



treasury

Department:

Treasury

PROVINCE OF KWAZULU-NATAL

CONSOLIDATED MUNICIPAL BUDGETS PERFORMANCE REPORT

2nd Quarter Review

2021/22

MFQR: 31 December 2021

Compiled by: The KwaZulu-Natal (KZN) Provincial Treasury

Data Source and Reliability

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This report uses data reported by municipalities by the 10th working day of the month, as required in Section 71(1) of the MFMA. The report has been compiled based on information provided by the municipalities in the form of mSCOA data strings, Financial Management Reports (FMR) and other budget performance information for the financial period ended 31 December 2021 from the NT LG Database. Therefore, any queries on the budget, revenue or expenditure figures reflected in the report must be referred to the relevant Municipal Manager or Chief Financial Officer. The quality of the report depends on the reliability and credibility of the information and figures submitted by the municipalities. It is noted that certain municipalities experience challenges with their financial systems as well as with the capturing of financial data in accordance with the mSCOA segments. These problems cause errors in the submitted data strings as well as inaccuracies in the financial information related to misalignment, cash flow and balance sheet budgeting.

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Methodology and Approach

The methodology and approach used for the compilation of this report included the following:

The data for the analysis used in this report was extracted from the NT LG Database as reported by municipalities for the financial quarter ended 31 December 2021. The non-delegated municipalities, namely, the eThekweni Metro and the Msunduzi and uMhlathuze Local Municipalities are included in the report. By the time of extracting the second quarter financial information from the NT LG Database on 18 January 2022, some municipalities may not have corrected the errors in their monthly MFMA Section 71 performance data strings. Such errors may have distorted the reporting of the budget performance as at the end of the second quarter for the respective municipalities, the district totals and the aggregated provincial total.

All municipalities should have generated and spent approximately 50 percent of their 2021/22 Approved Budgets as at the end of the second quarter of the 2021/22 financial year.

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1. Introduction

This consolidated municipal budget performance review covers the financial performance of municipalities in KZN as at the end of the second quarter of the 2021/22 financial year ended 31 December 2021.

The consolidated statement provides the in-year financial performance of municipalities against their budgeted revenue and expenditure. It includes the operating and capital budget performances as well as the debtors, creditors and conditional grant reporting requirements.

Assessing the expenditure performance of municipalities assists in serving as a control and management tool and serves as an early warning signal for identifying financial problems.

This is the third financial year that the report is prepared using the figures from the mSCOA data strings. The mSCOA Regulations were promulgated on 22 April 2014 and prescribed the uniform recording and classification of the municipal budget and financial information at a transaction level. The mSCOA Regulations require that municipalities upload their budget and financial information in a data string format to the Local Government portal across the six mSCOA regulated segments. The quarterly report has been prepared using the mSCOA data strings submitted by the municipalities, however the credibility of the information contained in the data strings is of concern. At the core of the challenge are the following:

- The incorrect use of the mSCOA segments and municipal accounting practices by municipalities;
- A large number of municipalities are not budgeting, transacting and reporting directly in/from their core financial systems. Instead they prepare their budgets and reports on excel spreadsheets and then import the excel spreadsheets into their financial system; and
- Municipalities are not locking their Approved Budgets annually on their financial systems. Furthermore, their financial systems are not being locked at month-end to ensure prudent financial management.

Legislative Framework

In terms of Section 71(7) of the MFMA, *the Provincial Treasury must, within 30 days after the end of each quarter, make public as may be prescribed, a consolidated statement in the prescribed format on the state of municipalities' budgets per municipality and per municipal entity. The MEC for Finance must submit such consolidated statement to the provincial legislature no later than 45 days after the end of each quarter.*

2. District Overview

2.1 Operating Revenue

Table 1: Operating Revenue per source and per district as at the end of Quarter 2 – 2021/22

R'000	Original Budget	Unaudited Actual	% Generated	Detail						
				Property rates	Service charges			Transfers recognised - operational	Other own revenue	Other revenue ²
					Electricity revenue	Water revenue	Other ¹			
eThekwini	43 656 807	22 255 921	51.0	5 220 415	7 741 645	2 498 070	969 978	3 024 151	2 250 092	551 570
Ugu	3 029 047	1 779 782	58.8	385 342	98 699	165 405	93 957	911 219	44 095	81 065
uMgungundlovu	8 545 493	6 908 554	80.8	1 330 868	2 517 409	856 154	367 622	1 465 175	91 704	279 622
uThukela	2 863 154	1 619 042	56.5	219 391	345 001	123 793	32 063	826 425	3 196	69 173
uMzinyathi	1 697 702	1 003 991	59.1	73 452	110 684	37 985	19 100	651 992	51 458	59 320
Amajoba	2 705 264	1 584 810	58.6	204 907	375 476	107 327	113 905	754 404	7 468	21 323
Zululand	2 325 643	1 452 353	62.4	179 357	166 368	43 632	46 195	980 203	1 240	35 357
uMkhanyakude	1 580 414	918 671	58.1	81 709	1 995	14 560	6 484	773 182	4 170	36 571
King Cetshwayo	5 596 871	3 193 245	57.1	420 334	884 107	263 449	136 616	1 160 761	24 886	303 092
iLembe	3 781 659	1 967 521	52.0	326 756	444 795	100 377	75 295	949 683	24 590	46 025
Harry Gwala	1 503 909	1 014 726	67.5	116 954	92 809	24 627	24 576	721 605	405	33 749
Total	77 285 963	43 698 615	56.5	8 559 485	12 778 990	4 235 379	1 885 790	12 218 800	2 503 303	1 516 868

Source: NT Igdatabase, downloaded 18 January 2022.

1 Include Service charges revenue for Sanitation and Refuse.

2 Include Rental of facilities and equipment, Interest earned on external investments & outstanding debtors, Dividends received, Fines, penalties and forfeits, Licences and permits, Agency services and Gains.

- In aggregate, municipalities in KwaZulu-Natal generated *Operating revenue* amounting to R43.7 billion or 56.5 percent of the Original Budget of R77.3 billion as at the end of December 2021. The revenue generated is above the expected straight-line projection of 50 percent at the end of the second quarter of the 2021/22 financial year.
- The eThekwini Metro with R22.3 billion or 50.9 percent contributed the most to the total *Operating revenue* of R43.7 billion followed by the uMgungundlovu District with R6.9 billion or 15.8 percent. The high generation of revenue by the uMgungundlovu District was mainly attributed to the Msunduzi Local Municipality having reported R5.7 billion or 88.9 percent against the Original Budget of R6.4 billion during the second quarter of the 2021/22 financial year due to incorrect reporting.
- The King Cetshwayo District contributed R3.2 billion or 7.3 percent to the total *Operating revenue* of R43.7 billion which can be attributed to the uMhlathuze Local Municipality having reported R2.1 billion or 55.7 percent against the Original Budget of R3.8 billion.
- The uMkhanyakude District with R918.7 million or 2.1 percent contributed the least to the total *Operating revenue*. The low generation of revenue by the uMkhanyakude District was mainly attributed to the uMkhanyakude District Municipality having reported only R231.4 million or 41.1 percent against the Original Budget of R562.4 million during the second quarter of the 2021/22 financial year. The reason for the low *Operating revenue* reported by uMkhanyakude District Municipality is mainly attributable to the municipality not receiving their Equitable Share tranche at the beginning of December 2021 due to the non-submission of the required financial information to National Treasury.
- The *Service charges – electricity* revenue line item contributed the most towards *Operating revenue* as R12.8 billion or 29.2 percent was generated up to the end of the second quarter of the 2021/22 financial year. *Other revenue* of R1.5 billion or 3.5 percent contributed the least towards *Operating revenue* generated and it is made up of *Rental of facilities and equipment, Interest on external investments and outstanding debtors, Dividends received, Fines, penalties and forfeits, Licenses and permits, Agency services and Gains*.

2.2 Operating Expenditure

Table 2: Operating Expenditure per item and per district as at the end of Quarter 2 – 2021/22

R'000	Original Budget	Unaudited Actual	% Spent	Detail								
				Employee related costs	Remun. of councillors	Debt impairment	Depreciation and asset impairment	Finance charges	Bulk purchases	Contracted services	Other expenditure	Other ¹
eThekwini	43 488 681	21 342 985	49.1	6 181 151	60 364	582 951	1 261 930	449 156	6 437 495	2 338 958	1 062 052	2 968 926
Ugu	3 264 771	1 441 054	44.1	588 780	38 547	20 951	134 139	8 389	78 549	259 805	225 232	86 662
uMgungundlovu	8 167 507	6 593 121	80.7	1 682 396	67 297	296 220	430 745	34 215	2 342 864	639 119	181 882	918 384
uThukela	2 933 833	1 142 675	38.9	492 814	25 536	2 368	44 726	681	255 255	165 880	108 397	47 017
uMzinyathi	1 793 214	647 958	36.1	188 323	9 192	7 717	65 222	559	94 035	107 364	113 091	62 455
Amajuba	3 005 701	1 285 130	42.8	360 788	16 396	10 081	142 452	23 126	245 829	334 506	75 667	76 286
Zululand	2 295 548	1 227 979	53.5	426 011	36 455	5 239	93 153	823	197 328	282 859	131 915	54 196
uMkhanyakude	1 521 954	602 506	39.6	253 224	27 958	14 486	39 499	1 163	40 976	92 600	102 152	30 448
King Cetshwayo	5 899 564	2 971 129	50.4	790 107	44 060	67 985	286 767	31 314	635 837	361 582	265 293	488 184
iLembe	3 809 686	1 523 510	40.0	459 082	31 828	23 619	129 402	13 768	443 075	229 673	150 697	42 367
Harry Gwala	1 748 075	818 551	46.8	329 874	27 375	12 429	95 823	9	76 242	139 352	97 676	39 772
Total	77 928 535	39 596 598	50.8	11 752 552	385 008	1 044 046	2 723 856	563 202	10 847 485	4 951 698	2 514 053	4 814 689

Source: NT Igdatabase, downloaded 18 January 2022.

¹ Include Inventory consumed, Transfers and subsidies and Losses.

- In aggregate, municipalities in KwaZulu-Natal incurred *Operating expenditure* amounting to R39.6 billion or 50.8 percent of the Original Budget of R77.9 billion as at the end of December 2021. The expenditure incurred is above the expected straight-line projection of 50 percent at the end of the second quarter of the 2021/22 financial year.
- The eThekwini Metro with R21.3 billion or 53.9 percent contributed the most to the total *Operating expenditure* of R39.6 billion followed by the uMgungundlovu District with R6.6 billion or 16.7 percent. The high expenditure rate reported by the uMgungundlovu District was mainly attributed to the Msunduzi Local Municipality having reported R5.6 billion or 91.5 percent against the Original Budget of R6.1 billion up to the end of the second quarter of the 2021/22 financial year due to incorrect reporting.
- The King Cetshwayo District contributed R3 billion or 7.5 percent to the total *Operating expenditure* of R39.6 billion which can be attributed to the uMhlathuze Local Municipality having reported R2 billion or 51.1 percent against the Original Budget of R3.9 billion.
- The uMkhanyakude District with R602.5 million or 1.5 percent contributed the least to the total *Operating expenditure* of R39.6 billion. The spending rate reported by the uMkhanyakude District was mainly attributed to the uMkhanyakude District Municipality having reported only R118 million or 22 percent against the Original Budget of R537.5 million up to the end of the second quarter of the 2021/22 financial year. The reason for low *Operating expenditure* by uMkhanyakude District Municipality is mainly attributable to the delay in the approval of the 2021/22 Budget which had a negative impact on the implementation of the budget. Furthermore, the municipality did not receive their Equitable Share tranche at the beginning of December 2021 due to the non-submission of the required financial information to National Treasury which also had a negative impact on the spending rate.
- The *Employee related costs* line item contributed the most towards total *Operating expenditure* as R11.8 billion or 29.7 percent was spent up to the end of second quarter of the 2021/22 financial year. *Employee related costs* is a material component of the costs of delivering services to the communities served by municipalities. *Remuneration of councillors* of R385 million or 1 percent contributed the least towards *Operating expenditure*.

2.3 Capital Revenue

Table 3: Capital Revenue (Source of Finance) per district as at the end of Quarter 2 – 2021/22

R'000	Original Budget	Unaudited Actual	% Generated	Detail			
				Transfers recognised - capital ¹	Borrowing	Internally generated funds	Public contr. and donations
eThekweni	5 321 542	1 550 722	29.1	1 019 148	312 443	219 131	-
Ugu	641 763	271 221	42.3	218 569	2 811	49 841	-
uMgungundlovu	928 584	46 057	5.0	47 231	715	(1 889)	-
uThukela	444 802	188 717	42.4	185 353	-	3 364	-
uMzinyathi	515 720	234 171	45.4	223 493	-	10 678	-
Amajuba	259 806	134 305	51.7	95 951	-	38 354	-
Zululand	808 301	374 498	46.3	357 925	-	16 573	-
uMkhanyakude	459 414	90 044	19.6	91 820	-	(1 775)	-
King Cetshwayo	1 262 848	371 376	29.4	211 595	111 778	48 003	-
iLembe	746 956	326 398	43.7	209 433	-	116 965	-
Harry Gwala	663 542	264 447	39.9	215 284	-	49 162	-
Total	12 053 278	3 851 955	32.0	2 875 802	427 746	548 407	-

Source: NT Igdatabase, downloaded 18 January 2022.

¹ Include National Government, Provincial Government, District Municipality and Other transfers and grants.

- Municipalities in KwaZulu-Natal generated *Capital revenue* amounting to R3.9 billion or 32 percent of the Original Budget of R12.1 billion at an aggregate level to fund their *Capital expenditure* as at the end of December 2021. The revenue generated is significantly below the expected straight-line projection of 50 percent at the end of the second quarter of the 2021/22 financial year.
- The eThekweni Metro with R1.6 billion or 40.3 percent contributed the most to the total *Capital revenue* of R3.9 billion. The Zululand District was the second highest contributor with R374.5 million or 9.7 percent of the total *Capital revenue*.
- The uMgungundlovu District with R46.1 million or 1.2 percent contributed the least to the total *Capital revenue* of R1.5 billion. The low generation of revenue by the uMgungundlovu District was mainly attributed to the uMgungundlovu District Municipality having reported negative R50.5 million against the Original Budget of R195.5 million due to errors in the data string uploaded to the NT LG Database by the municipality.
- The highest contributor towards the total *Capital revenue* as at the end of the second quarter of the 2021/22 financial year was *Transfers recognised – capital* at R2.9 billion or 74.7 percent followed by *Internally generated funds* at R548.4 million or 14.2 percent. The *Borrowing* of R427.7 million or 11.1 percent contributed the least towards the total *Capital revenue* during the first two quarters of the 2021/22 financial year.

2.4 Capital Expenditure

Table 4: Capital Expenditure per item and per district as at the end of Quarter 2 – 2021/22

R'000	Original Budget	Unaudited Actual	% Spent	Detail									
				Governance and Admin. ¹	Community and Public Safety			Economic and Environmental Services		Trading Services			Other
					Housing	Health	Other ²	Road Transport	Other ³	Energy	Water and Waste Water Mgt.	Waste Mgt	
eThekweni	5 321 542	1 550 724	29.1	214 065	83 811	329	77 040	552 472	105 559	206 785	289 758	19 812	1 091
Ugu	641 903	271 172	42.2	17 346	-	-	31 589	78 604	25 148	5 035	110 409	451	2 591
uMgungundlovu	928 584	473 037	50.9	17 057	22 367	-	14 615	268 944	15 599	32 132	91 878	10 306	139
uThukela	444 802	190 672	42.9	1 482	137	-	5 356	7 538	49 110	3 865	123 149	29	8
uMzinyathi	515 720	235 047	45.6	2 007	-	-	14 578	30 424	6 585	10 026	171 187	239	-
Amajuba	259 896	134 305	51.7	1 724	466	-	6 024	26 891	40 822	643	57 589	146	-
Zululand	808 301	376 220	46.5	6 366	186	-	33 950	43 857	14 968	10 810	261 596	4 487	-
uMkhanyakude	459 814	112 057	24.4	6 315	-	-	32 403	40 220	14 661	-	13 102	5 356	-
King Cetshwayo	1 262 848	371 376	29.4	14 688	-	-	48 947	86 841	4 806	41 873	160 288	13 933	-
iLembe	746 956	327 040	43.8	16 093	732	-	19 562	117 532	20 336	34 949	113 436	4 400	-
Harry Gwala	663 542	264 447	39.9	7 560	24 059	-	15 661	37 980	25 626	17 890	135 125	547	-
Total	12 053 908	4 306 094	35.7	304 702	131 759	329	299 723	1 291 302	323 220	364 008	1 527 517	59 707	3 829

Source: NT Igdatabase, downloaded 18 January 2022.

1 Include Executive & Council, Finance and administration and Internal audit.

2 Include Community & Social Services, Sports And Recreation and Public Safety.

3 Include Planning and development and Environmental protection.

- Municipalities in KwaZulu-Natal incurred *Capital expenditure* amounting to R4.3 billion or 35.7 percent in aggregate of the Original Budget of R12.1 billion as at the end of December 2021. The expenditure incurred is below the expected straight-line projection of 50 percent at the end of the second quarter of the 2021/22 financial year.
- The eThekweni Metro with R1.6 billion or 36 percent contributed the most to the total *Capital expenditure* of R4.3 billion followed by the uMgungundlovu District with *Capital expenditure* of R473 million or 11 percent while the uMkhanyakude District reported the least expenditure of R112.1 million or 2.6 percent. The reason for low *Capital expenditure* by uMkhanyakude District Municipality is mainly attributable to the delay in the approval of the 2021/22 Budget which had a negative impact on the implementation of the budget.
- The bulk of the total *Capital expenditure* as at the end of the second quarter of the 2021/22 financial year was spent on *Water and waste water management* at R1.5 billion or 35.5 percent with the eThekweni Metro contributing the most in this category with R289.8 million or 19 percent. The second highest contributor towards *Capital expenditure* was *Road transport* with R1.3 billion or 30 percent.
- The lowest contributor towards total *Capital expenditure* was *Health* with R329 000 or 0.01 percent that was reported by the eThekweni Metro as at the end of the second quarter of the 2021/22 financial year.

2.5 Debtors Age Analysis

Table 5: Debtor Age Analysis per district (Total) as at the end of Quarter 2 – 2021/22

R'000	0 - 30 Days		30 - 60 Days		60- 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
eThekwini	2 075 823	11.7	884 793	5.0	626 105	3.5	14 119 059	79.7	17 705 780
Ugu	110 293	7.0	60 202	3.8	56 104	3.5	1 358 854	85.7	1 585 453
uMgungundlovu	594 830	8.6	193 919	2.8	143 843	2.1	6 003 061	86.6	6 935 654
uThukela	81 272	4.6	60 769	3.4	52 995	3.0	1 589 131	89.1	1 784 168
uMzinyathi	21 769	3.1	23 337	3.3	16 716	2.3	651 031	91.3	712 852
Amajuba	(614 554)	(51.0)	97 348	8.1	47 469	3.9	1 674 442	139.0	1 204 704
Zululand	58 375	6.1	30 811	3.2	20 047	2.1	849 935	88.6	959 167
uMkhanyakude	15 432	2.2	9 437	1.3	9 700	1.4	671 167	95.1	705 737
King Cetshwayo	335 520	29.7	35 829	3.2	(3 506)	(0.3)	760 424	67.4	1 128 268
iLembe	93 834	8.3	49 922	4.4	37 271	3.3	945 846	83.9	1 126 874
Harry Gwala	25 749	5.3	18 865	3.9	12 407	2.6	428 082	88.2	485 102
Total	2 798 342	8.2	1 465 232	4.3	1 019 153	3.0	29 051 033	84.6	34 333 759

Source: NT Igdatabase, downloaded 18 January 2022.

Table 6: Debtors by Customer Group (Total) as at the end of Quarter 2 – 2021/22

R'000	Organs of State		Commercial		Household		Other		Total
	Total	%	Total	%	Total	%	Total	%	
eThekwini	1 021 290	5.8	4 365 893	24.7	12 270 483	69.3	48 114	0.3	17 705 780
Ugu	168 838	10.6	261 250	16.5	1 147 709	72.4	7 656	0.5	1 585 453
uMgungundlovu	342 561	4.9	984 996	14.2	5 211 925	75.1	396 172	5.7	6 935 654
uThukela	336 467	18.9	345 472	19.4	1 088 298	61.0	13 930	0.8	1 784 168
uMzinyathi	101 510	14.2	92 526	13.0	503 010	70.6	15 806	2.2	712 852
Amajuba	34 802	2.9	107 553	8.9	1 191 202	98.9	(128 853)	(10.7)	1 204 704
Zululand	144 824	15.1	181 309	18.9	575 402	60.0	57 632	6.0	959 167
uMkhanyakude	160 448	22.7	189 634	26.9	305 354	43.3	50 301	7.1	705 737
King Cetshwayo	123 710	11.0	562 558	49.9	394 312	34.9	47 687	4.2	1 128 268
iLembe	106 190	9.4	125 559	11.1	890 938	79.1	4 187	0.4	1 126 874
Harry Gwala	79 112	16.3	67 951	14.0	315 830	65.1	22 209	4.6	485 102
Total	2 619 753	7.6	7 284 701	21.2	23 894 464	69.6	534 842	1.6	34 333 759

Source: NT Igdatabase, downloaded 18 January 2022.

- The Total debt owed to municipalities at the end of the second quarter of the 2021/22 financial year was R34.3 billion which represents a decrease of R303 million or 0.9 percent from the R34.6 billion reported by municipalities in the first quarter of the 2021/22 financial year.
- At the end of the second quarter, a substantial amount of debt totalling R29.1 billion or 84.6 percent was outstanding in the *Over 90 Days* category, representing an increase of R1.2 billion or 4.2 percent from R27.9 billion reported in the same category for the first quarter of the 2021/22 financial year. In the second quarter, the Debtors per age category were as follows: *0-30 Days*: R2.8 billion or 8.2 percent; *30-60 Days*: R1.5 billion or 4.3 percent; and *60-90 Days*: R1 billion or 3 percent.
- Debt collection efforts must focus on these long outstanding debts however, some of these Debtors may still need to be written off as they may have arisen as a result of the incorrect billing of indigent customers, amongst others. Municipalities are encouraged to update their Indigent registers to determine households that qualify for rebates and discounts with the aim of ensuring that Debtors are accurately billed and reported.
- The Amajuba District reflected negative R614.6 million for Debtors in the *0 to 30 Days* category which was as a result of the Newcastle Local Municipality reporting negative R619.7 million due to errors reported in the data string uploaded to the NT LG Database by the municipality.
- The King Cetshwayo District reflected negative R3.5 million for Debtors in the *60 to 90 Days* mainly due to the Nkandla Local Municipality reflecting negative R23.7 million. According to the Nkandla Local Municipality, the credit balance relates to the Department of Public Works that pays in advance

for the entire financial year. However, the department is billed on a monthly basis in the municipality's financial system.

- The Debtors Age Analysis by *Customer group* indicates that a considerable portion of debt is owed by *Households* at R23.9 billion or 69.6 percent followed *Commercial* at R7.3 billion or 21.2 percent.
- The continued increase in the level of debt owed to municipalities is noted with concern as the municipalities should be implementing effective debt management and credit control measures in order to improve their Debtors collection rates, which in turn will have a positive impact on their cash flows.

2.6 Creditors Age Analysis

Table 7: Creditor Age Analysis per district (Total) as at the end of Quarter 2 – 2021/22

R'000	0 - 30 Days		30 - 60 Days		60 - 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
eThekwini	1 881 758	68.6	3 836	0.1	451	0.0	855 151	31.2	2 741 196
Ugu	8 606	2.5	24 070	7.0	8 471	2.5	302 671	88.0	343 819
uMgungundlovu	895 933	51.1	224 271	12.8	16 587	0.9	616 941	35.2	1 753 732
uThukela	36 088	58.5	6 895	11.2	2 964	4.8	15 784	25.6	61 731
uMzinyathi	39 554	29.6	6 540	4.9	25 466	19.0	62 180	46.5	133 740
Amajuba	16 528	4.3	16 546	4.3	19 720	5.1	333 079	86.3	385 873
Zululand	(1 122)	(0.8)	7 006	5.3	5 941	4.5	121 379	91.1	133 204
uMkhanyakude	(8 722)	(9.8)	(29 098)	(32.8)	(71 432)	(80.6)	197 840	223.3	88 588
King Cetshwayo	195 880	32.3	66 368	10.9	57 430	9.5	287 004	47.3	606 682
iLembe	51 904	91.3	1 697	3.0	116	0.2	3 121	5.5	56 837
Harry Gwala	7 926	52.0	641	4.2	796	5.2	5 883	38.6	15 247
Total	3 124 332	49.4	328 773	5.2	66 509	1.1	2 801 035	44.3	6 320 650

Source: NT Igdatabase, downloaded 18 January 2022.

Table 8: Creditor Per category (Total) as at the end of Quarter 2 - 2021/22

R' 000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditor Age Analysis										
Bulk Electricity	1 284 312	69.1	4 419	0.2	5 507	0.3	563 282	30.3	1 857 520	29.4
Bulk Water	570 760	37.9	241 257	16.0	40 823	2.7	651 823	43.3	1 504 663	23.8
PAYE deductions	164 855	92.4	13 635	7.6	-	-	0	-	178 490	2.8
VAT (output less input)	212 517	100.0	-	-	-	-	-	-	212 517	3.4
Pensions / Retirement	165 828	100.0	-	-	-	-	37	-	165 866	2.6
Loan repayments	17 039	2.1	(816)	(0.1)	-	-	776 515	98.0	792 738	12.5
Trade Creditors	305 468	29.2	61 507	5.9	(11 272)	(1.1)	691 827	66.0	1 047 530	16.6
Auditor-General	(2 550)	(58.2)	3 168	72.3	1 325	30.3	2 437	55.6	4 381	0.1
Other	406 102	72.9	5 603	1.0	30 127	5.4	115 114	20.7	556 947	8.8
Total	3 124 332	49.4	328 773	5.2	66 509	1.1	2 801 035	44.3	6 320 650	100.0

Source: NT Igdatabase, downloaded 18 January 2022.

- The total debt owed by municipalities at the end of the second quarter was R6.3 billion which represents a decrease of R517.5 million or 7.6 percent from the R6.8 billion owed by municipalities as at the first quarter of the 2021/22 financial year.
- At the end of the second quarter of the 2021/22 financial year, a substantial amount of debt totalling R2.8 billion or 44.3 percent was outstanding in the *Over 90 Days* category, representing an increase of R573.9 million or 25.8 percent from R2.3 billion reported in the same category for the first quarter of the 2021/22 financial year. It is concerning that 50.6 percent of the debt owed by municipalities, which amounts to R3.2 billion, was outstanding for longer than 30 days in contravention of Section 65(2)(e) of the MFMA.
- The uMkhanyakude and Zululand Districts reflected negative R8.7 million and negative R1.1 million respectively in the *0 to 30 Days* category. The negative balance was as a result of the Big Five Hlabisa and Mtubatuba Local Municipalities reporting negative R11.5 million and negative R6.8 million and the Nongoma and Ulundi Local Municipalities reporting negative R6.4 million and negative R4 million in

the uMkhanyakude and Zululand Districts respectively. The negative amounts are as a result of increased accruals being processed in the financial system as at the end of the previous financial year whilst the payments that were subsequently made in July 2021 were misallocated.

- The uMkhanyakude District reflected negative R29.1 million and negative R71.4 million for the *30 to 60 Days* category and *60 to 90 Days* category respectively mainly as a result of the uMkhanyakude District Municipality reporting negative R25.3 million in the *30 to 60 Days* category and negative R66.2 million in the *60 to 90 Days* category.
- The majority of the outstanding *Creditors* relate mainly to *Bulk electricity* of R1.9 billion or 29.4 percent followed by *Bulk Water* of R1.5 billion or 23.4 percent of total *Creditors*.
- Of the *Bulk electricity* outstanding *Creditors* balance of R1.9 billion, R563.3 million was in the *Over 90 Days* category. This was mainly due to the fact that the Mpofana, Msunduzi and Ulundi Local Municipalities reported amounts in the *Over 90 Days* category owing to Eskom of R260.2 million, R196.2 million and R99.4 million respectively for unpaid electricity. Due to the poor collection of outstanding Debtors, the municipalities experienced cash flow challenges and were therefore unable to make full payment on invoices owed to Eskom. The Mpofana Local Municipality indicated that they are currently still renegotiating a repayment plan with Eskom and the process has not yet been finalised. However, the municipality is currently making payments in line with the proposed repayment plan. The Msunduzi Local Municipality is also currently in the process of renegotiating a repayment plan with Eskom. The municipality defaulted on the previous repayment plan and a dispute was declared with Eskom therefore dispute resolution processes are currently being undertaken between the municipality and Eskom. The Ulundi Local Municipality indicated that they are making payments according to the current repayment plan however, they are in the process of negotiating a new payment plan with Eskom.
- Of the *Bulk water* outstanding *Creditors* balance of R1.5 billion, R651.8 million was in the *Over 90 Days* category. This was mainly due to the fact that the King Cetshwayo District Municipality, the Ugu District Municipality and the Msunduzi Local Municipality reported amounts owing to the Umgeni Water Board of R275.8 million, R234.9 million and R108.5 million respectively for unpaid Bulk water in the *Over 90 Days* category.
- A notice of intention to restrict the water supply was issued to the King Cetshwayo District Municipality as a result of lack of payment towards the long outstanding amounts.
- The Ugu District Municipality has finalised a payment plan but due to their Equitable Share being withheld for a limited period as a result of non-compliance with the requirement of submitting specific financial information to National Treasury, the municipality failed to make a payment in November and December 2021 and was only able to make a total payment of R28.5 million on 07 January 2022 to the Umgeni Water Board.
- The Msunduzi Local Municipality indicated that they have been hampered by low cash flows as a result of the impact of the COVID-19 pandemic. They have therefore not been able to pay all of their third party service providers; however, they are in the process of negotiating a repayment arrangement with the Umgeni Water Board.
- The uThukela District Municipality did not report the balance owed to the Umgeni Water Board in their MFMA Section 71 data string however, as per the MFMA Section 41 report submitted by the Umgeni Water Board to National Treasury it was noted that the uThukela District Municipality owed the water board R268 million for unpaid Bulk water. The uThukela District Municipality indicated the negotiations for a repayment plan with the Umgeni Water Board have not been finalised.

2.7 National Conditional Grants

Table 9: National Conditional Grants -Summary, Quarter 2 – 2021/22

	DoRA 2021 Total Avail. (Inc. Adjust.)	Year to date		Unaudited Actual		Unaudited Actual	
		Approved payment schedule	Transferred to municipalities for direct grants	Actual expenditure National Department	% Spent	Actual expenditure by municipalities	% Spent
R'000							
Local Government Financial Management Grant	108 620	108 620	108 620	20 824	19.2	24 149	22.2
Infrastructure Skills Development Grant	37 000	37 000	22 250	5 582	15.1	1 418	3.8
Neighbourhood Development Partnership (Schedule 5B)	160 744	160 744	71 031	10 377	6.5	780	0.5
Integrated Urban Development Grant	210 881	210 881	79 392	43 018	20.4	84 856	40.2
Public Transport Network Grant	772 712	772 712	261 179	224 573	29.1	-	-
Rural Road Assets Management Systems Grant	24 713	24 713	17 300	905	3.7	3 462	14.0
Expanded Public Works Programme Integrated Grant (Municipality)	222 137	222 137	54 712	110 721	49.8	52 483	23.6
Integrated National Electrification Programme (Municipal) Grant	447 466	447 466	-	-	-	97 030	21.7
Energy Efficiency and Demand Side Management (Municipal) Grant	37 000	37 000	9 000	724	2.0	9 752	26.4
Regional Bulk Infrastructure Grant (Schedule 5B)	238 621	238 621	71 000	41 154	17.2	92 729	38.9
Water Services Infrastructure Grant (Schedule 5B)	897 050	897 050	225 000	128 550	14.3	92 893	10.4
Municipal Emergency Housing Grant	30 997	30 997	-	481	1.6	-	-
Metro Informal Settlements Partnership Grant	686 369	686 369	170 435	38 988	5.7	159 297	23.2
Programme and project support preparation grant	49 949	49 949	16 649	-	-	-	-
Municipal Infrastructure Grant	3 410 925	3 410 925	1 916 882	932 347	27.3	1 133 366	33.2
Subtotal	7 335 184	7 335 184	3 023 450	1 558 244	21.2	1 752 215	23.9
Allocation In Kind							
Neighbourhood Development Partnership (Schedule 6B)	6 600	6 600	-	-	-	-	-
Municipal Systems Improvement Grant (Schedule 6B)	34 779	34 779	-	-	-	-	-
Integrated National Electrification Programme (Allocation in-kind) Grant	674 090	674 090	-	-	-	-	-
Subtotal	715 469	715 469					
Total	8 050 653	8 050 653	3 023 450	1 558 244	51.5	1 752 215	21.8

Source: NT lgdatabase, downloaded 18 January 2022.

- In terms of the Division of Revenue Act, Act No. 4 of 2021 (DoRA), direct allocations to all 54 municipalities in KwaZulu-Natal, including the eThekweni Metro amounted to R7.3 billion, while allocations in-kind amounted to R715.5 million, totalling R8 billion. Municipalities have reflected spending of R1.8 billion or 23.9 percent against the total direct allocation of R7.3 billion.
- The total Municipal Infrastructure Grant (MIG) allocation to all the municipalities within the province was R3.4 billion, excluding allocations to the uMhlathuze and Ray Nkonyeni Local Municipalities as well as the eThekweni Metro. As at the end of the second quarter of the 2021/22 financial year, a total of R1.1 billion or 33.2 percent was spent of the total MIG allocations to the applicable municipalities.
- The eThekweni Metro receives the Integrated City Development Grant (ICDG) while the uMhlathuze and Ray Nkonyeni Local Municipalities receive the Integrated Urban Development Grant (IUDG) therefore none of these municipalities receive the MIG allocation.
- The total IUDG allocation to the Ray Nkonyeni and uMhlathuze Local Municipalities was R210.9 million, of which of R84.9 million or 40.2 percent was spent when compared to the allocations to the municipalities as at the end of the second quarter of the 2021/22 financial year.
- According to the 2021 Division of Revenue Act 2021 (DoRA), the Integrated City Development Grant (ICDG) has been repurposed into the Programme and Project Preparation Support Grant (PPPSG). The eThekweni Municipality was allocated R49.9 million for this grant for the 2021/22 financial year but has not reported any spending against the allocation for the second quarter of the 2021/22 financial year.
- A total of 15 municipalities reported under-expenditure against their MIG allocations for the 2021/22 financial year. A further 13 municipalities reported no expenditure against their MIG allocations while three municipalities reported negative expenditure against their MIG allocations. The negative performance reported was due to incorrect reporting by the uMhlabuyalingana, Mtubatuba and Nkandla Local Municipalities.
- The total Water Services Infrastructure Grant (WSIG) allocation to the municipalities within the province was R897.1 million. As at the end of the second quarter, a total of R92.9 million or 10.4 percent was spent when compared to the allocations to municipalities. The following municipalities did not report any expenditure against their allocations and contributed to the under-spending of the WSIG

namely: the Newcastle and uMhlathuze Local Municipalities and the uMgungundlovu, uThukela and uMkhanyakude District Municipalities. The Msunduzi Local Municipality reported negative R86.4 million against the WSIG allocation due to errors in the data strings.

2.8 Criteria for determining serious financial problems

Section 138 of the MFMA specifies criteria for determining serious financial problems. As per Section 138 of the MFMA, the following factors, singly or in combination, may indicate a serious financial problem:

- (a) The municipality has failed to make payments as and when due;*
- (b) the municipality has defaulted on financial obligations for financial reasons;*
- (c) the actual current expenditure of the municipality has exceeded the sum of its actual current revenue plus available surpluses for at least two consecutive financial years;*
- (d) the municipality had an operating deficit in excess of five per cent of revenue in the most recent financial year for which financial information is available;*
- (e) the municipality is more than 60 days late in submitting its annual financial statements to the Auditor-General in accordance with Section 126 [of the MFMA];*
- (f) the Auditor-General has withheld an opinion or issued a disclaimer due to inadequacies in the financial statements or records of the municipality, or has issued an opinion which identifies a serious financial problem in the municipality;*
- (g) any of the above conditions exists in a municipal entity under the municipality's sole control, or in a municipal entity for whose debts the municipality may be responsible, and the municipality has failed to intervene effectively; or*
- (h) any other material condition exists which indicates that the municipality, or a municipal entity under the municipality's sole control, is likely to be unable for financial reasons to meet its obligations.*

Additionally, Section 140 of the MFMA specifies criteria for determining serious or persistent breach of financial commitments. As per Section 140(2) of the MFMA, the following factors, singly or in combination, may indicate that a municipality is in serious material breach of its obligations to meet its financial commitments:

- (a) The municipality has failed to make any payment to a lender or investor as and when due;*
- (b) the municipality has failed to meet a contractual obligation which provides security in terms of Section 48 [of the MFMA];*
- (c) the municipality has failed to make any other payment as and when due, which individually or in the aggregate is more than an amount as may be prescribed or, if none is prescribed, more than two per cent of the municipality's budgeted operating expenditure; or*
- (d) the municipality's failure to meet its financial commitments has impacted, or is likely to impact, on the availability or price of credit to other municipalities.*

The purpose of In-Year-Monitoring (IYM) of the Section 71 reports is amongst others, to serve as an early warning system to identify and assist municipalities facing financial problems, including any emerging or impending financial problems. Thus, in line with Sections 138 and 140 of the MFMA, National Treasury developed a set of criteria to identify municipalities that have serious problems.

The criteria consider amongst others:

- The audit outcome of the most recent annual audit by the Auditor-General;
- Creditors balance of over R1 million that are owed for more than 90 days;
- Significant/Large Operating deficits; and
- Negative cash position for two consecutive years.

Provincial Treasury has utilised the criteria as developed by National Treasury to monitor municipalities that display one or more of the indicators of serious financial problems on a quarterly basis based on the MFMA Section 71 reports.

The results of the assessment against the above criteria are set out in Annexure J. However, the reliability and credibility of the MFMA Section 71 reports are a serious concern for KZN Provincial Treasury due to the quality of the data strings submitted by municipalities. It is noted that certain municipalities experience

challenges with their financial systems as well as with the capturing of financial data in accordance with the mSCOA segments. These problems cause errors in the data strings submitted by municipalities as well as inaccuracies in the financial information relating to cash flow (reflecting unrealistic Cash and cash equivalents balances) and balance sheet budgeting. As a result, some of the municipalities identified as having serious financial problems based on the MFMA Section 71 reports are questionable. For example, 36 municipalities in the province have been flagged as meeting the criteria for having serious financial problems based on the quarter two MFMA Section 71 figures, however, upon further scrutiny, 20 of the municipalities (list and details as reflected in Annexure J) actually do not appear to have financial problems due to the following:

- The data strings of nine (9) of the 20 municipalities are incorrect due to inaccurate reporting by the municipalities;
- The existence of Creditors over R1 million that are owed for more than 90 days are due to disputes with service providers for four (4) of the 20 municipalities, while the municipalities have the financial means to settle those Creditors;
- The negative audit opinion was the only criteria displayed for two (2) municipalities however, these municipalities do not display any other signs of financial problems as at the end of the second quarter of the 2021/22 financial year;
- The Operating deficit was the only criteria displayed for two (2) municipalities however, these municipalities do not display any other signs of financial problems as at the end of the second quarter of the 2021/22 financial year;
- The existence of Creditors over R1 million that are owed for more than 90 days are due to Retentions for two (2) municipalities which distort the overall Creditors balance;
- The existence of Creditors over R1 million that are owed for more than 90 days is mainly due to amongst others, the inclusion of Short-term debt in the Creditors balance for one (1) municipality which distorts the overall Creditors balance.

The remaining 16 municipalities have been identified as meeting the criteria for having serious financial problems as shown in Table 10.

Table 10: Municipalities meeting the criteria of having financial problems

No.	Name of Municipality	No.	Name of Municipality	No.	Name of Municipality	No.	Name of Municipality
1	Ugu DM	5	Inkosi Langalibalele	9	Newcastle	13	Ulundi
2	Mpofana	6	uThukela DM	10	eMadlangeni	14	Zululand DM
3	Msunduzi	7	eNdumeni	11	Amajuba DM	15	Mtubatuba
4	uMgungundlovu DM	8	uMzinyathi DM	12	AbaQulusi	16	uMkhanyakude DM

Source: KZN Provincial Treasury.

Included in the list of the 16 municipalities identified as meeting the criteria for having financial problems, seven (7) municipalities listed in Table 11 have also been identified as being in financial distress by National Treasury. These municipalities are also under intervention in terms of Section 139(1)(b) of the Constitution.

Table 11: Municipalities in financial distress as per National Treasury

No.	Name of Municipality	Intervention
1	Mpofana	Section 139(1)(b)
2	Msunduzi	Section 139(1)(b)
3	uThukela DM	Section 139(1)(b)
4	uMzinyathi DM	Section 139(1)(b)
5	AbaQulusi	Section 139(1)(b)
6	Mtubatuba	Section 139(1)(b)
7	uMkhanyakude DM	Section 139(1)(b)

Source: KZN Provincial Treasury.

Provincial Treasury has planned to support six (6) of the seven (7) municipalities in financial distress whilst the remaining one (1) municipality, Msunduzi, being a non-delegated municipality, is being supported by National Treasury. Finance experts will be deployed to the Mpofana Local Municipality and the uThukela and uMzinyathi District Municipalities before the end of the 2021/22 financial year which will continue into

the 2022/23 financial year. Financial management support will commence at the AbaQulusi Local Municipality before the end of the 2021/22 financial year which will continue into the 2022/23 financial year. The Mtubatuba Local Municipality is currently receiving financial management support in the 2021/22 financial year which will continue in the 2022/23 financial year. Lastly, a finance expert was deployed to the uMkhanyakude District Municipality in the 2021/22 financial year which will continue into the 2022/23 financial year.

The remaining nine (9) municipalities shown in Table 12 also meet the criteria for having financial problems based on the financial performance as at the end of quarter two of the 2021/22 financial year and will need to be closely monitored going forward.

Table 12: Municipalities meeting the criteria of having financial problems

No.	Name of Municipality	No.	Name of Municipality	No.	Name of Municipality
1	Ugu DM	4	eNdumeni	7	Amajuba DM
2	uMgungundlovu DM	5	Newcastle	8	Ulundi
3	Inkosi Langalibalele	6	eMadlangeni	9	Zululand DM

Source: KZN Provincial Treasury.

It is important to note that 13 of the 16 municipalities identified as meeting the criteria for having financial problems also have unfunded 2021/22 Approved Budgets as shown in Table 13. These municipalities have also approved credible Budget funding plans which are being monitored by Provincial Treasury. Although, the remaining three (3) municipalities have funded 2021/22 Approved Budgets, namely; the Msunduzi, AbaQulusi and Mtubatuba Local Municipalities, they still meet the criteria of having serious financial problems as mentioned above.

Table 13: Municipalities meeting the criteria of having financial problems

No.	Name of Municipality	2021/22 Budget position	Credible Budget funding plan
1	Ugu DM	Unfunded	Yes
2	Mpofana	Unfunded	Yes
3	Msunduzi	Funded	N/A
4	uMgungundlovu DM	Unfunded	Yes
5	Inkosi Langalibalele	Unfunded	Yes
6	uThukela DM	Unfunded	Yes
7	eNdumeni	Unfunded	Yes
8	uMzinyathi DM	Unfunded	Yes
9	Newcastle	Unfunded	Yes
10	eMadlangeni	Unfunded	Yes
11	Amajuba DM	Unfunded	Yes
12	AbaQulusi	Funded	N/A
13	Ulundi	Unfunded	Yes
14	Zululand DM	Unfunded	Yes
15	Mtubatuba	Funded	N/A
16	uMkhanyakude DM	Unfunded	Yes

Source: KZN Provincial Treasury.

2.9 Non Compliance with the MFMA Reporting Requirements

KZN Provincial Treasury uses the monthly In-Year reports, creditors, debtors and conditional grants reports to produce the MFMA Section 71(7) Consolidated Municipal Budgets Performance Report. As at the 17 January 2022, seven (7) municipalities did not submit their data strings for Month 06 within 10 working days after the end of December 2021 as required by Section 71(1) of the MFMA and were therefore issued with non-compliance letters. Subsequent to Provincial Treasury officials engaging the non-compliant municipalities, four (4) of the seven (7) municipalities submitted their data strings and three (3) municipalities still did not submit their required data strings as at 18 January 2022. The non-compliant municipalities for Months 06 as well as Months 05 and 04 are listed in Table 14 below.

Table 14: List of municipalities that did not submit their data strings - Quarter 2 – 2021/22

Name of data strings	Period	Non-compliant municipalities
Age Creditors	October 2021	uMsinga LM
	November 2021	uMsinga LM
	December 2021 Outstanding submissions as at 17 January 2022	uMsinga LM, Jozini LM, iMpendle LM, Mtubatuba LM, uMkhanyakude DM, uMngeni LM, eDumbe LM
	December 2021 Outstanding submissions as at 18 January 2022	uMsinga LM, iMpendle LM, eDumbe LM
Age Debtors	October 2021	uMsinga LM
	November 2021	uMsinga LM
	December 2021 Outstanding submissions as at 17 January 2022	uMsinga LM, Jozini LM, iMpendle LM, uMkhanyakude DM, uMngeni LM, eDumbe LM
	December 2021 Outstanding submissions as at 18 January 2022	uMsinga LM, iMpendle LM, eDumbe LM
In Year Reporting - Monthly Data strings	October 2021	uMsinga LM
	November 2021	uMsinga LM
	December 2021 Outstanding submissions as at 17 January 2022	uMsinga LM, Jozini LM, iMpendle LM, uMkhanyakude DM, uMngeni LM, eDumbe LM
	December 2021 Outstanding submissions as at 18 January 2022	uMsinga LM, iMpendle LM, eDumbe LM

Source: NT Igdatabase

The uMsinga Local Municipality was the only municipality that did not submit their data strings for Months 04, 05 and 06 as a result of their system recently crashing and a reconciliation process needing to be undertaken before the submission of the latest data strings.

2.10 Conclusion

Whilst Provincial Treasury would continue supporting municipalities, the primary responsibility to avoid, identify and resolve financial problems in a municipality rests with the municipality itself as per Section 135(1) of the MFMA. It is therefore incumbent upon the political and administrative leadership at the municipalities to be vigilant with regard to early identification of financial problems that would threaten their service delivery obligations.

Annexure C: Capital Revenue (Source of finance) - 2nd Quarter 2021/22

R'000	Original Budget	Unaudited Actual	% Generated	Detail				Transfers recognised - capital		
				Sources of Finance				Borrowing	Internally generated funds	
				National Govt.	Provincial Govt.	District Municipality	Other transfers and grants			
A	KZN2000 eThekweni	5 321 542	1 550 722	29.1	1 015 415	3 734	-	-	312 443	219 131
B	KZN212 uMdoni	38 595	24 441	63.3	18 484	-	-	-	-	5 957
B	KZN213 uMzombe	62 185	38 919	62.6	12 906	-	-	-	-	26 013
B	KZN214 uMuziwabantu	46 091	16 336	35.4	12 319	-	-	-	-	4 018
B	KZN216 Ray Nkonyeni	161 345	72 990	45.2	53 454	2 687	-	9 087	2 811	4 951
B	DC21 Ugu DM	333 548	118 535	35.5	109 632	-	-	-	-	8 903
	Total: Ugu Municipalities	641 763	271 221	42.3	206 795	2 687	-	9 087	2 811	49 841
B	KZN221 uMshwathi	29 977	15 002	50.0	12 157	-	-	-	-	2 845
B	KZN222 uMngeni	29 048	3 374	11.6	3 369	-	-	-	-	4
B	KZN223 Mpofana	11 840	7 650	64.6	7 650	-	-	-	-	-
B	KZN224 iMpindle	20 687	9 018	43.6	8 293	64	-	-	-	662
B	KZN225 Msunduzi	576 302	31 163	5.4	30 475	40	-	(67)	715	-
B	KZN226 Mkhambathini	31 621	17 225	54.5	14 667	-	-	-	-	2 558
B	KZN227 Richmond	33 630	13 145	39.1	12 703	-	-	-	-	442
C	DC22 uMgungundlovu DM	195 479	(50 520)	(25.8)	(42 120)	-	-	-	-	(8 400)
	Total: uMgungundlovu Municipalities	928 584	46 057	5.0	47 194	104	-	(67)	715	(1 889)
B	KZN235 Okhahlamba	29 734	15 348	51.6	14 412	-	-	-	-	936
B	KZN237 iNkosi Langalibalele	40 348	13 254	32.8	12 380	137	-	-	-	737
B	KZN238 Alfred Duma	122 911	38 838	31.6	27 107	10 099	-	-	-	1 632
B	DC23 uThukela DM	251 809	121 277	48.2	121 218	-	-	-	-	59
	Total: uThukela Municipalities	444 802	188 717	42.4	175 118	10 235	-	-	-	3 364
B	KZN241 eNdumeni	26 429	6 891	26.1	6 232	184	-	-	-	475
B	KZN242 Nquthu	92 505	25 817	27.9	17 862	-	-	-	-	7 955
B	KZN244 uMsinga	68 452	12 926	18.9	11 905	-	-	-	-	1 021
B	KZN245 uMvoti	40 762	17 313	42.5	14 066	2 994	-	-	-	253
C	DC24 uMzinyathi DM	287 572	171 223	59.5	170 249	-	-	-	-	974
	Total: uMzinyathi Municipalities	515 720	234 171	45.4	220 315	3 178	-	-	-	10 678
B	KZN252 Newcastle	68 741	67 994	98.9	52 424	3 132	-	-	-	12 437
B	KZN253 eMadlangeni	18 987	2 624	13.8	764	-	-	-	-	1 860
B	KZN254 Dannhauser	63 516	38 760	61.0	14 888	-	-	-	-	23 873
C	DC25 Amajuba DM	108 563	24 927	23.0	24 743	-	-	-	-	184
	Total: Amajuba Municipalities	259 806	134 305	51.7	92 819	3 132	-	-	-	38 354
B	KZN261 eDumbe	46 209	25 657	55.5	24 388	475	-	-	-	794
B	KZN262 uPhongolo	52 076	21 569	41.4	13 632	1	-	-	-	7 936
B	KZN263 AbaQulusi	44 908	14 926	33.2	12 950	-	-	-	-	1 975
B	KZN265 Nongoma	51 254	16 253	31.7	15 240	-	-	-	-	1 013
B	KZN266 Ulundi	33 577	25 088	74.7	24 991	-	-	-	-	97
C	DC26 Zululand DM	580 277	271 007	46.7	262 184	4 065	-	-	-	4 758
	Total: Zululand Municipalities	808 301	374 498	46.3	353 384	4 541	-	-	-	16 573
B	KZN271 uMhlabuyalingana	47 208	3 662	7.8	19 201	-	-	-	-	(15 539)
B	KZN272 Jozini	44 922	41 658	92.7	33 320	-	-	-	-	8 337
B	KZN275 Mtubatuba	50 267	20 397	40.6	12 959	4 385	-	-	-	3 054
B	KZN276 Big Five Hlabisa	25 565	11 987	46.9	8 534	1 081	-	-	-	2 372
C	DC27 uMkhanyakude DM	291 452	12 341	4.2	12 341	-	-	-	-	-
	Total: uMkhanyakude Municipalities	459 414	90 044	19.6	86 355	5 465	-	-	-	(1 775)
B	KZN281 uMfolozi	29 838	29 690	96.3	27 298	-	-	-	-	2 392
B	KZN282 uMhlathuze	830 967	224 450	27.0	71 200	6 752	-	-	111 778	34 721
B	KZN284 uMlalazi	67 123	25 897	38.6	18 684	-	-	-	-	7 213
B	KZN285 Mthonjaneni	47 316	16 387	34.6	13 600	-	-	-	-	2 787
B	KZN286 Nkandla	42 136	(2 925)	(6.9)	2 069	-	-	-	-	(4 995)
C	DC28 King Cetshwayo DM	244 467	77 878	31.9	71 993	-	-	-	-	5 885
	Total: King Cetshwayo Municipalities	1 262 848	371 376	29.4	204 844	6 752	-	-	111 778	48 003
B	KZN291 Mandeni	73 920	29 654	40.1	17 736	134	-	-	-	11 784
B	KZN292 KwaDukuza	321 401	123 811	38.5	34 137	6 708	-	3 834	-	79 131
B	KZN293 Ndwedwe	82 662	29 022	35.1	19 934	-	-	-	-	9 088
B	KZN294 Maphumulo	33 587	25 194	75.0	14 108	1 423	-	-	-	9 663
C	DC29 iLembe DM	235 386	118 716	50.4	110 691	727	-	-	-	7 298
	Total: iLembe Municipalities	746 956	326 398	43.7	196 607	8 992	-	3 834	-	116 965
B	KZN433 Greater Kokstad	98 060	49 617	50.6	16 970	18 280	-	-	-	14 366
B	KZN434 uBuhlebezwe	44 995	24 000	53.3	15 850	180	-	-	-	7 970
B	KZN435 uMzimkhulu	120 404	26 353	21.9	14 920	2 325	-	-	-	9 108
B	KZN436 Dr. Nkosazana Dlamini Zuma	92 800	23 483	25.3	12 587	-	-	-	-	10 896
C	DC43 Harry Gwala DM	307 283	140 994	45.9	133 578	547	47	-	-	6 821
	Total: Harry Gwala Municipalities	663 542	264 447	39.9	193 905	21 332	47	-	-	49 162
	Total	12 053 278	3 851 955	32.0	2 792 750	70 150	47	12 854	427 746	548 407

Source: NT Igdatabase

Annexure G: Creditors Age Analysis (Total) -2nd Quarter 2021/22

R'000	0 - 30 Days		30 - 60 Days		60 - 90 Days		Over 90 Days		Total
	Total	%	Total	%	Total	%	Total	%	
A KZN2000 eThekweni	1 881 758	68.6	3 836	0.1	451	0.0	855 151	31.2	2 741 196
B KZN212 uMdoni	822	82.0	181	18.0	-	-	-	-	1 003
B KZN213 uMzombe	25	148.3	4	20.8	3	15.5	(14)	(84.5)	17
B KZN214 uMuziwabantu	257	98.8	-	-	-	-	3	1.2	260
B KZN216 Ray Nkonyeni	34	9.7	-	-	-	-	320	90.3	354
C DC21 Ugu DM	7 467	2.2	23 886	7.0	8 469	2.5	302 363	88.4	342 185
Total: Ugu Municipalities	8 606	2.5	24 070	7.0	8 471	2.5	302 671	88.0	343 819
B KZN221 uMshwathi	145	623.5	(4)	(19.1)	104	448.1	(222)	(952.5)	23
B KZN222 uMngeni	8 102	65.8	-	-	-	-	4 206	34.2	12 308
B KZN223 Mpofana	3 041	1.0	6 357	2.2	7 267	2.5	273 066	94.2	289 732
B KZN224 iMpendle	-	-	(33)	26.3	(75)	59.7	(18)	14.0	(125)
B KZN225 Msunduzi	850 356	62.3	208 026	15.2	866	0.1	305 300	22.4	1 364 548
B KZN226 Mkhambathini	(2 705)	60 186.0	1 666	(37 079.9)	693	(15 426.5)	341	(7 579.7)	(4)
B KZN227 Richmond	169	99.8	-	-	0	0.2	-	-	169
C DC22 uMgungundlovu DM	36 823	42.3	8 259	9.5	7 730	8.9	34 268	39.4	87 081
Total: uMgungundlovu Municipalities	895 933	51.1	224 271	12.8	16 587	0.9	616 941	35.2	1 753 732
B KZN235 Okhahlamba	-	-	-	-	-	-	-	-	-
B KZN237 iNkosi Langalibalele	4 111	38.9	-	-	90	0.9	6 379	60.3	10 580
B KZN238 Alfred Duma	272	4.8	82	1.4	100	1.7	5 279	92.1	5 733
C DC23 uThukela DM	31 704	69.8	6 813	15.0	2 774	6.1	4 127	9.1	45 418
Total: uThukela Municipalities	36 088	58.5	6 895	11.2	2 964	4.8	15 784	25.6	61 731
B KZN241 eNdumeni	11 258	99.6	40	0.4	-	-	-	-	11 298
B KZN242 Nquthu	4 132	21.6	2 412	12.6	3 074	16.1	9 512	49.7	19 131
B KZN244 uMsinga	-	-	-	-	-	-	-	-	-
B KZN245 uMvoti	1 721	14.0	(1 181)	(9.6)	348	2.8	11 380	92.8	12 268
C DC24 uMzinyathi DM	22 442	24.6	5 269	5.8	22 044	24.2	41 288	45.4	91 043
Total: uMzinyathi Municipalities	39 554	29.6	6 540	4.9	25 466	19.0	62 180	46.5	133 740
B KZN252 Newcastle	16 891	5.0	16 665	5.0	25 882	7.7	275 611	82.3	335 049
B KZN253 eMadlangeni	(1 526)	(118.5)	(1 821)	(141.5)	(7 056)	(548.2)	11 690	908.2	1 287
B KZN254 Dannhauser	392	77.1	34	6.7	-	-	83	16.3	509
C DC25 Amajuba DM	771	1.6	1 669	3.4	894	1.8	45 695	93.2	49 028
Total: Amajuba Municipalities	16 528	4.3	16 546	4.3	19 720	5.1	333 079	86.3	385 873
B KZN261 eDumbe	-	-	-	-	-	-	-	-	-
B KZN262 uPhongolo	798	11.1	2 242	31.3	426	5.9	3 702	51.6	7 167
B KZN263 AbaQulusi	7 164	45.5	23	0.1	89	0.6	8 455	53.7	15 732
B KZN265 Nongoma	(6 421)	(75.8)	4 472	52.8	637	7.5	9 786	115.5	8 474
B KZN266 Ulundi	(4 039)	(4.2)	(65)	(0.1)	518	0.5	99 436	103.7	95 850
C DC26 Zululand DM	1 375	23.0	334	5.6	4 271	71.4	-	-	5 981
Total: Zululand Municipalities	(1 122)	(0.8)	7 006	5.3	5 941	4.5	121 379	91.1	133 204
B KZN271 uMhlabayalingana	709	(7.6)	(1 389)	14.9	(7 718)	82.6	(947)	10.1	(9 346)
B KZN272 Jozini	1 413	94.4	(24)	(1.6)	28	1.9	79	5.3	1 496
B KZN275 Mtubatuba	(6 841)	111.1	(6 951)	112.9	1 726	(28.0)	5 907	(95.9)	(6 159)
B KZN276 Big Five Hlabisa	(11 458)	(1 345.6)	4 549	534.3	772	90.6	6 988	820.7	852
C DC27 uMkhanyakude DM	7 456	7.3	(25 283)	(24.8)	(66 239)	(65.1)	185 812	182.6	101 745
Total: uMkhanyakude Municipalities	(8 722)	(9.8)	(29 098)	(32.8)	(71 432)	(80.6)	197 840	223.3	88 588
B KZN281 uMfolozi	(2 178)	(78.4)	1 063	38.3	(2 041)	(73.5)	5 931	213.6	2 776
B KZN282 uMhlathuze	138 327	90.3	13 790	9.0	-	-	1 099	0.7	153 217
B KZN284 uMlalazi	208	64.9	-	-	-	-	113	35.1	321
B KZN285 Mthonjaneni	(1 802)	(329.9)	2 921	534.7	(1 452)	(265.8)	879	161.0	546
B KZN286 Nkandla	6 678	23.5	6 145	21.6	21 212	74.7	(5 638)	(19.9)	28 397
C DC28 King Cetshwayo DM	54 646	13.0	42 448	10.1	39 711	9.4	284 620	67.5	421 425
Total: King Cetshwayo Municipalities	195 880	32.3	66 368	10.9	57 430	9.5	287 004	47.3	606 682
B KZN291 Mandeni	248	99.0	-	-	-	-	2	1.0	251
B KZN292 KwaDukuza	4 900	79.5	666	10.8	56	0.9	544	8.8	6 166
B KZN293 Ndwedwe	6 487	88.2	722	9.8	60	0.8	83	1.1	7 352
B KZN294 Maphumulo	767	72.8	223	21.1	-	-	64	6.1	1 054
C DC29 iLembe DM	39 501	94.0	86	0.2	-	-	2 428	5.8	42 015
Total: iLembe Municipalities	51 904	91.3	1 697	3.0	116	0.2	3 121	5.5	56 837
B KZN433 Greater Kokstad	55	88.9	7	11.1	-	-	-	-	62
B KZN434 uBuhlebezwe	421	5.6	634	8.4	796	10.6	5 657	75.3	7 509
B KZN435 uMzimkhulu	-	-	-	-	-	-	-	-	-
B KZN436 Dr. Nkosazana Dlamini Zuma	7 450	99.4	-	-	-	-	47	0.6	7 496
C DC43 Harry Gwala DM	-	-	-	-	-	-	180	100.0	180
Total: Harry Gwala Municipalities	7 926	52.0	641	4.2	796	5.2	5 883	38.6	15 247
Total	3 124 332	49.4	328 773	5.2	66 509	1.1	2 801 035	44.3	6 320 650

Source: NT Publication

R000	Audit opinion		Failure to make payments as and when due - amounts of R1 million or more owed for longer than 90 days				Large operating deficit - Operating deficit greater than 5 percent of total direct revenue				Cash position		
	Opinion - 2019/20 financial year	Indicator	Bulk electricity amount owed > 90 days	Bulk water amount owed > 90 days	Total creditors owed > 90 days	Indicator	Operating Surplus/(Deficit)	Direct revenue	Percentage	Indicator	Cash and cash equivalents - June 2020/21	Cash and cash equivalents - 2021/22 (YTD)	Indicator (Negative cash for two consecutive years)
			Indicator	Indicator	Indicator								
A	KZN2000	eThekweni	Unqualified with findings	-	-	855 151	X	912 936	22 255 921	4.1	-	(98 868)	-
B	KZN212	uMdoni	Qualified	X	-	-	-	48 221	200 881	24.0	-	131 770	-
B	KZN213	uMzumbi	Unqualified with findings	-	-	(14)	-	23 708	129 452	18.3	-	(84 242)	-
B	KZN214	uMzuzwabantu	Unqualified with findings	-	-	3	-	27 224	127 509	21.4	-	467 509	-
B	KZN216	Ray Nkonyeni	Unqualified with findings	-	-	330	-	145 075	653 970	22.9	130 625	335 639	-
C	DC21	Ugu DM	Qualified	X	234 861	302 363	X	94 500	663 931	14.2	25	177 764	-
B	KZN221	uMshwathi	Unqualified with findings	-	-	(222)	-	(68 741)	26 607	(258.4)	X	3	-
B	KZN222	uMngeni	Qualified	X	-	4 206	X	2 223	249 950	0.9	-	213 682	-
B	KZN223	Mpofana	Qualified	X	260 230	273 066	X	(11 126)	84 071	(13.2)	X	29 851	-
B	KZN224	iMpendle	Unqualified with findings	-	-	(18)	-	(2 846)	26 331	(10.0)	X	8 052	-
B	KZN225	Msunduzi	Qualified	X	196 242	108 450	X	305 300	5 707 571	1.9	-	(31 855)	-
B	KZN226	Mkhambathini	Unqualified with findings	-	-	341	-	(12 856)	73 656	(17.5)	X	(144)	29 856
B	KZN227	Richmond	Unqualified with findings	-	-	-	-	17 989	81 653	22.0	-	21 087	136 662
C	DC22	uMgungundlovu DM	Unqualified with findings	-	-	34 268	X	283 934	659 716	43.0	-	(7 343)	-
B	KZN235	Okhahlamba	Unqualified with no findings	-	-	-	-	27 625	131 756	21.0	-	(2 039)	-
B	KZN237	iNkosi Langalibalele	Disclaimer	X	-	6 379	X	96 468	371 061	26.0	-	(42 604)	-
B	KZN238	Allied Duma	Unqualified with findings	-	-	5 279	X	184 308	598 029	30.8	-	453 462	923 785
C	DC23	uThukela DM	Qualified	X	-	4 127	X	167 966	518 198	32.4	-	45 858	530 024
B	KZN241	eNdameni	Qualified	X	-	-	-	112 704	179 128	62.9	-	5 088	-
B	KZN242	Nquthu	Disclaimer	X	78	-	-	9 512	151 599	66.6	-	158 294	-
B	KZN244	uMisinga	Unqualified with findings	-	-	-	-	89 862	121 777	73.8	-	84 916	167 152
B	KZN245	uMvoti	Unqualified with findings	-	-	11 380	X	12 030	187 565	6.4	-	40 757	-
C	DC24	uMzinyathi DM	Disclaimer	X	-	41 288	X	40 521	363 923	11.1	-	832 117	-
B	KZN252	Newcastle	Unqualified with findings	-	-	275 611	X	175 435	1 255 262	14.0	-	1 772 697	-
B	KZN253	eMadlangeni	Qualified	X	7 307	-	-	11 690	48 941	50.2	-	11 608	-
B	KZN254	Dannhauser	Qualified	X	-	83	-	47 709	121 821	39.2	-	11 322	112 614
C	DC25	Amajuba DM	Disclaimer	X	-	29 776	X	51 955	158 786	32.7	-	(50 267)	(109 788)
B	KZN261	eDumbe	Qualified	X	-	-	-	(1 047)	61 241	(1.7)	-	(0)	(40)
B	KZN262	uPhongolo	Unqualified with findings	-	-	3 702	X	36 411	180 536	20.2	-	(142 738)	-
B	KZN263	AbaQulusi	Qualified	X	-	8 455	X	62 762	348 197	18.0	-	25 135	156 352
B	KZN265	Nongoma	Unqualified with findings	-	-	9 786	X	30 049	157 567	19.1	-	(93)	-
B	KZN266	Ulundi	Unqualified with findings	-	99 426	-	-	99 436	258 890	15.1	-	161 492	-
C	DC26	Zululand DM	Qualified	X	-	-	-	57 147	445 921	12.8	-	18 759	184 091
B	KZN271	uMhlabuyalingana	Unqualified with findings	-	-	(947)	-	52 397	161 123	32.5	-	10 722	121 226
B	KZN272	Jozini	Unqualified with findings	-	-	79	-	25 862	196 862	13.1	-	(67 078)	-
B	KZN275	Mubatuba	Qualified	X	-	5 907	X	64 329	195 221	33.0	-	(3)	(1 259)
B	KZN276	Big Five Habisa	Qualified	X	-	6 988	X	60 210	134 105	44.9	-	3 146	-
C	DC27	uMkhanyakude DM	Adverse	X	2 945	-	X	113 366	231 359	49.0	-	(154)	-
B	KZN281	uMfolozi	Unqualified with findings	-	-	5 931	X	17 711	122 801	14.4	-	29 052	-
B	KZN282	uMhlatuze	Unqualified with no findings	-	-	1 099	X	95 857	2 095 157	4.6	-	(104 520)	-
B	KZN284	uMlatazi	Unqualified with findings	-	-	113	-	43 564	276 189	15.8	-	(218 130)	-
B	KZN285	Mthonjaneni	Unqualified with findings	-	-	879	-	(34 186)	59 704	(57.3)	X	11 618	-
B	KZN286	Nuandela	Unqualified with findings	-	-	(5 638)	-	53 478	115 781	46.2	-	54 185	54 185
C	DC28	King Cetshwayo DM	Unqualified with findings	-	275 791	-	X	45 692	523 614	8.7	-	(210 437)	1 008 466
B	KZN291	Mandeni	Unqualified with findings	-	-	2	-	46 926	201 872	23.2	-	126 050	-
B	KZN292	KwaDukuza	Unqualified with findings	-	-	544	-	42 126	925 273	4.6	-	973 742	2 429 921
B	KZN293	Ndwebwe	Unqualified with findings	-	-	83	-	56 014	150 306	37.3	-	213 174	-
B	KZN294	Maphumulo	Unqualified with findings	-	-	64	-	15 058	65 843	22.9	-	809	342 301
C	DC29	iLembe DM	Unqualified with findings	-	-	2 428	X	283 885	624 228	45.5	-	184 652	589 534
B	KZN433	Greater Kokstad	Unqualified with findings	-	-	-	-	42 683	244 410	17.5	-	50 424	148 497
B	KZN434	uBuhlebezwe	Qualified	X	-	5 657	X	26 218	111 293	23.6	-	(29 649)	-
B	KZN435	uMzinkhulu	Unqualified with findings	-	-	-	-	47 692	178 443	26.7	-	243 566	397 211
B	KZN436	Dr. Nkosazana Dlamini Zuma	Unqualified with findings	-	-	47	-	46 341	137 045	33.8	-	113 192	-
C	DC43	Harry Gwala DM	Unqualified with findings	-	-	180	-	33 241	343 535	9.7	-	51 622	53 151
Total				20	4	5		27			5		3

