme also shows underperformance as a result of non-approval of Private Sector implementation. Grants revenue is recognised as expenditure is incurred.

Section 5.3.5 shows the details of all grant's performance.

5.1.2 Expenditure by type

The expenditure performance for the 4th Quarter and YTD ended 30th June 2023 is reflected in the table below.

As with the operating revenue above, the **focus of the analyses is on the Year-to-Date variances** as they reflect a **smooth performance** during the entire year.

The expenditure performance for the 4th Quarter ended 30th June 2023 is reflected in the table below.

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Consolidated Operating expenditure for 2022/23

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|---------------------------------|-----------------------|-----------------------|-----------------------|------------------------------|-----------------------|----------------------------|----------------------|
| | Revised Budget R | Budget Q4 R | Actual Q4 R | YearTD budget R | YearTD actual R | Quarterly variance % | YTD variance % |
| Expenditure By Type | | | | | | | |
| Employee related costs | 10 840 099 730 | 2 724 913 906 | 2 484 228 367 | 10 840 099 730 | 10 082 871 659 | -8,83% | -6,99% |
| Remuneration of councillors | 150 854 782 | 37 706 972 | 36 147 806 | 150 854 782 | 146 068 671 | -4,13% | -3,17% |
| Debt impairment | 5 703 780 642 | 1 775 945 108 | 1 361 355 172 | 5 703 780 642 | 5 665 731 345 | -23,34% | -0,67% |
| Depreciation & asset impairment | 3 042 210 754 | 830 552 402 | 938 740 607 | 3 042 210 754 | 2 842 238 272 | 13,03% | -6,57% |
| Finance charges | 1 474 922 883 | 363 480 678 | 418 437 943 | 1 474 922 883 | 1 078 708 121 | 15,12% | -26,86% |
| Bulk purchases - electricity | 15 418 907 875 | 4 126 562 306 | 4 315 092 598 | 15 418 907 875 | 14 942 316 939 | 4,57% | -3,09% |
| Inventory consumed | 6 106 636 981 | 1 425 311 113 | 1 464 542 366 | 6 106 636 981 | 5 805 758 674 | 2,75% | -4,93% |
| Contracted services | 5 591 829 948 | 1 512 581 839 | 1 823 824 412 | 5 591 829 948 | 5 370 471 669 | 20,58% | -3,96% |
| Transfers and subsidies | 513 325 561 | 87 896 813 | 110 221 330 | 513 325 561 | 494 350 459 | 25,40% | -3,70% |
| Other expenditure | 1 333 858 358 | 372 632 243 | 770 180 956 | 1 333 858 358 | 1 573 372 418 | 106,69% | 17,96% |
| Loss on disposal of PPE | - | - | 21 886 751 | - | 34 203 584 | 0,00% | 0,00% |
| Total Expenditure | 50 176 427 514 | 13 257 583 381 | 13 744 658 306 | 50 176 427 514 | 48 036 091 812 | 3,67% | -4,27% |

The Operating Expenditure budgeted for the 4th Quarter ended 30th June 2023 is R13.2 billion. The actual expenditure is R13.7 billion which resulted in a deviation of approximately R487 million (3.6%) more than budgeted.

The Operating Expenditure budgeted for the 2022/23 financial year was R50.1 billion. The actual expenditure is R48 billion which is R2.1 billion (4.2%) less than budgeted.

Analyses of expenditure performance

- a. Employee related costs – inclusive of overtime expenditure

Payment for overtime work forms part of employee related costs. The table below shows overtime payment per department/entity for the 4th quarter as well as for the 2022/23 financial year.

Overtime expenditure for 2022/23

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| Department | Budget Year 22/23 | | | Reporting month of June 2023 | | | |
|--|-----------------------|-----------------------|-----------------------|------------------------------|-----------------------|--------------------|----------------|
| | Revised Budget | Budget Q4 | Actual Q4 | YearTD budget | YearTD actual | Quarterly variance | YTD variance |
| | R | R | R | R | R | % | % |
| SERVICE DELIVERY CO-ORDINATION | 6 551 354,00 | 1 673 849,00 | 1 635 195,84 | 6 551 354,00 | 6 528 901,57 | -2,31% | -0,34% |
| CITY MANAGER | 2 597,00 | 2 597,00 | 20 570,93 | 2 597,00 | 23 167,90 | 692,10% | 792,10% |
| CITY PLANNING | 17 812,00 | 4 447,00 | - | 17 812,00 | (665,00) | -100,00% | -103,73% |
| COMMUNICATION & BRANDING | 183 034,00 | 45 824,10 | 12 923,81 | 183 034,00 | 73 749,19 | -71,80% | -59,71% |
| CORPORATE LEGAL | 130 678,00 | - | 55 468,74 | 130 678,00 | 181 640,73 | 100,00% | 39,00% |
| DISASTER AND EMERGENCY MANAGEMENT SERVICES | 12 466 402,00 | 3 116 783,20 | 1 854 470,38 | 12 466 402,00 | 17 651 280,60 | -40,50% | 41,59% |
| ECONOMIC DEVELOPMENT | 1 487 723,00 | 412 556,00 | 371 636,76 | 1 487 723,00 | 1 487 123,60 | -9,92% | -0,04% |
| EHC | 406 075,00 | 101 515,00 | - | 406 075,00 | 12 175,50 | -100,00% | -97,00% |
| EKURHULENI METRO POLICE DEPARTMENT | 454 347 067,00 | 113 590 068,80 | 97 995 433,45 | 454 347 067,00 | 340 558 441,98 | -13,73% | -25,04% |
| ENERGY | 129 508 067,00 | 32 387 195,00 | 21 626 477,45 | 129 508 067,00 | 110 002 162,70 | -33,23% | -15,06% |
| ENVIRONMENTAL RESOURCE MANAGEMENT | 101 463 462,00 | 24 683 452,80 | 25 255 795,04 | 101 463 462,00 | 93 762 798,19 | 2,32% | -7,59% |
| ERWAT | 36 625 623,00 | 9 612 430,60 | 7 250 428,23 | 29 968 503,00 | 31 863 144,22 | -24,57% | 6,32% |
| EXECUTIVE OFFICE | 54 519,00 | 17 885,34 | - | 54 519,00 | 50 232,75 | -100,00% | -7,86% |
| FINANCE | 25 082 858,00 | 6 273 661,32 | 4 808 745,22 | 25 082 858,00 | 19 039 846,00 | -23,35% | -24,09% |
| HEALTH AND SOCIAL DEVELOPMENT | 6 737 800,00 | 1 684 661,96 | 1 769 311,20 | 6 737 800,00 | 6 908 552,28 | 5,02% | 2,53% |
| HUMAN RESOURCES | 777 234,00 | 194 304,00 | - | 777 234,00 | 587 474,82 | -100,00% | -24,41% |
| HUMAN SETTLEMENTS | 985 825,00 | 246 950,68 | 121 694,73 | 985 825,00 | 548 581,05 | -50,72% | -44,35% |
| INFORMATION COMMUNICATION TECHNOLOGY | 1 698 650,00 | 424 637,00 | - | 1 698 650,00 | 736 120,13 | -100,00% | -56,66% |
| LEGISLATURE | 204 949,00 | 51 229,00 | 89 586,17 | 204 949,00 | 1 250 432,87 | 74,87% | 510,12% |
| REAL ESTATE | 3 848 117,00 | 981 132,12 | 230 850,80 | 3 848 117,00 | 2 829 729,77 | -76,47% | -26,46% |
| ROADS AND STORMWATER | 8 213 857,00 | 2 063 162,02 | 1 166 294,50 | 8 213 857,00 | 5 624 059,41 | -43,47% | -31,53% |
| SPORTS, RECREATION, ARTS AND CULTURE | 11 199 578,00 | 2 800 708,70 | 480 896,14 | 11 199 578,00 | 5 644 798,84 | -82,83% | -49,60% |
| STRATEGY & CORPORATE PLANNING | 31 868,00 | 7 955,00 | 101 078,40 | 31 868,00 | 162 172,91 | 1170,63% | 408,89% |
| TRANSPORT | 15 174 755,00 | 3 794 136,20 | 2 045 548,97 | 15 174 755,00 | 10 022 790,86 | -46,09% | -33,95% |
| WATER AND SANITATION | 88 840 161,00 | 22 209 993,00 | 19 391 257,39 | 88 840 161,00 | 80 568 118,49 | -12,69% | -9,31% |
| Grand Total | 906 093 369,00 | 223 214 233,28 | 186 296 660,25 | 906 093 369,00 | 736 208 623,91 | -16,54% | -18,75% |

The overtime paid for the 4th Quarter and for the 2022/23 financial year is reflected in the table above. The table shows, amongst others, that:

- Overall, quarter 4 overtime paid is R186.3 million against the budget of R223.2 million. This is 16.5% below budget; whilst overtime paid for 2022/23 financial year is R736 million.
- Although some departments have exceeded their overtime, it forms part of the employee related costs and is not unauthorised expenditure. Control of overtime is one of the focus areas for cost containment measures instituted by management.

b. Depreciation

Depreciation is a non-cash expenditure item that is calculated on the depreciable value over the projected useful lives of the assets using the straight-line approach. The computation is performed during the compilation of financial statements.

c. Finance charges

The budget for finance charges was R1.4 billion for the year and actual expenditure was R1 billion, an under expenditure of 26.8%. The under expenditure is because annual employee benefits, such as post-retirement benefits, have not yet been accounted for as they await actuarial valuations which will be done as part of year-end processes.

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d. Bulk purchases – electricity

The actual expenditure for the financial year is R476 million less than budget of R15.4 billion, which represents a negative deviation of 3%. The expenditure expected to increase as the final invoices are being processed in preparation for financial year-end.

e. Inventory consumed

The actual expenditure for the financial year is R300 million less than budget of R6.1 billion, which represents a negative deviation of 4.9%. The expenditure expected to increase as the final invoices are being processed in preparation for financial year-end. The amounts are also relating to what has been consumed and not taking into account the losses in transit.

Repairs and maintenance – included in inventory consumed and contracted services

The mSCOA Framework does not accommodate for Repairs 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:

Repairs and maintenance for 2022/23

| Department | Budget Year 22/23 | | | Reporting month of June 2023 | | | |
|--|----------------------|--------------------|--------------------|------------------------------|----------------------|--------------------|---------------|
| | Revised Budget | Budget Q4 | Actual Q4 | YearTD budget | YearTD actual | Quarterly variance | YTD variance |
| | R | R | R | R | R | % | % |
| CITY PLANNING | 35 074 208 | 8 768 549 | 17 227 254 | 35 074 208 | 32 970 653 | 96,47% | -6,00% |
| DISASTER AND EMERGENCY MANAGEMENT SERVICES | 1 175 909 | 293 909 | 27 980 | 1 175 909 | 294 596 | -90,48% | -74,95% |
| ECONOMIC DEVELOPMENT | 3 015 703 | 784 085 | 2 135 771 | 3 015 703 | 3 015 703 | 172,39% | 0,00% |
| EHC | 5 607 871 | 1 401 865 | 1 029 480 | 5 607 871 | 3 901 175 | -26,56% | -30,43% |
| EKURHULENI METRO POLICE DEPARTMENT | 2 022 993 | 505 755 | 238 | 2 022 993 | 143 964 | -99,95% | -92,88% |
| ENERGY | 923 467 534 | 230 866 162 | 142 168 637 | 923 467 534 | 915 182 336 | -38,42% | -0,90% |
| ENVIRONMENTAL RESOURCE MANAGEMENT | 94 885 069 | - | 24 782 447 | 94 885 069 | 60 042 719 | 0,00% | -36,72% |
| ERWAT | 205 752 930 | 64 891 549 | 59 315 616 | 205 752 930 | 155 145 174 | -8,59% | -24,60% |
| FINANCE | 20 500 714 | 5 125 105 | 1 494 | 20 500 714 | 136 582 | -99,97% | -99,33% |
| HEALTH AND SOCIAL DEVELOPMENT | 4 494 197 | 1 132 055 | - | 4 494 197 | 367 350 | -100,00% | -91,83% |
| HUMAN SETTLEMENTS | 4 396 807 | (879 228) | 1 128 453 | 4 396 807 | 3 722 030 | -228,35% | -15,35% |
| INFORMATION COMMUNICATION TECHNOLOGY | 260 424 750 | 86 662 850 | 162 574 611 | 260 424 750 | 315 146 658 | 87,59% | 21,01% |
| REAL ESTATE | 68 775 085 | 17 193 682 | 102 671 388 | 68 775 085 | 129 961 589 | 497,15% | 88,97% |
| ROADS AND STORMWATER | 374 533 128 | 117 830 614 | 77 590 551 | 374 533 128 | 347 229 809 | -34,15% | -7,29% |
| SPORTS, RECREATION, ARTS AND CULTURE | 23 523 860 | 10 789 129 | 7 397 309 | 23 523 860 | 7 577 870 | -31,44% | -67,79% |
| TRANSPORT | 178 912 993 | 50 848 822 | 33 247 251 | 178 912 993 | 167 435 038 | -34,62% | -6,42% |
| WATER AND SANITATION | 361 026 180 | 82 769 542 | 104 939 418 | 361 026 180 | 283 390 716 | 26,79% | -21,50% |
| Grand Total | 2 567 589 931 | 678 984 445 | 736 237 899 | 2 567 589 931 | 2 425 663 960 | 8,43% | -5,53% |

The table above shows that the YTD expenditure on repairs and maintenance is 5.5% below budget.

f. Contracted Services

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

- Outsources services;

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- Consultants; and
- Other Contracts.

The budget for Contracted Services for the 2022/23 financial year amounted to R5.6 billion whilst the actual expenditure amounted to R5.4 billion, being a negative deviation of 4%. Cognisance must be taken that the expenditure in this category is not accrued and the last day for submission of invoices was **21st July 2023** as per the financial year-end plan. It is therefore expected that the expenditure will increase by the time the Annual Financial Statements are compiled.

The following table reflects the detail of contracted services expenditure per department:

| Department | Budget Year 22/23 | | | Reporting month of June 2023 | | | |
|---|----------------------|----------------------|----------------------|------------------------------|----------------------|--------------------|---------------|
| | Revised Budget | Budget Q4 | Actual Q4 | YearTD budget | YearTD actual | Quarterly variance | YTD variance |
| | R | R | R | R | R | % | % |
| CITY MANAGER | 68 154 190 | 10 317 090 | 47 079 391 | 68 154 190 | 58 144 045 | 356,32% | -14,69% |
| CITY PLANNING | 38 689 932 | 8 033 604 | 18 032 062 | 38 689 932 | 33 796 836 | 124,46% | -12,65% |
| CORPORATE LEGAL | 44 626 541 | 12 059 584 | 1 109 560 | 44 626 541 | 44 851 867 | -90,80% | 0,50% |
| DISASTER AND EMERGENCY MANAGEMENT SERVICES | 26 830 996 | 5 686 801 | 77 904 | 26 830 996 | 11 007 495 | -98,63% | -58,97% |
| ECONOMIC DEVELOPMENT | 7 515 154 | 1 374 119 | 2 229 861 | 7 515 154 | 3 559 073 | 62,28% | -52,64% |
| EKURHULENI METRO POLICE DEPARTMENT | 449 688 018 | 162 541 552 | 128 491 642 | 449 688 018 | 428 978 136 | -20,95% | -4,61% |
| ENERGY | 585 355 985 | 161 796 068 | 155 747 383 | 585 355 985 | 543 485 776 | -3,74% | -7,15% |
| ENVIRONMENTAL RESOURCE AND WASTE MANAGEMENT | 522 418 394 | 83 388 916 | 175 186 760 | 522 418 394 | 424 610 931 | 110,08% | -18,72% |
| EXECUTIVE OFFICE | 783 622 | 195 803 | 20 247 | 783 622 | 189 053 | -89,66% | -75,87% |
| FINANCE | 256 135 944 | 76 870 673 | 77 461 593 | 256 135 944 | 240 681 472 | 0,77% | -6,03% |
| HEALTH AND SOCIAL DEVELOPMENT | 20 663 220 | 6 116 376 | 4 425 807 | 20 663 220 | 14 647 936 | -27,64% | -29,11% |
| HUMAN RESOURCES | 2 080 000 | (380 000) | 496 768 | 2 080 000 | 925 669 | -230,73% | -55,50% |
| HUMAN SETTLEMENTS | 183 801 429 | (1 807 379) | 23 367 317 | 183 801 429 | 73 883 265 | -1392,88% | -59,80% |
| INFORMATION COMMUNICATION TECHNOLOGY | 260 424 750 | 86 662 850 | 162 574 611 | 260 424 750 | 315 146 658 | 87,59% | 21,01% |
| INTERNAL AUDIT | 14 504 481 | 8 283 694 | 4 746 584 | 14 504 481 | 13 526 178 | -42,70% | -6,74% |
| LEGISLATURE | 3 689 798 | 1 177 073 | 1 165 345 | 3 689 798 | 2 463 100 | -1,00% | -33,25% |
| REAL ESTATE | 253 530 780 | 60 232 605 | 128 416 947 | 253 530 780 | 404 391 613 | 113,20% | 59,50% |
| RISK MANAGEMENT | 2 847 500 | 937 878 | 798 854 | 2 847 500 | 1 560 850 | -14,82% | -45,19% |
| ROADS AND STORMWATER | 367 419 482 | 114 953 446 | 75 299 210 | 367 419 482 | 343 730 745 | -34,50% | -6,45% |
| SPORTS, RECREATION, ARTS AND CULTURE | 20 622 029 | 9 100 853 | 7 369 684 | 20 622 029 | 7 523 715 | -19,02% | -63,52% |
| STRATEGY & CORPORATE PLANNING | 474 167 | 4 714 | - | 474 167 | 161 560 | -100,00% | -65,93% |
| TRANSPORT | 458 843 551 | 154 192 082 | 213 655 411 | 458 843 551 | 417 493 401 | 38,56% | -9,01% |
| WATER AND SANITATION | 1 344 920 314 | 319 074 156 | 346 922 756 | 1 344 920 314 | 1 210 453 293 | 8,73% | -10,00% |
| ERWAT | 87 552 586 | 12 828 856 | 14 263 788 | 87 552 586 | 45 527 570 | 11,19% | -48,00% |
| EHC | 19 651 363 | 4 912 675 | 3 436 707 | 19 651 363 | 15 015 405 | -30,04% | -23,59% |
| Grand Total | 5 041 224 466 | 1 298 543 966 | 1 592 376 191 | 5 041 224 466 | 4 655 755 642 | 22,63% | -7,65% |

g. Other expenditure

This category includes as an example, items such as fuel and lubricants, operating leases etc. The 2022/23 actual expenditure on this category is R240 million more than budget.

5.2 Financial performance of Capital Budget

The actual Capital Expenditure at the end of the 4th quarter of the 2022/23 financial year is **R3.01 billion** which represents a spending of **94.87%** of the total capital budget of R3.1 billion. The last day for submission of invoices was on the **21st July 2023** as per the financial year-end plan. Finance Department is currently accruing all the invoices submitted, and it is expected that by the time the Annual Financial Statements are completed, the final capex would have increased.

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

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| Department | Budget 2022/23 | Actuals | Actual Expenditure | % Spent of Total Budget |
|--|----------------------|----------------------|----------------------|-------------------------|
| | Adjusted | Quarter 4 | Year to Date | |
| Chief Operating Officer | 29 000 000 | 20 359 346 | 24 580 855 | 84,76% |
| City Planning | 300 000 | - | 92 474 | 30,82% |
| Council General | 29 000 000 | 25 144 184 | 28 989 840 | 99,96% |
| Disaster & Emergency Management Services | 31 000 000 | 17 459 011 | 29 560 177 | 95,36% |
| Economic Development | 25 250 000 | 22 680 062 | 24 854 139 | 98,43% |
| Ekurhuleni Housing Company (EHC) | 50 541 584 | (70 457) | 5 470 516 | 10,82% |
| Ekurhuleni Metro Police Department | 35 500 000 | 24 470 324 | 35 076 912 | 98,81% |
| Energy | 603 233 106 | 206 192 797 | 595 499 878 | 98,72% |
| Environmental Resources & Waste Management | 129 750 000 | 75 609 056 | 125 057 842 | 96,38% |
| ERWAT | 102 670 444 | 31 320 064 | 98 086 253 | 95,54% |
| Executive Office | 250 000 | - | 29 560 | 11,82% |
| Human Resources Management | 50 000 | 49 520 | 49 520 | 99,04% |
| Human Settlements | 555 330 987 | 223 389 481 | 532 004 865 | 95,80% |
| Information and Communication Technology | 334 587 212 | 165 652 151 | 321 156 682 | 95,99% |
| Real Estate | 86 048 978 | 67 649 974 | 84 777 408 | 98,52% |
| Roads and Stormwater | 243 110 777 | 134 574 523 | 224 274 680 | 92,25% |
| Sport Recreation Arts and Culture | 41 875 790 | 23 203 474 | 41 873 394 | 99,99% |
| Transport Planning & Provision | 260 000 000 | 143 938 674 | 256 725 494 | 98,74% |
| Water and Sanitation | 625 750 000 | 502 502 746 | 591 724 125 | 94,56% |
| TOTAL CAPITAL EXPENDITURE | 3 183 248 878 | 1 684 124 929 | 3 019 884 614 | 94,87% |

The Capital Expenditure of R3.01 billion as indicated above is funded as follows:

| SOURCE OF FINANCE | Budget 2022/23 | Actuals | Actual Expenditure | % Spent of Total Budget |
|---|----------------------|----------------------|----------------------|-------------------------|
| | Adjusted | Quarter 4 | Year to Date | |
| External Loans | 742 482 949 | 396 330 980 | 682 528 196 | 91,93% |
| EHC SHRA Grant | 49 228 096 | (70 457) | 5 470 516 | 11,11% |
| Informal Settlement Upgrading Programme Grant (ISUPG) | 712 112 337 | 304 023 513 | 681 419 296 | 95,69% |
| Neighbourhood Development Partnership Grants (NDPG) | 51 485 998 | 11 218 704 | 49 483 849 | 96,11% |
| SRAC Provincial Grant | 15 000 000 | 5 735 041 | 14 959 452 | 99,73% |
| Public Transport Network Grants (PTNG) | 240 000 000 | 133 977 634 | 240 942 768 | 100,39% |
| Revenue | 193 277 797 | 90 615 576 | 176 387 423 | 91,26% |
| Urban Settlement Development Grants (USDG) | 1 179 661 701 | 742 293 938 | 1 168 693 116 | 99,07% |
| Grand Total | 3 183 248 878 | 1 684 124 929 | 3 019 884 614 | 94,87% |

The amount spent on **grant funded** projects amounts to R2.16 billion which represents **71.56%** of the total year to date spending of R3.01 billion. However, the R2.16 billion represents **94.99%** spending from

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the total grant funded budget of **R2.24 billion**. As mentioned at the beginning of the report, these spending figures are **preliminary** and will be updated by the time the AFS are compiled.

5.3 Other Financial Performance Matters

5.3.1 Collection rate

The Collection Rate for the **4th quarter** ended 30th June 2023 is **129.36%** which is above the quarterly target of **85%**.

The year-to-date actual collection is **90.70%** against Annual target of 85.0%. Annual target was achieved.

The following matters continues to impacted negatively on collection performance –

- Implementation of new general valuation roll with resultant increased property values. Valuation appeals process being concluded with additional Section 78 valuation enquiries being logged which will impact on collection performance.
- Revenue Enhancement back dated and increased property valuation review outcomes being processed.
- Eskom supply areas with year-to date collection rate of 33.39% remains a challenge.
- No go areas & denied entry - Access to specific areas are limited and impacts on credit control actions and collection efforts;
- Extended interim water and electricity readings impacts on correctness of consumer statements
- Specialized High Voltage disconnections require assistance from Energy Department.
- Illegal connections, tampering and meter access
- Receipting and network challenges during periods of load shedding

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

| Quarter | Fin-Year | End-Period | CoE | Eskom | Metro |
|----------------|----------|------------|---------------|---------------|---------------|
| 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% |
| 2021-22 | | | 91.63% | 16.68% | 85.04% |
| Q1 | 2022-23 | Sep-22 | 92.88% | 17.03% | 86.84% |
| Q2 | 2022-23 | Dec-22 | 88.61% | 15.05% | 81.92% |
| Q3 | 2022-23 | Mar-23 | 88.47% | 14.94% | 80.12% |
| Q4 | 2022-23 | Jun-23 | 107.37% | -12.59% | 129.36% |
| 2022-23 | | | 93.61% | 33.39% | 90.70% |

In respect of CoE collection areas, average annual collection rate is 93.61% (2021-22= 91.63%), which exceeds the annual collection target.

In respect of Eskom supply areas, average annual collection rate of 33.39% (2021-22 = 16.68%) was achieved. This is well below required annual collection rate of 85%. Eskom supply areas monthly revenue

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billed represents 4.80% or R 1,7 billion total revenue billed of R35,2 billion. No or low collection within these areas negatively impacts on city wide collection rate.

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

| Customer Care Area | 2022-23 | | | | | | | | |
|--------------------|--------------------------------|-----------------------|---------------|-----------------------|-----------------------|---------------|----------------------|--------------------|---------------|
| | Annual Collection Target = 85% | | | | | | | | |
| | METRO | | | CoE | | | Eskom Supply | | |
| Billed | Receipts | % | Billed | Receipts | % | Billed | Receipts | % | |
| Alberton | 3 419 694 519 | 3 314 168 028 | 96.91% | 3 419 694 519 | 3 314 168 028 | 96.91% | | | |
| Benoni | 2 800 134 804 | 2 613 829 390 | 93.35% | 2 689 453 982 | 2 523 060 967 | 93.81% | 110 680 822 | 90 768 423 | 82.01% |
| Boksburg | 3 246 124 700 | 3 121 888 533 | 96.17% | 3 246 124 700 | 3 121 888 533 | 96.17% | | | |
| Brakpan | 2 199 811 637 | 2 140 402 305 | 97.30% | 2 199 811 637 | 2 140 402 305 | 97.30% | | | |
| Daveyton | 424 642 092 | 238 731 168 | 56.22% | 159 747 904 | 124 340 054 | 77.84% | 264 894 188 | 114 391 114 | 43.18% |
| Duduza | 89 446 547 | 68 108 877 | 76.14% | 109 192 098 | 59 476 266 | 54.47% | -19 745 551 | 8 632 611 | -43.72% |
| Edenvale | 2 664 883 325 | 2 580 043 562 | 96.82% | 2 664 883 325 | 2 580 043 562 | 96.82% | | | |
| Etwatwa | 122 912 622 | 24 617 050 | 20.03% | -2 069 889 | 0 | 0.00% | 124 982 511 | 24 617 050 | 19.70% |
| Germiston | 5 060 286 191 | 4 924 862 302 | 97.32% | 5 060 286 191 | 4 924 862 302 | 97.32% | | | |
| Katlehong 1 | 875 437 138 | 447 164 311 | 51.08% | 580 035 642 | 403 869 154 | 69.63% | 295 401 495 | 43 295 157 | 14.66% |
| Katlehong 2 | 306 343 601 | 88 508 572 | 28.89% | 145 479 728 | 39 182 559 | 26.93% | 160 863 873 | 49 326 013 | 30.66% |
| Kempton Park | 6 813 679 315 | 6 547 866 361 | 96.10% | 6 813 679 315 | 6 547 866 361 | 96.10% | | | |
| Kwa-Thema | -22 908 252 | 31 635 133 | -138.09% | -22 908 252 | 31 635 133 | -138.09% | | | |
| Nigel | 1 064 021 999 | 1 002 787 496 | 94.24% | 1 064 021 999 | 1 002 787 496 | 94.24% | | | |
| Springs | 1 553 953 867 | 1 382 275 828 | 88.95% | 1 553 953 867 | 1 382 275 828 | 88.95% | | | |
| Sundries and Other | 69 486 282 | 38 819 818 | 55.87% | 69 486 282 | 38 819 818 | 55.87% | | | |
| Tembisa 1 | 236 039 213 | 172 933 010 | 73.26% | 236 039 213 | 172 933 010 | 73.26% | | | |
| Tembisa 2 | 2 283 117 382 | 2 048 450 053 | 89.72% | 2 283 117 382 | 2 048 450 053 | 89.72% | | | |
| Tokoza | 440 501 757 | 185 184 716 | 42.04% | 440 501 757 | 185 184 716 | 42.04% | | | |
| Tsakane | 249 173 206 | 158 289 825 | 63.53% | 83 011 707 | 32 641 866 | 39.32% | 166 161 499 | 125 647 960 | 75.62% |
| Vosloorus | 1 308 510 122 | 801 869 037 | 61.28% | 696 351 383 | 691 577 072 | 99.31% | 612 158 739 | 110 291 964 | 18.02% |
| | 35 205 292 065 | 31 932 435 376 | 90.70% | 33 489 894 488 | 31 365 465 083 | 93.66% | 1 715 397 577 | 566 970 293 | 33.05% |

Eskom supplied areas registered a collection rate of 33.05% during the 2022-23 financial year, the consolidated Metro collection is 90.70% whilst the City Supply Areas registered 93.66% collection.

5.3.2 Cash and bank balances

The **Cash on hand** target as set in the SDBIP for the 2022/23 FY is 25 days. The actual performance as at end of June is **25 days**. The table below shows the cash balances in the City's various bank accounts.

Actual cash in each of the bank accounts is as follows:

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| <u>BALANCE ON:</u> | | <u>30/06/2023</u> |
|-----------------------|---------------------------------|-----------------------|
| <u>Account Number</u> | <u>Account Name</u> | <u>Balance</u> |
| 1119114845 | EMM IRPTN TRANSPORT- FUNDING | 794,888.18 |
| 1120949068 | EMM IRPTN TRANSPORT- COLLECTION | 22,308,951.94 |
| 1119114829 | EMM EXPENDITURE ACCOUNT | 1,111,240.95 |
| 1119114810 | EMM TREASURY ACCOUNT | 60,109,249.36 |
| 1119114764 | EMM PRIMARY BANK ACCOUNT | 5,295,267.32 |
| 1104446634 | EMM NEDBANK MASK | 10,683,229.75 |
| 4101425648 | COE SPRINGS MARKET | 1,981,348.48 |
| 4101722222 | EFF(EXTERNAL FUNDING FUND) | 1,915,395.36 |
| 4101446242 | COE DEPRECIATION RESERVE | 610,355.24 |
| 4053835084 | COE METROPOLITAN MUNICIPALITY | 17,638,260.60 |
| 4101725678 | HOUSING | 1,074,160.80 |
| 4101725369 | USDG | 1,570,980.33 |
| 4101724999 | INVESTMENT | 3,737,084.85 |
| 4101726268 | PRIMARY | 6,346,672.69 |
| 4055571915 | METRO EXPENDITURE/STORES ACCOU | 735,563.75 |
| 4055571931 | METRO TREASURY ACCOUNT | 376,804,051.63 |
| 4101425698 | COE SALARY | 7,647,999.79 |
| 4086424945 | COE CHARGES ACCOUNT | 9,629,578.67 |
| 021023980 | STANDARD BANK MASK ACCOUNT | 10,050,144.72 |
| 62379403745 | FNB MASK ACCOUNT | 12,174,717.93 |
| | | |
| | | |
| | Grand Total | 552,219,142.34 |

The table above shows that the cash balances as at 30 June 2023 in the various bank accounts amount to R552.2 million.

5.3.3 Investments

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| COMMEN- CING DATE | MATURITY DATE | INVESTMENT MADE /WITHDRAWAL DATE | TYPE OF INVESTMENT | ACCOUNT / CERT NUMBER | OPENING BALANCE 1.07.2022 | INVESTMENT MADE | INVESTMENT WITHDRAWN | INTEREST ACCRUED / EARNED | INTEREST RATE | REFERENCE IN LEDGER | BALANCE 30.06.2023 | ENCUMBERED | En/Unencumbered |
|--|------------------|---|--------------------|--------------------------|---------------------------------|--------------------|-------------------------|---------------------------------|---------------|------------------------|-----------------------|-----------------|-----------------|
| INVESTEC BANK | | | | | | | | | | | | | |
| 36,112.00 | | Call deposit | ENCUMBERED DEP. | 138,799,500.00 | 20,696,761.24 | | | 1,411,004.59 | 0.07 | GROWTH | 22,107,765.83 | | Unencumbered |
| | | | | | 20,696,761.24 | - | - | 1,411,004.59 | | | 22,107,765.83 | | |
| STANLIB | | | | | | | | | | | | | |
| 36,626.00 | ON CALL | Call deposit | MONEY MARKET FUND | 53,967,019.00 | 6,367,974.64 | | - | 457,950.04 | Variable | 700369888 | 6,825,924.68 | | Unencumbered |
| | | | | | 6,367,974.64 | - | - | 457,950.04 | | | 6,825,924.68 | | |
| RAND MERCHANT BANK | | | | | | | | | | | | | |
| 36,740.00 | | | GUARANTEED TRUST | RU 502221102 | 7,026,619.84 | | | 465,326.32 | 0.13 | GROWTH | 7,491,946.16 | | Unencumbered |
| 36,069.00 | Unit Trusts | | MONEY MARKET FUND | RU500456214 | 47,937,853.52 | | | 3,174,605.32 | 0.06 | GROWTH | 51,112,458.84 | | Unencumbered |
| 36,111.00 | | | GUARANTEED TRUST | RU500433509 | 35,497,619.82 | | | 2,350,771.42 | 0.15 | GROWTH | 37,848,391.24 | | Unencumbered |
| | | | | | 90,462,093.18 | - | - | 5,990,703.06 | | | 96,452,796.24 | - | |
| NEDBANK STRUCTURED DEPOSIT SINKING FUND R800M TO PROVIDE FOR A BOND CAPITAL EMM03 | | | | | | | | | | | | | |
| 42,552.00 | | | OPENING BALANCE | 18,552,276.00 | 717,671,675.78 | | | | 0.08 | GROWTH | 717,671,675.78 | 717,671,675.78 | Encumbered |
| 41,261.00 | 45,413.00 | 44,771.00 | | 18,552,276.00 | | 5,854,258.86 | | 4,860,505.16 | 0.08 | | 10,714,764.02 | 10,714,764.02 | Encumbered |
| 41,261.00 | 45,413.00 | 44,804.00 | | 18,552,276.00 | | 5,854,258.86 | | 5,097,507.73 | 0.08 | | 10,951,766.59 | 10,951,766.59 | Encumbered |
| 41,261.00 | 45,413.00 | 44,834.00 | | 18,552,276.00 | | 5,854,258.86 | | 5,174,152.09 | 0.08 | | 11,028,410.95 | 11,028,410.95 | Encumbered |
| INTEREST | | 44,865.00 | | | | 5,268,832.97 | | 5,420,730.68 | 0.08 | | 10,689,563.65 | 10,689,563.65 | Encumbered |
| 41,261.00 | 45,413.00 | 44,895.00 | | | | | 34,345,741.14 | 5,571,778.72 | 0.08 | | (28,773,962.42) | (28,773,962.42) | Encumbered |
| 41,261.00 | 45,413.00 | 44,925.00 | | | | 5,268,832.97 | | 4,959,456.56 | 0.08 | | 10,228,289.53 | 10,228,289.53 | Encumbered |
| 41,261.00 | 45,413.00 | 44,957.00 | | | | 5,268,832.97 | | | 0.08 | | 5,268,832.97 | 5,268,832.97 | Encumbered |
| 41,261.00 | 45,413.00 | 44,985.00 | | | | 5,268,832.97 | | 10,463,414.81 | 0.08 | | 15,732,247.78 | 15,732,247.78 | Encumbered |
| 41,261.00 | 45,413.00 | 45,016.00 | | | | 5,268,832.97 | | 4,826,229.97 | 0.08 | | 10,095,062.94 | 10,095,062.94 | Encumbered |
| 41,261.00 | 45,413.00 | 45,046.00 | | | | | | 5,763,263.58 | 0.08 | | 5,763,263.58 | 5,763,263.58 | Encumbered |
| 41,261.00 | 45,413.00 | 45,077.00 | | | | 5,268,832.97 | 34,931,167.03 | 5,136,911.66 | 0.08 | | (24,525,422.40) | (24,525,422.40) | Encumbered |
| 41,261.00 | 45,413.00 | 45,107.00 | | | | 5,268,832.97 | | 5,112,261.88 | 0.08 | | 10,381,094.85 | 10,381,094.85 | Encumbered |
| | | | | | | 54,444,607.37 | 69,276,908.17 | 62,386,212.84 | | | 765,225,587.82 | 765,225,587.82 | |

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| NEDBANK STRUCTURED DEPOSIT SINKING FUND R2 BILLION DBSA | | | | | | | | | | | | | |
|---|-----------|--------------------------|--|-----------------------|---|--------------|----------|----------------------|------|---|-----------------------|-----------------------|------------|
| 45,107.00 | 45,838.00 | | | | | 8,558,161.16 | | | 0.12 | | 8,558,161.16 | 8,558,161.16 | Encumbered |
| | | | | | - | 8,558,161.16 | - | - | | - | 8,558,161.16 | 8,558,161.16 | |
| RAND AIRPORT | | | | | | | | | | | | | |
| | | SHAREHOLDING | | 4,000,000.00 | | | | | | | 4,000,000.00 | | Entities |
| | | | | | | | | | | | | | |
| MUNICIPAL ENTITIES | | | | | | | | | | | | | |
| 36,229.00 | | G.G. INNER CITY HSG | | 106.00 | | | | | | | 106.00 | | Entities |
| | | | | 106.00 | | | - | | | | 106.00 | | |
| | | TOTAL INVESTMENTS | | 121,526,935.06 | | - | - | 12,971,919.57 | | | 148,325,848.76 | 773,783,748.98 | |

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5.3.4 Creditors

The outstanding creditors as at end June 2023 are the following;

- Eskom – R2.6 billion and
- Rand water – R800 million.

The City does experience some challenges with regards to the invoicing process. The following challenges were experienced;

- Low revenue collection;
- Departments submit invoices with insufficient budget;
- Quality reviews are not being performed by departmental signatories. This then leads to delay in processing of payment until the relevant query is resolved;

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;
- Revenue department continues to implement credit control measures;
- 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;
- Continuous engagements in a form of workshops and meeting with suppliers, departments and consultants;
- 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;
- Finance is fast tracking filling of vacant positions to avoid capacity constraints in the expenditure department;
- Departments are requested to submit reasons for extremely late submissions of invoices;
- Departments are requested to scrutinize the statements that come with invoices and deal with long outstanding invoices as they appear on the statement; and
- Departments are required to ensure that there are sufficient funds on the votes before invoices are sent to finance for payment.

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5.3.5 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 year, the spent portion of these grants as well as the remaining balances.

The status of grants as at the end of the 4th quarter is reflected in the table below.

| Name of Grant | EMM Responsible Department | Unspent Funds - 21/22 Opening Balances 22/23 | Accumulated Receipts for the Financial year | Accumulated Expenditure for the Financial year | Balance Available | % Spent | Risk |
|--|-----------------------------|--|---|--|-----------------------|----------------|------|
| NATIONAL / DORA GRANTS - OPERATING | | | | | | | |
| Finance Management Grant (FMG) | Finance | - | 1 000 000,00 | (725 674,13) | 274 325,87 | 72,57% | 🟡 2 |
| TOTAL | | - | 1 000 000,00 | (725 674,13) | 274 325,87 | 72,57% | |
| NATIONAL / DORA GRANTS - CAPITAL | | | | | | | |
| Equitable Share - Electricity | Energy | - | 808 079 203,03 | (808 079 203,03) | - | 100,00% | 🟢 1 |
| Equitable Share - Solid Waste | Waste Management | - | 731 190 665,53 | (731 190 665,53) | - | 100,00% | 🟢 1 |
| Equitable Share -Water and Wastewater | Water & Sanitation | - | 2 137 658 430,20 | (2 137 658 430,20) | - | 100,00% | 🟢 1 |
| Equitable Share - Finance | Finance | - | 930 014 060,00 | (930 014 060,00) | - | 100,00% | 🟢 1 |
| Fuel Levy - Finance | Finance | - | 1 830 978 000,00 | (1 830 978 000,00) | - | 100,00% | 🟢 1 |
| TOTAL | | - | 6 437 920 358,76 | (6 437 920 358,76) | - | 100,00% | |
| NATIONAL / DORA GRANTS - CAPITAL | | | | | | | |
| Urban Settlement Development Grant (USDG) | Human Settlements | - | 1 182 202 000,00 | (1 117 106 185,35) | 65 095 814,65 | 94,49% | 🟢 1 |
| Public Transport Network Grant (PTNG) | Transport | - | 702 334 000,00 | (660 943 059,22) | 41 390 940,78 | 94,11% | 🟢 1 |
| Neighborhood Development Partnership Grant (NDPG) | Human Settlements | - | 51 236 000,00 | (49 483 849,08) | 1 752 150,92 | 96,58% | 🟢 1 |
| NDPG- Public Employment Programme (PEP) | Economic Development | 5 288 483,55 | 116 940 000,00 | (63 741 603,45) | 58 486 880,10 | 52,15% | 🟡 3 |
| Energy efficiency and Demand-Side Management Grant | Energy | - | 9 000 000,00 | (8 136 705,10) | 863 294,90 | 90,41% | 🟢 1 |
| Expanded Public Works Programme (EPWP) | Economic Development | - | 24 041 000,00 | (24 119 849,96) | (78 849,96) | 100,33% | 🟢 1 |
| Informal Settlement Upgrading Partnership Grant (ISUPG) | Human Settlements | 7 044 989,27 | 729 065 000,00 | (693 747 292,13) | 42 362 697,14 | 94,25% | 🟢 1 |
| Programme & Project Preparation Support Grant (PPPSG) | EPMO | - | 56 064 000,00 | (55 994 373,90) | 69 626,10 | 99,88% | 🟢 1 |
| TOTAL | | 12 333 472,82 | 2 870 882 000,00 | (2 673 272 918,19) | 209 942 554,63 | 92,72% | |
| PROVINCIAL GRANTS - OPERATING | | | | | | | |
| SETA | Human Resources | - | 15 752 270,61 | (5 201 136,44) | 10 551 134,17 | 33,02% | 🟡 3 |
| HIV/AIDS Grant | Health & Social Development | 1,33 | 18 900 000,00 | (15 146 921,43) | 3 753 079,90 | 80,14% | 🟢 1 |
| Recapitalisation of Community Libraries and Libraries Plan | SRAC - Libraries | - | 20 750 000,00 | (20 515 271,98) | 234 728,02 | 98,87% | 🟢 1 |
| Human Settlement Development Grant (HSDG) | Human Settlements | 121 451 555,73 | - | (30 171 857,19) | 91 279 698,54 | 24,84% | 🟡 3 |
| TOTAL | | 121 451 557,06 | 55 402 270,61 | (71 035 187,04) | 105 818 640,63 | 40,17% | |
| PROVINCIAL - SUBSIDIES | | | | | | | |
| Primary Health Care Subsidy (PHC) | Health & Social Development | - | 171 455 000,00 | (171 455 000,00) | - | 100,00% | 🟢 1 |
| TOTAL | | - | 171 455 000,00 | (171 455 000,00) | - | 100,00% | |
| Total National / DORA Grants + Subsidies | | 12 333 472,82 | 9 309 802 358,76 | (9 111 918 951,08) | 210 216 880,50 | 97,74% | |
| Total Provincial Grants + Subsidies | | 121 451 557,06 | 226 857 270,61 | (242 490 187,04) | 105 818 640,63 | 69,62% | |
| GRAND TOTAL | | 133 785 029,88 | 9 536 659 629,37 | (9 354 409 138,12) | 316 035 521,13 | 96,73% | |

The unspent grants at the beginning of the 2022/23 financial year amounted to R 133.7 million.

The receipts for the Year-to-Date period at the end of the 4th quarter amounted to R9.53 billion (including fuel levy). The preliminary year to date expenditure as at the end of the 4th quarter is R9.35 billion which represents 96.73%. The total unspent funds (including 2021/22 unspent grants) at the end of June 2023 is R316 million.

The final results are not yet available. All the outstanding invoices can only be accrued after final certification. It is therefore anticipated that the unspent funds will decrease significantly once all the accruals have been captured.

Furthermore, it should be noted that after the accrual process is concluded all unspent funds (excluding SETA grant) will be subjected to a roll-over process, the deadline for both Provincial Grants and for National Grants is the 31st August 2023.

5.3.6 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 year.

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| Description | Budget Year 22/23 | | | Reporting month of June 2023 | | |
|-----------------------------------|-----------------------|----------------------|-----------------------|------------------------------|-----------------------|---------------|
| | Revised Budget | Budget for Q | Actual for Q | YearTD budget | YearTD actual | YTD variance |
| | R | R | R | R | R | % |
| Advertising Costs | 6 485 840 | 347 606 | 1 210 601 | 6 485 840 | 2 660 172 | -59,0% |
| Catering services | 6 209 323 | 1 785 658 | 1 453 066 | 6 209 323 | 3 480 489 | -43,9% |
| Entertainment | 662 952 | 279 678 | 119 417 | 662 952 | 209 823 | -68,4% |
| Printing & Stationery | 24 291 763 | 6 183 389 | 98 153 843 | 24 291 763 | 107 350 668 | 341,9% |
| Professional services/Consultants | 251 326 576 | 2 796 219 | 39 550 560 | 251 326 576 | 149 094 843 | -40,7% |
| Special Events(WAQ) | 12 098 106 | 4 436 857 | 4 364 966 | 12 098 106 | 7 417 784 | -38,7% |
| Staff study - Internal bursaries | 609 217 | 609 217 | | 609 217 | 339 186 | -44,3% |
| Travel & Accomodation - Domestic | 2 866 471 | 73 637 | 150 214 | 2 866 471 | 1 036 148 | -63,9% |
| Travel & Accomodation - Foreign | 2 000 010 | 507 464 | 24 825 | 2 000 010 | 168 579 | -91,6% |
| Workshops(WAD) | 7 759 725 | 1 962 459 | 2 742 498 | 7 759 725 | 4 865 708 | -37,3% |
| TOTAL | 314 309 983,00 | 16 547 613,29 | 147 769 990,25 | 314 309 983,00 | 276 623 398,84 | -12,0% |

The preliminary figures in the table above shows that 12% of the discretionary costs were contained during the 2022/23 financial year.

6. IN-YEAR budget tables (NT TABLES)

The National Treasury tables will be generated when the final revenue and expenditure figures are available and submitted to National Treasury

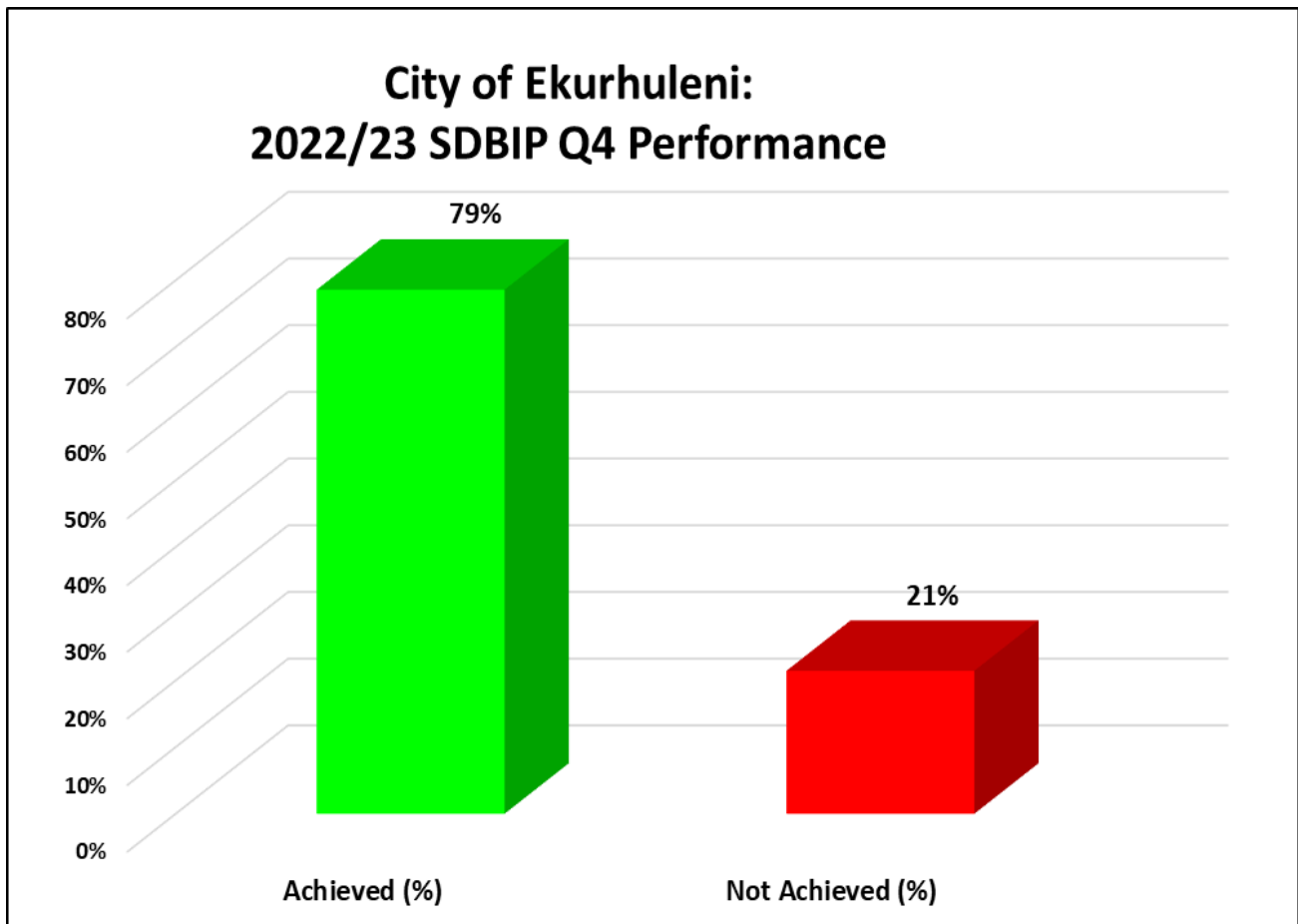
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7. SUMMARY OF THE UNAUDITED QUARTERLY SDBIP REPORT: QUARTER FOUR OF THE 2022/23 FINANCIAL YEAR

CITY-WIDE PERFORMANCE

FIGURE 1: CITY-WIDE 2022/23 QUARTER 4 PERFORMANCE



The City committed to a total of 112 targets in the fourth quarter of the 2022/23 financial year against these commitments, 89 (79%) targets were achieved and 23 (21%) were not achieved. The committed targets were contributed by the twenty-four (24) departments and two entities for the metro wide SDBIP. Of the twenty-four (24) departments that committed to the targets, ten (10) departments achieved hundred per cent (100%) and two (2) achieved less than 50%. Of the two CoE entities that were due for reporting, ERWAT achieved 100% of its targets and EHC achieved nil per cent of its targets. The two (2) departments, i.e., Human Settlements and Service Delivery Coordination achieved nil per cent (0%) of their targets during the reporting quarter.

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FIGURE 2: CITY-WIDE 2022/23 QUARTER 4 PERFORMANCE PER CLUSTER

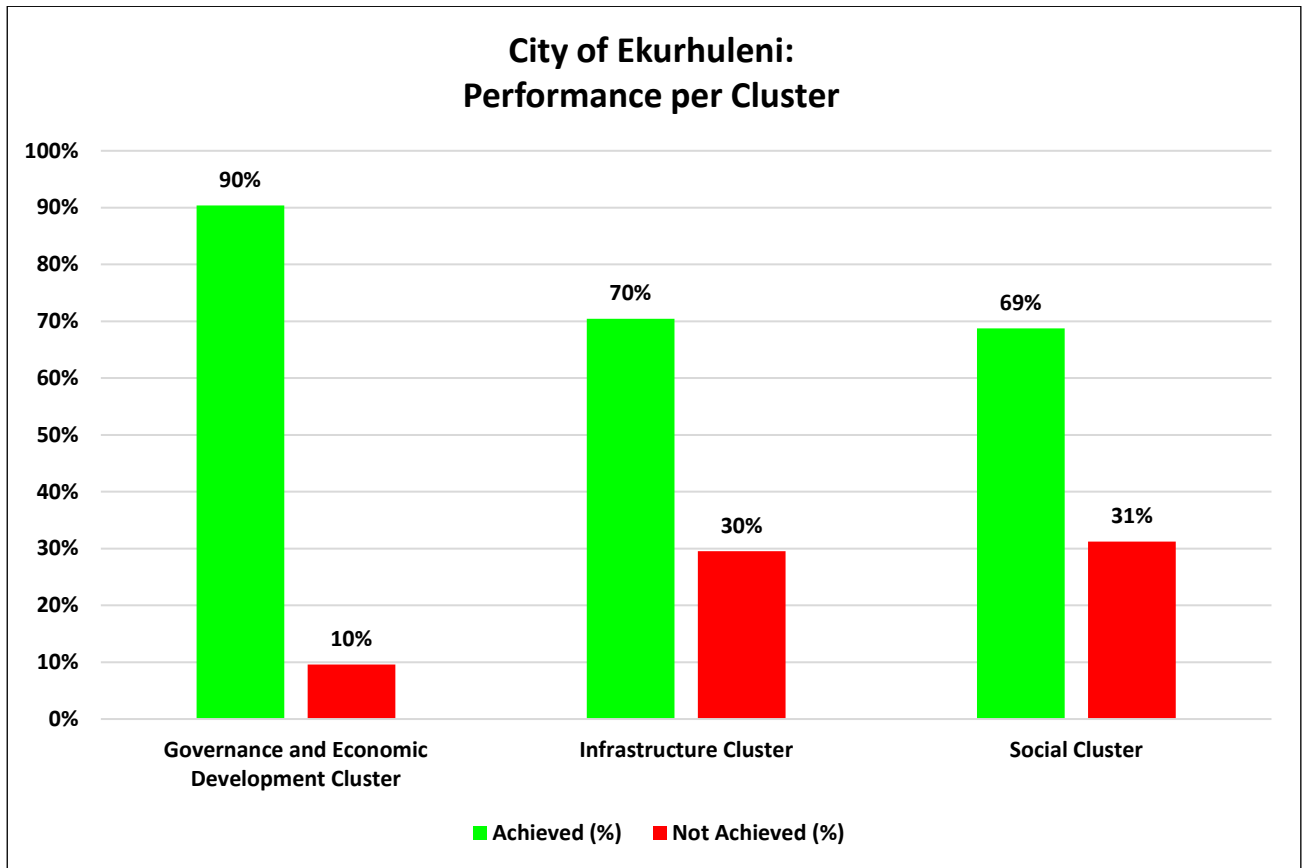


Figure 2. above presents the quarterly performance against the targets set for quarter 4 of the 2022/23 financial year per cluster. The figure shows that the Governance and Economic Development Cluster recorded the highest performance of ninety per cent (90%) target achievement followed by the Infrastructure Cluster at seventy per cent (70%) target achievement. Social Cluster recorded sixty-nine per cent (69%) achievement.

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FIGURE 3: CITY-WIDE QUARTER 4 PERFORMANCE BY GDS THEMATIC AREAS

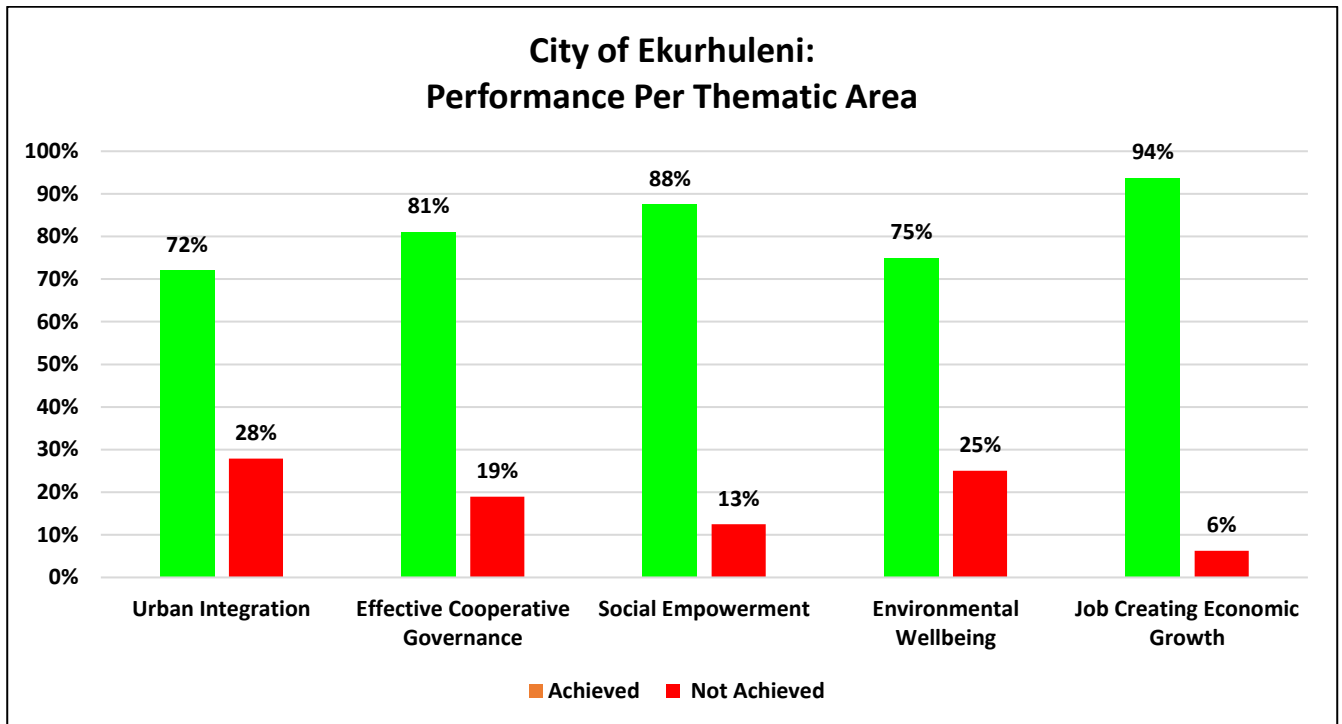


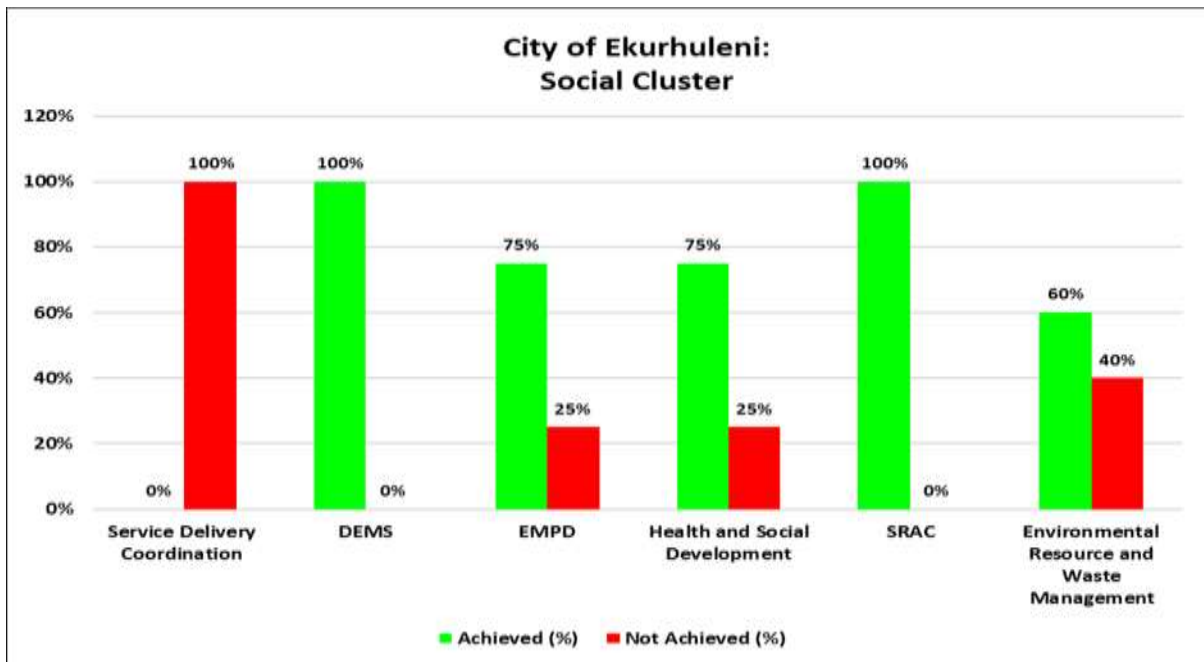
Figure 3. above presents the organisational performance against targets set within specific Thematic Areas of the Growth and Development Strategy (GDS) 2055. The performance on targets that were planned to be delivered over the period under review is summarised as follows:

- The highest performance was recorded at ninety-four per cent (94%) target achievement for the Job Creating Economic Growth GDS Thematic Area
- The second highest performance was recorded for targets that were planned for Social Empowerment at eighty-eight per cent (88%) targets achievement.
- The third highest performance was recorded for Effective Corporate Governance at eighty-one (81%) targets achievement.
- The Environmental Wellbeing Thematic Area achieved seventy-five per cent (75%) of their targets.
- The Urban Integration GDS Thematic Area achieved seventy-two per cent (72%) of their planned targets.

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



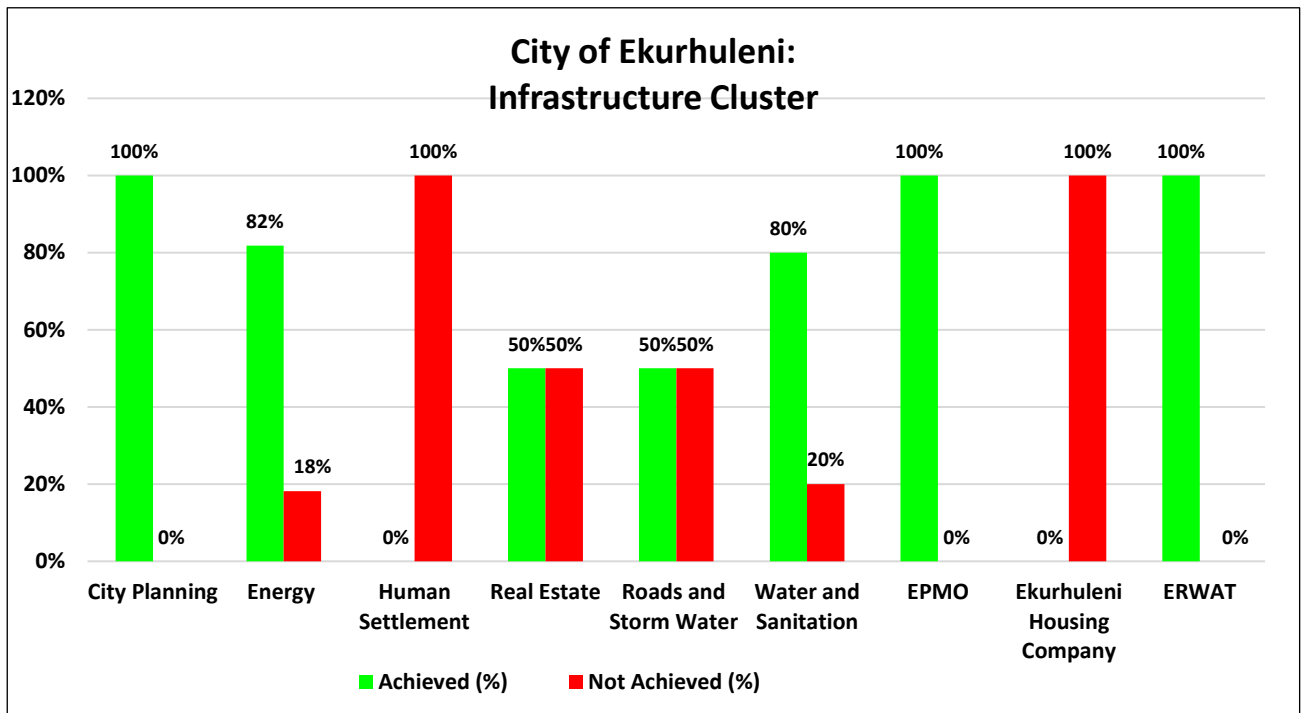
Social Cluster

The Social Cluster committed to a total of twelve (16) targets and eleven (11) targets were achieved which translate to 69%. Two (2) of the six departments in this cluster achieved (100%) of their planned targets for the quarter under review. These departments are Disaster and Emergency Management Services and Sports, Recreation, Arts and Culture. Health and Social Development and Ekurhuleni Metro Police Department achieved 75% respectively, Environmental Resource Management department achieved sixty per cent (60%) of their planned targets. While Service Delivery Coordination department achieved nil per cent (0%) of their planned targets.

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FIGURE 5: CITY-WIDE QUARTER 4 PERFORMANCE ACROSS INFRASTRUCTURE CLUSTER



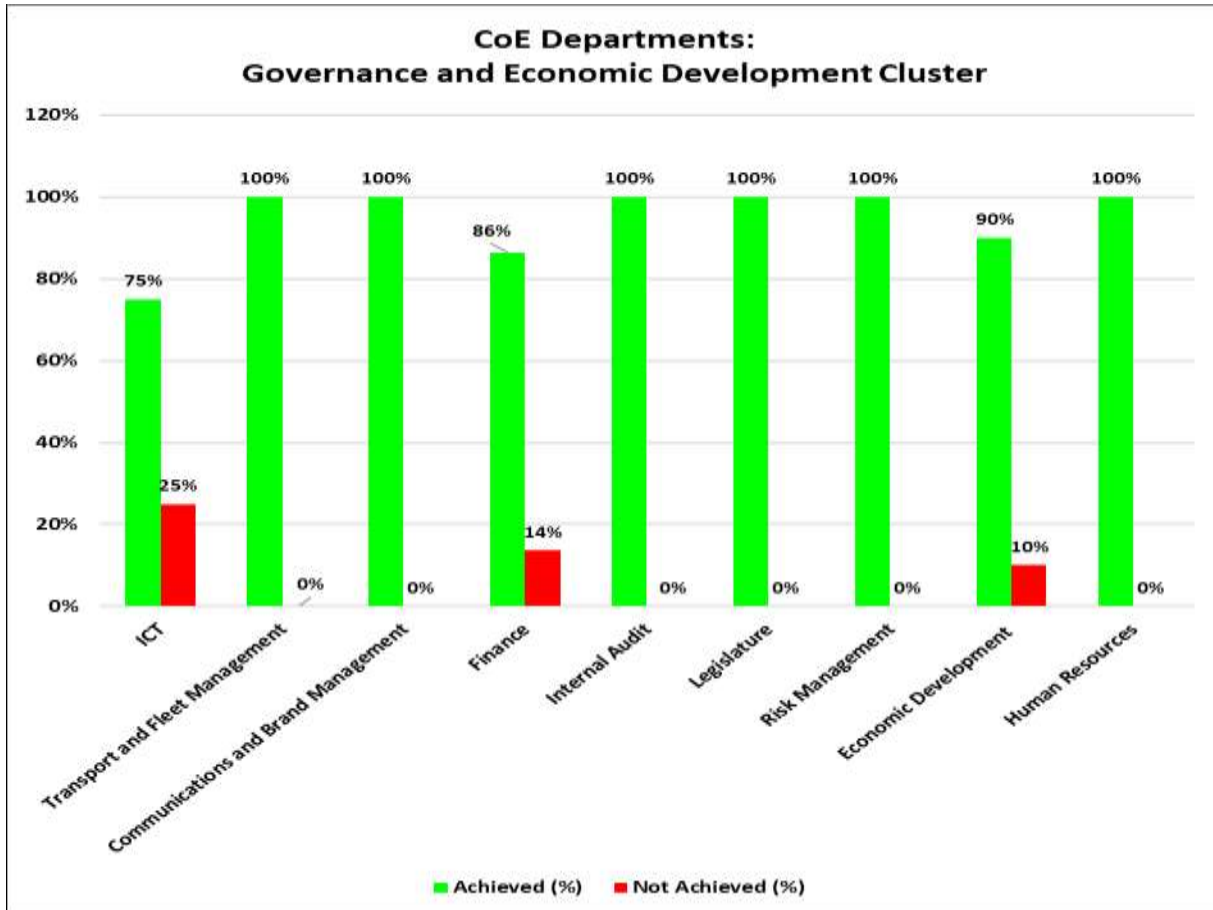
Infrastructure Cluster

The cluster committed to a total of 44 targets and of those targets, 31 (70%) were achieved. City Planning, EPMO and ERWAT achieved 100% of their planned targets. The second highest performing department in this cluster is Energy department which achieved eighty-two per cent (82%) of their planned targets while Water and Sanitation achieved 80% of their planned targets. Roads and Storm Water and Real Estate departments achieved 50% of their planned targets. Ekurhuleni Housing Company and Human Settlements achieved 0% of their planned targets.

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FIGURE 6: CITY-WIDE QUARTER 4 PERFORMANCE ACROSS GOVERNANCE AND ECONOMIC DEVELOPMENT CLUSTER



Governance and Economic Development Cluster

The performance of the cluster was measured against fifty-two (52) targets that were planned to be met during the quarter under review. A total of 47 (90%) targets were achieved and 5 (10%) were not achieved. Six (6) departments (Transport and Fleet Management, Communications and Brand Management, Internal Audit, Legislature, Risk Management, and Human Resources) achieved 100% of their set targets. The second highest performing department in this cluster is Economic Development which achieved ninety per cent (90%) of its targets followed by Information Communication and Technology (ICT) department which achieved seventy-five per cent (75%). Finance department achieved eighty-six per cent (86%) of their planned targets.

HIGHLIGHTS FOR 2022/23 SDBIP QUARTER FOUR PERFORMANCE

During this period under review, the key focus was on the improvement of increased security of water supply, refuse removal services, electrification, gravelling and upgrading of roads in the 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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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 supported 10 ECD Centres with 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 0.3% at Q4 which is well below the National Targets of 2%.
- In contributing towards the attainment of the City's developmental agenda, 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 Q4, a total of 1585 new indigent households were approved as part of the process to get the finance final approval to receive the free basic services.

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 50 planned by-law enforcement policing operations were implemented in Q4 while 151 interventions to reduce crime and related incidents were implemented at this quarter.

JOB CREATION

The City recognises unemployment, poverty, homelessness as fundamental challenges human development, restoration of human dignity which are being addressed as part of people's government. 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 4993 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 IMPLICATIONS

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

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

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; and
- The Municipal Entities compiled their own Performance Reports.

13. RECOMMENDATIONS

1. **That** the report on the Unaudited Financial and Performance Results of the City of Ekurhuleni for the Fourth Quarter of the 2022/23 financial year as required in terms of Section 52(d) of the Municipal Finance Management Act **BE NOTED** by Council.
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 4th quarter of the 2022/23 financial year, and supporting documents as required by National Treasury (Schedule C) as at 30 June 2023, **IS SUBMITTED**.
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 relevant 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 4 of the 2022/23 financial year **BE REFERRED** to all Section 79 Oversight Committees.