

SECTION 52 (d): QUARTERLY BUDGET STATEMENT: NATIONAL REPORTING STANDARD: ONE QUARTER: 30 SEPTEMBER 2023: FILE NUMBER 7/1/1 (2023/24)

Author	: M.S Ndlovu
1 st Level	: Finance Portfolio Committee
2 nd Level	: Executive Committee
3 rd Level	: Council
4 th Level	: KZN Provincial Treasury

1. PURPOSE

The purpose of this report is to apprise the Finance Portfolio Committee, Executive Committee and Council of the quarterly financial affairs in terms of the legislative requirements and regulations of Section 52(d) of the MFMA for the period ended 30 September 2023. This report is submitted to both the National and Provincial Treasuries in C Schedule format and through a series of data strings for which were designed for the purpose of uniform reporting for all municipalities. In the main, the report seeks council to note the implementation of the budget, and the implementation of the measures which seek to ensure that the state of finance of the municipality improves continuously.

2.LEGISLATIVE FRAMEWORK

The legislative framework which this report is prepared:

- Municipal Finance Management Act 56 of 2003 (MFMA)

3.BACKGROUND

Prior to the enactment of the MFMA, municipalities used to prepare budgets in different formats. Once the budgets were approved, municipality were also not prescribed by law to report regularly on the performance of their budget to councils. The promulgation of the MFMA prescribed the standardised and uniform formats of municipal budgets, adjustments budget, mid-year reports, quarterly reports and monthly reports. The main purpose of standardising these reports were to ensure uniformity and accountability across the local government sector, as well as to allow National Treasury to be able to consolidate and compare budget information of all municipalities. Once Council has approved the budget, the Accounting Officer is required by law to implement the budget and to report to Council through council committees on the quarterly performance of the budget through the Section 52d report.

4.DISCUSSION

This section will provide details of the actual performance against the approved budget of the municipality for the reporting period. It will cover the operating performance (operating revenue and operating expenditure), capital expenditure, financial position and cash flow position of the municipality.

This quarter's financial analysis comprises of the Section 52d will be reflected version 6.7 which is manually captured. It should also be noted that the 2022/23 figures presented on this report are preliminary, until the audited Annual Financial Statements are produced.

SECTION 52 (d): QUARTERLY BUDGET STATEMENT: NATIONAL REPORTING STANDARD: ONE QUARTER: 30 SEPTEMBER 2023: FILE NUMBER 7/1/1 (2023/24)

Table C1: Quarter budget statements summary

The table below provides a high-level summation of the municipality's operating and capital budget and actuals to date, financial position, and cash flow position.

KZN252 Newcastle - Table C1 Monthly Budget Statement Summary - Q1 First Quarter

Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	376,265	396,741	-	28,032	106,939	99,185	7,754	8%	396,741
Service charges	1,150,814	1,345,737	-	118,152	344,786	336,434	8,352	2%	1,345,737
Investment revenue	5,406	5,877	-	105	1,730	1,469	261	18%	5,877
Transfers and subsidies - Operational	531,036	577,623	-	6,121	240,536	240,536	-		577,623
Other own revenue	41,188	29,490	-	2,820	8,932	7,373	1,559	21%	29,490
Total Revenue (excluding capital transfers and contributions)	2,104,709	2,355,468	-	155,231	702,923	684,997	17,926	3%	2,355,468
Employee costs	677,337	724,604	-	52,733	158,291	181,151	(22,860)	-13%	724,604
Remuneration of Councillors	26,983	28,443	-	2,124	6,347	7,111	(764)	-11%	28,443
Depreciation and amortisation	343,913	379,139	-	30,537	93,653	94,785	(1,132)	-1%	379,139
Interest	76,062	32,205	-	2,711	8,200	8,051	149	2%	32,205
Inventory consumed and bulk purchases	681,721	820,786	-	75,117	238,216	205,197	33,020	16%	820,786
Transfers and subsidies	-	-	-	-	-	-	-		-
Other expenditure	952,039	739,412	-	42,175	96,932	184,853	(87,921)	-48%	739,412
Total Expenditure	2,758,055	2,724,589	-	205,397	601,639	681,147	(79,508)	-12%	2,724,589
Surplus/(Deficit)	(653,346)	(369,121)	-	(50,167)	101,284	3,850	97,434	2531%	(369,121)
Transfers and subsidies - capital (monetary)	178,070	240,770	-	595	16,461	40,128	(23,668)	-59%	240,770
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	(475,275)	(128,351)	-	(49,571)	117,744	43,978	73,766	168%	(128,351)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	(475,275)	(128,351)	-	(49,571)	117,744	43,978	73,766	168%	(128,351)
Capital expenditure & funds sources									
Capital expenditure	173,883	255,338	-	12,800	27,609	63,834	(36,225)	-57%	255,338
Capital transfers recognised	158,926	240,770	-	12,672	27,418	60,192	(32,775)	-54%	240,770
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	14,958	14,568	-	128	191	3,642	(3,450)	-95%	14,568
Total sources of capital funds	173,883	255,338	-	12,800	27,609	63,834	(36,225)	-57%	255,338
Financial position									
Total current assets	773,402	1,067,493	-	895,158	1,067,493				1,067,493
Total non current assets	6,462,341	5,915,689	-	6,396,297	5,915,689				5,915,689
Total current liabilities	1,129,479	766,659	-	1,059,715	766,659				766,659
Total non current liabilities	520,818	614,410	-	528,551	614,410				614,410
Community wealth/Equity	5,585,446	5,602,113	-	5,703,190	5,602,113				5,602,113
Cash flows									
Net cash from (used) operating	137,460	261,626	-	(5,240)	20,886	170,608	149,722	88%	261,626
Net cash from (used) investing	(167,862)	(235,338)	-	(12,800)	(27,609)	(58,834)	(31,225)	53%	(235,338)
Net cash from (used) financing	(33,538)	(34,082)	-	(210)	(25,466)	(8,520)	16,946	-199%	(34,082)
Cash/cash equivalents at the month/year end	12,227	19,688	-	-	(19,962)	130,735	150,698	115%	4,433
Debtors & creditors analysis	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
Debtors Age Analysis									
Total By Income Source	133,515	45,046	43,412	37,951	36,474	31,921	188,647	1,214,213	1,731,179
Creditors Age Analysis									
Total Creditors	104,863	49,194	50,239	15,668	13,936	-	-	153,008	386,908

SECTION 52 (d): QUARTERLY BUDGET STATEMENT: NATIONAL REPORTING STANDARD: ONE QUARTER: 30 SEPTEMBER 2023: FILE NUMBER 7/1/1 (2023/24)

Table C4: Quarter Budget Statement

The table below provides the municipality's Financial Performance reflecting the operating revenue and expenditure of the municipality.

KZN252 Newcastle - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter										
Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousand										
Revenue										
Exchange Revenue										
Service charges - Electricity		710,063	882,022		77,939	227,360	220,506	6,855	3%	882,022
Service charges - Water		209,836	219,986		19,825	56,289	54,996	1,293	2%	219,986
Service charges - Waste Water Management		127,572	133,580		11,272	33,821	33,395	426	1%	133,580
Service charges - Waste management		103,342	110,148		9,116	27,315	27,537	(222)	-1%	110,148
Sale of Goods and Rendering of Services		8,621			276	1,098		1,098	0%	
Agency services										
Interest										
Interest earned from Receivables		5,406	5,877		105	1,730	1,469	261	18%	5,877
Interest from Current and Non Current Assets		6,529	5,330		260	849	1,333			5,330
Dividends										
Rent on Land										
Rental from Fixed Assets		7,988	8,804		1,235	2,712	2,201	511	23%	8,804
Licence and permits										
Operational Revenue		12,259	8,490		30	1,572	2,123	(550)	-26%	8,490
Non-Exchange Revenue										
Property rates		376,265	396,741		28,032	106,939	99,185	7,754	8%	396,741
Surcharges and Taxes										
Fines, penalties and forfeits		5,729	4,831		680	1,783	1,208	575	48%	4,831
Licence and permits		62	34		8	13	9	5	57%	34
Transfers and subsidies - Operational		531,036	577,623		6,121	240,536	240,536			577,623
Interest										
Fuel Levy										
Operational Revenue										
Gains on disposal of Assets			2,000		331	904	500	404	81%	2,000
Other Gains										
Discontinued Operations										
Total Revenue (excluding capital transfers and contributions)		2,104,709	2,355,468	-	155,231	702,923	684,997	17,926	3%	2,355,468
Expenditure By Type										
Employee related costs		677,337	724,604		52,733	158,291	181,151	(22,860)	-13%	724,604
Remuneration of councillors		26,983	28,443		2,124	6,347	7,111	(764)	-11%	28,443
Bulk purchases - electricity		527,905	660,933		44,192	194,510	165,233	29,277	18%	660,933
Inventory consumed		153,815	159,854		30,925	43,706	39,963	3,742	9%	159,854
Debt impairment		354,192	308,145				77,036	(77,036)	-100%	308,145
Depreciation and amortisation		343,913	379,139		30,537	93,653	94,785	(1,132)	-1%	379,139
Interest		76,062	32,205		2,711	8,200	8,051	149	2%	32,205
Contracted services		250,887	207,361		24,595	47,065	51,840	(4,775)	-9%	207,361
Transfers and subsidies										
Irrecoverable debts written off		102,410	89,312		8,354	19,544	22,328	(2,784)	-12%	89,312
Operational costs		244,550	134,594		9,226	30,323	33,648	(3,325)	-10%	134,594
Losses on Disposal of Assets										
Other Losses										
Total Expenditure		2,758,055	2,724,589	-	205,397	601,639	681,147	(79,508)	-12%	2,724,589
Surplus/(Deficit)		(653,346)	(369,121)	-	(50,167)	101,284	3,850	97,434	0	(369,121)
Transfers and subsidies - capital (monetary allocations)		178,070	240,770		595	16,461	40,128	(23,668)	(0)	240,770
Transfers and subsidies - capital (in-kind)										
Surplus/(Deficit) after capital transfers & contributions		(475,275)	(128,351)	-	(49,571)	117,744	43,978			(128,351)
Income Tax										
Surplus/(Deficit) after income tax		(475,275)	(128,351)	-	(49,571)	117,744	43,978			(128,351)
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality		(475,275)	(128,351)	-	(49,571)	117,744	43,978			(128,351)
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent subsidiary transactions										
Surplus/ (Deficit) for the year		(475,275)	(128,351)	-	(49,571)	117,744	43,978			(128,351)

4.1 Operating budget performance - revenue

- The municipality generated a total revenue of R702.9 million of the original budget of R2.3 billion, representing 29.8% percent. The variance between the year-to-date revenue budget and the actual revenue accrued for the same period amounts to R17.9 million. Although the aggregate performance

SECTION 52 (d): QUARTERLY BUDGET STATEMENT: NATIONAL REPORTING STANDARD: ONE QUARTER: 30 SEPTEMBER 2023: FILE NUMBER 7/1/1 (2023/24)

on revenue generated shows a variance of positive 3 percent, it is necessary to explain reasons which attributed to the variance.

- The municipality generated R8.3 million (2%) more revenue from service charges than the year-to-date budget of R336.4 million for the period under review. Sanitation underperformed below target by R222 thousand, whereas Electricity, water and waste overperformed by R6.8 million, R1.2 million and R426 thousand respectively. Furthermore, it must be noted that the alignment of S71 report figures is net of indigents while the monthly collection rate report reflects gross amounts.
- The municipality generated revenue from property rates which is R7.7 million (8%) more than the year-to-date budget of R99.1 million during the period under review. It must be mentioned that government departments are billed a bulk amount for property rates in the first month of the financial year.
- The municipality generated R261 thousand (18%) more revenue from interest on investments than the year-to-date budget of R1.4 million for the period under review. This is due to additional investments made during the year.
- The municipality recorded R240.5 million for operational and R16.4 million for capital transfers and subsidies. This is due to the grants received in line with the grant's payment schedule. The first trench of the Equitable share grant was received in July which has had an impact on the favourable financials reported this month.
- The municipality generated R1.5 million (21%) less revenue from sundry revenue than a pro-rata budget of R7.3 million for the period under review. The sundry items comprise of rental of facilities, interest earned from outstanding debtors, fines, licences and other revenue. This over performance is contributed by the increase in rentals received and additional fines billed.

4.2. Operating performance – expenditure

- The summary of the operating expenditure is reflected in C1 and C4 tables of Schedule C attached hereto. As at the end of the first quarter, the municipality incurred the total expenditure of R601.6 million of the original budget of R2.7 billion, which represents 22.1 percent. The variance between the pro-rata expenditure budget and the actual expenditure incurred for the same period amounts to R79.5 million, representing under-expenditure of 12 percent.
- The municipality spent R22.8 million (-13%) less on employee-related costs than the year-to-date budget of R181.1 million. This is due to exits not yet filled.
- Depreciation has under-performed by R1.1 million (-1%) in the first quarter of the financial year due to the very low capital expenditure and projects still under work in progress (not yet capitalized) in the prior years. Irrecoverable debts written off under-performed by R2.7 million (-12%) since the municipality is

SECTION 52 (d): QUARTERLY BUDGET STATEMENT: NATIONAL REPORTING STANDARD: ONE QUARTER: 30 SEPTEMBER 2023: FILE NUMBER 7/1/1 (2023/24)

recognizing debt impairment on indigents only during the year, all other impairments are done at the compilation of Annual Financial Statements at year-end.

- The municipality spent R29.2 million (18%) more on the bulk purchases than the year-to-date budget of R165.2 million. This is due to colder month's season and performance is expected to stabilize gradually as it gets colder. The cost is generally averaging lower in the remaining months of the financial year. The impact of load shedding is also expected to reduce the consumption of bulk purchases during the year.
- Included on the inventory consumed is the bulk water consumed in line with Circular 98 of the MFMA. It seems to be performing R3.7 million (9%) more than the year-to-date budget of R39.9 million, this is due to an increase in water purchases from uThukela water required. Issues on pipe bursts are being addressed, there are contractors appointed to address these challenges.
- The municipality spent R4.7 million (-9%) less on contracted services than the year-to-date budget of R51.8 million, this is due to the delays in the appointment of contractors.

4.2.1 Operational expenditure by function

The table below reflects the municipality's operational expenditure of the municipality by standards function.

KZN252 Newcastle - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q1 First Quarter

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Expenditure - Functional										
<i>Governance and administration</i>		653,078	526,515	–	47,009	119,792	131,629	(11,837)	-9%	526,515
Executive and council		122,855	87,849	–	11,725	31,131	21,962	9,169	42%	87,849
Finance and administration		528,385	431,359	–	34,727	86,976	107,840	(20,864)	-19%	431,359
Internal audit		1,838	7,308	–	557	1,685	1,827	(142)	-8%	7,308
<i>Community and public safety</i>		253,589	305,267	–	22,112	64,684	76,317	(11,632)	-15%	305,267
Community and social services		42,542	46,305	–	3,306	10,301	11,576	(1,275)	-11%	46,305
Sport and recreation		74,021	81,375	–	5,507	15,464	20,344	(4,880)	-24%	81,375
Public safety		97,424	94,712	–	6,893	19,693	23,678	(3,985)	-17%	94,712
Housing		29,985	72,572	–	5,666	17,131	18,143	(1,012)	-6%	72,572
Health		9,616	10,303	–	740	2,095	2,576	(480)	-19%	10,303
<i>Economic and environmental services</i>		286,897	276,739	–	30,379	71,323	69,185	2,138	3%	276,739
Planning and development		86,124	86,004	–	6,674	19,198	21,501	(2,302)	-11%	86,004
Road transport		200,765	190,732	–	23,705	52,124	47,683	4,441	9%	190,732
Environmental protection		7	3	–	–	1	1	(0)	-26%	3
<i>Trading services</i>		1,561,537	1,613,058	–	105,661	345,134	403,264	(58,131)	-14%	1,613,058
Energy sources		666,305	811,505	–	51,845	222,501	202,876	19,625	10%	811,505
Water management		707,439	612,122	–	44,755	87,575	153,030	(65,456)	-43%	612,122
Waste water management		104,648	62,470	–	2,012	13,587	15,617	(2,030)	-13%	62,470
Waste management		83,145	126,961	–	7,050	21,470	31,740	(10,270)	-32%	126,961
<i>Other</i>		2,955	3,010	–	236	706	752	(46)	-6%	3,010
Total Expenditure - Functional	3	2,758,055	2,724,589	–	205,397	601,639	681,147	(79,508)	-12%	2,724,589
Surplus/ (Deficit) for the year		(475,275)	(128,351)	–	(49,571)	117,744	43,978	73,766	168%	(128,351)

Presentation of the operating performance function is required by National Treasury (NT) to be done by all municipality to achieve standardization and uniformity. The functions are regulated by the constitution and in line with MSCOA requirements.

SECTION 52 (d): QUARTERLY BUDGET STATEMENT: NATIONAL REPORTING STANDARD: ONE QUARTER: 30 SEPTEMBER 2023: FILE NUMBER 7/1/1 (2023/24)

- The table above reflects that some of the functions have been over-spending when compared with the year-to-date budget. Governance and Administration is underspent by R11.8 million (-9%), Community and Public Safety is underspent by R11.6 million (-15%), Economic and Environmental Services is overspent by R2.1 million (3%), Trading services are underspent by R58.1 million (-14%) and Other Services are underspent by R46 thousand (-6%) this is mainly due to the cost containment measures put in place and spending on the housing projects as mentioned above. Strategic Executive Directors of relevant functions must ensure that they operate within their approved budget to avoid unauthorized expenditure at year-end.

SECTION 52 (d): QUARTERLY BUDGET STATEMENT: NATIONAL REPORTING STANDARD: ONE QUARTER: 30 SEPTEMBER 2023: FILE NUMBER 7/1/1 (2023/24)

4.3. Capital expenditure.

The table below reflects the municipality's capital programme in relation to capital expenditure by municipal vote, capital expenditure by standard classification; and funding sources required to fund the capital budget, including information on capital transfers from National and Provincial departments:

KZN252 Newcastle - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q1 First Quarter										
Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Single Year expenditure appropriation	2									
Vote 1 - CORPORATE SERVICES		120	-	-	-	-	-	-	-	-
Vote 2 - COMMUNITY SERVICES		4,448	13,326	-	3,984	5,752	3,331	-	-	13,326
Vote 3 - BUDGET AND TREASURY		2,999	3,900	-	128	128	975	-	-	3,900
Vote 4 - MUNICIPAL MANAGER		-	800	-	-	-	200	-	-	800
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		24,472	500	-	-	-	125	-	-	500
Vote 6 - TECHNICAL SERVICES		141,846	215,262	-	7,884	20,925	53,815	-	-	215,262
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		-	21,550	-	804	804	5,388	-	-	21,550
Vote 8 - GOVERNANCE UNIT		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	173,883	255,338	-	12,800	27,609	63,834	-	-	255,338
Total Capital Expenditure		173,883	255,338	-	12,800	27,609	63,834	-	-	255,338
Capital Expenditure - Functional Classification										
Governance and administration		3,119	4,700	-	128	128	1,175	(1,047)	-89%	4,700
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		3,119	4,700	-	128	128	1,175	(1,047)	-89%	4,700
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		5,125	37,334	-	3,984	5,752	9,334	(3,581)	-38%	37,334
Community and social services		557	858	-	3,098	4,866	214	4,652	2169%	858
Sport and recreation		3,891	35,977	-	886	886	8,994	(8,108)	-90%	35,977
Public safety		-	-	-	-	-	-	-	-	-
Housing		678	500	-	-	-	125	(125)	-100%	500
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		56,127	54,635	-	3,752	5,490	13,659	(8,169)	-60%	54,635
Planning and development		23,887	-	-	-	-	-	-	-	-
Road transport		32,240	54,635	-	3,752	5,490	13,659	(8,169)	-60%	54,635
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		109,513	158,669	-	4,936	16,239	39,667	(23,428)	-59%	158,669
Energy sources		-	21,550	-	804	804	5,388	(4,584)	-85%	21,550
Water management		83,298	108,185	-	3,596	14,900	27,046	(12,147)	-45%	108,185
Waste water management		26,214	28,484	-	536	536	7,121	(6,585)	-92%	28,484
Waste management		-	450	-	-	-	113	(113)	-100%	450
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	173,883	255,338	-	12,800	27,609	63,834	(36,225)	-57%	255,338
Funded by:										
National Government		149,814	228,012	-	8,688	21,665	57,003	(35,338)	-62%	228,012
Provincial Government		9,112	12,758	-	3,984	5,752	3,190	2,563	80%	12,758
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		158,926	240,770	-	12,672	27,418	60,192	(32,775)	-54%	240,770
Borrowing	6									
Internally generated funds		14,958	14,568	-	128	191	3,642	(3,450)	-95%	14,568
Total Capital Funding		173,883	255,338	-	12,800	27,609	63,834	(36,225)	-57%	255,338

SECTION 52 (d): QUARTERLY BUDGET STATEMENT: NATIONAL REPORTING STANDARD: ONE QUARTER: 30 SEPTEMBER 2023: FILE NUMBER 7/1/1 (2023/24)

- Capital expenditure for the first quarter of the financial year was R27.6 million, which represents 10.8% of the original capital budget of R255.3 million. Comparison between the year-to-budget of R63.8 million and actual expenditure for the period reflects an under expenditure of R36.2 million, which implies that the municipality spent 57% less than the year-to-date budget for the same period. The Strategic Executive Directors are advised to develop plans to deal with underspending to avoid grants being reverted to the National Treasury.

4.3.1 Capital and Operational Grant Reporting

The table below reflects the grant performance when the full year budget and actuals are compared. A further comparison is also displayed between the year-to-date actuals vs. allocations received. The grant expenditure reflects adequate spending in some grants on both operational and capital grants while others are delayed, fast tracking of the grants needs to be made to avoid withholding of unspent grants, over all expenditure of the grants is as follows. Furthermore, Treasury is assessing expenditure on a quarterly basis, therefore council and management are advised to ensure they meet the 25% target quarterly.

GRANTS ANALYSIS FOR SEPTEMBER 2023							
GRANT NAME	DORA OR PROVINCIAL GAZZETE ALLOCATION	ALLOCATIONS RECEIVED	ROLL-OVER		YEAR TO DATE EXPENDITURE (Incl VAT)	% SPENT ON ALLOCATIONS RECEIVED	% SPENT ON GRANT BUDGET
NATIONAL GRANTS							
Expanded Public Works Programme Integrated Grant	3,106,000.00	776,000.00	-	776,000.00	908,037	117%	29%
Financial Management Grant	1,850,000.00	1,850,000.00	-	1,850,000.00	343,446.66	19%	19%
Water Service Infrastructure Grant	50,000,000.00	20,000,000.00	-	20,000,000.00	3,567,456.15	18%	7%
Neighbourhood Development Partnership Grant	24,514,000.00	10,000,000.00	-	10,000,000.00	-	0%	0%
INEP GRANT	21,550,000.00	-	-	-	924,498.62	0%	4%
Municipal Infrastructure Grant	143,068,000.00	50,000,000.00	-	50,000,000.00	30,525,422.20	61%	21%
PROVINCIAL GRANTS							
Community Library Grant	2,595,000.00	-	-	-	701,463.85	0%	27%
Housing Accreditation Grant	15,501,000.00	1,578,393.83	7,834,983.00	9,413,376.83	6,143,357.15	65%	40%
Housing Grant	30,000,000.00	210,611.65	-	210,611.65	-	0%	0%
Museum Art Gallery Grant	476,000.00	-	-	-	2,448.80	0%	1%
Provincialisation Grant	6,992,000.00	-	-	-	1,645,916.84	0%	24%
LGSETA	-	217,146.04	994,137.02	1,211,283.06	46,852.00	4%	0%
EDTEA : Airport Grant	-	-	-	-	-	0%	0%
EDTEA: MUNICIPAL EMPLOYEMENT INITIATIVE	-	-	-	-	-	0%	0%
Sport, Recreation Grant	11,938,000.00	-	-	-	1,019,464.65	0%	0%
Greenest Town	-	-	833,576.00	833,576.00	-	0%	0%
EDTEA: HAWKER STALLS	-	-	-	-	-	0%	0%

SECTION 52 (d): QUARTERLY BUDGET STATEMENT: NATIONAL REPORTING STANDARD: ONE QUARTER: 30 SEPTEMBER 2023: FILE NUMBER 7/1/1 (2023/24)

4.4. Financial position

Table C6: Monthly budget statements – Financial Position

Table C6 below reflects the performance to date in relation to the financial position of the municipality.

KZN252 Newcastle - Table C6 Monthly Budget Statement - Financial Position - Q1 First Quarter						
Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		12,227	19,688		–	19,688
Trade and other receivables from exchange transactions		636,800	951,655		707,569	951,655
Receivables from non-exchange transactions		99,679	83,155		118,138	83,155
Current portion of non-current receivables			–			–
Inventory		24,696	12,995		21,166	12,995
VAT			–		48,286	–
Other current assets			–			–
Total current assets		773,402	1,067,493	–	895,158	1,067,493
Non current assets						
Investments		72,154	110,954		72,154	110,954
Investment property		374,076	352,224		374,076	352,224
Property, plant and equipment		6,003,876	5,440,429		5,937,856	5,440,429
Biological assets						
Living and non-living resources						
Heritage assets		11,982	11,883		11,982	11,883
Intangible assets		254	200		230	200
Trade and other receivables from exchange transactions						
Non-current receivables from non-exchange transactions						
Other non-current assets			–			–
Total non current assets		6,462,341	5,915,689	–	6,396,297	5,915,689
TOTAL ASSETS		7,235,743	6,983,183	–	7,291,456	6,983,183
LIABILITIES						
Current liabilities						
Bank overdraft					19,962	
Financial liabilities		65,978	34,082		32,779	34,082
Consumer deposits		35,599	35,649		36,188	35,649
Trade and other payables from exchange transactions		872,516	571,301		779,062	571,301
Trade and other payables from non-exchange transactions		134,074			179,378	
Provision		14,261	10,513		12,346	10,513
VAT		7,052	–			–
Other current liabilities			115,115		–	115,115
Total current liabilities		1,129,479	766,659	–	1,059,715	766,659
Non current liabilities						
Financial liabilities		263,234	321,905		270,966	321,905
Provision		257,584	229,340		257,584	229,340
Long term portion of trade payables			63,165		–	63,165
Other non-current liabilities			–			–
Total non current liabilities		520,818	614,410	–	528,551	614,410
TOTAL LIABILITIES		1,650,298	1,381,069	–	1,588,265	1,381,069
NET ASSETS	2	5,585,446	5,602,113	–	5,703,190	5,602,113
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		5,553,154	5,567,259		5,670,894	5,567,259
Reserves and funds		32,292	34,854		32,296	34,854
Other						
TOTAL COMMUNITY WEALTH/EQUITY	2	5,585,446	5,602,113	–	5,703,190	5,602,113

SECTION 52 (d): QUARTERLY BUDGET STATEMENT: NATIONAL REPORTING STANDARD: ONE QUARTER: 30 SEPTEMBER 2023: FILE NUMBER 7/1/1 (2023/24)

- As at end of the first quarter of the financial year, the municipality showed a favorable equity position, with a net asset effect of R5.7 billion.
- While this picture looks good, it is however important to point out major reasons to such a favorable equity position, being consumer debtors and the property plant and equipment (assets), which cannot instantly be converted into cash. The following provides a closer look on some of critical financial position items:
 - The municipality's debtors aging as reflected in table SC3 is a total of R1.7 billion as at the end of the first quarter. The bulk of the debtor's ageing amount (R1.5 billion) was for debt owing for more than 90 days, while R1.4 billion of the total debt is owed by households. It must be noted that the total figure of debtors is inclusive of indigent.
 - Property Plant and Equipment (Assets) comprise of R5.9 billion of the total assets of R7.2 billion as reflected in table C6. These assets comprise of roads, community assets, water infrastructure, electricity infrastructure, other plants, and equipment which the municipality has acquired for service delivery as well as for its own use. Service delivery of the municipality is majored by its ability to provide these services to communities. It is however important to note that most of these assets may not be easily converted to cash and cash equivalent.
 - The municipality closed with a bank overdraft of -R19.9 million at the end of the first quarter of the financial year. It must be noted that the municipality had an obligation of R32.2 million relating to the HDF. The short-term obligations are sitting at R386.9 million as illustrated on SC4, while unspent conditional grants amount to R179.3 million, representing a cash shortfall of R618.3 million. Included under creditors is Eskom for R96.5 million, uThukela Water for R243.6 million, SARS – PAYE for R8.6 million, pension and other employee benefits for R17.9 million, and other trade creditors for R20 million. Looking at the cash position as mentioned above the municipality is currently not in the position to cover its short-term obligations, including unspent conditional grants.
 - The net asset value (assets minus liabilities) of the municipality indicates that the municipality is still a going concern. The **going concern** principle seeks to establish whether an entity will be in existence over the next twelve months or whether it will be liquidated. In terms of table C6, the total net asset of the municipality is R5.7 billion. The net current ratio indicates that the municipality's current assets will not be adequate to cover the current liabilities over the next twelve months. Due to the standing of the municipality by virtue of it being a government entity, the municipality is still regarded as a going concern since it is still expecting to receive rates and taxes and government grants over the next twelve months.
 - The **liquidity ratio** of the municipality is currently sitting at 0.84% as reflected in table SC2. As per paragraph 2.4.4 above, however, if one considers the impact of the HDF, conditional grants and creditors, the liquidity ratio is estimated at 0.82%, since the municipality needs R386.9 million in order to pay all its short-term obligations. Again, this is a bad reflection on the state of finances of the municipality. As with the going concern principle, the liquidity state of the municipality is more likely to

SECTION 52 (d): QUARTERLY BUDGET STATEMENT: NATIONAL REPORTING STANDARD: ONE QUARTER: 30 SEPTEMBER 2023: FILE NUMBER 7/1/1 (2023/24)

negatively impact the image of the municipality to public, business sector and other spheres of government.

4.5 Cash flow position

The municipality's cash flow position and cash/cash equivalent outcome is shown on the table below:

KZN252 Newcastle - Table C7 Monthly Budget Statement - Cash Flow - Q1 First Quarter

Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		260,934	299,539		17,940	76,230	74,885	1,345	2%	299,539
Service charges		947,157	1,144,535		99,774	229,596	286,134	(56,538)	-20%	1,144,535
Other revenue		36,402	231,189		1,427	45,800	57,797	(11,998)	-21%	231,189
Transfers and Subsidies - Operational		458,811	547,623		1,764	215,800	215,800	-		547,623
Transfers and Subsidies - Capital		178,070	240,770		-	86,500	86,500	-		240,770
Interest		11,936	5,330		1,472	2,579	1,333	1,247	94%	5,330
Dividends			-		-	-	-	-		-
Payments										
Suppliers and employees		(1,707,272)	(2,175,156)		(124,906)	(627,419)	(543,789)	83,630	-15%	(2,175,156)
Interest		(48,579)	(32,205)		(2,711)	(8,200)	(8,051)	149	-2%	(32,205)
Transfers and Subsidies			-		-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		137,460	261,626	-	(5,240)	20,886	170,608	149,722	88%	261,626
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		6,022	20,000		-	-	5,000	(5,000)	-100%	20,000
Decrease (increase) in non-current receivables			-					-		
Decrease (increase) in non-current investments			-					-		
Payments										
Capital assets		(173,883)	(255,338)		(12,800)	(27,609)	(63,834)	(36,225)	57%	(255,338)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(167,862)	(235,338)	-	(12,800)	(27,609)	(58,834)	(31,225)	53%	(235,338)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans			-					-		
Borrowing long term/refinancing			-					-		
Increase (decrease) in consumer deposits			-					-		
Payments										
Repayment of borrowing		(33,538)	(34,082)		(210)	(25,466)	(8,520)	16,946	-199%	(34,082)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(33,538)	(34,082)	-	(210)	(25,466)	(8,520)	16,946	-199%	(34,082)
NET INCREASE/ (DECREASE) IN CASH HELD		(63,940)	(7,794)	-	(18,250)	(32,189)	103,253			(7,794)
Cash/cash equivalents at beginning:		76,167	27,482		-	12,227	27,482			12,227
Cash/cash equivalents at month/year end:		12,227	19,688		-	(19,962)	130,735			4,433

- The municipality opened with a provisional cash and cash equivalent balance of R12.2 million at the beginning of the financial year and closed with a balance of -R19.9 million as at the end of quarter one which represents a cash decrease of R32.1 million since the beginning of the financial year.
- Cash flows from operating activities yielded a net cash inflow of R20.8 million as a result of receipts from services charges, property rates, and government grants as well as other sundry receipts. This net

SECTION 52 (d): QUARTERLY BUDGET STATEMENT: NATIONAL REPORTING STANDARD: ONE QUARTER: 30 SEPTEMBER 2023: FILE NUMBER 7/1/1 (2023/24)

cash inflow was after the municipality paid its suppliers for services rendered, remunerated its employees and councillors, and paid the portion of the outstanding interest on loans.

- Cash flows from investing activities recorded net cash outflows of R27.6 million is due to the capital expenditure incurred.
- Cash flows from financing activities recorded net outflows of R25.4 million due to the repayment of borrowings.

5. CONCLUSION

This report provides an overview of the organization's financial viability and sustainability, reflecting the In Year expenditure against the approved budget. It is however important that the report is submitted within the legislated timeframes in order to ensure compliance. Risk of non-compliance with S71 of the MFMA, should the report not reach the Mayor, Provincial Treasury and National Treasury within 10 working days after the end of the month.

6.1 LEGAL IMPLICATIONS

The submission of the S71 report is a requirement of the MFMA. Failure by the Accounting Officer to submit this report to the Mayor and to the National and Provincial Treasuries within 10 working days after the end of each month constitute non-compliance with the law. If such non-compliance is not rectified, National Treasury may invoke section 38(1)(a) of the MFMA which states that National Treasury may stop the transfer of funds due to a municipality as its share of local government's equitable share referred to in Section 214(1)(a) of the Constitution.

6.2 SOCIAL-ECONOMIC IMPLICATIONS

The submission of the S71 report is also a requirement and compliance with the approved Budget Policy of Council, which is reviewed annually as part of the budget-related policies.

6.3 FINANCIAL IMPLICATIONS

There are no financial implications associated with the approval of this report. The report is intended to appraise council of the budget implementation to allow the council to monitor and take remedial steps should there be any material variances.

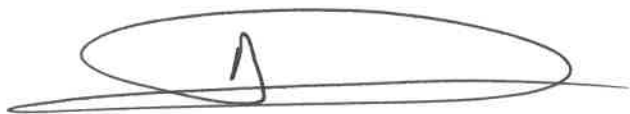
SECTION 52 (d): QUARTERLY BUDGET STATEMENT: NATIONAL REPORTING STANDARD: ONE QUARTER: 30 SEPTEMBER 2023: FILE NUMBER 7/1/1 (2023/24)

7 RECOMMENDATIONS

- 7.1 That the Council notes the submission of S52d for the month ended 30 September 2023 **(Annexure A)**;
- 7.2 That the management prioritize spending of grant funded projects in order to ensure that the municipality does not revert funds to National Treasury;
- 7.3 That the municipality continue to implement the incentive schemes in order improve its collection rate.
- 7.4 That municipality prioritises the payment of Eskom and uThukela Water.
- 7.5 That the Provincial Treasury's letter on early warning signals be noted **(Annexure B)**
- 7.6 That the response letter on the early warning signals letter as received from Provincial Treasury be noted **(Annexure C)**

SED: BTO

Report seen by:



DX DUBE
PORTFOLIO COUNCILLOR
BUDGET AND TREASURY OFFICE



P.H.Z KUBHEKA
STRATEGIC EXECUTIVE DIRECTOR:
BUDGET AND TREASURY OFFICE

ANNEXURE B

PROVINCIAL TREASURY'S LETTER ON EARLY WARNING SIGNALS.



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

DIRECTORATE: HEAD OF DEPARTMENT

P. O. Box 3613, Pietermaritzburg, 3200
Treasury House, 145 Chief Albert Luthuli Street, Pietermaritzburg, 3201
Tel: 033 897 4307/4583 Fax: 033 342 2486
Website: www.kzntreasury.gov.za
E-mail address: carol.coetzee@kzntreasury.gov.za

Reference: 11/6/13/1(KZN252)-2024
Enquiries: Mr. F. Cassimjee
Date: 26 October 2023

**THE MUNICIPAL MANAGER
NEWCASTLE LOCAL MUNICIPALITY
PRIVATE BAG X6621
NEWCASTLE
2940**

Fax No: 034 312 1570

Dear Mr. Z.W. Mncineka

EARLY WARNING SIGNALS FOR MUNICIPALITIES MEETING THE CRITERIA OF FINANCIAL PROBLEMS

Section 71(1) of the Municipal Finance Management Act, Act No. 56 of 2003 (MFMA) requires that *the Accounting Officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant Provincial Treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month.*

The purpose of the MFMA Section 71 report 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.

Section 138 of the MFMA specifies criteria for determining serious financial problems at municipalities. 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.

In this regard, the National and Provincial Treasuries are utilising the criteria as per Sections 138 and 140 of the MFMA to identify and monitor municipalities that display **one or more** of the indicators of serious financial problems on a quarterly basis as reported based on the MFMA Section 71 (data string) reports.

Based on the MFMA Section 71 reports as at 16 October 2023, your municipality has met the criteria listed below in terms of Sections 138 and 140 of the MFMA which could indicate that your municipality may be facing serious financial problems. **It should be noted that in instances of inaccurate and incomplete MFMA Section 71 reporting by municipalities, other relevant criteria for financial problems may not have been triggered and met.**

- **Section 138(a) of the MFMA - Failure to make payments for amounts in excess of R1 million which are outstanding for longer than 90 days**

The municipality has amounts in excess of R1 million that are outstanding for longer than 90 days as reflected in Table 1. The municipality has thus failed to make payments as and when due as per Section 138(a) of the MFMA. Furthermore, Section 65(2)(e) of the MFMA requires that the Accounting Officer of the municipality take all reasonable steps to ensure *that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.*

Table 1: Failure to make payments for amounts in excess of R1 million which are outstanding for longer than 90 days

Name of municipality R'000	Total creditors owed > 90 days	Indicator
Newcastle LM	171 689	TRUE

Source: KZN Provincial Treasury

Creditors in over 90 days of R171.7 million according to the municipality is attributable to the uThukela Water Board debt, for which the municipality is negotiating a payment plan with the entity. In addition, Creditors between 30-60 days and 60-90 days are invoices submitted at year-end to ensure completeness of accruals. The municipality further indicated that is applying the affordability criteria and the Interim Finance Committee is in place to make sure all Creditors more than 30 days are paid sooner. The municipality is planning to clear all such invoices within the next 30 days.



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

The municipality further approved an unfunded Budget for the 2023/24 financial year together with an updated Budget funding plan which was assessed as credible by Provincial Treasury. The municipality is currently facing cash flow challenges.

The municipality is advised to fast track the process of negotiating a payment plan with the uThukela Water Board.

- **Section 140(2)(c) of the MFMA - Failure 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 (40 percent as applied by National Treasury), more than two per cent of the municipality's budgeted operating expenditure**

As per Table 2, the municipality has failed to make payments as and when due, which individually or in the aggregate is more than two per cent and 40 percent of the municipality's budgeted Operating expenditure as per Section 140(2)(c) of the MFMA.

Table 2: Failure to make any other payment as and when due

Name of Municipality	Bulk electricity					Bulk water					Total creditors			
	Operating expenditure Budget	Bulk electricity creditors > 90 days	Bulk electricity creditors > 90 days as % Opex Budget	Indicator (> 2%)	Indicator (> 40%)	Operating expenditure Budget	Bulk water creditors > 90 days	Bulk water creditors > 90 days as % Opex Budget	Indicator (> 2%)	Indicator (> 40%)	Total creditors > 90 days	Total creditors > 90 days as % Opex Budget	Indicator (> 2%)	Indicator (> 40%)
R'000														
Newcastle LM	2 724 589	32	-	-	-	2 724 589	171 217	6.3	TRUE		171 689	6.3	TRUE	

Source: KZN Provincial Treasury

Creditors in over 90 days of R171.7 million according to the municipality is attributable to the uThukela Water Board debt, for which the municipality is negotiating a payment plan with the entity. In addition, Creditors between 30-60 days and 60-90 days are invoices submitted at year-end to ensure complete of accruals. The municipality further indicated that is applying the affordability criteria and the Interim Finance Committee is in place to make sure all Creditors more than 30 days are paid sooner. The municipality is planning to clear all such invoices within the next 30 days.

The municipality further approved an unfunded Budget for the 2023/24 financial year together with an updated Budget funding plan which was assessed as credible by Provincial Treasury. The municipality is currently facing cash flow challenges.

The municipality is advised to fast track the process of negotiating a payment plan with the uThukela Water Board.

As part of Provincial Treasury's oversight responsibilities, the municipality is hereby notified that the conditions for serious financial problems have been triggered as per the above findings and as summarise in the Table 3 below. The municipality is required to take the necessary steps to rectify the situation.

Table 3: Summary of Sections 138 and 140 triggers for 2023/24 - Quarter 1

Criteria	Indicator	Quarter 1
Failure to make payments as and when due in excess of R1 million as per Section 138(a) of the MFMA	Total creditors owed > 90 days	TRUE
Failure to make payment which is greater than two percent of Operating expenditure and failure to make payment greater than 40 percent of	Bulk water creditors > 90 days as % Opex Budget - Indicator > 2%	TRUE
Failure to make payment which is greater than two percent of Operating expenditure and failure to make payment greater than 40 percent of	Total creditors > 90 days as % Opex Budget - Indicator > 2%	TRUE
Operating expenditure as per Section 140(2)(c) of the MFMA	Total creditors > 90 days as % Opex Budget - Indicator > 40%	

Source: KZN Provincial Treasury



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

The municipality should note that according to Section 62(1)(b) of the MFMA, *the Accounting Officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.* Furthermore, Section 135(1) of the MFMA clearly states that *the primary responsibility to avoid, identify and resolve financial problems in a municipality rest with the municipality itself.* The municipality is also reminded that in terms of Section 135(3) of the MFMA, if a municipality encounters a serious financial problem or anticipates problems in meeting its financial commitments, it must immediately:

- seek solutions for the problem;
- notify the MEC for Local Government and the MEC for Finance in the province; and
- notify organised local government.

The findings above are based on the MFMA Section 71 reports submitted by the municipality, therefore, it is paramount that each Municipal Manager and Chief Financial Officer verify the accuracy of the MFMA Section 71 reports prior to their submission to the National Treasury GoMuni Upload Portal. Therefore, any queries on the figures reflected in this correspondence must be referred to your Chief Financial Officer.

Please note that your municipality's performance will be monitored over the next quarter. The municipality is notified that all municipalities that meet the criteria of Sections 138 and 140 of the MFMA with the relevant reasons and explanations are reported to the Provincial Legislature for their attention on a quarterly basis as part of the MFMA Section 71(7) report.

The municipality is therefore required to investigate the reported performance as at the end of Quarter 1 of the 2023/24 financial year and take the necessary steps to rectify the situation.

The municipality is requested to table the following **at the next Council meeting**:

- the Provincial Treasury's letter on the Early Warning signals;
- a response to address the Provincial Treasury's findings identified in this letter; and
- remedial actions taken by the municipality to address the findings as well as to avoid recurrence.

The municipality is required to, **within 5 working days** of tabling the letter to Council, submit to Provincial Treasury a copy of the signed Council resolution which should include the response and the remedial actions taken by the municipality to address the Provincial Treasury's findings as presented to Council.

Yours faithfully

Ms. C. Coetzee
Head of Department – KZN Provincial Treasury

CC: Mayor
Speaker
Chief Financial Officer
Audit Committee Chairperson
Mr. J. Hattingh – National Treasury

ANNEXURE C

**RESPONSE LETTER ON THE COMMUNICATION RECEIVED FROM PROVINCIAL TREASURY ON
EARLY WARNING SIGNALS.**



**NEWCASTLE MUNICIPALITY
KWAZULU-NATAL**

**Private Bag X6621
2940 Newcastle**

REFERENCE : 6/1/1 (2023/24)
ENQUIRIES : PHZ KUBHEKA
TEL : (034) 328 7752
E-mail : pearl.kubheka@newcastle.gov.za

Head of Department
KZN Provincial Treasury:
Municipal Finance Management
145 Chief Albert Luthuli Road
Pietermaritzburg
3201

Dear Ms. C. Coetzee

**RE: RESPONSE ON THE COMMUNICATION RECEIVED ON THE EARLY
WARNING SIGNALS FOR THE MUNICIPALITIES MEETING THE CRITERIA
OF FINANCIAL PROBLEMS**

Your correspondence dated 26 October 2023 (ref: 11/6/13/1 KZN252) -2024 has reference.

Provincial Treasury performed an assessment alerting the municipality of findings and raised concerns in terms Section 138 and Section 140 of the Municipal Finance Management Act, Act No. 56 of 2003 (MFMA). Newcastle Municipality acknowledges the communication received which was based on the Section 71 data strings for the first quarter ended 30 September 2023.

We refer back to the council's approved budget for 2023/24 to 2025/26 which was approved with the budget funding plan which was assessed to be credible. The plan's aims amongst other things to reduce deficit, increase revenue base, ensure payment of bulk and other creditors within thirty days from date of invoice as stipulated in Section 65(2)(e) of the MFMA.

The municipality further notes the fact that some of the accruals relating to 2022/23 financial year are still outstanding. However, it must be mentioned that the municipality's balance for creditors owed more than 60-90 days was R3 940 744 by the end of September 2023, which the municipality is committed to have this balance settled by end of the second quarter.

As stipulated on page three of your letter, the municipality has not yet finalized the debt arrangement with uThukela Water pending the Board's meeting. However, the municipality has

RE: RESPONSE ON THE COMMUNICATION RECEIVED ON THE EARLY WARNING SIGNALS FOR THE MUNICIPALITIES MEETING THE CRITERIA OF FINANCIAL PROBLEMS

the plan in place to pay R5 500 000 of the debt owed more than 90 days. The municipality further acknowledged the financial indicators which reflects that the municipality is facing financial problems and is determined to change this horrific picture by the end of the fourth quarter of this financial year. Measures have been put in place to recover the financial situation, such as introducing ways to enforce the cost containment and implementation of the budget funding plan to the extent that all department report on monthly basis on the implementation of budget funding plan strategies. It is anticipated that this innovation will take us to a favorable position going forward.

In addition, the municipality is participating to the debt collection project with Co-operative Governance and Traditional Affairs (COGTA) aimed to introduce several incentive schemes on debt collection. An Interim Finance Committee (IFC), which includes senior management of the municipality has been established to curtail costs. All these mechanisms put in place are intended to improve revenue collection and to limit unnecessary, fruitless, and wasteful expenditure in an effort to improve the finances of the municipality.

The municipality always appreciates the support you give to assist the municipality ensure financial management practices are improved.

Yours faithfully

Z.W. MCINEKA
MUNICIPAL MANAGER
NEWCASTLE MUNICIPALITY

DATE: _____

KZN252 Newcastle - Table C1 Monthly Budget Statement Summary - Q1 First Quarter

Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	376,265	396,741	-	28,032	106,939	99,185	7,754	8%	396,741
Service charges	1,150,814	1,345,737	-	118,152	344,786	336,434	8,352	2%	1,345,737
Investment revenue	5,406	5,877	-	105	1,730	1,469	261	18%	5,877
Transfers and subsidies - Operational	531,036	577,623	-	6,121	240,536	240,536	-	-	577,623
Other own revenue	41,188	29,490	-	2,820	8,932	7,373	1,559	21%	29,490
Total Revenue (excluding capital transfers and contributions)	2,104,709	2,355,468	-	155,231	702,923	684,997	17,926	3%	2,355,468
Employee costs	677,337	724,604	-	52,733	158,291	181,151	(22,860)	-13%	724,604
Remuneration of Councillors	26,983	28,443	-	2,124	6,347	7,111	(764)	-11%	28,443
Depreciation and amortisation	343,913	379,139	-	30,537	93,653	94,785	(1,132)	-1%	379,139
Interest	76,062	32,205	-	2,711	8,200	8,051	149	2%	32,205
Inventory consumed and bulk purchases	681,721	820,786	-	75,117	238,216	205,197	33,020	16%	820,786
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	952,039	739,412	-	42,175	96,932	184,853	(87,921)	-48%	739,412
Total Expenditure	2,758,055	2,724,589	-	205,397	601,639	681,147	(79,508)	-12%	2,724,589
Surplus/(Deficit)	(653,346)	(369,121)	-	(50,167)	101,284	3,850	97,434	2531%	(369,121)
Transfers and subsidies - capital (monetary allocations)	178,070	240,770	-	595	16,461	40,128	(23,668)	-59%	240,770
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(475,275)	(128,351)	-	(49,571)	117,744	43,978	73,766	168%	(128,351)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(475,275)	(128,351)	-	(49,571)	117,744	43,978	73,766	168%	(128,351)
Capital expenditure & funds sources									
Capital expenditure	173,883	255,338	-	12,800	27,609	63,834	(36,225)	-57%	255,338
Capital transfers recognised	158,926	240,770	-	12,672	27,418	60,192	(32,775)	-54%	240,770
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	14,958	14,568	-	128	191	3,642	(3,450)	-95%	14,568
Total sources of capital funds	173,883	255,338	-	12,800	27,609	63,834	(36,225)	-57%	255,338
Financial position									
Total current assets	773,402	1,067,493	-	895,158	1,067,493				1,067,493
Total non current assets	6,462,341	5,915,689	-	6,396,297	5,915,689				5,915,689
Total current liabilities	1,129,479	766,659	-	1,059,715	766,659				766,659
Total non current liabilities	520,818	614,410	-	528,551	614,410				614,410
Community wealth/Equity	5,585,446	5,602,113	-	5,703,190	5,602,113				5,602,113
Cash flows									
Net cash from (used) operating	137,460	261,626	-	(5,240)	20,886	170,608	149,722	88%	261,626
Net cash from (used) investing	(167,862)	(235,338)	-	(12,800)	(27,609)	(58,834)	(31,225)	53%	(235,338)
Net cash from (used) financing	(33,538)	(34,082)	-	(210)	(25,466)	(8,520)	16,946	-199%	(34,082)
Cash/cash equivalents at the month/year end	12,227	19,688	-	-	(19,962)	130,735	150,698	115%	4,433
Debtors & creditors analysis									
	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
Debtors Age Analysis									
Total By Income Source	133,515	45,046	43,412	37,951	36,474	31,921	188,647	1,214,213	1,731,179
Creditors Age Analysis									
Total Creditors	104,863	49,194	50,239	15,668	13,936	-	-	153,008	386,908

2

KZN252 Newcastle - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q1 First Quarter

Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		521,000	565,717	-	29,847	154,974	141,429	13,545	10%	565,717
Executive and council		20,452	15,251	-	591	3,790	3,813	(23)	-1%	15,251
Finance and administration		500,548	550,466	-	29,256	151,184	137,616	13,568	10%	550,466
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		46,287	77,025	-	2,378	10,897	19,256	(8,360)	-43%	77,025
Community and social services		14,994	11,656	-	900	2,858	2,914	(56)	-2%	11,656
Sport and recreation		4,683	12,086	-	13	18	3,021	(3,004)	-99%	12,086
Public safety		6,059	4,757	-	607	893	1,189	(296)	-25%	4,757
Housing		20,539	48,522	-	858	7,123	12,130	(5,007)	-41%	48,522
Health		12	4	-	1	4	1	3	315%	4
<i>Economic and environmental services</i>		157,172	171,944	-	5,432	28,052	42,986	(14,934)	-35%	171,944
Planning and development		28,031	28,876	-	113	804	7,219	(6,415)	-89%	28,876
Road transport		129,141	143,068	-	5,319	27,248	35,767	(8,519)	-24%	143,068
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,558,161	1,781,356	-	118,154	525,419	521,405	4,014	1%	1,781,356
Energy sources		796,318	994,494	-	77,939	283,791	248,623	35,167	14%	994,494
Water management		359,037	366,795	-	19,825	102,488	167,765	(65,277)	-39%	366,795
Waste water management		254,821	263,058	-	11,272	90,041	65,764	24,276	37%	263,058
Waste management		147,985	157,009	-	9,119	49,100	39,252	9,847	25%	157,009
<i>Other</i>	4	160	195	-	14	42	49	(7)	-14%	195
Total Revenue - Functional	2	2,282,780	2,596,238	-	155,826	719,383	725,125	(5,742)	-1%	2,596,238
Expenditure - Functional										
<i>Governance and administration</i>		653,078	526,515	-	47,009	119,792	131,629	(11,837)	-9%	526,515
Executive and council		122,855	87,849	-	11,725	31,131	21,962	9,169	42%	87,849
Finance and administration		528,385	431,359	-	34,727	86,976	107,840	(20,864)	-19%	431,359
Internal audit		1,838	7,308	-	557	1,685	1,827	(142)	-8%	7,308
<i>Community and public safety</i>		253,589	305,267	-	22,112	64,684	76,317	(11,632)	-15%	305,267
Community and social services		42,542	46,305	-	3,306	10,301	11,576	(1,275)	-11%	46,305
Sport and recreation		74,021	81,375	-	5,507	15,464	20,344	(4,880)	-24%	81,375
Public safety		97,424	94,712	-	6,893	19,693	23,678	(3,985)	-17%	94,712
Housing		29,985	72,572	-	5,666	17,131	18,143	(1,012)	-6%	72,572
Health		9,616	10,303	-	740	2,095	2,576	(480)	-19%	10,303
<i>Economic and environmental services</i>		286,897	276,739	-	30,379	71,323	69,185	2,138	3%	276,739
Planning and development		86,124	86,004	-	6,674	19,198	21,501	(2,302)	-11%	86,004
Road transport		200,765	190,732	-	23,705	52,124	47,683	4,441	9%	190,732
Environmental protection		7	3	-	-	1	1	(0)	-26%	3
<i>Trading services</i>		1,561,537	1,613,058	-	105,661	345,134	403,264	(58,131)	-14%	1,613,058
Energy sources		666,305	811,505	-	51,845	222,501	202,876	19,625	10%	811,505
Water management		707,439	612,122	-	44,755	87,575	153,030	(65,456)	-43%	612,122
Waste water management		104,648	62,470	-	2,012	13,587	15,617	(2,030)	-13%	62,470
Waste management		83,145	126,961	-	7,050	21,470	31,740	(10,270)	-32%	126,961
<i>Other</i>		2,955	3,010	-	236	706	752	(46)	-6%	3,010
Total Expenditure - Functional	3	2,758,055	2,724,589	-	205,397	601,639	681,147	(79,508)	-12%	2,724,589
Surplus/ (Deficit) for the year		(475,275)	(128,351)	-	(49,571)	117,744	43,978	73,766	168%	(128,351)

KZN252 Newcastle - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q1 First Quarter

Vote Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - CORPORATE SERVICES		110,294	124,961	-	1,122	49,941	31,240	18,700	59.9%	124,961
Vote 2 - COMMUNITY SERVICES		173,752	185,534	-	10,642	50,609	46,383	4,225	9.1%	185,534
Vote 3 - BUDGET AND TREASURY		410,706	440,756	-	28,725	124,643	110,189	14,454	13.1%	440,756
Vote 4 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		44,957	74,467	-	942	7,457	18,617	(11,160)	-59.9%	74,467
Vote 6 - TECHNICAL SERVICES		746,752	776,027	-	36,457	221,490	270,073	(48,583)	-18.0%	776,027
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		796,318	994,494	-	77,939	265,244	248,623	16,621	6.7%	994,494
Vote 8 - GOVERNANCE UNIT		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	2,282,780	2,596,238	-	155,826	719,383	725,125	(5,742)	-0.8%	2,596,238
Expenditure by Vote	1									
Vote 1 - CORPORATE SERVICES		121,912	110,707	-	13,631	36,017	27,677	8,341	30.1%	110,707
Vote 2 - COMMUNITY SERVICES		393,037	425,983	-	36,256	90,322	106,496	(16,174)	-15.2%	425,983
Vote 3 - BUDGET AND TREASURY		336,565	238,236	-	13,315	40,129	59,559	(19,430)	-32.6%	238,236
Vote 4 - MUNICIPAL MANAGER		97,601	100,353	-	7,158	21,138	25,088	(3,950)	-15.7%	100,353
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		57,125	98,555	-	7,446	22,678	24,639	(1,960)	-8.0%	98,555
Vote 6 - TECHNICAL SERVICES		1,068,373	920,360	-	74,781	167,010	230,090	(63,080)	-27.4%	920,360
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		683,442	830,394	-	52,810	224,344	207,599	16,746	8.1%	830,394
Vote 8 - GOVERNANCE UNIT		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	2,758,055	2,724,589	-	205,397	601,639	681,147	(79,508)	-11.7%	2,724,589
Surplus/ (Deficit) for the year	2	(475,275)	(128,351)	-	(49,571)	117,744	43,978	73,766	167.7%	(128,351)

KZN252 Newcastle - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter

Description	Ref	Budget Year 2023/24								
		2022/23	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousand										
Revenue										
Exchange Revenue										
Service charges - Electricity		710,063	882,022		77,939	227,360	220,506	6,855	3%	882,022
Service charges - Water		209,836	219,986		19,825	56,289	54,996	1,293	2%	219,986
Service charges - Waste Water Management		127,572	133,580		11,272	33,821	33,395	426	1%	133,580
Service charges - Waste management		103,342	110,148		9,116	27,315	27,537	(222)	-1%	110,148
Sale of Goods and Rendering of Services		8,621			276	1,098		1,098	0%	
Agency services										
Interest										
Interest earned from Receivables		5,406	5,877		105	1,730	1,469	261	18%	5,877
Interest from Current and Non Current Assets		6,529	5,330		260	849	1,333			5,330
Dividends										
Rent on Land										
Rental from Fixed Assets		7,988	8,804		1,235	2,712	2,201	511	23%	8,804
Licence and permits										
Operational Revenue		12,259	8,490		30	1,572	2,123	(550)	-26%	8,490
Non-Exchange Revenue										
Property rates		376,265	396,741		28,032	106,939	99,185	7,754	8%	396,741
Surcharges and Taxes										
Fines, penalties and forfeits		5,729	4,831		680	1,783	1,208	575	48%	4,831
Licence and permits		62	34		8	13	9	5	57%	34
Transfers and subsidies - Operational		531,036	577,623		6,121	240,536	240,536			577,623
Interest										
Fuel Levy										
Operational Revenue										
Gains on disposal of Assets			2,000		331	904	500	404	81%	2,000
Other Gains										
Discontinued Operations										
		2,104,709	2,355,468		155,231	702,923	684,997	17,926	3%	2,355,468
Total Revenue (excluding capital transfers and contributions)										
Expenditure By Type										
Employee related costs		677,337	724,604		52,733	158,291	181,151	(22,860)	-13%	724,604
Remuneration of councillors		26,983	28,443		2,124	6,347	7,111	(764)	-11%	28,443
Bulk purchases - electricity		527,905	660,933		44,192	194,510	165,233	29,277	18%	660,933
Inventory consumed		153,815	159,854		30,925	43,706	39,963	3,742	9%	159,854
Debt impairment		354,192	308,145				77,036	(77,036)	-100%	308,145
Depreciation and amortisation		343,913	379,139		30,537	93,653	94,785	(1,132)	-1%	379,139
Interest		76,062	32,205		2,711	8,200	8,051	149	2%	32,205
Contracted services		250,887	207,361		24,595	47,065	51,840	(4,775)	-9%	207,361
Transfers and subsidies										
Irrecoverable debts written off		102,410	89,312		8,354	19,544	22,328	(2,784)	-12%	89,312
Operational costs		244,550	134,594		9,226	30,323	33,648	(3,326)	-10%	134,594
Losses on Disposal of Assets										
Other Losses										
		2,758,055	2,724,589		205,397	601,639	681,147	(79,508)	-12%	2,724,589
Total Expenditure										
Surplus/(Deficit)		(653,346)	(369,121)		(50,167)	101,284	3,850	97,434	0	(369,121)
Transfers and subsidies - capital (monetary allocations)		178,070	240,770		595	16,461	40,128	(23,668)	(0)	240,770
Transfers and subsidies - capital (in-kind)										
Surplus/(Deficit) after capital transfers & contributions		(475,275)	(128,351)		(49,571)	117,744	43,978			(128,351)
Income Tax										
Surplus/(Deficit) after income tax		(475,275)	(128,351)		(49,571)	117,744	43,978			(128,351)
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality		(475,275)	(128,351)		(49,571)	117,744	43,978			(128,351)
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent subsidiary transactions										
Surplus/ (Deficit) for the year		(475,275)	(128,351)		(49,571)	117,744	43,978			(128,351)

KZN252 Newcastle - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q1 First Quarter

Vote Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Single Year expenditure appropriation	2									
Vote 1 - CORPORATE SERVICES		120	-	-	-	-	-	-	-	-
Vote 2 - COMMUNITY SERVICES		4,448	13,326	-	3,984	5,752	3,331	-	-	13,326
Vote 3 - BUDGET AND TREASURY		2,899	3,900	-	128	128	975	-	-	3,900
Vote 4 - MUNICIPAL MANAGER		-	800	-	-	-	200	-	-	800
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		24,472	500	-	-	-	125	-	-	500
Vote 6 - TECHNICAL SERVICES		141,846	215,262	-	7,884	20,925	53,815	-	-	215,262
Vote 7 - ELECTRICAL AND MECHANICAL SERVICES		-	21,550	-	804	804	5,388	-	-	21,550
Vote 8 - GOVERNANCE UNIT		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	173,883	255,338	-	12,800	27,609	63,834	-	-	255,338
Total Capital Expenditure		173,883	255,338	-	12,800	27,609	63,834	-	-	255,338
Capital Expenditure - Functional Classification										
Governance and administration		3,119	4,700	-	128	128	1,175	(1,047)	-89%	4,700
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		3,119	4,700	-	128	128	1,175	(1,047)	-89%	4,700
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		5,125	37,334	-	3,984	5,752	9,334	(3,581)	-38%	37,334
Community and social services		557	858	-	3,098	4,866	214	4,652	2169%	858
Sport and recreation		3,891	35,977	-	886	886	8,994	(8,108)	-90%	35,977
Public safety		-	-	-	-	-	-	-	-	-
Housing		678	500	-	-	-	125	(125)	-100%	500
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		56,127	54,635	-	3,752	5,490	13,659	(8,169)	-60%	54,635
Planning and development		23,887	-	-	-	-	-	-	-	-
Road transport		32,240	54,635	-	3,752	5,490	13,659	(8,169)	-60%	54,635
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		109,513	158,669	-	4,936	16,239	39,667	(23,428)	-59%	158,669
Energy sources		-	21,550	-	804	804	5,388	(4,584)	-85%	21,550
Water management		83,298	108,185	-	3,596	14,900	27,046	(12,147)	-45%	108,185
Waste water management		26,214	28,484	-	536	536	7,121	(6,585)	-92%	28,484
Waste management		-	450	-	-	-	113	(113)	-100%	450
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	173,883	255,338	-	12,800	27,609	63,834	(36,225)	-57%	255,338
Funded by:										
National Government		149,814	228,012	-	8,688	21,665	57,003	(35,338)	-62%	228,012
Provincial Government		9,112	12,758	-	3,984	5,752	3,190	2,563	80%	12,758
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nal / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		158,926	240,770	-	12,672	27,418	60,192	(32,775)	-54%	240,770
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		14,958	14,568	-	128	191	3,642	(3,450)	-95%	14,568
Total Capital Funding		173,883	255,338	-	12,800	27,609	63,834	(36,225)	-57%	255,338

KZN252 Newcastle - Table C6 Monthly Budget Statement - Financial Position - Q1 First Quarter

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		12,227	19,688		–	19,688
Trade and other receivables from exchange transactions		636,800	951,655		707,569	951,655
Receivables from non-exchange transactions		99,679	83,155		118,138	83,155
Current portion of non-current receivables		–	–		–	–
Inventory		24,696	12,995		21,166	12,995
VAT		–	–		48,286	–
Other current assets		–	–		–	–
Total current assets		773,402	1,067,493	–	895,158	1,067,493
Non current assets						
Investments		72,154	110,954		72,154	110,954
Investment property		374,076	352,224		374,076	352,224
Property, plant and equipment		6,003,876	5,440,429		5,937,856	5,440,429
Biological assets		–	–		–	–
Living and non-living resources		–	–		–	–
Heritage assets		11,982	11,883		11,982	11,883
Intangible assets		254	200		230	200
Trade and other receivables from exchange transactions		–	–		–	–
Non-current receivables from non-exchange transactions		–	–		–	–
Other non-current assets		–	–		–	–
Total non current assets		6,462,341	5,915,689	–	6,396,297	5,915,689
TOTAL ASSETS		7,235,743	6,983,183	–	7,291,456	6,983,183
LIABILITIES						
Current liabilities						
Bank overdraft		–	–		19,962	–
Financial liabilities		65,978	34,082		32,779	34,082
Consumer deposits		35,599	35,649		36,188	35,649
Trade and other payables from exchange transactions		872,516	571,301		779,062	571,301
Trade and other payables from non-exchange transactions		134,074	–		179,378	–
Provision		14,261	10,513		12,346	10,513
VAT		7,052	–		–	–
Other current liabilities		–	115,115		–	115,115
Total current liabilities		1,129,479	766,659	–	1,059,715	766,659
Non current liabilities						
Financial liabilities		263,234	321,905		270,966	321,905
Provision		257,584	229,340		257,584	229,340
Long term portion of trade payables		–	63,165		–	63,165
Other non-current liabilities		–	–		–	–
Total non current liabilities		520,818	614,410	–	528,551	614,410
TOTAL LIABILITIES		1,650,298	1,381,069	–	1,588,265	1,381,069
NET ASSETS	2	5,585,446	5,602,113	–	5,703,190	5,602,113
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		5,553,154	5,567,259		5,670,894	5,567,259
Reserves and funds		32,292	34,854		32,296	34,854
Other		–	–		–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	5,585,446	5,602,113	–	5,703,190	5,602,113

KZN252 Newcastle - Table C7 Monthly Budget Statement - Cash Flow - Q1 First Quarter

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		260,934	299,539		17,940	76,230	74,885	1,345	2%	299,539
Service charges		947,157	1,144,535		99,774	229,596	286,134	(56,538)	-20%	1,144,535
Other revenue		36,402	231,189		1,427	45,800	57,797	(11,998)	-21%	231,189
Transfers and Subsidies - Operational		458,811	547,623		1,764	215,800	215,800	-		547,623
Transfers and Subsidies - Capital		178,070	240,770		-	86,500	86,500	-		240,770
Interest		11,936	5,330		1,472	2,579	1,333	1,247	94%	5,330
Dividends			-		-	-	-	-		-
Payments										
Suppliers and employees		(1,707,272)	(2,175,156)		(124,906)	(627,419)	(543,789)	83,630	-15%	(2,175,156)
Interest		(48,579)	(32,205)		(2,711)	(8,200)	(8,051)	149	-2%	(32,205)
Transfers and Subsidies			-		-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		137,460	261,626	-	(5,240)	20,886	170,608	149,722	88%	261,626
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		6,022	20,000		-	-	5,000	(5,000)	-100%	20,000
Decrease (increase) in non-current receivables			-					-		
Decrease (increase) in non-current investments			-					-		
Payments										
Capital assets		(173,883)	(255,338)		(12,800)	(27,609)	(63,834)	(36,225)	57%	(255,338)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(167,862)	(235,338)	-	(12,800)	(27,609)	(58,834)	(31,225)	53%	(235,338)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans			-					-		
Borrowing long term/refinancing			-					-		
Increase (decrease) in consumer deposits			-					-		
Payments										
Repayment of borrowing		(33,538)	(34,082)		(210)	(25,466)	(8,520)	16,946	-199%	(34,082)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(33,538)	(34,082)	-	(210)	(25,466)	(8,520)	16,946	-199%	(34,082)
NET INCREASE/ (DECREASE) IN CASH HELD										
		(63,940)	(7,794)	-	(18,250)	(32,189)	103,253			(7,794)
Cash/cash equivalents at beginning:		76,167	27,482		-	12,227	27,482			12,227
Cash/cash equivalents at month/year end:		12,227	19,688		-	(19,962)	130,735			4,433

KZN252 Newcastle - Supporting Table SC1 Material variance explanations - Q1 First Quarter

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	<p>R thousands</p> <p>Revenue</p> <p>Operational Revenue</p> <p>Fines, penalties and forfeits</p> <p>Licence and permits</p> <p>Rental from Fixed Assets</p> <p>Interest earned from Receivables</p>	<p>-26%</p> <p>48%</p> <p>57%</p> <p>23%</p> <p>18%</p>	<p>Dependent on the consumers reaction</p> <p>Dependent on the consumers reaction</p> <p>More consumers are now venturing to starting businesses</p> <p>Increase in rentals as contributed to this positive variance</p> <p>Additional investments made has resulted in the variance of the interest earned</p>	
2	<p>Expenditure By Type</p> <p>Employee related costs</p> <p>Bulk purchases - electricity</p> <p>Debt impairment</p> <p>Contracted services</p> <p>Operational costs</p> <p>Irrecoverable debts written off</p> <p>Capital Expenditure</p> <p>Grant funded projects</p> <p>Internally funded projects</p> <p>Repairs and maintenance</p>	<p>-13%</p> <p>18%</p> <p>-100%</p> <p>-29%</p> <p>-10%</p> <p>-12%</p> <p>-54%</p> <p>-95%</p> <p>51%</p>	<p>The over performance is subjected to the cold months which is evident in the Eskom invoices</p> <p>Only debt impairment for indigents is calculated monthly all other debtors is Biannually</p> <p>Delays in the appointment of service providers</p> <p>Cost containment procedures placed to curb unnecessary expenditure</p> <p>Only debt impairment for indigents is calculated monthly all other debtors is Biannually</p> <p>Due to SCM processes being at initial stages</p> <p>Due to SCM processes being at initial stages</p> <p>Due to SCM processes being at initial stages</p>	
3	<p>Financial Position</p>			
4				
5	<p>Cash Flow</p> <p>Net Cash from Operating Activities</p> <p>Net Cash Used from Investing Activities</p> <p>Net Cash Used from Financial Activities</p>	<p>68%</p> <p>53%</p> <p>-199%</p>	<p>Main attributor is property rates due to increased number of new properties & conversion of household to business category</p> <p>Slow capital expenditure</p> <p>Based on armatsation schedules</p>	
6	<p>Measurable performance</p>			
7	<p>Municipal Entities</p>			

KZN252 Newcastle - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q1 First Quarter

Description		Budget Year 2023/24										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands	NT Code												
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	29,703	9,536	10,078	10,525	10,347	8,976	53,466	361,137	463,768	444,441	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	43,374	1,121	973	726	767	637	2,751	14,181	64,543	19,075	1,181	-
Receivables from Non-exchange Transactions - Property Rates	1400	39,219	17,205	9,207	8,244	7,899	7,493	40,198	120,289	249,753	184,123	885	-
Receivables from Exchange Transactions - Waste Water Management	1500	17,724	7,447	12,229	6,660	7,902	6,283	37,210	361,430	456,815	419,405	1,915	-
Receivables from Exchange Transactions - Waste Management	1600	13,937	5,197	5,528	5,058	5,068	4,544	27,138	157,724	224,084	199,532	957	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	620	191	152	146	177	131	700	3,239	5,365	4,393	9	-
Interest on Arrear Debtor Accounts	1810	1,452	644	653	578	559	516	2,676	14,924	22,002	19,254	45	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(12,424)	3,705	4,593	5,992	3,866	3,341	24,478	481,288	214,859	218,984	1,330	-
Total By Income Source	2000	133,815	45,046	43,412	37,951	36,474	31,921	188,647	1,214,213	1,731,179	1,599,206	6,323	-
2022/23 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	4,637	6,344	270	149	277	214	746	5,678	20,317	7,056	-	-
Commercial	2300	44,423	3,908	3,277	2,756	2,616	2,676	12,486	63,993	135,534	83,926	276	-
Households	2400	99,972	32,765	39,831	32,615	33,555	29,005	169,259	1,136,831	1,573,834	1,401,256	9,120	-
Other	2500	(15,517)	29	34	2,432	25	26	6,154	8,310	1,494	16,948	-	-
Total By Customer Group	2600	133,515	45,046	43,412	37,951	36,474	31,921	188,647	1,214,213	1,731,179	1,599,206	9,396	-

KZN252 Newcastle - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q1 First Quarter

R thousands	Description	NT Code	Budget Year 2023/24										Total	Prior year totals for chart (same period)	
			0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year					
	Creditors Age Analysis By Customer Type														
	Bulk Electricity	0100	50,809		45,784										96,593
	Bulk Water	0200	18,098										153,007		243,663
	PAYE deductions	0300	8,649	43,393		15,229	13,936								8,649
	VAT (output less input)	0400													
	Pensions / Retirement deductions	0500	17,910												17,910
	Loan repayments	0600													
	Trade Creditors	0700	9,397	5,800	4,455	439									20,092
	Auditor General	0800													
	Other	0900													
	Total By Customer Type	1000	104,863	49,194	50,239	15,668	13,936					153,008			386,908

KZN252 Newcastle - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Q1 First Quarter

R thousands	Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
	<u>Municipality</u>														
	Netobank									Call account	596	12	-	-	608
	Standard Bank									Call account	2,646	340	(121,700)	120,100	1,386
	ABSA									Call account	593	11	-	-	603
											-	-	-	-	-
	Municipality sub-total										3,835	363	(121,700)	120,100	2,598
	Entities														
	Entities sub-total										-	-	-	-	-
	TOTAL INVESTMENTS AND INTEREST	2									3,835	363	(121,700)	120,100	2,598

KZN252 Newcastle - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Q1 First Quarter

Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		489,413	522,879	-	-	213,794	213,794	-	-	522,879
Local Government Equitable Share		457,725	506,803	-	-	211,168	211,168	-	-	506,803
Energy Efficiency and Demand Management		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme		-	-	-	-	-	-	-	-	-
Finance Management Grant		1,690	1,850	-	-	1,850	1,850	-	-	1,850
Municipal Systems Improvement		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant (WSIG)	3	26,245	11,120	-	-	-	-	-	-	11,120
Municipal Infrastructure Grant (MIG)		-	-	-	-	-	-	-	-	-
Massification		-	-	-	-	-	-	-	-	-
EPWP Incentive		3,753	3,106	-	-	776	776	-	-	3,106
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		17,851	24,744	-	1,796	1,796	1,796	-	-	24,744
Health subsidy		-	-	-	-	-	-	-	-	-
Sport and Recreation		-	-	-	-	-	-	-	-	-
Level 2 accreditation		6,006	15,001	-	1,578	1,578	1,578	-	-	15,001
Museums Services		111	156	-	-	-	-	-	-	156
Community Library Services Grant		2,849	2,595	-	-	-	-	-	-	2,595
Sport and Recreation		-	-	-	-	-	-	-	-	-
Spatial Development Framework Support		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Title Deeds		-	-	-	-	-	-	-	-	-
COGTA Support Scheme		-	-	-	-	-	-	-	-	-
Provincialisation of Libraries		6,992	6,992	-	-	-	-	-	-	6,992
EDTEA Grant(Trade Stalls)	4	1,000	-	-	-	-	-	-	-	-
LGSETA		893	-	-	217	217	217	-	-	-
ISU Partnership Grant		-	-	-	-	-	-	-	-	-
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	507,264	547,623	-	1,796	215,590	215,590	-	-	547,623
Capital Transfers and Grants										
National Government:		181,056	228,012	-	-	86,500	86,500	-	-	228,012
Neighbourhood Development Partnership		30,000	24,514	-	-	10,000	10,000	-	-	24,514
Municipal Infrastructure Grant (MIG)		102,896	131,948	-	-	50,000	50,000	-	-	131,948
Integrated National Electrification Programme		-	21,550	-	-	6,500	6,500	-	-	21,550
Emergency efficiency & demand side management		-	-	-	-	-	-	-	-	-
Municipal water infrastructure		-	-	-	-	-	-	-	-	-
Water Intervention Project		-	-	-	-	-	-	-	-	-
Finance Management Grant		160	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant (WSIG)		48,000	50,000	-	-	20,000	20,000	-	-	50,000
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Provincial Government:		3,338	12,758	-	-	-	-	-	-	12,758
Housing Level 2 accreditation		-	500	-	-	-	-	-	-	500
Community Library Service		-	-	-	-	-	-	-	-	-
Sport and Recreation		-	11,938	-	-	-	-	-	-	11,938
Housing		-	-	-	-	-	-	-	-	-
Greenest Town		-	-	-	-	-	-	-	-	-
Museum		338	320	-	-	-	-	-	-	320
LGSETA		-	-	-	-	-	-	-	-	-
EDTEA Grant(AIRPORT UPGRADE)		3,000	-	-	-	-	-	-	-	-
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	184,394	240,770	-	-	86,500	86,500	-	-	240,770
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	691,658	788,393	-	1,796	302,090	302,090	-	-	788,393

KZN252 Newcastle - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q1 First Quarter

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		486,977	522,879	-	4,558	222,443	215,187	7,256	3.4%	522,879
Local Government Equitable Share		457,725	506,803	-	-	211,168	211,168	-	-	506,803
Energy Efficiency and Demand Management		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme		-	-	-	-	924	-	924	#DIV/0!	-
Finance Management Grant		841	1,850	-	162	326	463	(137)	-29.6%	1,850
Municipal Systems Improvement		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant (WSIG)		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant (MIG)		24,658	11,120	-	3,953	9,117	2,780	6,337	227.9%	11,120
Massification		-	-	-	-	-	-	-	-	-
EPWP Incentive		3,753	3,106	-	442	908	777	132	16.9%	3,106
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		21,207	24,744	-	1,322	8,001	6,186	1,815	29.3%	24,744
Health subsidy		-	-	-	-	-	-	-	-	-
Sport and Recreation		-	-	-	-	-	-	-	-	-
Level 2 accreditation		11,680	15,001	-	536	5,606	3,750	1,856	49.5%	15,001
Museums Services		29	156	-	2	39	39	(39)	-100.0%	156
Community Library Services Grant		2,661	2,595	-	237	701	649	53	8.1%	2,595
Sport and Recreation		-	-	-	-	-	-	-	-	-
Spatial Development Framework Support		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Title Deeds		-	-	-	-	-	-	-	-	-
COGTA Support Scheme		-	-	-	-	-	-	-	-	-
Provincialisation of Libraries		6,303	6,992	-	500	1,646	1,748	(102)	-5.8%	6,992
EDTEA Grant(Trade Stalls)		533	-	-	-	-	-	-	-	-
LGSETA		-	-	-	47	47	-	47	#DIV/0!	-
ISU Partnership Grant		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		508,183	547,623	-	5,880	230,444	221,373	9,071	4.1%	547,623
Capital expenditure of Transfers and Grants										
National Government:		143,347	228,012	-	8,688	22,130	57,003	(15,081)	-26.4%	228,012
Neighbourhood Development Partnership		14,395	24,514	-	-	-	6,129	(6,129)	-100.0%	24,514
Municipal Infrastructure Grant (MIG)		85,510	131,948	-	7,884	17,759	32,987	-	-	131,948
Integrated National Electrification Programme		-	21,550	-	804	804	5,388	-	-	21,550
Emergency efficiency & demand side management		-	-	-	-	-	-	-	-	-
Municipal water infrastructure		-	-	-	-	-	-	-	-	-
Water Intervention Project		-	-	-	-	-	-	-	-	-
Finance Management Grant		102	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant (WSIG)		42,340	50,000	-	-	3,567	12,500	(8,933)	-71.5%	50,000
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Other capital transfers [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		2,687	12,758	-	-	-	-	-	-	12,758
Housing Level 2 accreditation		74	500	-	-	-	125	(125)	-100.0%	500
Community Library Service		-	-	-	-	-	-	-	-	-
Sport and Recreation		2,057	11,938	-	886	886	2,985	-	-	11,938
Housing		-	-	-	-	-	-	-	-	-
Greenest Town		-	-	-	-	-	-	-	-	-
Museum		222	320	-	-	-	80	-	-	320
LGSETA		-	-	-	-	-	-	-	-	-
EDTEA Grant(AIRPORT UPGRADE)		334	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		146,033	240,770	-	8,688	22,130	57,003	(15,061)	-26.4%	240,770
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		654,217	788,393	-	14,568	252,574	278,376	(5,990)	-2.2%	788,393

KZN252 Newcastle - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q1 First Quarter

Summary of Employee and Councillor remuneration	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		15,871	16,059		1,235	3,683	4,015	(331)	-8%	16,059
Pension and UIF Contributions		2,210	1,964		181	539	491	48	10%	1,964
Medical Aid Contributions		-	128		-	-	32	(32)	-100%	128
Motor Vehicle Allowance		5,972	6,218		468	1,396	1,555	(158)	-10%	6,218
Cellphone Allowance		2,723	2,893		224	680	723	(43)	-6%	2,893
Housing Allowances		207	1,180		16	48	295	(247)	-84%	1,180
Other benefits and allowances		-	-		-	-	-	-	-	-
Sub Total - Councillors		26,983	28,443	-	2,124	6,347	7,111	(764)	-11%	28,443
% increase	4		5.4%							5.4%
Senior Managers of the Municipality										
Basic Salaries and Wages		8,878	8,947		551	1,652	2,237	(584)	-26%	8,947
Pension and UIF Contributions		247	911		10	30	228	(198)	-87%	911
Medical Aid Contributions		60	114		2	5	28	(23)	-80%	114
Overtime		-	-		-	-	-	-	-	-
Performance Bonus		-	516		-	-	129	(129)	-100%	516
Motor Vehicle Allowance		1,117	1,121		119	358	280	78	28%	1,121
Cellphone Allowance		-	-		9	25	-	26	#DIV/0!	-
Housing Allowances		-	-		0	0	-	0	#DIV/0!	-
Other benefits and allowances		154	-		0	0	-	0	#DIV/0!	-
Payments in lieu of leave		-	-		-	-	-	-	-	-
Long service awards		-	-		-	-	-	-	-	-
Post-retirement benefit obligations		-	-		-	-	-	-	-	-
Entertainment		-	-		-	-	-	-	-	-
Scarcity		-	-		-	-	-	-	-	-
Acting and post related allowance		-	-		-	-	-	-	-	-
In kind benefits		-	-		-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		10,466	11,609	-	691	2,072	2,902	(830)	-29%	11,609
% increase	4		10.9%							10.9%
Other Municipal Staff										
Basic Salaries and Wages		446,859	484,203		34,771	104,826	121,051	(18,225)	-13%	484,203
Pension and UIF Contributions		77,568	86,690		6,351	18,340	21,672	(3,333)	-15%	86,690
Medical Aid Contributions		27,808	29,701		2,597	7,783	7,425	358	5%	29,701
Overtime		35,047	20,000		1,978	5,017	5,000	17	0%	20,000
Performance Bonus		-	40,487		2,049	2,064	10,122	(8,057)	-80%	40,487
Motor Vehicle Allowance		23,361	25,612		2,035	5,855	6,403	(548)	-9%	25,612
Cellphone Allowance		-	-		-	-	-	-	-	-
Housing Allowances		7,930	9,375		667	2,006	2,344	(337)	-14%	9,375
Other benefits and allowances		53,882	12,113		1,327	9,083	3,028	6,055	200%	12,113
Payments in lieu of leave		-	-		-	-	-	-	-	-
Long service awards		4,882	4,814		267	1,245	1,204	41	3%	4,814
Post-retirement benefit obligations		-	-		-	-	-	-	-	-
Entertainment		-	-		-	-	-	-	-	-
Scarcity		-	-		-	-	-	-	-	-
Acting and post related allowance		-	-		-	-	-	-	-	-
In kind benefits		-	-		-	-	-	-	-	-
Sub Total - Other Municipal Staff		677,337	712,995	-	52,043	156,219	178,249	(22,030)	-12%	712,995
% increase	4		5.3%							5.3%
Total Parent Municipality		714,786	753,047	-	54,857	164,638	188,262	(23,624)	-13%	753,047
% increase	4		5.4%							5.4%
Unpaid salary, allowances & benefits in arrears:										
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4									
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		714,786	753,047	-	54,857	164,638	188,262	(23,624)	-13%	753,047
% increase	4		5.4%							5.4%
TOTAL MANAGERS AND STAFF		687,804	724,604	-	52,733	158,291	181,151	(22,860)	-13%	724,604

KZN252 Newcastle - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - Q1 First Quarter

Ref	Description	Budget Year 2023/24												2023/24 Medium Term Revenue & Expenditure Framework				
		Budget Year 2023/24												Budget Year 2023/24	Budget Year +1 2024/25	Budget Year +2 2025/26		
		July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	2023/24	+1 2024/25	+2 2025/26		
1	R thousands	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget		
	Cash Receipts By Source																	
	Property rates	29,116	29,174	13,276											227,974	299,539	328,685	348,406
	Service charges - Electricity revenue	72,150	69,332	49,981											662,415	863,797	955,760	1,076,268
	Service charges - Water revenue	18,658	15,741	12,688											89,304	136,391	132,825	140,794
	Service charges - Waste Water Management	11,348	9,995	7,214											47,584	76,141	85,472	91,660
	Service charges - Waste Management	9,110	8,094	5,834											55,167	78,205	84,640	89,718
	Rental of facilities and equipment	723	671	1,235											6,175	8,804	9,333	9,893
	Interest earned - external investments	696	412	105											4,118	5,330	5,650	5,989
	Interest earned - outstanding debtors																	
	Dividends received																	
	Fines, penalties and forfeits	58	564	680											(336)	966	1,024	1,065
	Licenses and permits	2	3	8											21	34	36	38
	Agency services																	
	Transfers and Subsidies - Operational	211,168	2,572	1,796											332,088	547,623	603,815	642,880
	Other revenue														221,384	221,384	253,815	266,161
	Cash Receipts by Source	351,810	135,493	91,377											1,635,602	2,228,217	2,463,054	2,674,902
	Other Cash Flows by Source																	
	Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	86,500													154,270	240,770	274,913	212,234
	Transfers and subsidies - capital (monetary allocations) (Nat / Prov)																	
	Deparim Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educ institutions																	
	Proceeds on Disposal of Fixed and Intangible Assets																	
	Short term loans																	
	Borrowing long term/financing																	
	Increase (decrease) in consumer deposits																	
	Decrease (increase) in non-current receivables																	
	Decrease (increase) in non-current investments																	
	Total Cash Receipts by Source	438,110	135,493	91,377											1,809,872	2,488,987	2,747,067	2,897,136
	Cash Payments by Type																	
	Employee related costs	50,317	54,225	52,733											867,228	724,604	776,222	832,134
	Remuneration of councillors	2,111	2,111	2,124											22,086	28,443	29,590	31,710
	Interest	2,749	2,740	2,711											24,006	32,205	30,525	28,549
	Bulk purchases - Electricity		75,258	40,000											545,675	660,933	749,379	844,550
	Acquisitions - water & other inventory		4,500	13,514											141,840	159,864	167,716	177,733
	Contracted services	4,520	23,019	24,595											155,227	207,351	184,106	182,483
	Transfers and subsidies - other municipalities																	
	Transfers and subsidies - other																	
	Other expenditure	6,564	30,876	9,226											259,647	316,332	321,257	321,544
	Cash Payments by Type	66,281	192,830	144,902											1,725,718	2,128,731	2,238,795	2,418,704
	Other Cash Flows/Payments by Type																	
	Capital assets	4,020	10,725	12,964											227,729	255,338	284,413	222,634
	Repayment of borrowing	32,791	(7,115)	(135)											8,540	34,062	35,156	38,526
	Other Cash Flows/Payments	288,996		(48,990)											(162,373)	77,630	57,078	83,506
	Total Cash Payments by Type	392,078	196,440	108,651											1,799,611	2,496,781	2,615,442	2,763,369
	NET INCREASE/(DECREASE) IN CASH HELD	46,031	(60,947)	(17,274)											10,261	(7,794)	131,625	123,767
	Cash/cash equivalents at the month/year beginning:	12,227	58,258	(2,688)											(19,962)	(19,962)	27,432	19,688
	Cash/cash equivalents at the month/year end:	58,258	(2,688)	(19,962)											(9,701)	(19,962)	151,313	275,080

KZN252 Newcastle - NOT REQUIRED - municipality does not have entities or this is the parent municipality's budget - Q1 First Quarter

Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue										
Exchange Revenue										
Service charges - Electricity		710,063	882,022		77,939	227,360	220,506	6,855	3%	882,022
Service charges - Water		209,836	219,986		19,825	56,289	36,664	19,625	54%	219,986
Service charges - Waste Water Management		127,572	133,580		11,272	33,821	33,395	426	1%	133,580
Service charges - Waste management		103,342	110,148		9,116	27,315	27,537	(222)	-1%	110,148
Sale of Goods and Rendering of Services		8,621			276	1,098		1,098	#DIV/0!	
Agency services										
Interest										
Interest earned from Receivables		5,406	5,877		105	1,730	1,469	261	18%	5,877
Interest earned from Current and Non Current Assets		6,529	5,330		260	849	1,333			5,330
Dividends										
Rent on Land										
Rental from Fixed Assets		7,988	8,804		1,235	2,712	2,201	511	23%	8,804
Licence and permits										
Operational Revenue		12,259	8,490		30	1,572	2,123	(550)	-26%	8,490
Non-Exchange Revenue										
Property rates		376,265	396,741		28,032	106,939	99,185			396,741
Surcharges and Taxes										
Fines, penalties and forfeits		5,729	4,831		680	1,783	1,208	575	48%	4,831
Licences or permits		62	34		8	13	9			34
Transfer and subsidies - Operational		531,036	577,623		6,121	240,536	240,536			577,623
Interest										
Fuel Levy										
Operational Revenue										
Gains on disposal of Assets			2,000		331	904	500			2,000
Other Gains										
Discontinued Operations										
Total Revenue (excluding capital transfers and contributions)		2,104,709	2,355,468	-	155,231	702,923	666,665	36,258	5%	2,355,468
Expenditure By Type										
Employee related costs		677,337	724,604		52,733	158,291	181,151	(22,860)	-13%	724,604
Remuneration of councillors		26,983	28,443		2,124	6,347	7,111	(764)	-11%	28,443
Bulk purchases - electricity		527,905	660,933		44,192	194,510	165,233	29,277	18%	660,933
Inventory consumed		153,815	159,854		30,925	43,706	39,963	3,742	9%	159,854
Debt impairment		354,192	308,145				77,036	(77,036)	-100%	308,145
Depreciation and amortisation		343,913	379,139		30,537	93,653	94,785	(1,132)	-1%	379,139
Interest		76,062	32,205		2,711	8,200	8,051	149	2%	32,205
Contracted services		250,887	207,361		24,595	47,065	51,840	(4,775)	-9%	207,361
Transfers and subsidies										
Irrecoverable debts written off		102,410	89,312		8,354	19,544	22,328	(2,784)	-12%	89,312
Operational costs		244,550	134,594		9,226	30,323	33,648	(3,326)	-10%	134,594
Losses on disposal of Assets										
Other Losses										
Total Expenditure		2,758,055	2,724,589	-	205,397	601,639	681,147	(79,508)	-12%	2,724,589
Surplus/(Deficit)		(653,346)	(369,121)	-	(50,167)	101,284	(14,482)	115,766	-799%	(369,121)
Transfers and subsidies - capital (monetary allocations)		178,070	240,770		595	16,461	60,192	(43,732)	-73%	240,770
Transfers and subsidies - capital (in-kind)										
Surplus/(Deficit) after capital transfers & contributions		(475,275)	(128,351)	-	(49,571)	117,744	45,710	72,034	158%	(128,351)
Income Tax										
Surplus/(Deficit) after income tax		(475,275)	(128,351)	-	(49,571)	117,744	45,710	72,034	158%	(128,351)

KZN252 Newcastle - NOT REQUIRED - municipality does not have entities or this is the parent municipality's budget - Q1 First Quarter

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Municipal Entity										
Service charges - water revenue		130,945	155,541		16,737	43,706	38,885	4,821	12%	155,541
Service charges - other								-		
Rental of facilities and equipment								-		
Interest earned - external investments								-		
Interest earned - outstanding debtors		3,886			1,195	3,555	-	3,555	#DIV/0!	
Agency services								-		
Transfers recognised - operational								-		
Other revenue								-		
Gains on disposal of PPE								-		
Total Operating Revenue	1	134,831	155,541	-	16,933	47,261	38,885	8,376	22%	155,541
Expenditure By Municipal Entity										
Employee related costs		15,937	13,583		1,070	3,206	3,396	(190)	-6%	13,583
Remuneration of Directors								-		
Debt impairment								-		
Depreciation and Amortisation		58,050	901		75	225	225	0	0%	901
Repairs and Maintenance		2,412	4,078		229	396	1,019	(621)	-61%	4,078
Inventory Consumed		35,395	6,713		1,020	3,050	1,678	1,382	82%	6,713
Contracted services		-	6,133				1,533	(1,533)	-100%	6,133
Transfers and grants								-		
Operational Cost		55,000	62,395		4,323	17,161	15,599	1,562	10%	62,395
Loss on disposal of PPE								-		
Total Operating Expenditure	2	166,793	93,802	-	6,717	24,050	23,451	599	3%	93,802
Surplus/ (Deficit) for the yr/period		(31,962)	61,739	-	10,216	23,212	15,435	8,975	58%	61,739
Capital Expenditure By Municipal Entity										
Service charges - water revenue								-		
Service charges - other								-		
Rental of facilities and equipment								-		
Interest earned - external investments								-		
Interest earned - outstanding debtors								-		
Agency services								-		
Transfers recognised - operational								-		
Other revenue								-		
Gains on disposal of PPE								-		
Total Capital Expenditure	3	-	-	-	-	-	-	-		-

KZN252 Newcastle - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - Q1 First Quarter

		Budget Year 2023/24									
		2022/23									
R thousands	Month	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget	
	<u>Monthly expenditure performance trend</u>										
	July	11,445	21,278		4,084	4,084	21,278	17,195	80.8%	2%	
	August	13,050	21,278		10,725	14,809	42,556	27,747	65.2%	6%	
	September	13,612	21,278		12,800	27,609	63,834	36,225	56.7%	11%	
	October	15,289	21,278				86,113	-			
	November	11,422	21,278				106,391	-			
	December	6,522	21,278				127,669	-			
	January	12,269	21,278				148,947	-			
	February	13,879	21,278				170,225	-			
	March	19,068	21,278				191,503	-			
	April	9,016	21,278				212,781	-			
	May	11,805	21,278				234,060	-			
	June	34,455	21,278				255,338	-			
	Total Capital expenditure	173,843	255,338	-	27,609						

KZN252 Newcastle - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - Q1 First Quarter

Description	Ref	Budget Year 2023/24								
		2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		67,978	145,284	-	4,556	9,396	36,321	26,925	74.1%	145,284
Roads Infrastructure		22,521	44,065	-	3,752	5,490	11,016	5,527	50.2%	44,065
Roads		22,521	44,065	-	3,752	5,490	11,016	5,527	50.2%	44,065
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	21,550	-	804	804	5,388	4,584	85.1%	21,550
Power Plants		-	7,950	-	804	804	1,998	1,184	59.6%	7,950
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	1,100	-	-	-	275	275	100.0%	1,100
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	12,500	-	-	-	3,125	3,125	100.0%	12,500
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		45,457	58,185	-	-	3,102	14,546	11,444	78.7%	58,185
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		45,457	58,185	-	-	3,102	14,546	14,546	100.0%	58,185
Distribution		-	-	-	-	-	-	(3,102)	#DIV/0!	-
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	21,484	-	-	-	5,371	5,371	100.0%	21,484
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		-	13,040	-	-	-	3,260	3,260	100.0%	13,040
Waste Water Treatment Works		-	8,444	-	-	-	2,111	2,111	100.0%	8,444
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites		-	-	-	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	-	-	-	-	-	-
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Rail Structures		-	-	-	-	-	-	-	-	-
Rail Furniture		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps		-	-	-	-	-	-	-	-	-
Piers		-	-	-	-	-	-	-	-	-
Revetments		-	-	-	-	-	-	-	-	-
Promenades		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres		-	-	-	-	-	-	-	-	-
Core Layers		-	-	-	-	-	-	-	-	-
Distribution Layers		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Community Assets		752	11,938	-	3,098	4,866	2,985	(1,882)	-63.0%	11,938
Community Facilities		752	-	-	3,098	4,866	-	(4,866)	#DIV/0!	-
Halls		-	-	-	-	-	-	-	-	-
Centres		-	-	-	-	-	-	-	-	-
Crèches		-	-	-	-	-	-	-	-	-
Clinics/Care Centres		-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations		-	-	-	-	-	-	-	-	-
Testing Stations		-	-	-	-	-	-	-	-	-
Museums		8	-	-	-	-	-	-	-	-
Galleries		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Libraries		501	-	-	3,098	4,866	-	(4,866)	#DIV/0!	-

Cemeteries/Crematoria	-	-	-	-	-	-	-	-	-	
Police	-	-	-	-	-	-	-	-	-	
Purfs	-	-	-	-	-	-	-	-	-	
Public Open Space	-	-	-	-	-	-	-	-	-	
Nature Reserves	-	-	-	-	-	-	-	-	-	
Public Ablution Facilities	-	-	-	-	-	-	-	-	-	
Markets	-	-	-	-	-	-	-	-	-	
Stalls	242	-	-	-	-	-	-	-	-	
Abattoirs	-	-	-	-	-	-	-	-	-	
Airports	-	-	-	-	-	-	-	-	-	
Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-	-	-	
Capital Spares	-	-	-	-	-	-	-	-	-	
Sport and Recreation Facilities	-	11,938	-	-	-	2,985	2,985	100.0%	11,938	
Indoor Facilities	-	-	-	-	-	-	-	-	-	
Outdoor Facilities	-	11,938	-	-	-	2,985	2,985	100.0%	11,938	
Capital Spares	-	-	-	-	-	-	-	-	-	
Heritage assets	-	270	-	-	-	68	68	100.0%	270	
Monuments	-	-	-	-	-	-	-	-	-	
Historic Buildings	-	190	-	-	-	48	48	100.0%	190	
Works of Art	-	80	-	-	-	20	20	100.0%	80	
Conservation Areas	-	-	-	-	-	-	-	-	-	
Other Heritage	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Improved Property	-	-	-	-	-	-	-	-	-	
Unimproved Property	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Improved Property	-	-	-	-	-	-	-	-	-	
Unimproved Property	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	-	
Operational Buildings	-	-	-	-	-	-	-	-	-	
Municipal Offices	-	-	-	-	-	-	-	-	-	
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-	
Building Plan Offices	-	-	-	-	-	-	-	-	-	
Workshops	-	-	-	-	-	-	-	-	-	
Yards	-	-	-	-	-	-	-	-	-	
Stores	-	-	-	-	-	-	-	-	-	
Laboratories	-	-	-	-	-	-	-	-	-	
Training Centres	-	-	-	-	-	-	-	-	-	
Manufacturing Plant	-	-	-	-	-	-	-	-	-	
Depots	-	-	-	-	-	-	-	-	-	
Capital Spares	-	-	-	-	-	-	-	-	-	
Housing	-	-	-	-	-	-	-	-	-	
Staff Housing	-	-	-	-	-	-	-	-	-	
Social Housing	-	-	-	-	-	-	-	-	-	
Capital Spares	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Intangible Assets	-	-	-	-	-	-	-	-	-	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	-	-	-	-	-	-	-	-	-	
Water Rights	-	-	-	-	-	-	-	-	-	
Effluent Licenses	-	-	-	-	-	-	-	-	-	
Solid Waste Licenses	-	-	-	-	-	-	-	-	-	
Computer Software and Applications	-	-	-	-	-	-	-	-	-	
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-	
Unspecified	-	-	-	-	-	-	-	-	-	
Computer Equipment	-	2,000	-	-	-	500	500	100.0%	2,000	
Computer Equipment	-	2,000	-	-	-	500	500	100.0%	2,000	
Furniture and Office Equipment	823	991	-	128	128	248	120	48.4%	991	
Furniture and Office Equipment	823	991	-	128	128	248	120	48.4%	991	
Machinery and Equipment	3,251	2,100	-	-	-	525	525	100.0%	2,100	
Machinery and Equipment	3,251	2,100	-	-	-	525	525	100.0%	2,100	
Transport Assets	1,734	500	-	-	-	125	125	100.0%	500	
Transport Assets	1,734	500	-	-	-	125	125	100.0%	500	
Land	-	-	-	-	-	-	-	-	-	
Land	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Living resources	-	-	-	-	-	-	-	-	-	
Living resources	-	-	-	-	-	-	-	-	-	
Policing and Protection	-	-	-	-	-	-	-	-	-	
Zoological plants and animals	-	-	-	-	-	-	-	-	-	
Immature	-	-	-	-	-	-	-	-	-	
Policing and Protection	-	-	-	-	-	-	-	-	-	
Zoological plants and animals	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure on new assets	1	74,538	163,083	-	7,782	14,390	40,771	25,381	64.7%	163,083

Markets										
Stalls										
Abattoirs										
Airports		800				200	200	100.0%	800	
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities										
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets										
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties										
Revenue Generating										
Improved Property										
Unimproved Property										
Non-revenue Generating										
Improved Property										
Unimproved Property										
Other assets										
Operational Buildings										
Municipal Offices										
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing										
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets										
Biological or Cultivated Assets										
Intangible Assets										
Servitudes										
Licences and Rights										
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment										
Computer Equipment										
Furniture and Office Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Machinery and Equipment										
Transport Assets										
Transport Assets										
Land										
Land										
Zoo's, Marine and Non-biological Animals										
Zoo's, Marine and Non-biological Animals										
Living resources										
Mature										
Policing and Protection										
Zoological plants and animals										
Immature										
Policing and Protection										
Zoological plants and animals										
Total Capital Expenditure on renewal of existing assets	1	13,106	11,296	-	-	416	2,824	2,408	85.3%	11,296

KZN252 Newcastle - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - Q1 First Quarter

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		53,655	25,165	--	1,403	3,443	6,291	2,849	45.3%	25,165
Roads Infrastructure		4,399	3,500	--	--	--	875	875	100.0%	3,500
Roads		4,399	3,500	--	--	--	875	875	100.0%	3,500
Road Structures		--	--	--	--	--	--	--	--	--
Road Furniture		--	--	--	--	--	--	--	--	--
Capital Spares		--	--	--	--	--	--	--	--	--
Storm water Infrastructure		31,104	--	--	885	1,009	--	(1,009)	#DIV/0!	--
Drainage Collection		--	--	--	--	--	--	--	--	--
Storm water Conveyance		31,104	--	--	885	1,009	--	(1,009)	#DIV/0!	--
Attenuation		--	--	--	--	--	--	--	--	--
Electrical Infrastructure		8,584	8,850	--	252	948	2,213	1,264	57.1%	8,850
Power Plants		--	--	--	--	--	--	--	--	--
HV Substations		774	1,750	--	--	--	438	438	100.0%	1,750
HV Switching Station		--	--	--	--	--	--	--	--	--
HV Transmission Conductors		--	--	--	--	--	--	--	--	--
MV Substations		1,811	2,600	--	--	--	650	650	100.0%	2,600
MV Switching Stations		--	2,000	--	--	246	500	254	50.8%	2,000
MV Networks		2,057	--	--	86	201	--	(201)	#DIV/0!	--
LV Networks		3,942	2,500	--	167	502	625	123	19.7%	2,500
Capital Spares		--	--	--	--	--	--	--	--	--
Water Supply Infrastructure		3,399	3,200	--	--	1,219	800	(419)	-52.4%	3,200
Dams and Weirs		--	--	--	--	--	--	--	--	--
Boreholes		--	--	--	--	--	--	--	--	--
Reservoirs		--	--	--	--	--	--	--	--	--
Pump Stations		2,713	2,000	--	--	1,219	500	(719)	-143.9%	2,000
Water Treatment Works		--	--	--	--	--	--	--	--	--
Bulk Mains		--	--	--	--	--	--	--	--	--
Distribution		686	1,200	--	--	--	300	300	100.0%	1,200
Distribution Points		--	--	--	--	--	--	--	--	--
PRV Stations		--	--	--	--	--	--	--	--	--
Capital Spares		--	--	--	--	--	--	--	--	--
Sanitation Infrastructure		6,168	9,615	--	266	266	2,404	2,138	88.9%	9,615
Pump Station		--	--	--	--	--	--	--	--	--
Reticulation		6,168	1,200	--	266	266	300	34	11.3%	1,200
Waste Water Treatment Works		--	8,415	--	--	--	2,104	2,104	100.0%	8,415
Outfall Sewers		--	--	--	--	--	--	--	--	--
Toilet Facilities		--	--	--	--	--	--	--	--	--
Capital Spares		--	--	--	--	--	--	--	--	--
Solid Waste Infrastructure		--	--	--	--	--	--	--	--	--
Landfill Sites		--	--	--	--	--	--	--	--	--
Waste Transfer Stations		--	--	--	--	--	--	--	--	--
Waste Processing Facilities		--	--	--	--	--	--	--	--	--
Waste Drop-off Points		--	--	--	--	--	--	--	--	--
Waste Separation Facilities		--	--	--	--	--	--	--	--	--
Electricity Generation Facilities		--	--	--	--	--	--	--	--	--
Capital Spares		--	--	--	--	--	--	--	--	--
Rail Infrastructure		--	--	--	--	--	--	--	--	--
Rail Lines		--	--	--	--	--	--	--	--	--
Rail Structures		--	--	--	--	--	--	--	--	--
Rail Furniture		--	--	--	--	--	--	--	--	--
Drainage Collection		--	--	--	--	--	--	--	--	--
Storm water Conveyance		--	--	--	--	--	--	--	--	--
Attenuation		--	--	--	--	--	--	--	--	--
MV Substations		--	--	--	--	--	--	--	--	--
LV Networks		--	--	--	--	--	--	--	--	--
Capital Spares		--	--	--	--	--	--	--	--	--
Coastal Infrastructure		--	--	--	--	--	--	--	--	--
Sand Pumps		--	--	--	--	--	--	--	--	--
Piers		--	--	--	--	--	--	--	--	--
Revetments		--	--	--	--	--	--	--	--	--
Promenades		--	--	--	--	--	--	--	--	--
Capital Spares		--	--	--	--	--	--	--	--	--
Information and Communication Infrastructure		--	--	--	--	--	--	--	--	--
Data Centres		--	--	--	--	--	--	--	--	--
Core Layers		--	--	--	--	--	--	--	--	--
Distribution Layers		--	--	--	--	--	--	--	--	--
Capital Spares		--	--	--	--	--	--	--	--	--
Community Assets		1,153	877	--	18	50	219	169	77.2%	877
Community Facilities		1,068	743	--	18	50	186	136	73.1%	743
Halls		258	324	--	8	17	81	64	78.8%	324
Centres		--	--	--	--	--	--	--	--	--
Crèches		--	--	--	--	--	--	--	--	--
Clinics/Care Centres		--	--	--	--	--	--	--	--	--
Fire/Ambulance Stations		--	--	--	--	--	--	--	--	--
Testing Stations		--	--	--	--	--	--	--	--	--
Museums		45	3	--	--	--	1	1	100.0%	3
Galleries		--	--	--	--	--	--	--	--	--
Theatres		--	--	--	--	--	--	--	--	--
Libraries		189	41	--	4	14	10	(3)	-32.3%	41

Cemeteries/Crematoria	-	-	-	-	-	-	-	-	-	
Police	-	-	-	-	-	-	-	-	-	
Purfs	-	93	-	-	-	23	23	100.0%	93	
Public Open Space	377	204	-	-	-	51	51	100.0%	204	
Nature Reserves	-	-	-	-	-	-	-	-	-	
Public Ablution Facilities	-	-	-	-	-	-	-	-	-	
Markets	-	-	-	-	-	-	-	-	-	
Stalls	26	26	-	14	6	(7)	-109.8%	26		
Abattoirs	-	-	-	-	-	-	-	-	-	
Airports	173	52	6	6	13	7	55.6%	52		
Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-	-	-	
Capital Spares	-	-	-	-	-	-	-	-	-	
Sport and Recreation Facilities	65	134	-	-	-	33	33	100.0%	134	
Indoor Facilities	59	83	-	-	-	21	21	100.0%	83	
Outdoor Facilities	26	51	-	-	-	13	13	100.0%	51	
Capital Spares	-	-	-	-	-	-	-	-	-	
Heritage assets	-	-	-	-	-	-	-	-	-	
Monuments	-	-	-	-	-	-	-	-	-	
Historic Buildings	-	-	-	-	-	-	-	-	-	
Works of Art	-	-	-	-	-	-	-	-	-	
Conservation Areas	-	-	-	-	-	-	-	-	-	
Other Heritage	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Improved Property	-	-	-	-	-	-	-	-	-	
Unimproved Property	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Improved Property	-	-	-	-	-	-	-	-	-	
Unimproved Property	-	-	-	-	-	-	-	-	-	
Other assets	3,669	2,079	-	248	660	520	(141)	-27.1%	2,079	
Operational Buildings	2,659	1,515	-	114	328	379	50	13.3%	1,515	
Municipal Offices	-	-	-	-	-	-	-	-	-	
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-	
Building Plan Offices	2,547	1,453	-	112	308	363	56	15.2%	1,453	
Workshops	38	12	2	3	3	0	0	2.6%	12	
Yards	-	-	-	-	-	-	-	-	-	
Stores	57	50	0	17	12	(5)	-40.1%	50		
Laboratories	-	-	-	-	-	-	-	-	-	
Training Centres	-	-	-	-	-	-	-	-	-	
Manufacturing Plant	-	-	-	-	-	-	-	-	-	
Depots	-	-	-	-	-	-	-	-	-	
Capital Spares	16	-	-	-	-	-	-	-	-	
Housing	1,030	564	-	134	332	141	(181)	-135.5%	564	
Staff Housing	808	378	-	108	177	94	(83)	-87.5%	378	
Social Housing	222	186	-	25	155	47	(108)	-232.8%	186	
Capital Spares	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Intangible Assets	4,585	2,784	-	187	562	696	134	19.2%	2,784	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	4,585	2,784	-	187	562	696	134	19.2%	2,784	
Water Rights	-	-	-	-	-	-	-	-	-	
Effluent Licenses	-	-	-	-	-	-	-	-	-	
Solid Waste Licenses	-	-	-	-	-	-	-	-	-	
Computer Software and Applications	4,585	2,784	-	-	-	696	696	100.0%	2,784	
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-	
Unspecified	-	-	-	-	-	-	-	-	-	
Computer Equipment	-	22	-	-	-	5	5	100.0%	22	
Computer Equipment	-	22	-	-	-	5	5	100.0%	22	
Furniture and Office Equipment	14	93	-	-	-	23	23	100.0%	93	
Furniture and Office Equipment	14	93	-	-	-	23	23	100.0%	93	
Machinery and Equipment	6,147	3,671	-	340	736	918	182	19.8%	3,671	
Machinery and Equipment	6,147	3,671	-	340	736	918	182	19.8%	3,671	
Transport Assets	10,492	9,800	-	18	18	2,450	2,432	99.3%	9,800	
Transport Assets	10,492	9,800	-	18	18	2,450	2,432	99.3%	9,800	
Land	-	-	-	-	-	-	-	-	-	
Land	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Living resources	-	-	-	-	-	-	-	-	-	
Mature	-	-	-	-	-	-	-	-	-	
Policing and Protection	-	-	-	-	-	-	-	-	-	
Zoological plants and animals	-	-	-	-	-	-	-	-	-	
Immature	-	-	-	-	-	-	-	-	-	
Policing and Protection	-	-	-	-	-	-	-	-	-	
Zoological plants and animals	-	-	-	-	-	-	-	-	-	
Total Repairs and Maintenance Expenditure	1	79,735	44,492	-	2,214	5,469	11,123	5,654	50.8%	44,492

Cemeteries/Crematoria	604									
Police	-									
Purfs	-									
Public Open Space	66									
Nature Reserves	-									
Public Ablution Facilities	-									
Markets	-									
Stalls	-									
Abattoirs	-									
Airports	-									
Taxi Ranks/Bus Terminals	-									
Capital Spares	1,881									
Sport and Recreation Facilities	2,652	-	-	-	-	-	-	-	-	-
Indoor Facilities	227	-	-	-	-	-	-	-	-	-
Outdoor Facilities	2,425	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-	-
Heritage assets										
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties										
Revenue Generating										
Improved Property										
Unimproved Property										
Non-revenue Generating										
Improved Property										
Unimproved Property										
Other assets	10,152	-	-	-	-	-	-	-	-	-
Operational Buildings	10,152	-	-	-	-	-	-	-	-	-
Municipal Offices	10,152	-	-	-	-	-	-	-	-	-
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing										
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets										
Biological or Cultivated Assets										
Intangible Assets	625	-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights	625	-	-	-	-	-	-	-	-	-
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications	625	-	-	-	-	-	-	-	-	-
Load Settlement Software Applications										
Unspecified										
Computer Equipment	2,210	-	-	-	-	-	-	-	-	-
Computer Equipment	2,210	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	1,553	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	1,553	-	-	-	-	-	-	-	-	-
Machinery and Equipment	2,202	-	-	-	-	-	-	-	-	-
Machinery and Equipment	2,202	-	-	-	-	-	-	-	-	-
Transport Assets	4,066	-	-	-	-	-	-	-	-	-
Transport Assets	4,066	-	-	-	-	-	-	-	-	-
Land										
Land										
Zoo's, Marine and Non-biological Animals										
Zoo's, Marine and Non-biological Animals										
Living resources										
Mature										
Policing and Protection										
Zoological plants and animals										
Immature										
Policing and Protection										
Zoological plants and animals										
Total Depreciation	1	343,913	379,139	-	30,537	93,653	94,785	1,132	1.2%	379,139

Markets	-	-	-	-	-	-	-	-	-	-
Stalls	533	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-
Airports	1,684	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	12,435	23,959	-	886	886	6,876	5,990	87.1%	-	23,959
Indoor Facilities	12,435	-	-	886	886	886	-	-	-	-
Outdoor Facilities	-	23,959	-	-	-	5,990	5,990	100.0%	-	23,959
Capital Spares	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Monuments	-	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	-	-	-	-	-	-	-
Works of Art	-	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-	-
Other assets	2,493	-	-	-	-	-	-	-	-	-
Operational Buildings	2,493	-	-	-	-	-	-	-	-	-
Municipal Offices	2,493	-	-	-	-	-	-	-	-	-
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-
Yards	-	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Staff Housing	-	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-	-
Water Rights	-	-	-	-	-	-	-	-	-	-
Effluent Licenses	-	-	-	-	-	-	-	-	-	-
Solid Waste Licenses	-	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	-	-	-	-	-	-	-	-	-
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	-
Living resources	-	-	-	-	-	-	-	-	-	-
Mature	-	-	-	-	-	-	-	-	-	-
Policing and Protection	-	-	-	-	-	-	-	-	-	-
Zoological plants and animals	-	-	-	-	-	-	-	-	-	-
Immature	-	-	-	-	-	-	-	-	-	-
Policing and Protection	-	-	-	-	-	-	-	-	-	-
Zoological plants and animals	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing assets	1	86,239	80,959	-	5,018	12,803	21,126	8,323	39.4%	80,959

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

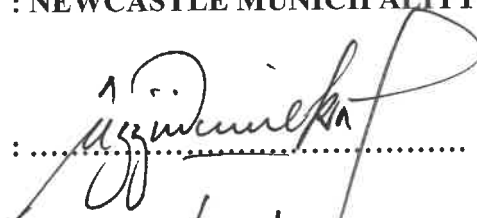


I, **Z W MCINEKA**, the Municipal Manager of **Newcastle Municipality**, hereby certify that the quarterly report on the implementation of budget and financial state of affairs for the first quarter of 2023/2024 financial year have been prepared in accordance with Section 52(d) of the Municipal Finance Management Act, No56 of 2003; and Regulation 31-32 of the Municipal Budget and Reporting Regulations.

Print Name : **ZAMOKWAKHE WESLEY MCINEKA**

Municipal Manager : **NEWCASTLE MUNICIPALITY**

Signature


.....

Date

05 / 10 / 2023
.....