

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

2024.01.25

A-F (01-2024)

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**THE CITY OF EKURHULENI (CoE): UNAUDITED SECOND QUARTER AND MID YEAR REVIEW  
OF FINANCIAL AND PERFORMANCE RESULTS – 2023/24 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 2023/24 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. WARD/S AFFECTED**

All wards are affected.

**4. IDP LINKAGE**

Good governance.

**5. EXECUTIVE SUMMARY**

The table below shows the consolidated operating statement for the 2023/24 Second Quarter and the Mid-Year results:

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

**2024.01.25**

**A-F (01-2024)**

Description	Annual Budget 2023/24	Budget Year 2023/24				YTD variance
		Budget Quarter 2	Actual Quarter 2	Year to date budget	Year to date actuals	
Service charges - electricity revenue	22,877,694,293	5,158,423,471	4,684,850,762	13,165,724,811	10,665,042,217	-19%
Service charges - water revenue	6,728,439,176	1,682,109,783	1,739,993,241	3,364,219,566	3,348,725,597	0%
Service charges - sanitation revenue	3,276,818,783	819,204,702	1,392,182,448	1,638,409,404	2,182,909,206	33%
Service charges - refuse revenue	1,810,354,875	453,915,468	388,417,796	902,523,840	806,595,130	-11%
Sale of Goods and Rendering of Services	1,524,594,956	380,852,265	(211,220,428)	761,818,627	177,193,320	-77%
Interest earned from Receivables	1,197,713,014	298,762,140	242,152,948	599,522,574	520,701,399	-13%
Interest earned from Current and Non Current Assets	127,166,317	31,792,220	38,661,160	63,583,791	83,674,887	32%
Dividends received	-	-	9,968	-	25,429	0%
Rental from Fixed Assets	141,012,608	35,334,653	38,821,624	70,792,149	78,564,620	11%
Operational Revenue	49,613,878	13,220,689	28,387,019	23,444,162	83,745,575	257%
<b>Non-Exchange Revenue</b>						
Property rates	8,175,143,747	2,043,785,727	2,112,054,637	4,087,571,454	4,299,442,624	5%
Fines, penalties and forfeits	818,992,673	204,698,140	31,907,146	409,522,788	163,601,055	-60%
Licences and permits	325,611,570	81,402,890	82,270,929	162,805,774	177,019,243	9%
Transfers and subsidies- Operational	6,387,877,356	1,995,206,183	1,812,378,602	4,326,793,356	4,126,010,408	-5%
Interest	137,772,894	34,443,216	67,126,207	68,886,432	138,107,716	100%
Fuel Levy	1,839,016,000	613,005,000	613,005,000	1,226,010,000	1,226,010,000	0%
Other Gains	-	-	12,428,121	-	12,428,121	0%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>55,417,822,140</b>	<b>13,846,156,547</b>	<b>13,073,427,180</b>	<b>30,871,628,728</b>	<b>28,089,796,549</b>	<b>-9%</b>
<b>Expenditure By Type</b>						
Employee related costs	11,519,348,295	2,905,707,285	2,643,831,592	5,828,918,692	5,273,920,377	-10%
Remuneration of councillors	157,677,579	39,419,484	45,395,491	78,838,968	82,180,675	4%
Debt impairment	6,083,068,269	1,520,767,083	1,127,220,588	3,041,534,166	2,527,945,648	-17%
Depreciation & asset impairment	3,043,384,736	27,910,443	32,633,943	55,847,553	61,182,865	10%
Finance charges	1,539,780,664	500,861,084	505,167,674	661,738,494	549,580,711	-17%
Bulk purchases - electricity	18,143,097,118	3,745,624,260	3,742,273,315	9,567,018,404	8,688,539,400	-9%
Inventory consumed	6,503,573,239	1,636,920,233	2,136,620,363	3,252,530,371	3,895,101,113	20%
Contracted services	5,830,795,231	1,454,933,263	1,559,849,890	2,838,397,963	2,515,327,026	-11%
Transfers and subsidies	726,502,275	154,306,777	129,493,131	308,680,814	200,314,340	-35%
Irrecoverable debts written off	2,238,065	559,518	14,030,651	1,119,036	27,652,047	2371%
Other expenditure	1,467,253,260	333,752,116	429,291,950	754,956,932	812,098,688	8%
Loss on disposal of PPE	-	-	1,508,079	-	1,525,411	0%
Other Losses	-	-	16,519,105	-	16,522,716	0%
<b>Total Expenditure</b>	<b>55,016,718,731</b>	<b>12,320,761,546</b>	<b>12,383,835,772</b>	<b>26,389,581,393</b>	<b>24,651,891,017</b>	<b>-7%</b>
<b>Surplus/(Deficit)</b>	<b>401,103,409</b>	<b>1,525,395,001</b>	<b>689,591,408</b>	<b>4,482,047,335</b>	<b>3,437,905,531</b>	<b>-23%</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,412,000,453	624,532,845	429,424,745	1,174,680,889	636,301,188	-46%
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>2,813,103,862</b>	<b>2,149,927,846</b>	<b>1,119,016,153</b>	<b>5,656,728,224</b>	<b>4,074,206,719</b>	<b>-28%</b>

### 5.1 Operating Budget Results

The **Operating Income** budgeted for the **Second Quarter** ending 31 December 2023 was R13.846 billion. The actual income was R13.073 billion which was R773 Million (5.5%) below budgeted amount.

The budgeted **Operating Expenditure** for the **Second Quarter** ending 31 December 2023 was R12.321 billion. The actual expenditure is R12.383 billion which is R62 Million (0.005%) above budgeted amount.

The **Total Income** budgeted for the **2023/24 Mid-Year** was R30.871 billion. The actual income was R28.090 billion. The Actual Income for the Mid-Year was R2.871 billion (9.2%) less than budgeted.

The **Total Expenditure** budgeted for the **2023/24 Mid-Year** was R26.390 billion. The actual expenditure was R24.651 billion which is R1.737 billion (7%) 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.

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

**2024.01.25**

**A-F (01-2024)**

---

### **5.2 Capital Expenditure**

The actual Capital Expenditure 2023/24 Mid-Year is **R850.9 Million**, which represents a spending of **30.54%** of the total capital budget of **R2. 785 billion**. It is important to note that the outstanding commitments at the end of December 2023 amounted to **R163.4 Million**. The actual expenditure plus commitments for the Mid-Year amounted to **R1.014 billion**, which represents **36.41%** of the Capital Budget.

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 **Second Quarter** ended 31 December 2023 is **90.58%** which is more than the quarterly **target of 90.0%**. Year-to date collection rate is **91.92%** against target of 90%. The 2023-24 mid-year collections per quarter summarized follows;

<b>Quarter</b>	<b>Year</b>	<b>Period</b>	<b>Net Billed</b>	<b>Receipts</b>	<b>%</b>	<b>Target</b>
<b>Q1</b>	2023-24	<b>Sep-23</b>	9 499 526 751	8 860 976 803	92.88%	90.00%
<b>Q2</b>	2023-24	<b>Dec-23</b>	9 865 156 413	8 939 112 717	90.58%	90.00%
			<b>19 805 447 529</b>	<b>16 705 388 694</b>	<b>91.92%</b>	<b>90.00%</b>

### **5.4 Cash balances and cost coverage**

The City had a bank balance of **R897.4 Million** (in 2022, R372.4 Million) at the end of December 2023. The **number of days cash on hand for the month of December 2023 is 15 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, high value accumulating accounts, where there is the greatest impact;
- The cost containment measures are continuously implemented; and
- As part of the main budget, the City has reviewed the adequacy of funding the non-cash items such as depreciation and debt impairment, cognisance that departments must operate within their set budget limits.

## **6. BACKGROUND / MOTIVATION / 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;

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

**2024.01.25**

**A-F (01-2024)**

---

- (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 2023, the 30 days' limit expires on **30 January 2024**.

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 –*

- 1. 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*
- 2. consistent with the monthly budget statement for September, December, March and June as applicable; and*
- 3. 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;

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

**2024.01.25**

**A-F (01-2024)**

---

(c) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that the revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of the adjustment budget

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

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

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

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

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

Given the above legislative framework, this report presents both the mid-year financial and performance assessment as well as the Second Quarter financial results for 2023/24.

The following Annexures are provided:

**Annexure A:** Departmental Operating Budget Reports for mid-year and Second Quarter of 2023/24 Financial Year;

**Annexure B:** Detailed Capital Expenditure Reports for mid-year and Second Quarter of 2023/24 Financial Year; and

**Annexure C:** Detailed Performance Report (Pre-Determined Measurable Performance Targets for mid-year and Second Quarter of 2023/24

## **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 **2023/24 Mid-Year** as well as **Quarter 2** is reflected in the table below.

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

**2024.01.25**

**A-F (01-2024)**

Description	Budget Year 2023/24			Reporting month of December 2023		
	Original Budget	Budget Q2	Actual Q2	YearTD budget	YearTD actual	YTD variance
	R	R	R	R	R	%
<b>Exchange Revenue</b>						
Service charges - electricity revenue	22,877,694,293	5,158,423,471	4,684,850,762	13,165,724,811	10,665,042,217	-19%
Service charges - water revenue	6,728,439,176	1,682,109,783	1,739,993,241	3,364,219,566	3,348,725,597	0%
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Service charges - refuse revenue	1,810,354,875	453,915,468	388,417,796	902,523,840	806,595,130	-11%
Sale of Goods and Rendering of Services	1,524,594,956	380,852,265	(211,220,428)	761,818,627	177,193,320	-77%
Interest earned from Receivables	1,197,713,014	298,762,140	242,152,948	599,522,574	520,701,399	-13%
Interest earned from Current and Non Current Assets	127,166,317	31,792,220	38,661,160	63,583,791	83,674,887	32%
Dividends received	-	-	9,968	-	25,429	0%
Rental from Fixed Assets	141,012,608	35,334,653	38,821,624	70,792,149	78,564,620	11%
Operational Revenue	49,613,878	13,220,689	28,387,019	23,444,162	83,745,575	257%
<b>Non-Exchange Revenue</b>						
Property rates	8,175,143,747	2,043,785,727	2,112,054,637	4,087,571,454	4,299,442,624	5%
Fines, penalties and forfeits	818,992,673	204,698,140	31,907,146	409,522,788	163,601,055	-60%
Licences and permits	325,611,570	81,402,890	82,270,929	162,805,774	177,019,243	9%
Transfers and subsidies- Operational	6,296,597,657	1,995,206,183	1,812,378,602	4,326,793,356	4,126,010,408	-5%
Interest	137,772,894	34,443,216	67,126,207	68,886,432	138,107,716	100%
Fuel Levy	1,839,016,000	613,005,000	613,005,000	1,226,010,000	1,226,010,000	0%
Other Gains	-	-	12,428,121	-	12,428,121	0%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>55,326,542,441</b>	<b>13,846,156,547</b>	<b>13,073,427,180</b>	<b>30,871,628,728</b>	<b>28,089,796,549</b>	<b>3</b>

### Analysis of Performance

The **Operating Income** budgeted for the **Second Quarter** ending 31 December 2023 was R13.846 billion. The actual income was R773 Million (or 5.5%) below budget.

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 R2.501 billion less than the budget of R13.166 billion for the 2023/24 Mid-year, which represent a negative deviation of 19%. The deviation is due to reduced consumption as a result of high stages of load shedding.

Service charges – sanitation revenue and Sale of Goods and service

The actual income from sewer purification is R544 Million more than the budget of R1.638 billion for the 2023/24 Mid-year, which represent a positive deviation of 33%. This positive deviation results from the reclassification of the Revenue from Erwat which was previously Reported in the Sale of Goods and Services category, which represent a deviation of R584 Million as per mSCOA reporting requirements. Removing these variants within the groups, all the movement are within the budgets limits.

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

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

**2024.01.25**

**A-F (01-2024)**

---

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.

Service charges – refuse

The actual income from collection of waste is R95.9 Million less than the budget of R905 Million for the 2023/24 Mid-year, which represent a negative deviation of 11%. The deviation is as a result of the increase in number of indigents receiving the free basic services from the beginning of the new Financial Year.

Interest on Consumer Debtors

The actual income levied on consumer accounts is R78.8 Million less than the budget of R599 Million for the 2023/24 Mid-year, which represent a negative deviation of 13%.

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 negative deviation of R78.8 Million on the interest on outstanding debtors is directly linked to the debtors' book. Achieving of the collection targets and increased in the number of indigents meant that less revenue will be levied on this item.

c. Fines, penalties and forfeits

The budget of Fines, Penalties and Forfeits for the 2023/24 Mid-year amounted to R409.5 Million whilst the actual revenue amounted to R163.6 Million, thus a negative deviation of 60% less than budgeted. This category is inclusive of traffic fines issued but not yet paid as required by GRAP.

d. Licenses and permits

Revenue budgeted for licenses and permits for the 2023/24 Mid-year amounted to R162.8 Million whilst the actual revenue amounted to R177 Million, thus a positive deviation of 9%.

e. Operational Revenue

Revenue from operation income increased by 257% or 60.3 Million as a results of approval of new development activities within the city.

**6.1.2 Expenditure by type**

The expenditure performance for the **2023/24 Mid-Year** as well as **Quarter 2** is reflected in the table below.

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

**2024.01.25**

**A-F (01-2024)**

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		Budget Quarter 2	Actual Quarter 2	Year to date budget	Year to date actuals	
<b>Expenditure By Type</b>						
Employee related costs	11,519,348,295	2,905,707,285	2,643,831,592	5,828,918,692	5,273,920,377	-10%
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Debt impairment	6,083,068,269	1,520,767,083	1,127,220,588	3,041,534,166	2,527,945,648	-17%
Depreciation & asset impairment	3,043,384,736	27,910,443	32,633,943	55,847,553	61,182,865	10%
Finance charges	1,539,780,664	500,861,084	505,167,674	661,738,494	549,580,711	-17%
Bulk purchases - electricity	18,143,097,118	3,745,624,260	3,742,273,315	9,567,018,404	8,688,539,400	-9%
Inventory consumed	6,503,573,239	1,636,920,233	2,136,620,363	3,252,530,371	3,895,101,113	20%
Contracted services	5,830,795,231	1,454,933,263	1,559,849,890	2,838,397,963	2,515,327,026	-11%
Transfers and subsidies	726,502,275	154,306,777	129,493,131	308,680,814	200,314,340	-35%
Irrecoverable debts written off	2,238,065	559,518	14,030,651	1,119,036	27,652,047	2371%
Other expenditure	1,467,253,260	333,752,116	429,291,950	754,956,932	812,098,688	8%
Loss on disposal of PPE	-	-	1,508,079	-	1,525,411	0%
Other Losses	-	-	16,519,105	-	16,522,716	0%
<b>Total Expenditure</b>	<b>55,016,718,731</b>	<b>12,320,761,546</b>	<b>12,383,835,772</b>	<b>26,389,581,393</b>	<b>24,651,891,017</b>	<b>-7%</b>
<b>Surplus/(Deficit)</b>	<b>401,103,409</b>	<b>1,525,395,001</b>	<b>689,591,408</b>	<b>4,482,047,335</b>	<b>3,437,905,531</b>	<b>-23%</b>

The budgeted **Operating Expenditure** for the **Second Quarter** ending 31 December 2023 was R12.321 billion. The actual expenditure is R12.383 billion which is R62 Million (0.005%) above budgeted amount.

The **Total Expenditure** budgeted for the **2023/24 Mid-Year** was R26.390 billion. The actual expenditure was R24.651 billion which is R1.737 billion (7%) less than budgeted.

Analyses of significant items is highlighted below.

a. Overtime

The overtime worked for the Second Quarter and for 2023/24 Mid-year is reflected in the table below. The table shows, amongst others, that:

- Overall overtime budget for the mid-year is underspent by R13.2 Million or 3%; and
- Although some departments have exceeded their overtime budgets (Service Delivery Co-Ordination; City Planning; Corporate Legal; Economic Development; EMPD; Health and Social Development; Human Resource; and Strategy & Corporate Planning), 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.



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

**2024.01.25**

**A-F (01-2024)**

Department	Budget Year 2023/24					YTD variance %
	Original Budget	Budget Q2	Actual Q2	YearTD budget	YearTD actual	
	R	R	R	R	R	
SERVICE DELIVERY CO-ORDINATION	6,685,369.00	1,671,348.00	1,751,820.56	3,342,696.00	3,470,441.29	-4%
CITY MANAGER	29,618.00	7,407.00	-	14,814.00	-	100%
CITY PLANNING	4,269.00	1,068.00	6,481.33	2,136.00	6,481.33	-203%
COMMUNICATION & BRANDING	104,762.00	26,196.00	-	52,392.00	-	100%
CORPORATE LEGAL	163,599.00	40,902.00	49,905.15	81,804.00	105,428.85	-29%
COUNCIL GENERAL	-	-	-	-	-	-
DISASTER AND EMERGENCY MANAGEMENT SERVICES	20,483,527.00	5,120,889.00	2,279,526.49	10,241,778.00	4,634,021.99	55%
ECONOMIC DEVELOPMENT	1,556,683.00	389,172.00	411,971.64	778,344.00	814,607.59	-5%
EHC	426,379.00	106,596.00	-	213,192.00	-	100%
EKURHULENI METRO POLICE DEPARTMENT	374,715,374.00	93,678,852.00	114,191,669.72	187,357,704.00	218,921,539.07	-17%
ENERGY	127,408,693.00	31,852,197.00	25,793,995.31	63,704,394.00	47,628,385.48	25%
ENVIRONMENTAL RESOURCE MANAGEMENT	96,755,994.00	24,189,006.00	20,688,000.24	48,378,012.00	41,371,291.79	14%
ERWAT	32,670,497.00	5,979,255.00	4,186,311.45	11,958,510.00	11,493,288.55	4%
EXECUTIVE OFFICE	109,936.00	27,486.00	-	54,972.00	-	100%
FINANCE	23,836,282.00	5,959,086.00	5,389,889.14	11,918,172.00	11,226,993.80	6%
HEALTH AND SOCIAL DEVELOPMENT	7,171,774.00	1,792,962.00	1,993,046.43	3,585,924.00	3,904,997.08	-9%
HUMAN RESOURCES	826,027.00	206,508.00	329,650.08	413,016.00	445,746.47	-8%
HUMAN SETTLEMENTS	613,832.00	153,459.00	114,939.11	306,918.00	251,639.43	18%
INFORMATION COMMUNICATION TECHNOLOGY	1,413,651.00	353,418.00	28,072.05	706,836.00	70,173.30	90%
INTERNAL AUDIT	-	-	-	-	-	-
LEGISLATURE	3,032,044.00	758,013.00	302,405.42	1,516,026.00	542,714.62	64%
REAL ESTATE	3,811,732.00	952,938.00	276,742.52	1,905,876.00	480,542.19	75%
RISK MANAGEMENT	-	-	-	-	-	-
ROADS AND STORMWATER	7,538,743.00	1,884,711.00	3,770,889.47	3,769,422.00	6,269,382.82	-66%
SPORTS, RECREATION, ARTS AND CULTURE	10,004,047.00	2,501,022.00	438,280.37	5,002,044.00	729,347.16	85%
STRATEGY & CORPORATE PLANNING	144,283.00	36,075.00	412,510.09	72,150.00	500,737.93	-594%
TRANSPORT	11,690,229.00	2,922,570.00	2,255,681.60	5,845,140.00	4,418,708.10	24%
WATER AND SANITATION	87,184,404.00	21,796,121.97	21,654,555.55	43,592,243.94	38,763,463.34	11%
<b>Grand Total</b>	<b>818,399,997.00</b>	<b>204,600,272.97</b>	<b>206,326,400.30</b>	<b>409,200,545.94</b>	<b>396,063,948.36</b>	<b>3%</b>

**b. Finance charges**

The negative deviation of R112.1 Million on finance charges for the 2023/24 Mid-year relates to interest on the employee benefits which will be computed at year end.

**c. Bulk Purchases**

The negative deviation of 9% (or R878 Million less than budget) on bulk purchases of electricity directly correlates with the reduced consumption on electricity as a result of high stages of load shedding implemented in the first quarter of 2023/24 Financial Year.

**d. Inventory consumed**

The actual expenditure for inventory consumed is R642.9 Million more than the budgeted expenditure on R3.253 billion for the 2023/24 Mid-year, which represent over-expenditure of 20%. The major components of this category are water purchases and materials used for repairs & maintenance of vehicles.

Included in the R642.9 Million overspent are accrued amounts on water purchased from previous period for R200m and payment of R453m for December reflected as payment and accruals, which will be revised in the 3<sup>rd</sup> quarter to reflect actual movement for the year.

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

**2024.01.25**

**A-F (01-2024)**

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.

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	Original Budget	Budget Q2	Actual Q2	YearTD budget	YearTD actual	YTD variance
	R	R	R	R	R	%
CITY MANAGER Total	-	-	-	-	-	
CITY PLANNING Total	35,074,208	8,761,074	14,090,614	14,033,364	24,110,658	-72%
COMMUNICATION & BRANDING Total	-	-	-	-	-	
CORPORATE LEGAL Total	-	-	-	-	-	
DISASTER AND EMERGENCY MANAGEM	1,175,909	346,152	-	665,757	-	100%
ECONOMIC DEVELOPMENT Total	3,015,703	784,085	-	1,538,013	-	100%
EHC Total	5,678,262	1,419,606	1,219,485	2,839,212	1,374,676	52%
EKURHULENI METRO POLICE DEPARTM	2,022,993	505,748	-	1,011,496	-	100%
ENERGY Total	1,019,467,534	246,371,223	343,761,635	501,238,214	666,126,749	-33%
ENVIRONMENTAL RESOURCE AND WAS	105,379,885	33,242,756	15,631,361	47,152,793	20,911,590	56%
ERWAT Total	148,736,006	37,184,322	22,562,690	74,368,644	37,560,700	49%
EXECUTIVE OFFICE Total	-	-	-	-	-	
FINANCE Total	-	-	-	-	-	
HEALTH AND SOCIAL DEVELOPMENT To	4,494,197	1,123,578	-	2,247,156	-	100%
HUMAN RESOURCES Total	-	-	-	-	-	
HUMAN SETTLEMENTS Total	7,204,829	1,459,578	1,506,461	2,888,125	1,506,461	48%
INFORMATION COMMUNICATION TECH	274,759,486	68,689,872	64,837,225	137,379,744	77,914,518	43%
INTERNAL AUDIT Total	-	-	-	-	-	
LEGISLATURE Total	-	-	-	-	-	
REAL ESTATE Total	68,775,085	20,193,801	24,195,239	37,387,602	24,334,492	35%
RISK MANAGEMENT Total	-	-	-	-	-	
ROADS AND STORMWATER Total	379,443,890	116,566,883	207,581,622	226,552,967	249,585,653	-10%
SERVICE DELIVERY CO-ORDINATION To	-	-	-	-	-	
SPORTS, RECREATION, ARTS AND CULT	22,377,617	9,145,068	1,031,703	17,449,072	1,031,703	94%
STRATEGY & CORPORATE PLANNING To	-	-	-	-	-	
TRANSPORT Total	170,773,042	42,693,318	41,464,572	85,386,636	41,725,704	51%
WATER AND SANITATION Total	364,526,176	91,132,224	65,476,856	182,264,448	88,342,845	52%
<b>Grand Total</b>	<b>2,612,904,822</b>	<b>679,619,288</b>	<b>803,359,464</b>	<b>1,334,403,243</b>	<b>1,234,525,748</b>	<b>7%</b>

Overall, repairs and maintenance spent averages 47% for the mid-year. This is more in line with annual budget as the expenditure is in arrears, meaning that the expenditure for December 2023 will be paid in January 2023.

e. Contracted Services

The budget for Contracted Services for the year to date is R2.838 billion whilst the actual expenditure amounted to R2.515 Million, being a negative deviation of 11% or R323 Million below budget. Cognisance must be taken that the expenditure of this nature is not a

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

**2024.01.25**

**A-F (01-2024)**

straight-lined bases and will improve as invoices and accruals are raised as the year progresses.

f. Transfers and subsidies

The budget for transfers and subsidies for the year to date is 2023/24 Financial Year amounted to R308, 6 Million whilst the actual expenditure amounted to R200.3 Million, being a negative deviation of 35% or R108.3 Million. The category includes the provision of ablution facilities to informal settlements, provision of housing infrastructure, operationalisation of buses (KTVR) and Public Employment Programme (NDPG). Spending will improve as the year progress, and verification processes are concluded on conditional requirements

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

g. Other losses

The other losses represent inventory write-down and theft of inventory items in the stores.

**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.

**Consolidated cost containment measures for 2023/24 Mid-Year and Quarter 2**

Description	Budget Year 2023/24						
	Original Budget	Revised Budget	Budget for Q	Actual for Q	YearTD budget	YearTD actual	YTD variance
	R	R	0		R	R	%
Advertising Costs	6,311,626	6,321,626	1,526,025	209,546	3,041,106	560,089	-81.6%
Catering services	6,158,807	6,154,108	1,434,072	882,913	2,869,762	1,400,989	-51.2%
Entertainment	670,717	670,717	167,691	66,745	335,382	90,698	-73.0%
Printing & Stationery	22,088,568	22,138,568	5,637,878	1,764,403	11,210,187	3,888,403	-65.3%
Professional services/Consultants	330,848,889	321,442,289	77,609,455	50,110,274	150,958,084	67,186,156	-55.5%
Special Events(WAQ)	10,253,698	11,449,321	3,398,569	1,612,322	5,898,778	4,454,719	-24.5%
Staff study - Internal bursaries	609,217	609,217	152,307	(107,158)	304,614	(256,685)	-184.3%
Travel & Accomodation - Domestic	3,190,880	2,490,880	697,738	191,193	1,495,476	500,267	-66.5%
Travel & Accomodation - Foreign	2,546,807	2,046,807	11,701	-	1,148,407	-	-100.0%
Workshops(WAD)	7,131,757	7,435,757	1,771,385	1,223,465	3,540,511	1,662,358	-53.0%
<b>TOTAL</b>	<b>389,810,966.00</b>	<b>380,759,290.00</b>	<b>92,406,821.30</b>	<b>55,953,703.66</b>	<b>180,802,306.93</b>	<b>79,486,993.32</b>	<b>-56%</b>

The table above shows the various items to which the cost containment regulations apply. The table shows that the **2023/24 Mid-year** budget amounted to R180.8 Million whilst YTD actual expenditure amounted to R79.5 Million, which is R101.3 Million or 56% less than 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**

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

**2024.01.25**

**A-F (01-2024)**

The actual Capital Expenditure 2023/24 Mid-Year is **R850.9 Million**, which represents a spending of **30.54%** of the total capital budget of **R2. 785 billion**. It is important to note that the outstanding commitments at the end of December 2023 amounted to **R163.4 Million**. The actual expenditure plus commitments for the Mid-Year amounted to **R1.014 billion**, which represents **36.41%** of the Capital Budget.

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

	Sum of Original Budget	Sum of Virements	Sum of Adjusted Budget	Sum of Actual Expenditure Year to Date	Sum of Plus: Expenditure Commitments on Solar (Stores Orders, etc.)	Sum of Actual Expenditure Plus Commitments on Solar	% Spent (Actual vs Adjusted Budget)	% Spent (Actual Expenditure Plus Commitments)
Council General	8,500,000	-	8,500,000	-	-	-	0.00%	0.00%
Disaster & Emergency Management Services	32,000,000	-	32,000,000	3,774,595	10,169,163	13,943,758	11.80%	43.57%
Economic Development	24,650,000	-	24,650,000	4,640,468	-	4,640,468	18.83%	18.83%
Ekurhuleni Housing Company (EHC)	1,379,162	-	1,379,162	71,687	-	71,687	5.20%	5.20%
Ekurhuleni Metro Police Department	10,000,000	18,000,000	28,000,000	1,353,796	-	1,353,796	4.83%	4.83%
Energy	555,439,499	-	555,439,499	303,644,606	2,320,845	305,965,451	54.67%	55.09%
Environmental Resources & Waste Management	54,100,000	-	54,100,000	20,171,002	23,807,700	43,978,702	37.28%	81.29%
ERWAT	127,646,091	-	127,646,091	43,305,217	-	43,305,217	33.93%	33.93%
Health and Social Development	4,248,000	-	4,248,000	-	-	-	0.00%	0.00%
Human Settlements	500,091,000	-	500,091,000	109,471,428	-	109,471,428	21.89%	21.89%
Information and Communication Technology	213,000,000	-	213,000,000	61,049,054	5,436,339	66,485,392	28.66%	31.21%
Real Estate	56,444,474	-	56,444,474	26,598,237	2,248,210	28,846,447	47.12%	51.11%
Roads and Stormwater	255,640,123	-	255,640,123	42,665,870	-	42,665,870	16.69%	16.69%
Service Delivery Coordination	25,000,000	-	25,000,000	11,956,319	-	11,956,319	47.83%	47.83%
Sport Recreation Arts and Culture	24,575,000	-	24,575,000	9,603,935	1,920,783	11,524,718	39.08%	46.90%
Transport Planning & Provision	287,956,831	-	287,956,831	59,661,146	-	59,661,146	20.72%	20.72%
Water and Sanitation	587,000,000	-	587,000,000	152,892,053	117,513,585	270,405,638	26.05%	46.07%
<b>Grand Total</b>	<b>2,767,670,180</b>	<b>18,000,000</b>	<b>2,785,670,180</b>	<b>850,859,412</b>	<b>163,416,625</b>	<b>1,014,276,037</b>	<b>30.54%</b>	<b>36.41%</b>

The actual Capital Expenditure of R850.9 Million as indicated above is funded as follows:

Source of Funding	Sum of Original Budget	Sum of Virements	Sum of Adjusted Budget	Sum of Actual Expenditure Year to Date	Sum of Plus: Expenditure Commitments on Solar (Stores Orders, etc.)	Sum of Actual Expenditure Plus Commitments on Solar	% Spent (Actual vs Adjusted Budget)	% Spent (Actual Expenditure Plus Commitments)
ISUPG	733,197,000	-	733,197,000	297,908,751	42,694,721	340,603,472	40.63%	46.45%
NDPG	53,590,000	-	53,590,000	9,043,138	-	9,043,138	16.87%	16.87%
Provincial Grant	11,823,000	-	11,823,000	6,283,343	-	6,283,343	53.15%	53.15%
PTNG	277,956,831	-	277,956,831	59,335,993	-	59,335,993	21.35%	21.35%
Revenue	355,669,727	18,000,000	373,669,727	98,098,532	49,760,323	147,858,855	26.25%	39.57%
USDG	1,335,433,622	-	1,335,433,622	380,189,653	70,961,581	451,151,234	28.47%	33.78%
<b>Grand Total</b>	<b>2,767,670,180</b>	<b>18,000,000</b>	<b>2,785,670,180</b>	<b>850,859,412</b>	<b>163,416,625</b>	<b>1,014,276,037</b>	<b>30.54%</b>	<b>36.41%</b>

The amount spent on **grant funded** projects amounts to **R752.8m** which represents 88.47% of the total Second Quarter spending of **R850.9 Million**. However, the R752.8m represents **31.21% (35% was projected to be spent in Quarter 2)**, spending from the total grant funded budget of **R2. 412 billion**.

Annexure B shows the detailed capital expenditure per project.

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

**2024.01.25**

**A-F (01-2024)**

**6.3 Financial Position**

**6.3.1 Debtors Analysis**

The Collection Rate for the **Second Quarter** ended 31 December 2023 is **90.58%** which is more than the quarterly **target of 90.0%**. Year-to date collection rate is **91.92%** against target of 90%. The table below reflects the total consumer debtors' age analysis at the end of the Second Quarter of the 2023-24 Financial Year:

<b>SUMMARY</b>	NT Code	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	1200	594,849	313,523	418,756	270,978	226,077	212,712	1,424,467	4,851,077	8,312,440
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,393,533	380,738	81,809	90,403	92,026	45,845	216,371	917,479	3,218,204
Receivables from Non-exchange Transactions - Property Rates	1400	592,715	224,729	200,574	159,761	147,317	141,202	760,216	2,722,973	4,949,488
Receivables from Exchange Transactions - Waste Water Management	1500	234,667	105,089	132,567	86,049	74,140	71,181	471,350	1,274,539	2,449,582
Receivables from Exchange Transactions - Waste Management	1600	117,550	59,695	94,546	48,285	41,358	40,518	236,930	1,245,845	1,884,726
Receivables from Exchange Transactions - Property Rental Debtors-BP866	1700	3,452	4,937	4,960	274,908	-	-	-	-	288,258
Interest on Arrear Debtor Accounts	1810	102,410	97,736	97,550	100,638	76,472	73,469	444,961	1,463,136	2,456,373
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-
Other	1900	43,314	22,031	19,519	14,190	13,325	11,094	75,564	504,587	703,624
<b>Total By Income Source</b>	<b>2000</b>	<b>3,082,492</b>	<b>1,208,477</b>	<b>1,050,281</b>	<b>1,045,213</b>	<b>670,716</b>	<b>596,021</b>	<b>3,629,859</b>	<b>12,979,636</b>	<b>24,262,695</b>
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	2200	74,824	25,057	15,063	7,600	6,619	5,740	16,068	24,471	175,442
Municipal		219	132	44	39	24	24	164	286	933
Commercial	2300	1,738,108	453,730	160,233	174,301	146,704	110,424	571,199	2,237,453	5,592,152
Households	2400	1,239,544	717,594	865,547	852,922	509,949	472,981	2,980,326	10,414,352	18,053,215
Other	2500	29,797	11,964	9,394	10,352	7,420	6,851	62,101	303,073	440,953
<b>Total By Customer Group</b>	<b>2600</b>	<b>3,082,492</b>	<b>1,208,477</b>	<b>1,050,281</b>	<b>1,045,213</b>	<b>670,716</b>	<b>596,021</b>	<b>3,629,859</b>	<b>12,979,636</b>	<b>24,262,695</b>

Total outstanding debtors as at 31st December 2023 amounted to R24,2 billion. The debt owed between 0-30 days is regarded as current debt and amounts to R3,1 billion, debt from 30-90 days to value of R 1,2 billion within reasonable credit terms whilst R19.9 billion in arrears for more than 90 days which requires debt collector and legal interventions in addition to physical credit control measures. Households debt represent 74% of the total debt owed to the city whilst commercial account for 23.2% thereof.

Below reflects some of the challenges and corrective measures:

- General tariff increases with effect from 1 July 2023 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 processes before customers respond. Eskom supply areas have a collection rate of 20.88% (in 2022/23 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 represents 35,65% of total debts book of the city.
- **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;

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

**2024.01.25**

**A-F (01-2024)**

- **Illegal connections, tampering and meter access** - Energy department to assist with supply disconnections.
- **Load shedding** – impacts on ability to process scheduled consumer billing, ability to accept payments and address enquiries from public.
- Extended interim water and electricity readings impacting the correctness of the customers billing accounts
- Receipting and networking challenges during the period of load sheddings

**Collection Rate per CCA for the Second Quarter (October – December 2023)**

<b>SUMMARY</b>					
		Period :		Dec-23	
Area	Total Levied (Incl Adjustments)	Total Receipts	SDBIP Target	Collection Target Dec-23	Collection YTD Dec-23
Alberton	2,424,301,352	1,855,040,977	90%	326,830,240	88.35%
Benoni	1,783,787,552	1,500,761,020	90%	104,647,777	101.79%
Boksburg	3,596,446,386	2,683,132,231	90%	553,669,516	85.31%
Brakpan	966,347,986	735,431,818	90%	134,281,370	85.77%
Edenvale	1,400,154,493	1,093,520,693	90%	166,618,351	93.28%
Germiston	4,905,783,093	3,805,768,541	90%	609,436,243	90.75%
Kempton Park	5,088,231,999	4,236,803,091	90%	342,605,708	96.78%
Nigel	810,422,689	607,666,142	90%	121,714,278	85.27%
Springs	1,571,043,739	1,281,965,008	90%	131,974,357	96.27%
<b>Total</b>	<b>22,546,519,289</b>	<b>17,800,089,520</b>		<b>2,491,777,840</b>	<b>91.92%</b>

The quarterly revenue collection performance is 91.92% in comparison with quarterly target of 90%. The quarterly target was not achieved and reflects over performance of 1.92%. The improvements could be as a results in improvement in the debts recovery process and implementation of revenue blitz and the removal of illegal connection within the city.

**6.3.2 Creditors Analysis**

The creditors' age analysis at the end of **December 2023** was as follows:

SUPPLIER NAME	TOTAL AMT OWED	CURRENT	30 DAYS	60 DAYS +
ESKOM	1,269,691,340	1,269,691,340		
RANDWATER	440,137,911	440,137,911		
OFFICE OF THE AUDITOR GENERAL	11,229,209	11,229,209		
ERWAT	247,958,912	123,979,456	123,979,456	
GPG: ECONOMIC DEVELOPMENT	105,039,325	105,039,328		
STAFF DEDUCTIONS	298,000,000	298,000,000		
OTHER SUPPLIERS	772,516,047	415,630,483	300,660,189	56,225,375
<b>TOTALS</b>	<b>3,144,572,745</b>	<b>2,663,707,728</b>	<b>424,639,645</b>	<b>56,225,375</b>

The table above shows all the major creditors and 3<sup>rd</sup> 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.

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

**2024.01.25**

**A-F (01-2024)**

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**6.3.3 Investment Portfolio Analysis**

The investments as at 31 December 2023 are as follows:

- Unencumbered: 130 666 812.82
- Encumbered: 845 854 097.20
- In entities (Rand Airport) 4 000 106.00

Total investments as per register **980 521 010.24**

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

**2024.01.25**

**A-F (01-2024)**

CAPITAL												
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 ACCURED / EARNED	INTEREST RATE	REFERENC E IN LEDGER	BALANCE 31.12.2023	ENCUMBERED
<b>INVESTEC BANK</b>												
13-Nov-98	ON CALL	Call deposit	ENCUMBERED DEP.	138799500	22,107,765.83			918,221.67	6.85%	GROWTH	23,025,987.50	
					<b>22,107,765.83</b>	-	-	<b>918,221.67</b>			<b>23,025,987.50</b>	
<b>STANLIB</b>												
10-Apr-00	ON CALL	Call deposit	MONEY MARKET FUN	53967019	6,825,924.68		0.00	300,189.65	Variable	700369888	7,126,114.33	
					6,825,924.68	0.00	0.00	300,189.65			7,126,114.33	
<b>RAND MERCHANT BANK</b>												
02-Aug-00	Unit Trusts		GUARANTEED TRUST	RU 502221102	7,491,946.16			315,508.18	13.25%	GROWTH	7,807,454.34	
01-Oct-98	Money Market		MONEY MARKET FUN	RU500456214	51,112,458.84			2,152,498.05	6.07%	GROWTH	53,264,956.89	
12-Nov-98	Unit Trusts		GUARANTEED TRUST	RU500433509	37,848,391.24			1,593,908.52	14.76%	GROWTH	39,442,299.76	
					<b>96,452,796.24</b>	<b>0.00</b>		<b>4,061,914.75</b>			<b>100,514,710.99</b>	<b>0.00</b>
<b>NEDBANK STRUCTURED DEPOSIT SINKING FUND R800M TO PROVIDE FOR A BOND CAPITAL EMM03</b>												
			OPENING BALANCE	26536155	765,225,587.82				8.24%	GROWTH	765,225,587.82	765,225,587.82
18-Dec-12	01-May-24	29-Jul-23		26536155		5,268,832.97		5,528,073.51	8.24%		10,796,906.48	10,796,906.48
18-Dec-12	01-May-24	31-Aug-23		26536155		5,268,832.97		5,080,502.34	8.24%		10,349,335.31	10,349,335.31
18-Dec-12	01-May-24	29-Sep-23		26536155		5,268,832.97		5,503,310.14	8.24%		10,772,143.11	10,772,143.11
18-Dec-12	01-May-24	29-Oct-23		26536155		5,268,832.97		5,578,697.44	8.24%		10,847,530.41	10,847,530.41
18-Dec-12	01-May-24	01-Nov-23		26536155			34,931,167.03	5,472,205.47	8.24%		-29,458,961.56	-29,458,961.56
18-Dec-12	01-May-24	29-Dec-23		26536155		4,741,949.68		5,272,691.62	8.24%		10,014,641.30	10,014,641.30
					765,225,587.82	25,817,281.56	34,931,167.03	32,435,480.52			788,547,182.87	788,547,182.87
<b>NEDBANK STRUCTURED DEPOSIT SINKING FUND R2 BILLION DBSA</b>												
30-Jun-23	30-Jun-25			66294929	8,558,161.16				11.74%		8,558,161.16	8,558,161.16
30-Jun-23	30-Jun-25	25-Jul-23		66294929		8,558,161.16		67,234.31			8,625,395.47	8,625,395.47
30-Jun-23	30-Jun-25	25-Aug-23		66294929		8,558,161.16		167,396.08			8,725,557.24	8,725,557.24
30-Jun-23	30-Jun-25	26-Sep-23		66294929		8,558,161.16		260,539.20			8,818,700.36	8,818,700.36
30-Jun-23	30-Jun-25	25-Oct-23		66294929		8,558,161.16		316,479.81			8,874,640.97	8,874,640.97
30-Jun-23	30-Jun-25	01-Nov-23		66294929			28,886,647.28	452,163.43			-28,434,483.85	-28,434,483.85
30-Jun-23	30-Jun-25	01-Dec-23		66294929		8,558,161.16		142,994.49			8,701,155.65	8,701,155.65
					8,558,161.16	42,790,805.80	28,886,647.28	1,406,807.32			23,869,127.00	23,869,127.00
<b>ABSA BANK STRUCTURED DEPOSIT SINKING FUND R2 BILLION DBSA</b>												
30-Jul-24	30-Jun-25	30-Jul-23		178286025		18,539,097.00			11.53%		18,539,097.00	18,539,097.00
30-Jul-24	30-Jun-25	28-Aug-23		178286025		18,539,097.00		175,705.00	11.53%		18,714,802.00	18,714,802.00
30-Jul-24	30-Jun-25	28-Sep-23		178286025		18,539,097.00		341,306.23	11.53%		18,880,403.23	18,880,403.23
30-Jul-24	30-Jun-25	30-Oct-23		178286025		18,539,097.00	79,000,000.00	585,217.00	11.53%		-59,875,686.00	-59,875,686.00
30-Jul-24	30-Jun-25	28-Nov-23		178286025		18,539,097.00		(34,277.00)	11.53%		18,504,820.00	18,504,820.00
30-Jul-24	30-Jun-25	28-Dec-23		178286025		18,539,097.00		135,254.10	11.53%		18,674,351.10	18,674,351.10
					0.00	111,234,582.00	79,000,000.00	1,203,205.33			33,437,787.33	33,437,787.33
<b>RAND AIRPORT</b>												
			SHAREHOLDING		4,000,000.00						4,000,000.00	
<b>MUNICIPAL ENTITIES</b>												
10-Mar-99			G.G. INNER CITY HSNB		106.00						100.00	
					106.00		0.00				100.00	
			<b>TOTAL INVESTMENTS</b>		<b>903,170,341.73</b>	<b>179,842,669.36</b>	<b>142,817,814.31</b>	<b>40,325,819.24</b>			<b>980,521,010.02</b>	<b>845,854,097.20</b>



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

**2024.01.25**

**A-F (01-2024)**

**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:

Vote balancing	Name of Grant	EMM Responsible Department	Unspent Funds - 22/23 Opening Balances 23/24	Surrenders to National / Provincial Treasury / Appropriation to revenue	Accumulated Receipts for the Financial year	Accumulated Expenditure for the Financial year	Balance Available	% Spent
<b>NATIONAL / DORA GRANTS - OPERATING</b>								
27547630490000000000	Finance Management Grant (FMG)	Finance	-	-	1 000 000	(312 895)	687 105	31,29%
	<b>TOTAL</b>		-	-	<b>1 000 000</b>	<b>(312 895)</b>	<b>687 105</b>	<b>31,29%</b>
19501172010MBZZZZ16	Equitable Share - Electricity	Energy	-	-	719 703 942	(719 703 942)	-	100,00%
64581172010MBZZZZ16	Equitable Share - Solid Waste	Waste Management	-	-	595 850 781	(595 850 781)	-	100,00%
68581172010MBZZZZ16	Equitable Share -Water and Wastewater	Water & Sanitation	-	-	1 765 369 685	(1 765 369 685)	-	100,00%
23981172010MBZZZZ16	Equitable Share - Finance	Finance	-	-	727 387 592	(727 387 592)	-	100,00%
23981172000MDZZZZ16	Fuel Levy - Finance	Finance	-	-	1 226 010 000	(1 226 010 000)	-	100,00%
	<b>TOTAL</b>		-	-	<b>5 034 322 000</b>	<b>(5 034 322 000)</b>	-	<b>100,00%</b>
<b>NATIONAL / DORA GRANTS - CAPITAL</b>								
27547610590000000000	Urban Settlement Development Grant (USDG)	Human Settlements	-	-	667 713 000	(381 186 390)	286 526 610	57,09%
27547610790000000000	Public Transport Network Grant (PTNG)	Transport	-	-	342 315 000	(212 474 093)	129 840 907	62,07%
27547610390000000000	Neighborhood Development Partnership Grant (NDPG)	Human Settlements	-	-	51 940 000	(9 023 501)	42 916 499	17,37%
27547631590000000000	NDPG- Public Employment Programme (PEP)	Economic Development	58 447 900	(58 447 900)	129 810 000	(48 507 497)	81 302 503	37,37%
27547630190000000000	Energy efficiency and Demand-Side Management Grant	Energy	-	-	5 000 000	(106 482)	4 893 518	2,13%
27547630290000000000	Expanded Public Works Programme (EPWP)	Economic Development	-	-	23 463 000	(7 460 193)	16 002 807	31,80%
27547611190000000000	Informal Settlement Upgrading Partnership Grant (ISUPG)	Human Settlements	-	-	418 658 000	(300 594 492)	118 063 508	71,80%
27547631390000000000	Programme & Project Preparation Support Grant (PPPSG)	EPMO	-	-	58 820 000	(50 310 311)	8 509 689	85,53%
	<b>TOTAL</b>		<b>58 447 900</b>	<b>(58 447 900)</b>	<b>1 697 719 000</b>	<b>(1 009 662 959)</b>	<b>688 056 041</b>	<b>59,47%</b>
<b>PROVINCIAL GRANTS - OPERATING</b>								
27547630390000000000	SETA	Human Resources	-	-	2 531 906,72	(167 448,24)	2 364 458,48	6,61%
27547631890000000000	HIV/AIDS Grant	Health & Social	3 676 576,73	(3 676 576,73)	19 751 000,00	(10 002 333,61)	9 748 666,39	50,64%
27547631790000000000	Recapitalisation of Community Libraries and Libraries Plan	SRAC - Libraries	-	-	19 856 800,00	(7 215 209,93)	12 641 590,07	36,34%
27547631090000000000	Human Settlement Development Grant (HSDG)	Human Settlements	91 279 698,54	-	-	-	91 279 698,54	0,00%
	<b>TOTAL</b>		<b>94 956 275,27</b>	<b>(3 676 576,73)</b>	<b>42 139 706,72</b>	<b>(17 384 991,78)</b>	<b>116 034 413,48</b>	<b>13,03%</b>
<b>PROVINCIAL - SUBSIDIES</b>								
29221162050RQZZZZ16	Primary Health Care Subsidy (PHC)	Health & Social Development	-	-	125 419 000,00	(125 419 000,00)	-	100,00%
	<b>TOTAL</b>		-	-	<b>125 419 000,00</b>	<b>(125 419 000,00)</b>	-	<b>100,00%</b>
	<b>Total National / DORA Grants + Subsidies</b>		<b>58 447 900</b>	<b>(58 447 900)</b>	<b>6 733 041 000</b>	<b>(6 044 297 855)</b>	<b>688 743 146</b>	<b>89,77%</b>
	<b>Total Provincial Grants + Subsidies</b>		<b>94 956 275</b>	<b>(3 676 577)</b>	<b>167 558 707</b>	<b>(142 803 992)</b>	<b>116 034 413</b>	<b>55,17%</b>
	<b>GRAND TOTAL</b>		<b>153 404 175</b>	<b>(62 124 476)</b>	<b>6 900 599 707</b>	<b>(6 187 101 846)</b>	<b>804 777 559</b>	<b>88,49%</b>

The receipts to date amounted to R6.901 billion whilst expenditure is at R6.187 billion. The total unspent funds as at 31 December 2023 including approved rollovers is R805 million.

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

**2024.01.25**

**A-F (01-2024)**

The **unspent grants** at the beginning of the 2023/24 Financial Year amounted to R153.4 Million. Of the R153,4 Million of the roll-over applications submitted to both National and Provincial Treasury, R91,2 Million was approved and R62.1 Million was rejected, and the rejected requested could not be committed as the grants relates to payment of stipends to employees.

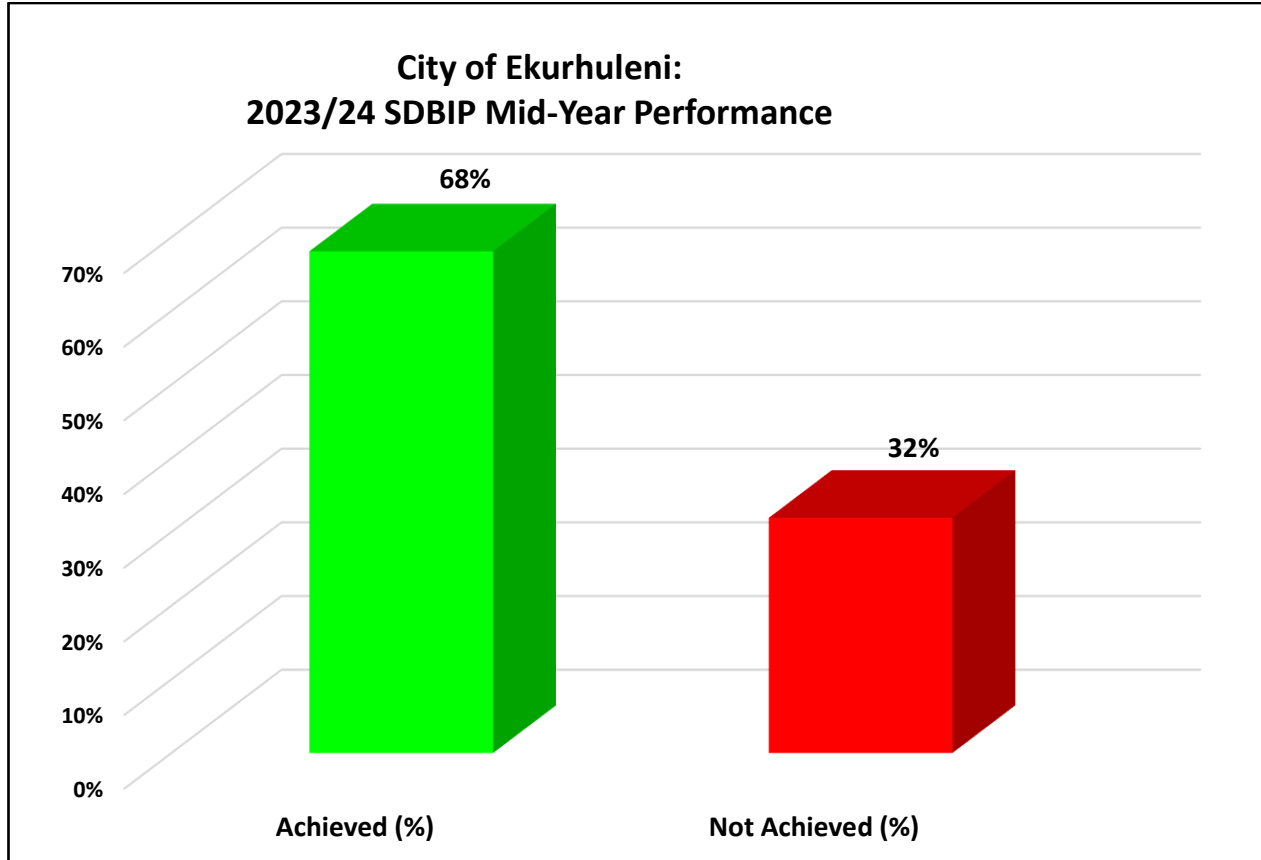
Name of the Grant	Responsible Department	Roll-over requested	Amount Approved	Amount Rejected	Comments
Neighborhood Development Partnership Grant (NDPG)(PEP)	Economic Development	58,447,900	-	58,447,900	The roll-over appeal was rejected and funds were offset against the equitable share
HIV/AIDS Grant	Health and Social Development	3,676,577	-	3,676,577	The roll-over application was rejected and no appeal was submitted as guided by the user department, funds are being returned to the Provincial Revenue Fund
Human Settlement Development Grant (HSDG)	Human Settlements	91,279,699	91,279,699	-	The roll-over request was approved
<b>Total</b>		<b>153,404,175</b>	<b>91,279,699</b>	<b>62,124,476</b>	

**7. SUMMARY OF THE UNAUDITED MID-YEAR SDBIP REPORT: MID-YEAR OF THE 2023/2024 FINANCIAL YEAR**

**SUMMARY OF THE MID-YEAR NON-FINANCIAL PERFORMANCE INFORMATION**

**CITY-WIDE PERFORMANCE**

**FIGURE 1: CITY-WIDE 2023/24 MID-YEAR PERFORMANCE**



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

**2024.01.25**

**A-F (01-2024)**

The City committed to a total of 94 targets in the mid-year period of the 2023/24 Financial Year. Against these commitments, 64 (68%) targets were achieved and 30 (32%) were not achieved. The committed targets were contributed by the twenty-one (21) departments and two (2) entities for the metro-wide SDBIP during the mid-year reporting period. Of the twenty-one (21) departments and two (2) entities that committed to the targets, ten (10) achieved 100%, six (6) achieved between 83% and 73%, while seven (7) achieved 50% and less. A total of three (3) departments and one (1) entity achieved 0% of their targets at mid-year.

**FIGURE 2: CITY-WIDE 2023/24 MID-YEAR PERFORMANCE PER CLUSTER**

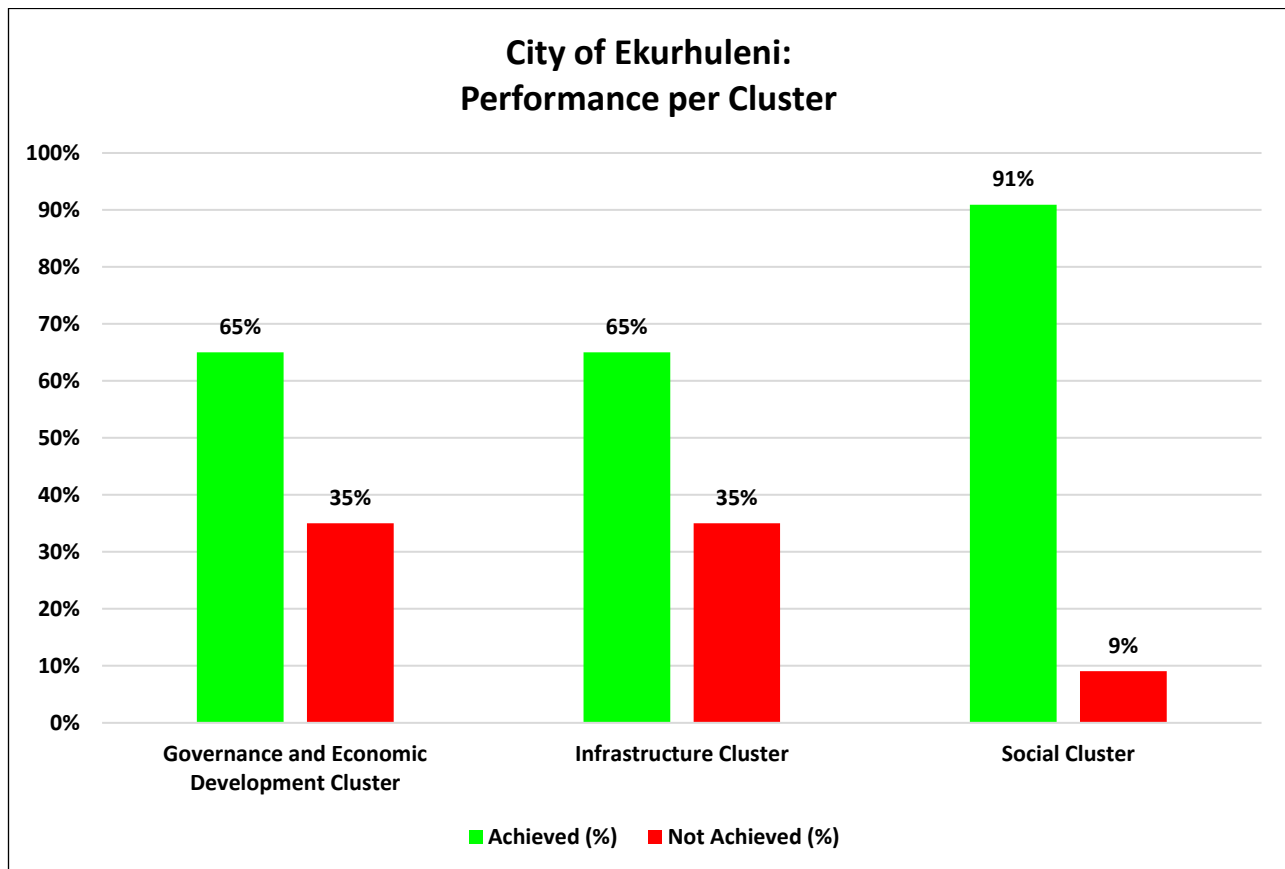


Figure 2. above presents the mid-year performance against the targets set for the mid-year period of the 2023/24 Financial Year per cluster. The figure shows that the Social Cluster recorded the highest performance of 91% target achievement followed by both the Infrastructure and Governance and Economic Clusters which recorded 65% target achievement respectively.

CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
EXTRAORDINARY COUNCIL MEETING

2024.01.25

A-F (01-2024)

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

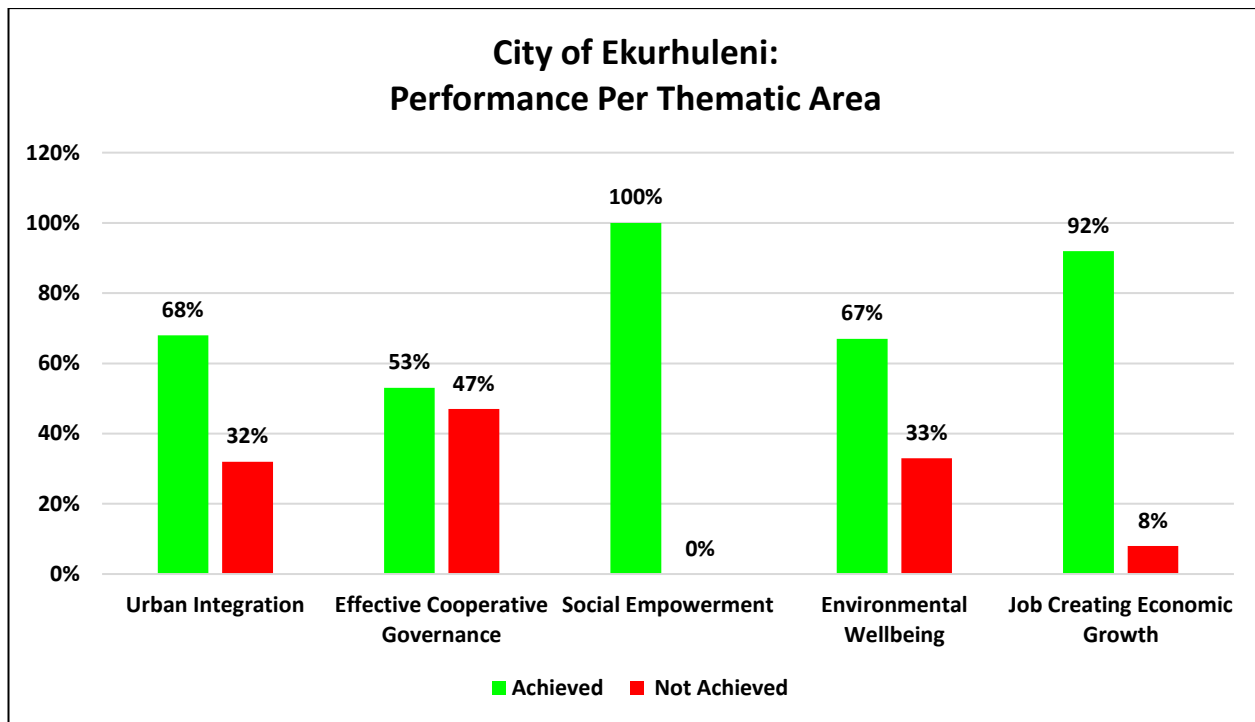


Figure 3. above presents the performance against targets set within specific Thematic Areas of the Growth and Development Strategy (GDS) 2055. The performance on targets that were planned to be delivered over the period under review is summarised as follows:

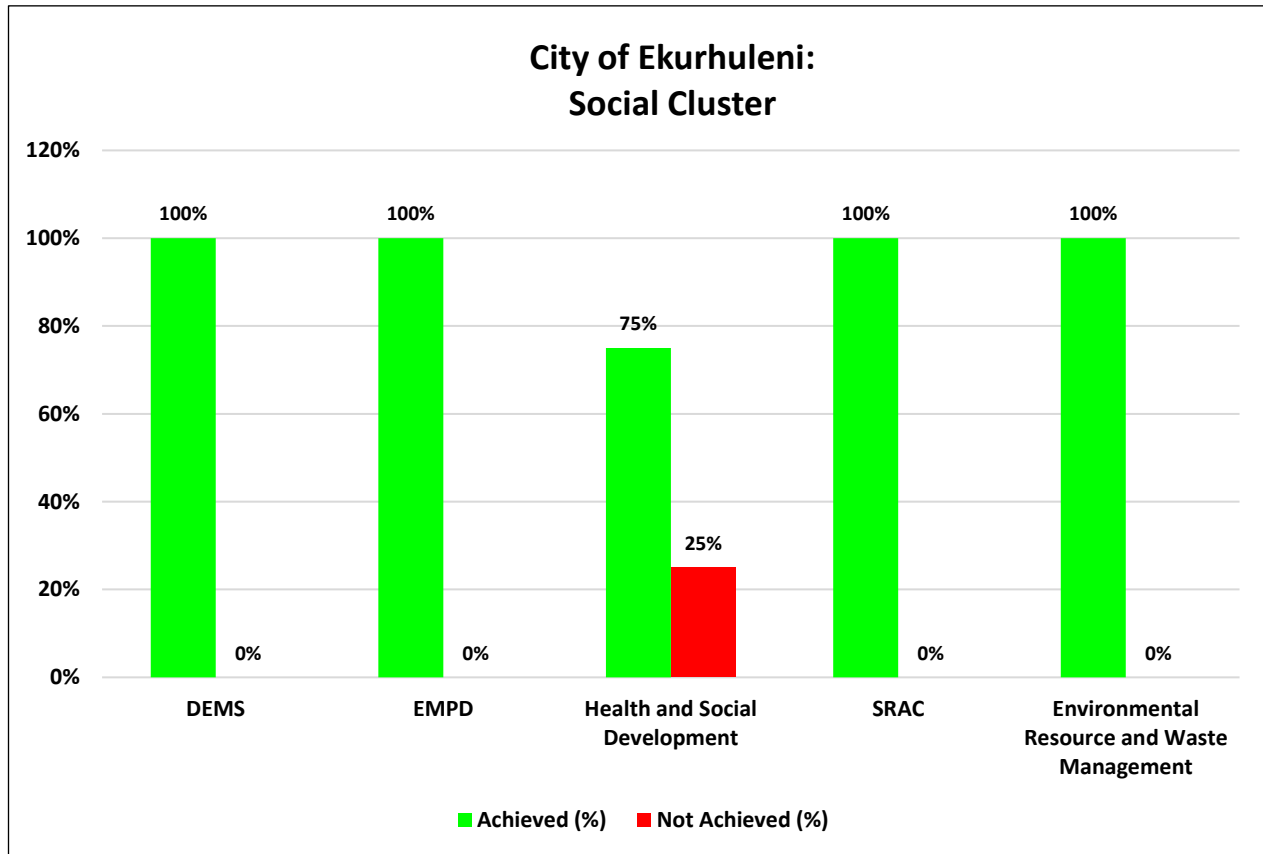
- The highest performance was recorded for targets that were planned for Social Empowerment GDS Thematic Area. A total of 6 targets that were planned were all achieved, and this translates to 100% target achievement.
- The second highest performance was recorded for the Job Creating Economic Growth GDS Thematic Area in which 92% of the 12 targets that were planned during the mid-year period were achieved.
- The above figure also indicates that Urban Integration GDS Thematic Area achieved 68% of the planned targets as the third highest performance achieved.
- A total of 6 targets were planned for Environmental Wellbeing GDS Thematic Area and 67% of the targets were achieved while the Effective Cooperative Governance GDS Thematic Area achieved 53% of its 32 set targets at mid-year.

CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
EXTRAORDINARY COUNCIL MEETING

2024.01.25

A-F (01-2024)

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



**Social Cluster**

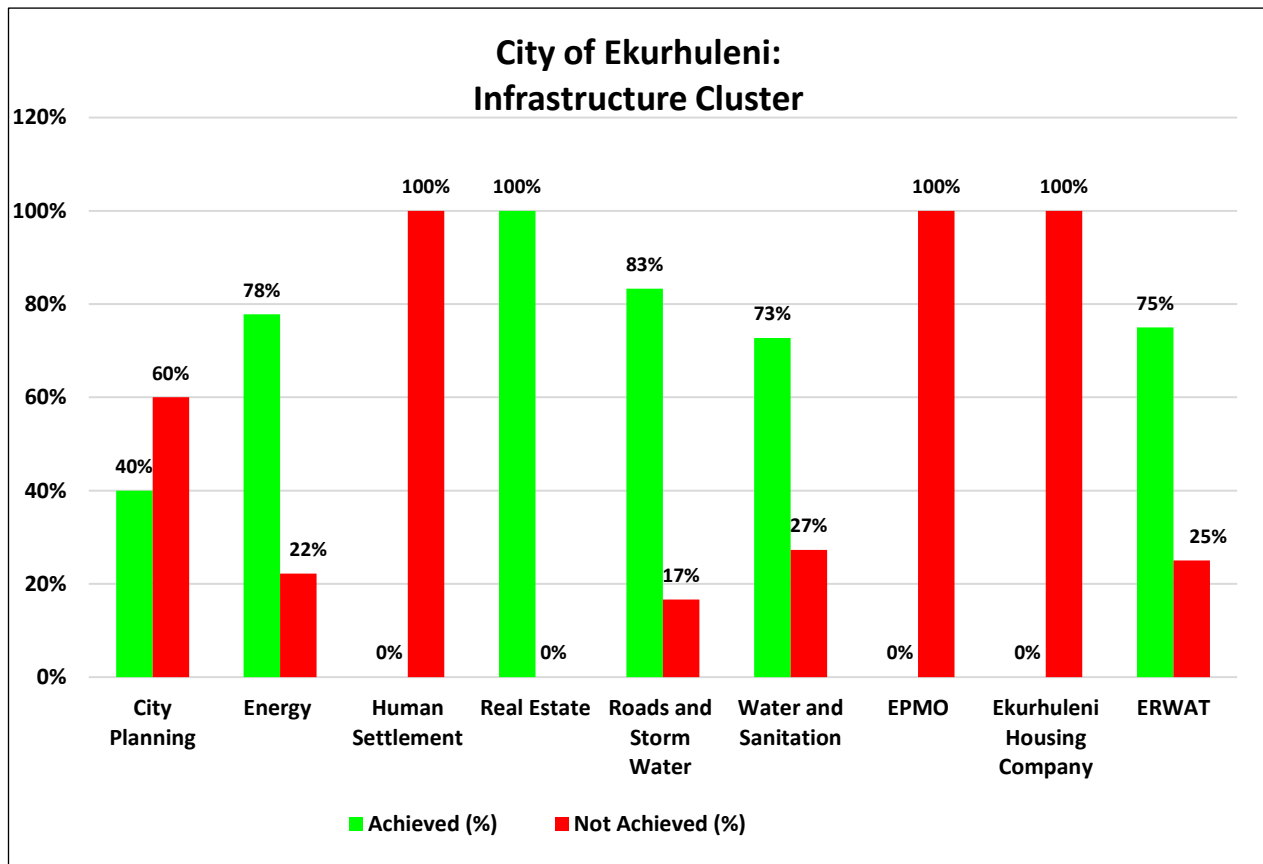
The Social Cluster committed to a total of eleven (11) targets which were contributed to by five (5) departments during the period under review, and of those targets, 10 (91%) were achieved. Four (4) of these departments achieved hundred per cent (100%) of their targets as presented in the above Figure 4. These departments are Disaster and Emergency Management Services (DEMS), Ekurhuleni Metro Police Department (EMPD), Sports, Recreation, Arts and Culture (SRAC) and Environmental Resources and Waste Management (ERWM). Health and Social Development department recorded seventy-five per cent (75%) achievement of its targets.

CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
EXTRAORDINARY COUNCIL MEETING

2024.01.25

A-F (01-2024)

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



**Infrastructure Cluster**

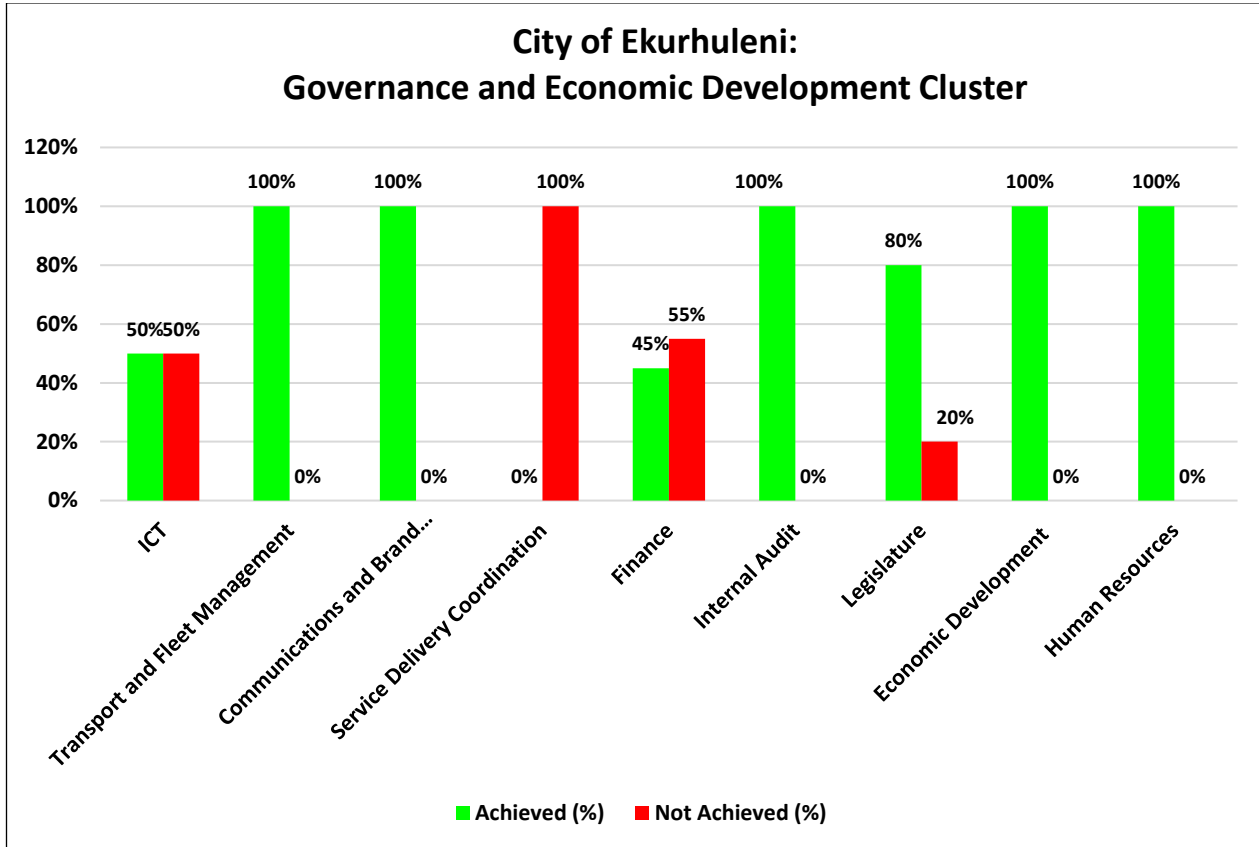
The cluster committed to a total of 40 targets and of those targets, 26 (65%) were achieved. Real Estate is the only department in this cluster that achieved 100% of their planned targets during the period under review. This was followed by Roads and Storm Water at 83% and Energy at 78%. ERWAT and Water and Sanitation achieved 75% and 73% of their planned targets respectively, while City Planning achieved 40% of their planned targets. Human Settlements, Enterprise Programme Management Office (EPMO) and Ekurhuleni Housing Company (EHC) achieved 0% of their planned targets.

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

2024.01.25

A-F (01-2024)

**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-three (43) targets that were planned to be met during the period under review. A total of 28 (65%) targets were achieved and 15 (35%) were not achieved. Five (5) departments (Transport and Fleet Management, Communications and Brand Management, Internal Audit, Economic Development and Human Resources) achieved 100% of their set targets. The second highest performing department was Legislature at 80%, followed by ICT at 50% and Finance which achieved 45% of its set targets. While Service Delivery Coordination recorded nil per cent (0%) target achievement.

**HIGHLIGHTS FOR 2023/24 SDBIP MID-YEAR PERFORMANCE**

During the current period under review, the key focus included the improvement of the quality of targeted services to informal settlements. 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.

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

**2024.01.25**

**A-F (01-2024)**

---

### **7.1 SOCIAL EMPOWERMENT**

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

- SRAC implemented 255 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 mid-year which is well below the National Indicators of 2%.
- In contributing towards the attainment of the people's government 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 1 868 new indigent households were approved as part of the process to get the finance final approval to receive the free basic services, against a target of 1 420. 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. 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 behavior and voluntary compliance to by-laws and traffic laws. A total of 84 planned by-law enforcement policing operations were implemented at mid-year while 303 interventions to reduce crime and related incidents were implemented.

### **7.2 JOB CREATION**

The City recognises unemployment, poverty, homelessness as fundamental challenges of 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 6 475 work opportunities through public employment programmes (incl. EPWP, CWP and other related employment programmes).

### **7.3 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 341 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.

### **8. ORGANISATIONAL AND HUMAN RESOURCE IMPLICATIONS**

None



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

**2024.01.25**

**A-F (01-2024)**

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**9. FINANCIAL IMPLICATIONS**

The detailed financial implications have been addressed in the report.

**10. LEGAL IMPLICATIONS**

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

**11. COMMUNICATION IMPLICATION**

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

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

**12. COMMENTS FROM RELEVANT DEPARTMENTS**

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

**13. LIST OF ANNEXURE/S**

**Annexure A:** Departmental Operating Budget Reports for mid-year and Second Quarter of 2023/24 Financial Year;

**Annexure B:** Detailed Capital Expenditure Reports for mid-year and Second Quarter of 2023/24 Financial Year; and

**Annexure C:** Detailed Performance Report (Pre-Determined Measurable Performance Targets for mid-year and Second Quarter of 2023/24

**14. RECOMMENDATION**

1. That the report on the City of Ekurhuleni's (CoE) Unaudited **Second Quarter and Mid-year** Financial and Performance Results of the 2023/24 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, **BE NOTED**.
2. **That** the 2023/24 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 **25<sup>th</sup> January 2024**.
3. **That**, in compliance with Section 52(d) of the MFMA, the financial results regarding the operating and capital budgets for the Second Quarter of the 2023/24 Financial Year as at 31 December 2023, **BE SUBMITTED** to Council.

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

**2024.01.25**

**A-F (01-2024)**

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- 4. 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 2024.**
- 5. That, based on the Mid-year review, an Adjustment Budget will BE SUBMITTED separately to Council for consideration of approval by 28<sup>th</sup> February 2024.**
- 6. 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.**