

**REPORT BY THE MAYOR OF KWADUKUZA MUNICIPALITY,
CLLR. DOLLY GOVENDER, ON THE OCCASION OF THE
TABLING OF THE 2020/2021 SECTION 52(D) FOURTH
QUARTER BUDGET AND PERFORMANCE ASSESSMENT
REPORT FOR THE PERIOD 1st JULY 2020 – 30th JUNE 2021.**

Thursday, 29 July 2021

1. SPEAKER OF COUNCIL, CLLR. LINDILE NHACA
2. CHIEFWHIP OF COUNCIL, CLLR. DUMISANI NDIMANDE
3. MEMBERS OF THE EXECUTIVE COMMITTEE
4. AMAKHOSI
5. CHAIRPERSONS OF SECTION 79 COMMITTEES
6. FELLOW COUNCILLORS
7. MUNICIPAL MANAGER AND MANAGEMENT TEAM
8. RESIDENTS AND STAKEHOLDERS
9. MEMBERS OF THE MEDIA
10. LADIES AND GENTLEMEN:

I greet you all.

Madam Speaker, as you have provided direction for me to lead the presentation of item C1121, which is set out to comply with section 52(d) of the Municipal Finance Management Act (MFMA), I hereby submit to Council this report on the

implementation and performance of the budget for the period 1st July 2020 to 30th June 2021.

Fellow Councillors, whilst this report provides a quarterly overview of the financial performance of the municipality, it also serves as a monitoring tool for Council on the non-financial indicators which are part of the service delivery and budget implementation plan.

Furthermore, it promotes/ensures good governance and provides Council with the necessary information to make informed decisions.

Section 52 (d) of the MFMA requires that:

I, as “the mayor of the municipality 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 affairs of the municipality.”

Schedule C of the Municipal Budget and Reporting Regulations, states that the mayor’s report accompanying an in-year report must provide:

- a) “A summary of whether the municipality’s budget is being implemented in accordance with the service delivery and*

budget implementation plan and any service delivery agreements with municipal entities;”

b) “A summary of any financial problems or risks facing the municipality or any such entity; and”

c) “Any other information considered relevant by the mayor.”

With reference to above mentioned requisites the attention of the house is drawn to Part 1 of the report, particularly the executive summary from page 129 onwards which gives us an overview of the implementation and performance of the budget for the period 1st July 2020 to 30th June 2021.

Madam Speaker, I wish to draw Council to the fact that in terms of the report the Municipality realised a negative variance of R119m which can be based on 2 categories of this report for discussion:

- (1) contributing factors to the over collection/billing, and
- (2) contributing factors to the under collection/billing.

Property Rates

Property rates reflects a positive variance of R6,691 million. Explanation as provided in the report is that a revenue enhancement desktop exercise was conducted between the

GV 2015 and GV 2021 and additional rates revenue was raised upon receipt of the Supplementary Valuation Roll 7.

Other Revenue

Other Revenue reflects a positive variance of R25,492 million as reflected in the table in the report. The Municipality received a R3 million rebate from Dolphin Coast Waste Management Services. Also, R 9,813 million has been processed which relates to unidentified deposits older than three years that has been transferred to revenue.

Service Charges – Refuse Revenue

Revenue received from refuse services is R68,757 million reflecting a positive variance of R3,394 million. Various adjustments related to the statistics received from Dolphin Coast Waste Management Services for mainly commercial properties in the South resulted in net additional revenue in the region of R2,1 million.

Under collection was noticed in the following revenue categories: -

Service Charges – Electricity

Electricity reflects a negative variance of R84,185 million. as at the end of the Fourth quarter. The variance as stated in the

report is as a result of the June billing that was still to be processed on the system at the time of preparation of this report.

The billing is usually done on the 7th of the subsequent month whereas the report is based on the figures as at the end of each month. The Electricity billing for June was R83,948 million which had been billed on the 8th July 2021.

If this billing were to be taken into account, there would be a negative variance of approximately R237 thousand.

Interest on External Investments

Interest on External Investments reflects a reflects a R10,058 million negative variance. A table is attached in the report to provide a breakdown of the Interest per category. Apart from the Interest already recognised, R5,098 million for June will be accrued.

Interest on Outstanding Debtors

Reflects a R4,928 million negative variance from the budgeted revenue. Council had approved the implementation of the COVID-19 debt relief scheme from 1st July 2020 to 17 June 2021.

With many debtors taking advantage of the debt relief scheme, the billing of interest of outstanding debtors has been lower than anticipated.

Fines, Penalties and Forfeits

Fines, Penalties and Forfeits reflect a negative variance of R30,411 million as at the end of the fourth quarter. The unfavourable variance is as a result of the fines revenue raised on a cash basis whilst the budget is based on iGRAP 1.

GRAP requires us to recognise the total fines issued and not only those collected. This exercise is currently underway and will be finalised upon finalisation of the AFS. However, it must be stressed that the above exercise represents “book revenue” only and the cash receipts from this service remains minimal. At year end the cash receipts for fines issued was only R252 355 thousand.

Agency Services reflects a negative variance of R3,652 million, the testing station was closed on several occasions during the first six months of the financial year as a result of multiple infections within the station as well as lockdown restrictions.

Also, concessions and extensions were given to motorists in terms of vehicle licences and card renewals.

Transfers and Subsidies reflects a negative variance of R16,380 million as at the end of June 2021. The Housing Accreditation and the Operational NDPG total allocations have not been received by the Municipality.

Only R1,187 million Housing Accreditation and R3,568 million had been receipted by the end of the financial year.

The amount that was gazetted for the Accreditation operational cost was R3,140 million for the 2020/2021 financial year. When the Municipality receives the operational costs they are based on 4% of the projects performance.

We have since received R1,187,176.74 million based on our performance from March 2020 until April 2021 as per the Department of Human Settlement's financial year.

Various other details are included in the report for your consideration.

The financial outcomes presented are draft as at 30 June 2021. Various year end entries for both expenditure, capital and revenue are anticipated to be processed which will alter the reflected position.

The report is required in this format as a result of various National Treasury regulations however where possible, narrative explanations for the most recent information has been provided

I invite fellow Councillors to deliberate on this item, and for us to also adopt the recommendations as captured.

Thank you.