



nelson mandela bay
M U N I C I P A L I T Y

2023/24

MID-YEAR REPORT



**BUDGET AND PERFORMANCE
ASSESSMENT**

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STATEMENT BY CITY MANAGER

It is my pleasure to present the 2023/24 Mid-Year Report of Nelson Mandela Bay Municipality for the period 1 July 2023 to 31 December 2023. This report provides an overview of the institution's performance and financial position in the first half of the financial year.

In terms of Section 72 of the Local Government: Municipal Finance Management (Act No. 56 of 2003), the Accounting Officer of the Municipality must by 25 January of each year assess the performance (both financial and non-financial) of the Municipality and its entities for the first half of the financial year and submit a report to the Executive Mayor, the National Treasury, and the relevant Provincial Treasury.

In terms of Section 52(d), the Mayor of the Municipality must within 30 days of the end of each quarter, submit a report to Council on the implementation of the Budget and the financial state of affairs of the Municipality.

Furthermore, Section 54(1)(f) states that the Mayor must, on receipt of a statement or report submitted by the accounting officer of the municipality, in terms of section 71 or 72 (in the case of a section 72 report), submit the Report to the Council by 31 January of each year.

The Performance Report is based on the approved 2023/24 Service Delivery and Budget Implementation Plan (SDBIP) and is aligned to the following outcome areas:

- Electricity and Energy
- Environment and Waste
- Financial Management
- Fire and Disaster Services
- Governance
- Housing and Community Facilities
- Local Economic Development
- Transport and Roads
- Water and Sanitation

These outcome areas are further categorised in line with the following key performance areas:

KPA 1 : Basic service delivery

KPA 2 : Municipal institutional development and transformation

KPA 3 : Local economic development

KPA 4 : Municipal financial viability and management

KPA 5 : Good governance and public participation

The past six months have been challenging, however, despite this, the Municipality continued to strive for excellence in the delivery of services to the residents of Nelson Mandela Bay.

Some of the notable achievements in the first half of the financial year include: -

- Achieving an unqualified audit opinion
- Paying 85% of expenditure on contracted services to contractors physically residing within the Nelson Mandela Bay.
- Creating an additional 9800 work opportunities.
- Amending the ATTP Policy by providing households with a property value of up to R2 million to qualify for indigent relief if the household income does not exceed 2 state pensions (R7920).
- Resurfacing / resealing 15 921,3 m² of municipal roads.
- Efficiencies reported in the issuing of rates clearance certificates and the turnaround times in dealing with business licence -, trading license - and building plan applications.
- Good financial health as depicted in various financial ratios reported.

The table below provides a summary of the institution's performance over the review period, which is reflected in greater detail in the 2023/24 Mid-year Performance Report:

INTERPRETATION OF PERFORMANCE ACHIEVEMENT

Over achieved:	Achievement of target exceeded
Achieved:	Target achieved as planned
Partially achieved:	75% progress towards achievement of the target
Not achieved:	Below 75% progress towards achievement of target

KEY PERFORMANCE AREA	NUMBER OF KPIS APPLICABLE TO MID-YEAR REPORTING	NO OF KPIS <u>OVER- ACHIEVED</u>	NO OF KPIS <u>ACHIEVED</u>	NO OF KPIS <u>PARTIALLY ACHIEVED (75% AND ABOVE)</u>	NO OF KPIS <u>NOT ACHIEVED (BELOW 75%)</u>	% PERFORMANCE
KPA 1: Basic Service Delivery	11	3	0	3	5	27.27%
KPA 2: Municipal Institutional Development and Transformation	1	0	0	0	1	0%
KPA 3: Local Economic Development	8	8	0	0	0	100%
KPA 4: Municipal Financial Viability and Management	16	7	2	2	5	56.25%
KPA 5: Good Governance and Public Participation	3	0	1	0	2	33.33%
OVERALL PERFORMANCE	39	18	3	5	13	53.85%

It should be noted that, in line with MFMA Circular 88, only 39 of the 73 key performance indicators (KPIs) in the Nelson Mandela Bay Municipality's 2023/24 SDBIP have mid-year targets for reporting in the 2023/24 Mid-Year Performance Report (for 34 of 73 KPIs no mid-year target setting is prescribed by Circular 88).

Performance reported in the Mid-Year Performance Report may thus give a distorted impression of actual performance in relation to all service delivery areas.

Upon analysing mid-year performance, it may be noted that performance against 21 of the 39 KPIs (53.85%) is reported as achieved or overachieved. For 5 of the 39 KPIs (12.82%), performance is reported at above 75% achievement (partially achieved). This implies that overall progress reported against the Municipality's Service Delivery and Budget Implementation Plan stands at 66.67%.

In addition to the above, the Municipality monitors non-financial performance throughout the fiscal year against all 73 SDBIP KPIs by means of quarterly targets in the performance scorecards of relevant Senior Managers.

Some of the challenges experienced during the review period that contributed to areas of below standard performance include the following:

- Various challenges around supply chain management processes.
- Late approval of business plans resulting in late receipt of grant funding.
- Increase in water, electricity, and property tariffs.
- High electricity consumption resulting in more electricity being purchased by the Municipality.
- Delays in payment of service providers.
- Shortage of Human Resource Practitioners to meet recruitment demands.
- Municipality's adoption of the cluster approach for engaging wards.
- Complex and detailed nature of suspensions and investigations thereof.
- The contracted Vehicle Operating Company not fulfilling its contractual performance obligations in respect of the IPTS buses.

As we enter the second half of the financial year, we face new opportunities and challenges. We will continue to strive for excellence while adapting to the changing needs of our communities. We remain committed to our responsibility to provide dedicated quality services to the residents of our City.

I express my sincere gratitude and appreciation to our political leadership, employees and stakeholders as the achievements made by the institution would not be possible without a collaborative approach towards improved service delivery.

MR L MAGALELA
ACTING CITY MANAGER

INTERPRETATION OF ACHIEVEMENT	
Over Achieved	Achievement of target exceeded
Achieved	Target achieved as planned
Partially Achieved	75% progress towards achievement of the target
Not achieved	Below 75% progress towards achievement of target

NELSON MANDELA BAY MUNICIPALITY 2023/24 MID-YEAR PERFORMANCE REPORT														
MFMCA C88 OUTCOME	IDP MFMCA C88 REF / MSA REG REF	SDBIP MFMCA C88 REF / MSA REG REF	KEY PERFORMANCE AREA (KPA)	KPI NO	SDBIP MFMCA C88 REF / MSA REG REF	KEY INDICATOR	PRESCRIBED FREQUENCY OF REPORTING	2022/23 SDBIP KPI REFERENCE	BASELINE (ANNUAL PERFORMANCE OF 2022/23 ESTIMATED)	2023/24 ANNUAL PERFORMANCE TARGET	PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER			REPORTING DIRECTORATE / OFFICE
											2ND QUARTER PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	2ND QUARTER ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)	ACHIEVEMENT STATUS	
EE1: Improved access to electricity	EE1	EE11	KPA 1: BASIC SERVICE DELIVERY	1	EE111	Number of dwellings provided with connections to the mains electricity supply by the municipality	Quarterly	1	590	1991	232	179	Partially achieved	ELECTRICITY AND ENERGY
EE2: Improved affordability of service	N/A	EE211	KPA 1: BASIC SERVICE DELIVERY	2	EE211	Percentage of total residential electricity provision allocated as Free Basic Electricity (FBE)	Annual	2	5.4%	7%				BUDGET AND TREASURY
EE3: Improved reliability of electricity service	N/A	EE321	KPA 1: BASIC SERVICE DELIVERY	3	EE321	Percentage of planned maintenance performed	Quarterly	3	99.55%	96%	96%	0%	Not achieved	ELECTRICITY AND ENERGY
<p>WORK DONE: As at 31 December 2023, 179 dwellings were provided with connections to the mains electricity supply by the Municipality as follows:</p> <p>1) Formal state-subsidised dwellings: 26</p> <p>2) Informal dwellings: 128</p> <p>3) Formal residential dwellings: 23</p> <p>REASONS FOR UNDERPERFORMANCE: The underperformance reported against this Key Performance Indicator is due to the following reasons:</p> <p>Formal State Subsidised Dwellings: Electrification of a formal dwelling is dependent on the receipt of an application from a legal beneficiary. During the period under review, only 28 applications were received from legal beneficiaries.</p> <p>Formal Residential Dwellings: The installation of electricity to formal households is demand driven. It is difficult to estimate the number of beneficiaries that would approach the Municipality to apply for electricity connections at a given time.</p> <p>CORRECTIVE ACTION / MITIGATION / MID-YEAR ADJUSTMENT: To mitigate against the dependency on beneficiaries and / or homeowners to apply for connection, target setting for 2023/24 will be reviewed to focus on informal dwellings provided with connections to the mains electricity supply by the municipality only.</p>														
<p>WORK DONE: As at 31 December 2023, planned maintenance performed in line with the planned maintenance plan approved by the Municipality on 26 July 2023, could not be verified. This has resulted in 0% achievement being reported against this key performance indicator.</p> <p>REASON(S) FOR UNDERPERFORMANCE: It should be noted that the Municipality did perform planned maintenance, however, the maintenance activities performed could not be used to the maintenance activities listed in the planned maintenance plan. Non-alignment between the maintenance activities actually performed by the Municipality and the maintenance activities listed in the planned maintenance plan is due to a misunderstanding of the technical requirements of the key performance indicator, as well as the required supporting portfolio of evidence.</p> <p>CORRECTIVE ACTION / MITIGATION: The Municipality will continue to engage project managers and Internal Audit on the technical requirements of this key performance indicator. It is anticipated that the target will be met during the third quarter.</p>														
<p>According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.</p>														

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MFMA C88 OUTCOME	IDP MFMA C88 REF / MSA	SDBIP MFMA C88 REF / MSA	KEY PERFORMANCE AREA (KPA)	KPI NO	SDBIP MFMA C88 REF / MSA	KEY INDICATOR	PRESCRIBED FREQUENCY OF REPORTING	2022/23 SDBIP KPI REFERENCE	BASELINE PERFORMANCE OF 2022/23 (ESTIMATED)	2023/24 ANNUAL PERFORMANCE TARGET	PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER			REPORTING DIRECTORATE / OFFICE
											2ND QUARTER PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	2ND QUARTER ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)	ACHIEVEMENT STATUS	
EE4: Improved energy sustainability	N/A	N/A	KPA 1: BASIC SERVICE DELIVERY	5	N/A	Installed capacity of approved embedded generators on the municipal distribution network.	Annual	4	6,79691 MW	5 MW	According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only if should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager	ELECTRICITY AND ENERGY		
EE4: Improved energy sustainability	N/A	N/A	KPA 1: BASIC SERVICE DELIVERY	5	N/A	Percentage non-technical electricity losses (electricity losses as a result of non-technical causes attributed to either electricity theft / non-metered electricity / meter tampering / meter failures and/or illegal connections)	Quarterly	New KPI (introduced in 2023/24)	14,1% of the total electricity losses	14% of the total electricity losses	15,5% of the total electricity losses	18,43% (As at November 2023)	Not Achieved WORK DONE: As at 30 November 2023, the municipality reported 18,43% non-technical electricity losses. The losses calculation is as follows: Energy Loss: (Total Energy Charge (282 593 872 kWh) minus Total Energy Sales (incl. Street lights) (2 13 562 073 kWh) = 69 041 799 kWh) % Total Losses: Energy Loss = (69 041 799 kWh) divided by Total Purchase Energy (282 593 872 kWh) = 24,43%, includes both Technical & Non-Technical Losses Technical Losses are calculated at 6% (KWh): Total Energy Charge (282 593 872 kWh x 6%) = 16 955 632 kWh Non-Technical Losses: Energy Loss (69 041 799 kWh) minus Technical Losses (16 955 632 kWh) = 52 086 167 kWh divide by Total Energy Charge (282 593 872) = Non-Technical Losses is recorded at 18,43% NOTE: December statistics will be made available by 31 January 2024. It is anticipated that the December 2023 data will shift performance reported against the key performance indicator in a positive direction.	ELECTRICITY AND ENERGY
ENV1: Improved air quality	ENV1 1	ENV1 12	KPA 1: BASIC SERVICE DELIVERY	9	ENV1 12	Percentage of AQ monitoring stations providing adequate data over a reporting year	Annual	5	20%	20%	According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	PUBLIC HEALTH		

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MFMMA C88 OUTCOME REG REF / MSA	IDP MFMMA C88 REF / MSA REG REF	SDBIP MFMMA C88 REF / MSA REG REF	KEY PERFORMANCE AREA KEY PERFORMANCE AREA DELIVERY (KPA)	KPI NO	SDBIP MFMMA C88 REF / MSA REG REF	KEY INDICATOR PERFORMANCE	PRESCRIBED FREQUENCY OF REPORTING	2022/23 SDBIP KPI REFERENCE	BASELINE (ANNUAL PERFORMANCE OF 2022/23 ESTIMATED)	2023/24 ANNUAL PERFORMANCE TARGET	PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER			REPORTING DIRECTORATE / OFFICE
											2ND QUARTER PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	2ND QUARTER ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)	ACHIEVEMENT STATUS	
ENV3. Increased access to refuse removal conserved and enhanced	ENV3.1	ENV3.1	KPA 1 BASIC SERVICE DELIVERY	7	ENV3.11	Percentage of known informal settlements receiving basic refuse removal services	Annual	6	66% (103 of 156 informal settlements)	67%	According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.		PUBLIC HEALTH	
ENV4. Biodiversity is conserved and enhanced	N/A	ENV4.11	KPA 1 BASIC SERVICE DELIVERY	8	ENV4.11	Percentage of biodiversity priority area within the municipality	Annual	7	62%	62%	According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.		PUBLIC HEALTH	
ENV4 Biodiversity is conserved and enhanced	N/A	ENV4.21	KPA 1 BASIC SERVICE DELIVERY	6	ENV4.21	Percentage of biodiversity priority areas protected	Annual	8	8.64%	8.64%	According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.		PUBLIC HEALTH	

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MfMA C88 Outcome	IDP MfMA C88 Ref / MSA Reg Ref	SDBIP MfMA C88 Ref / MSA Reg Ref	Key Performance Area (KPA)	KPI No	SDBIP MfMA C88 Ref / MSA Reg Ref	Key Indicator	Prescribed Frequency of Reporting	2022/23 SDBIP KPI Reference	Baseline (Annual Performance of 2022/23 Estimated)	2023/24 Annual Performance Target	Performance Information Reported for the 2023/24 Second Quarter			Reporting Directorate / Office
											2nd Quarter Planned Target (1 July 2023 - 31 December 2023)	2nd Quarter Actual Performance (1 July 2023 - 31 December 2023)	Achievement Status	
ENVS. Coastal and inland water resources maintained	ENVS.1	ENVS.21	KPA 1: BASIC SERVICE DELIVERY	11	ENVS.21	Number of inland water samples tested for monitoring purposes	Quarterly	10	1307 samples	1296 samples	678 samples	Over achieved	PUBLIC HEALTH	
ENVS. Coastal and inland water resources maintained	ENVS.1	ENVS.12	KPA 1: BASIC SERVICE DELIVERY	01	ENVS.12	Number of coastal water samples taken for monitoring purposes	Quarterly	9	61 samples By April 2022	144 samples	72 samples	36 samples Not Achieved	SPORTS, RECREATION, ARTS AND CULTURE	

WORK DONE: As at 31 December 2023, the following 36 coastal water samples were taken, on various dates, for monitoring purposes: -

- 1) 6 samples from King's Beach;
- 2) 6 samples from Humewood Beach;
- 3) 6 samples from Hobie Beach;
- 4) 6 samples from Wells Estate;
- 5) 6 samples from Pollock Beach; and
- 6) 6 samples from Blue Water Bay.

It should be noted that the purpose of the key performance indicator is to collect coastal water samples for monitoring purposes. The key performance indicator focusses on the number of water samples taken for testing only and not the number of itemised tests conducted per sample or outcome of testing.

REASON(S) FOR UNDERPERFORMANCE: Work delivered in the second quarter is in line with the projected number of tests per quarter (36). The underperformance reported against this key performance indicator is due to supply chain management challenges experienced during the first quarter of the financial year (late receipt of order number to proceed with work).

CORRECTIVE ACTION / MITIGATION / MID-YEAR ADJUSTMENT: The KPI targets will be reviewed during the 2023/24 mid-year adjustment process to ensure alignment between targets and contract deliverables.

WORK DONE: To monitor inland water quality, altogether 678 water samples were taken from four rivers on a weekly basis within Nelson Mandela Bay during the period under review. Samples were taken as follows:

- 1) 309 samples from the Swartkops River
- 2) 171 samples from the Baakens River
- 3) 123 samples from the Papestskuil River
- 4) 75 samples from the Chetty River

It should be noted that the purpose of the key performance indicator is to collect inland water samples for monitoring purposes. Water samples taken, refers to samples taken for water quality testing and not to the number of itemised tests conducted per sample or the outcome of testing.

REASON(S) FOR OVERPERFORMANCE: Noting the water crisis is still eminent in Nelson Mandela Bay, there is a large focus on the provision of water and the quality thereof. The importance placed on water has resulted in the Municipality taking more samples than initially planned.

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2023/24 MID-YEAR PERFORMANCE REPORT

PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER											
MfMA C88 OUTCOME	IDP MfMA C88 REF / MSA REG REF	SDBIP MfMA C88 REF / MSA REG REF	KEY INDICATOR	KEY PERFORMANCE AREA (KPA)	KPI NO	2023/24 ANNUAL PERFORMANCE TARGET	2ND QUARTER PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	2ND QUARTER ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)	ACHIEVEMENT STATUS	PERFORMANCE ANALYSIS, REASONS FOR OVERPERFORMANCE / UNDERPERFORMANCE AND MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE	REPORTING DIRECTORATE / OFFICE
Fm1. Enhanced municipal budgeting and budget implementation	Fm1.1	Fm1.13	Total Capital Expenditure as a percentage of Total Capital Budget	KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	12	95%	30%	17%	Not achieved	WORK DONE: During the reporting period, an amount of R333,877m or 17% of the Municipality's Capital Budget (R1,941,550,095) had been spent. REASONS FOR UNDERPERFORMANCE: The main reasons for underperformance reported against this Key Performance Indicator include, but are not limited to: The late approval of Business Plans (during August 2023) for the three major grants (Regional Bulk Infrastructure Grant, USDG, ISUPG) resulting in grants being paid late to the municipality (projects cannot commence before Business Plans have been finalised and funding has been made available). These grants had been received as follows: Regional Bulk Infrastructure Grant - 03 August 2023 USDG - 17 August 2023 ISUPG - 22 August 2023 CORRECTIVE ACTION / MITIGATION: To accelerate capital budget expenditure and unblock operational delays, a Capital Budget and Project Acceleration Task Team is in place to monitor project progress, capital budget expenditure and to ensure accountability for under spending. It may be noted, that capital expenditure has increased drastically from 3.88% in the first quarter to 17% in the second quarter.	BUDGET AND TREASURY
Fm1. Enhanced municipal budgeting and budget implementation	Fm1.1	Fm1.12	Total Operating Expenditure as a percentage of Total Operating Expenditure Budget	KPA 4: MUNICIPAL FINANCIAL VIABILITY	13	95%	50%	57%	Over achieved	WORK DONE: During the period under review, R9,966 billion or 57% of the approved Operating Budget (R17,406,083,000) had been spent. REASON(S) FOR OVERPERFORMANCE: Although overspending may indicate poor financial management, in this instance the amendment of the ATP Policy which came into effect 01 July 2023 resulted in a massive writing off of overdue debt resulting in an increase in the percentage achievement against this key performance indicator (overperformance).	BUDGET AND TREASURY
Fm1. Enhanced municipal budgeting and budget implementation	Fm1.1	Fm1.13	Total Operating Revenue as a percentage of Total Operating Revenue Budget	KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	14	95%	50%	59%	Over achieved	WORK DONE: During the period under review, 59% Operating Revenue was billed as a percentage of the total Operating Revenue that was budgeted for. The indicator measures the extent of actual operating revenue (excl. capital grant revenue) generated in relation to budgeted operating revenue during the financial year. This key performance indicator includes the measurement of all sources of operating revenue and not only service charges and property rates as measured in KPI 15. REASON(S) FOR OVERPERFORMANCE: The reason for overperformance reported against this key performance indicator is attributed to the fact that the municipality based its target setting on baseline performance in the 2022/23 financial year and it budgeted for revenue generated by services rendered prior to the increase of tariffs. In this regard, the municipality was able to collect more revenue on a higher tariff than was anticipated.	BUDGET AND TREASURY

NELSON MANDELA BAY MUNICIPALITY
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PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER																
REPORTING DIRECTORATE / OFFICE	2ND QUARTER PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	2ND QUARTER ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)	ACHIEVEMENT STATUS	PERFORMANCE ANALYSIS, REASONS FOR OVERPERFORMANCE / UNDERPERFORMANCE AND MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE	BUDGET AND TREASURY	2023/24 ANNUAL PERFORMANCE TARGET	BASELINE (ANNUAL PERFORMANCE OF 2022/23 ESTIMATED)	2022/23 SDBIP KPI REFERENCE	PRESCRIBED FREQUENCY OF REPORTING	KEY INDICATOR	SDBIP MFMA C88 REF / MSA REG REF	KPI NO	KEY PERFORMANCE AREA (KPA)	SDBIP MFMA C88 REF / MSA REG REF	IDP MFMA C88 REF / MSA REG REF	MFMA C88 OUTCOME
BUDGET AND TREASURY	70%	59%	Partially Achieved	WORK DONE: During the period under review, service charges and property rates revenue as a % of service charges and property rates budget, amounted to 59%. The ratio measures the extent of revenue generated through service charges and property rates only, in relation to the amount of revenue budgeted for in respect of service charges and property rates to be charged during the financial year. Service Charges include revenue generated from the sale of water, electricity, refuse and sanitation. Property rates includes revenue generated from rates and taxes charged on properties. REASONS FOR UNDERPERFORMANCE: The main reason for the underperformance reported against this Key Performance Indicator is due to the fact that targets for 2023/24 were set based on a Part D tariff that were applicable at the end of the 2022/23 financial year, rather than a Part C water tariff that became effective during the 2023/24 financial year. This resulted in revenue generated being lower than anticipated / budgeted. CORRECTIVE ACTION / MITIGATION / MID-YEAR ADJUSTMENT: During the 2023/24 mid-year adjustment processes, the KPI targets for Q3 and Q4 will be revised in accordance with the amended tariff changes to ensure that targets are aligned to revenue trends and influencing factors.	BUDGET AND TREASURY	95.0%	New KPI (Introduced in 2022/23)	14	Quarterly	Service Charges and Property Rates Revenue as a Percentage of Service Charges and Property Rates Revenue Budget	FM1.14	15	KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	FM1.14	FM1.1	FM1.1 Enhanced municipal budgeting and
BUDGET AND TREASURY	Yes	Yes	Achieved	WORK DONE: During the period under review, National Treasury assessed the Municipal budget and deemed same as 'funded and 'credible'.	BUDGET AND TREASURY	Yes	Yes	15	Bi-annual	Funded budget	FM1.21	16	KPA 4: MUNICIPAL FINANCIAL VIABILITY	FM1.21	FM1.2	FM1.1 Enhanced municipal budgeting and
BUDGET AND TREASURY	3.6 months	3.6 months	Achieved	According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	BUDGET AND TREASURY	R1.7 billion	New KPI (Introduced in 2022/23)	16	Annual	Cash backed reserves reconciliation at year end	FM2.21	17	KPA 4: MUNICIPAL FINANCIAL VIABILITY	FM2.21	FM2.2	FM2.2 Improved financial sustainability and
BUDGET AND TREASURY	3.6 months	3.6 months	Achieved	WORK DONE: During the period under review, the cost coverage ratio amounted to 3.6 months. The indicator measures whether the municipality is able to meet its fixed operational costs with its current cash and cash equivalents. In this regard, the municipality can meet its operational cost obligations for 3.6 months with its current cash and cash equivalents.	BUDGET AND TREASURY	3.6 months	4.91 months	17	Quarterly	Cash/Cost coverage ratio	FM3.11	18	KPA 4: MUNICIPAL FINANCIAL VIABILITY	FM3.11	FM3.1	FM3.1 Improved liquidity management
BUDGET AND TREASURY	According to MFMA Circular 88, the Municipality is required to report achievement against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	According to MFMA Circular 88, the Municipality is required to report achievement against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	Achieved	According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	BUDGET AND TREASURY	R2.09	New KPI (Introduced in 2022/23)	18	Annual	Current ratio (current assets/current liabilities)	FM3.12	19	KPA 4: MUNICIPAL FINANCIAL VIABILITY	FM3.12	FM3.1	FM3.1 Improved liquidity management

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PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER										
MfMA C88 OUTCOME	IDP MFMA C88 REF / MSA	SDBIP MFMA C88 REF / MSA	KEY PERFORMANCE INDICATOR	PRESCRIBED FREQUENCY OF REPORTING	2022/23 SDBIP KPI REFERENCE	BASELINE PERFORMANCE OF 2022/23 (ESTIMATED)	2023/24 ANNUAL PERFORMANCE TARGET	2ND QUARTER ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)		REPORTING DIRECTORATE / OFFICE
								2ND QUARTER PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	ACHIEVEMENT	
Fm3, Improved liquidity management	Fm3.1	Fm3.13	Trade payables to cash ratio	Quarterly	19	New KPI (Introduced in 2022/23)	173%	217%	Over achieved	BUDGET AND TREASURY
Fm3, Improved liquidity management	Fm3.1	Fm3.14	Liquidity ratio	Quarterly	20	New KPI (Introduced in 2022/23)	R1.1	R1.5	Over achieved	BUDGET AND TREASURY
Fm4, Improved expenditure management	Fm4.1	Fm4.11	Irregular, Wasteful, Unauthorised Expenditure as a percentage of Total Operating Expenditure	Annual	21	New KPI (Introduced in 2022/23)	1.66%		According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	BUDGET AND TREASURY
Fm4, Improved expenditure management	Fm4.3	Fm4.31	Creditors payment period	Quarterly	22	New KPI (Introduced in 2022/23)	30 days	37 days	Partially Achieved	BUDGET AND TREASURY

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MFMA C88 OUTCOME REG REF	IDP MFMA C88 REF / MSA REG REF	SDBIP MFMA C88 REF / MSA REG REF	KEY PERFORMANCE AREA (KPA)	KPI NO	SDBIP MFMA C88 REF / MSA REG REF	KEY INDICATOR PERFORMANCE REG REF	PRESCRIBED FREQUENCY OF REPORTING	2022/23 SDBIP KPI REFERENCE	BASELINE (ANNUAL PERFORMANCE OF 2022/23 ESTIMATED)	2023/24 ANNUAL PERFORMANCE TARGET	PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER			REPORTING DIRECTORATE / OFFICE
											2ND QUARTER PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	2ND QUARTER ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)	ACHIEVEMENT STATUS	
FMS.1 FMS.1	FMS.1	FMS.11	KPA 4: MUNICIPAL FINANCIAL VIABILITY AND	24	FMS.11	Percentage of total capital expenditure funded from own funding (internally generated funds + Borrowings)	Quarterly	23	New KPI (Introduced in 2022/23)	33%	36%	Over achieved	WORK DONE: During the period under review, 36% of the capital expenditure incurred by the Municipality was funded through internally generated funds and borrowings. It may be noted that a higher ratio reflects the municipality's improved ability to generate its own funds to enhance and sustain revenue streams and maintain assets. REASON(S) FOR OVERPERFORMANCE: This KPI should be read with KPI 12. The higher than anticipated performance reported against this KPI is attributed to the fact that capital expenditure during the reporting period remained low (i.e. 17 % - Refer to reasons for below targeted capital budget expenditure as depicted in KPI 12 above).	BUDGET AND TREASURY
FMS.1 FMS.1	FMS.1	FMS.12	KPA 4: MUNICIPAL FINANCIAL VIABILITY	25	FMS.12	Percentage of total capital expenditure funded from capital conditional grants	Annual	24	New KPI (Introduced in 2022/23)	67%			According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	BUDGET AND TREASURY
FMS.2 FMS.2	FMS.2	FMS.21	KPA 4: MUNICIPAL FINANCIAL VIABILITY	26	FMS.21	Percentage of total capital expenditure on renewal/upgrading of existing assets	Annual	25	New KPI (Introduced in 2022/23)	35%			According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	BUDGET AND TREASURY
FMS.2 FMS.2	FMS.2	FMS.22	KPA 4: MUNICIPAL FINANCIAL VIABILITY	27	FMS.22	Renewal/Upgrading of Existing Assets as a percentage of Depreciation/Asset Impairment	Annual	26	New KPI (Introduced in 2022/23)	51%			According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	BUDGET AND TREASURY
FMS.3 FMS.3	FMS.3	FMS.31	KPA 4: MUNICIPAL FINANCIAL VIABILITY	28	FMS.31	Repairs and Maintenance as a percentage of property, plant, equipment and investment property	Annual	27	New KPI (Introduced in 2022/23)	3.6%			According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	BUDGET AND TREASURY

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PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER																
MFM A C88 OUTCOME	IDP MFM A C88 REF / MSA	SDBIP MFM A C88 REF / MSA	KEY PERFORMANCE AREA (KPA)	KPI NO	SDBIP MFM A C88 REF / MSA	KEY INDICATOR	PERFORMANCE INDICATOR	PRESCRIBED FREQUENCY OF REPORTING	2022/23 SDBIP KPI REFERENCE	BASELINE PERFORMANCE (ANNUAL PERFORMANCE OF 2022/23 ESTIMATED)	2023/24 ANNUAL PERFORMANCE TARGET	2ND QUARTER PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	2ND QUARTER ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)	ACHIEVEMENT STATUS	PERFORMANCE ANALYSIS, REASONS FOR OVERPERFORMANCE / UNDERPERFORMANCE AND MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE	REPORTING DIRECTORATE / OFFICE
FMT7 Improved revenue and debtors management	FMT7.1	FMT7.11	KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	31	FMT7.11	Debtors payment period	Percentage of awarded tenders (over R200k), published on the municipality's website	Quarterly	30	New KPI (Introduced 2022/23)	30 days	30 days	93 days	Not achieved	WORK DONE: As at 31 December 2023, the debtors payment days was calculated at 93 days. Debtor payment days refers to the average number of days required for a municipality to receive payment from its consumers for the bills/invoices issued to them for services rendered. REASONS FOR UNDERPERFORMANCE: Underperformance reported against this key performance indicator can be attributed to the annual increase in water, electricity and property rates tariffs which increased the revenue that has been billed to customers (consumer debt). As a result of the current economic environment, consumers do not always have sufficient funds to pay the Municipality timeously. CORRECTIVE ACTION / MITIGATION: It may be noted that the municipality will continue to strive towards implementing its credit control policy to ensure timeous payment by debtors.	BUDGET AND TREASURY
FMT6 Improved supply chain management	N/A	FMT6.13	KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	30	FMT6.13	Percentage of tender cancellations	Percentage of awarded tenders (over R200k), published on the municipality's website	Quarterly	29	12%	12%	6%	N/A	N/A	It may be noted that there were no tenders that had been advertised as well as cancelled within the current financial year.	BUDGET AND TREASURY
FMT6 Improved supply chain management	N/A	FMT6.12	KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	62	FMT6.12	Percentage of awarded tenders (over R200k), published on the municipality's website	Percentage of awarded tenders (over R200k), published on the municipality's website	Quarterly	28	New KPI (Introduced 2022/23)	100%	100%	67%	Not achieved	WORK DONE: During the period under review, there were 3 awarded tenders over R200k. 1 of the 3 tenders, however, had not been published on the website during the reporting period. Same was subsequently uploaded on 16 January 2023. REASONS FOR UNDERPERFORMANCE: The delay in uploading the awarded tenders on the municipal website is due to administrative processes having to be concluded before the awarded tenders may be published. MITIGATION / CORRECTIVE ACTION: The Municipality will continue to strive to streamline its administrative processes.	BUDGET AND TREASURY

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PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER															
MfMA C88 OUTCOME	IDP MfMA C88 REF / MSA	SDBIP MfMA C88 REF / MSA	KEY PERFORMANCE AREA (KPA)	KPI NO	SDBIP MfMA C88 REF / MSA	KEY INDICATOR	PRESCRIBED FREQUENCY OF REPORTING	2022/23 SDBIP KPI REFERENCE	BASELINE (ANNUAL PERFORMANCE OF 2022/23 ESTIMATED)	2023/24 ANNUAL PERFORMANCE TARGET	2ND QUARTER PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	2ND QUARTER ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)	ACHIEVEMENT STATUS	PERFORMANCE ANALYSIS, REASONS FOR OVERPERFORMANCE / UNDERPERFORMANCE AND MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE	REPORTING DIRECTORATE / OFFICE
											75%	58%	Not achieved		
FD1. Mitigated effects of fires and disasters	FD 1.1	FD 1.11	KPA 1: BASIC SERVICE DELIVERY	37	FD 1.11	Percentage compliance with the required attendance time for structural firefighting incidents	Quarterly	36	57.56%	75%	75%	58%	Not achieved	WORK DONE: As at 31 December 2023, altogether 618 structural fires were attended to within the Nelson Mandela Bay. Of these, a total of 358 complied with the required response time of 14 minutes or less resulting in an actual performance of 58% being reported. Actual performance is calculated as follows: Number of structural fire incidents where attendance time was 14 min or less / Total number of calls for structural fire incidents, i.e. 358 / 618 = 100. REASON(S) FOR UNDERPERFORMANCE: The underperformance reported can be ascribed to - Poor road conditions in informal areas - Loadshedding inhibiting response due to traffic congestion. CORRECTIVE ACTION / MITIGATION: To mitigate against the underperformance reported the Municipality is striving to have proper road infrastructure that complies with required standards. The Municipality endeavours to attend to structural fires. However, it may be noted that with regards to loadshedding, traffic congestion is not within the control of responding vehicles. However, respondents will still endeavour to take fastest known routes where possible.	SAFETY AND SECURITY
GG1. Improved municipal capability	GG 1.2	GG1.22	KPA 2. MUNICIPAL TRANSFORMATION AND DEVELOPMENT	38	GG1.22	Percentage of vacant posts filled within 3 months	Quarterly	37	0%	96%	96%	3.6%	Not achieved	WORK DONE: During the period under review, altogether 52 vacancies were filled, however, only 2 of these positions were filled within the prescribed 3 months turnaround time. The key performance indicator measures the processing efficiency of the recruitment process. In this regard, it measures the percentage of posts for which an appointment decision has been made within three months of the receipt of authority to proceed with the filling of the post (recruitment notice date). Actual performance is calculated as follows: Number of vacant posts filled within 3 months since the date of authority to proceed with filling the vacancy / Number of vacant posts that have been filled. REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this key performance indicator is due to the following reasons: 1) Shortage of Human Resource Practitioners to meet the recruitment demands of various Directorates due to vacancies. 2) Delay in the capturing of applications received and drafting of the long list (due to high volume of applications and insufficient capacity to process applications). CORRECTIVE ACTION / MITIGATION: In addressing the two Human Resource Practitioner vacancies shortlisting was held on 18 October 2023. A date for the filling of the position is yet to be determined noting that a moratorium is currently in place which allows for the filling of critical vacancies only. Furthermore, an online application system has been cascaded down to grade 5 to improve on recruitment turnaround time.	CORPORATE SERVICES
GG2. Improved municipal responsiveness	GG 2.1	GG 2.11	KPA 5: GOOD GOVERNANCE AND	39	GG 2.11	Percentage of ward committees with 6 or more ward committee members (excluding the ward councillor)	Quarterly	38	0%	100%	100%	100%	Achieved	WORK DONE: As at 31 December 2023, 100% of ward committees (60) with 6 or more ward committee members (excluding the ward councillor) were in place.	CORPORATE SERVICES

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PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER													
MFMA C88 OUTCOME IDP MFMA C88 REF / MSA REG REF	SBIP MFMA C88 REF / MSA REG REF	KEY PERFORMANCE AREA (KPA)	KPI NO	SBIP MFMA C88 REF / MSA REG REF	KEY INDICATOR	PRESCRIBED FREQUENCY OF REPORTING	2022/23 SDBIP KPI REFERENCE	BASELINE (ANNUAL PERFORMANCE OF 2022/23 ESTIMATED)	2023/24 ANNUAL PERFORMANCE TARGET	PERFORMANCE ANALYSIS, REASONS FOR OVERPERFORMANCE / UNDERPERFORMANCE AND MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE			REPORTING DIRECTORATE / OFFICE
										2ND QUARTER PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	2ND QUARTER ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)	ACHIEVEMENT STATUS	
GG 2.1 IDP MFMA C88 REF / MSA REG REF	GG 2.12 SBIP MFMA C88 REF / MSA REG REF	KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	40	GG 2.12	Percentage of wards that have held at least one councillor-convened community meeting	Quarterly	39	0%	100%	1,6%	Not achieved	CORPORATE SERVICES	
GG 3.1 IDP MFMA C88 REF / MSA REG REF	GG 3.11 SBIP MFMA C88 REF / MSA REG REF	KPA 5: GOOD GOVERNANCE AND	41	GG 3.11	Number of repeat audit findings	Annual	40	64 (increased from 47 2019/20 repeat audit findings issued by the Auditor General)	88 (reduced from 97 in 2021/22 repeat audit findings issued by the Auditor General)			CHIEF OPERATING OFFICER	
GG 3.1 IDP MFMA C88 REF / MSA REG REF	GG 3.12 SBIP MFMA C88 REF / MSA REG REF	KPA 5: GOOD GOVERNANCE AND	42	GG 3.12	Percentage of councillors who have declared their financial interests	Annual	41	93%	100%			CORPORATE SERVICES	

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PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER														
MFM C88 OUTCOME	IDP MFM C88 REF / MSA	SDBIP MFM C88 REF / MSA	KEY PERFORMANCE AREA	KPI NO	SDBIP MFM C88 REF / MSA	KEY PERFORMANCE INDICATOR	PRESCRIBED FREQUENCY OF REPORTING	2022/23 SDBIP KPI REFERENCE	BASELINE (ANNUAL PERFORMANCE OF 2022/23 ESTIMATED)	2023/24 ANNUAL PERFORMANCE TARGET	2ND QUARTER PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	2ND QUARTER ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)	ACHIEVEMENT STATUS	REPORTING DIRECTORATE / OFFICE
HS1: Improved access to adequate housing	HS1.1	HS1.12	KPA 1: BASIC SERVICE DELIVERY	47	HS1.13	Hectares of land acquired for human settlements	Annual	KP13	0	19.9 Ha			Not achieved	HUMAN SETTLEMENTS
HS1: Improved access to adequate housing	HS1.1	HS1.12	KPA 1: BASIC SERVICE DELIVERY	46	HS1.12	Number of serviced sites	Annual	45	376	1911 (In line with project list received from HS)			Not achieved	ELECTRICITY AND ENERGY
HS1: Improved access to adequate housing	HS1.1	HS1.11	KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	45	HS1.11	Number of subsidised housing units constructed using various Human Settlements Programmes	Annual	44	0	450			Not achieved	HUMAN SETTLEMENTS
GS5: Zero tolerance of fraud and corruption	GS 5.1	GS 5.12	KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	44	GS 5.12	Quarterly salary bill of suspended officials	Quarterly	43	R6,371,063.23	R 4 million	R 1 million	R6 271 592.10	Not achieved	CORPORATE SERVICES
GS5: Zero tolerance of fraud and corruption	GS 5.1	GS 5.11	KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	43	GS 5.11	Number of active suspensions longer than three months	Quarterly	42	4	0	0	16	Not achieved	CORPORATE SERVICES

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PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER															
MFM/C88 OUTCOME	IDP MFM/C88 REF / MSA	SDBIP MFM/C88 REF / MSA	KEY PERFORMANCE AREA (KPA)	KPI NO	SDBIP MFM/C88 REF / MSA	KEY INDICATOR	PRESCRIBED FREQUENCY OF REPORTING	2022/23 SDBIP KPI REFERENCE	BASELINE (ANNUAL PERFORMANCE OF 2022/23 ESTIMATED)	2023/24 ANNUAL PERFORMANCE TARGET	2ND QUARTER PLANNED TARGET	2ND QUARTER ACTUAL PERFORMANCE	ACHIEVEMENT STATUS	PERFORMANCE ANALYSIS, REASONS FOR OVERPERFORMANCE / UNDERPERFORMANCE AND MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE	REPORTING DIRECTORATE / OFFICE
											(1 JULY 2023 - 31 DECEMBER 2023)	(1 JULY 2023 - 31 DECEMBER 2023)			
HS2: Improved functionality of the residential property market	HS2.2	HS2.22	KPA 3: LOCAL ECONOMIC DEVELOPMENT	52	HS2.22	Average number of days taken to process building plan applications of less than 500 square meters	Quarterly	49	14 days	21 days	9 days	Over achieved	WORK DONE: During the period under review, the average number of days taken to process building plan applications of 500 square meters or less amounted to 9 days. REASONS FOR OVERPERFORMANCE: The reason for overperformance reported against this Key Performance Indicator is attributed to the building plan standard operating procedure and work process flow. NOTE: It may be noted that the prescribed legislative timeline is 30 days.	HUMAN SETTLEMENTS	
HS1: Improved access to adequate housing	HS2	HS2.21	KPA 1: BASIC SERVICE DELIVERY	15	HS2.21	Number of residential properties developed through state subsidised human settlements programmes entering the municipal valuation roll	Annual	48	0	450			According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	BUDGET AND TREASURY	
HS1: Improved access to adequate housing	HS1.3	HS1.32	KPA 1: BASIC SERVICE DELIVERY	50	HS1.32	Number of informal settlements upgraded to Phase 2	Annual	47	2 (Waimier Erf 1948 and Mandela Village)	2			According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	HUMAN SETTLEMENTS	
HS1: Improved access to adequate housing	N/A	HS1.31	KPA 1: BASIC SERVICE DELIVERY	49	HS1.31	Number of informal settlements assessed (enumerated and classified)	Annual	KPI 2 Refer to Sheet Marked -	0	4			According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	HUMAN SETTLEMENTS	
HS1: Improved access to adequate housing	N/A	HS1.22	KPA 1: BASIC SERVICE DELIVERY	89	HS1.22	Number of title deeds registered to beneficiaries	Annual	46	423	600			According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	REPORTING DIRECTORATE / OFFICE	

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PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER												
MfMA C88 Outcome	IDP MfMA C88 Ref / MSA Reg Ref	SDBP MfMA C88 Ref / MSA Reg Ref	Key Performance Area (KPA)	KPI No	SDBP MfMA C88 Ref / MSA Reg Ref	2022/23 SDBP KPI Reference	Baseline (Annual Performance of 2022/23 Estimated)	2023/24 Annual Performance Target	2ND QUARTER		ACHIEVEMENT STATUS	REPORTING DIRECTORATE / OFFICE
									PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)		
LED3: Improved ease of doing business within the municipal area	N/A	N/A	KPA 3: LOCAL ECONOMIC DEVELOPMENT	47	LED3.11	55	4.86 working days	30 working days	30 working days	6.57 working days	Over achieved	PUBLIC HEALTH
LED3: Improved ease of doing business within the municipal area	N/A	LED3.12	KPA 3: LOCAL ECONOMIC	85	LED3.12	56	4 days	5 days	5 days	4 days	Overachieved	ECONOMIC DEVELOPMENT, TOURISM AND AGRICULTURE
LED3: Improved ease of doing business within the municipal area	N/A	LED3.13	KPA 3: LOCAL ECONOMIC	65	LED3.13	57	13.5 days	21 days	21 days	10 days	Over achieved	HUMAN SETTLEMENTS
LED3: Improved ease of doing business within the municipal area	N/A	LED3.21	KPA 3: LOCAL ECONOMIC	63	LED3.21	58	96.39%	95%	95%	99.58%	Over achieved	BUDGET AND TREASURY

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PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER														
MFM A C88 OUTCOME	IDP MFM A C88 REF / MSA	SDBIP MFM A C88 REF / MSA	KEY PERFORMANCE AREA (KPA)	KPI NO	SDBIP MFM A C88 REF / MSA	KEY PERFORMANCE AREA (KPA)	PRESCRIBED FREQUENCY OF REPORTING	2022/23 SDBIP KPI REFERENCE	BASELINE (ANNUAL PERFORMANCE OF 2022/23 ESTIMATED)	2023/24 ANNUAL PERFORMANCE TARGET	2ND QUARTER PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	2ND QUARTER ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)	ACHIEVEMENT STATUS	REPORTING DIRECTORATE / OFFICE
TR 4: Improved satisfaction with public transport services	N/A	TR4.21	KPA 1: BASIC SERVICE DELIVERY	63	TR4.21	KPA 1: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	Quarterly	61	0%	60%	0%	(municipal bus services not operational)	Not Achieved	INFRASTRUCTURE AND ENGINEERING
TR 6: Improved quality of municipal road network	N/A	TR6.11	KPA 1: BASIC SERVICE DELIVERY	64	TR6.11	KPA 1: BASIC SERVICE DELIVERY	Annual	63	1,286%	0,7300%				INFRASTRUCTURE AND ENGINEERING
TR 4: Improved satisfaction with public transport services	N/A	TR4.21	KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	63	TR4.21	KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	Quarterly	60	0%	100%	46%		Not achieved	BUDGET AND TREASURY
TR 3: Improved ease of doing business within the municipal area	N/A	LED3.31	KPA 3: LOCAL ECONOMIC DEVELOPMENT	19	LED3.31	KPA 3: LOCAL ECONOMIC DEVELOPMENT	Quarterly	59	213 days	90 days	N/A		N/A	BUDGET AND TREASURY

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MFM/C88 OUTCOME	IDP MFM/C88 REF / MSA	SDBIP MFM/C88 REF / MSA	KEY PERFORMANCE AREA (KPA)	KPI NO	SDBIP MFM/C88 REF / MSA	KEY INDICATOR	PRESCRIBED FREQUENCY OF REPORTING	2022/23 SDBIP KPI REFERENCE	BASELINE (ANNUAL PERFORMANCE OF 2022/23 ESTIMATED)	2023/24 ANNUAL PERFORMANCE TARGET	2ND QUARTER PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)			ACHIEVEMENT STATUS	REASON(S) FOR OVERPERFORMANCE / UNDERPERFORMANCE AND MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE	REPORTING DIRECTORATE / OFFICE
											PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)	PERCENTAGE			
WS4. Improved quality of water (incl. wastewater)	WS4.1	WS4.11	KPA 1: BASIC SERVICE DELIVERY	69	WS4.21	Percentage of industries with trade effluent inspected for compliance	Annual	71	54.58%	50%			Partially achieved	According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	INFRASTRUCTURE AND ENGINEERING	
WS2. Improved access to water	WS2.1	WS2.11	KPA 1: BASIC SERVICE DELIVERY	67	WS2.11	Number of new water connections meeting minimum standards	Quarterly	67	1956	2000	750	680	Partially achieved	WORK DONE: As at 31 December 2023, the municipality provided 680 state subsidised housing units with new water connections that met the minimum standards. REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this key performance indicator is based on the loss of production in December month due to staff members taking leave and the municipal shut down. CORRECTIVE ACTION / MITIGATION: The deficit will be addressed in the next quarter as the employees will be back at work.	INFRASTRUCTURE AND ENGINEERING	
WS1. Improved access to sanitation	WS1.1	WS1.11	KPA 1: BASIC SERVICE DELIVERY	65	WS1.11	Number of new sewer connections meeting minimum standards	Quarterly	66	1956	2000	750	680	Partially achieved	WORK DONE: As at 31 December 2023, the municipality provided 680 state subsidised housing units with new sewer connections that met the minimum standards. REASON(S) FOR UNDERPERFORMANCE: The underperformance reported against this key performance indicator is based on the loss of production in December month due to staff members taking leave and the municipal shut down. CORRECTIVE ACTION / MITIGATION: The deficit will be addressed in the next quarter as the employees will be back at work.	INFRASTRUCTURE AND ENGINEERING	
TR 6. Improved quality of municipal road network	N/A	TR6.12	KPA 1: BASIC SERVICE DELIVERY	69	TR6.12	Percentage of surfaced municipal road lanes which has been resurfaced and resealed	Quarterly	64	N/A (In line with CoAF 6007/2022 and The National Treasury Circular 88 Exemption Letter)	0.4000%	0.0800%	0.0879%	Over Achieved	WORK DONE: As at 31 December 2023, the Municipality resurfaced and resealed 15 921.3 m ² of municipal roads. The total length of the municipal road network is 2 846.9 km and 18 059.496m ² . 0.0879% of the total road network has been resurfaced (15 921.3 m ² / 18 059.496 x 100 = 0.0879%). REASONS FOR OVERPERFORMANCE: The over performance reported against this Key Performance Indicator is attributed to the better than anticipated road conditions when the work was executed.	INFRASTRUCTURE AND ENGINEERING	

NELSON MANDELA BAY MUNICIPALITY
2023/24 MID-YEAR PERFORMANCE REPORT

PERFORMANCE INFORMATION REPORTED FOR THE 2023/24 SECOND QUARTER														
MfMA C88 OUTCOME	IDP MfMA C88 REF / MSA	SDBIP MfMA C88 REF / MSA	KEY PERFORMANCE AREA (KPA)	KPI NO	SDBIP MfMA C88 REF / MSA	KEY INDICATOR	PRESCRIBED FREQUENCY OF REPORTING	2022/23 SDBIP KPI REFERENCE	BASELINE (ANNUAL PERFORMANCE OF 2022/23 ESTIMATED)	2023/24 ANNUAL PERFORMANCE TARGET	PERFORMANCE ANALYSIS / UNDERPERFORMANCE AND MEASURES TAKEN TO CORRECT / IMPROVE PERFORMANCE			REPORTING DIRECTORATE / OFFICE
											2ND QUARTER PLANNED TARGET (1 JULY 2023 - 31 DECEMBER 2023)	2ND QUARTER ACTUAL PERFORMANCE (1 JULY 2023 - 31 DECEMBER 2023)	ACHIEVEMENT STATUS	
WS4. Improved quality of water (incl. wastewater)	N/A	WS4.31	KPA 1: BASIC SERVICE DELIVERY	72	WS4.31	Percentage of wastewater treatment capacity unused	Annual	72	29.91%	15%	According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	INFRASTRUCTURE AND ENGINEERING		
WS5. Improved water sustainability	WS5.2	WS5.21	KPA 1: BASIC SERVICE DELIVERY	71	WS5.21	Infrastructure leakage index	Annual	73	7.04	7	According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	INFRASTRUCTURE AND ENGINEERING		
WS5. Improved water sustainability	WS5.3	WS5.31	KPA 1: BASIC SERVICE DELIVERY	72	WS5.31	Percentage of total water connections metered	Annual	74	97%	97%	According to MFMA Circular 88, the Municipality is required to report achievement against this Key Performance Indicator in its Annual Performance Report only. It should, however, be noted that the Municipality monitors performance against this KPI throughout the financial year, by means of including quarterly targets in the performance scorecard of the relevant Senior Manager.	INFRASTRUCTURE AND ENGINEERING		
N/A	N/A	N/A	KPA 1: BASIC SERVICE DELIVERY	73	N/A	Percentage real water losses as defined by the International Water Association (Physical losses of water from the distribution system, including leakage and storage overflows)	Quarterly	New KPI (Introduced in 2023/24)	New KPI (Introduced 2023/24)	31%	33%	32.7% (As at 30 October 2023)	Over performed	INFRASTRUCTURE AND ENGINEERING
<p>WORK DONE: As of 30 October 2023, the municipality reported 32.7% real water losses.</p> <p>REASONS FOR OVERPERFORMANCE: The overperformance reported against this Key Performance Indicator is attributed to the culmination of various on-going interventions by the Municipality, such as:</p> <ol style="list-style-type: none"> 1. Repair of leaks within the metro, and 2. The on-going verification of water meters, which has led to more accurate water billing, reducing the volume of water recorded as wasted. <p>NOTE: November and December 2023 statistics will be released on renewal of contract with service provider during the third quarter of the financial year.</p>											INFRASTRUCTURE AND ENGINEERING			

1. FINANCIAL REPORT FOR THE PERIOD 01 JULY 2023 TO 31 DECEMBER 2023 (MID-YEAR BUDGET ASSESSMENT) AND THE ASSESSMENT OF THE MUNICIPALITY'S FINANCIAL POSITION AS AT 31 DECEMBER 2023 (2023/24 FINANCIAL YEAR)

1.1 PURPOSE

The purpose of this report is to assess the financial performance and financial position of the Municipality and its consequential impact on the implementation of the approved 2023/24 Operating and Capital Budgets. This report presents an assessment of the municipality's financial performance and financial position as at 31 December 2023 as required in terms of Section 72 of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003).

This report also highlights financial risks to the municipality that were identified whilst implementing the Council approved budget, with some of these risks being mentioned in previous reports to the Budget and Treasury Standing Committee

1.2 LEGISLATIVE REQUIREMENTS

The Municipality is required to assess on an ongoing basis whether it collects sufficient revenue to meet its commitments, such as paying Employees, Councillors, Eskom, Department of Water and Sanitation, service providers, etc. In accordance with Section 71 of the MFMA, the Accounting Officer is required to submit to the National and Provincial Treasuries a monthly statement on the state of the municipality's budget.

In line with section 72(1) of the MFMA, the accounting officer of a municipality must by 25 January of each year; "(a) assess the performance of the municipality during the first half of the financial year, considering –

- (i) The monthly statements referred to in section 71 for the first half of the financial year.
- (ii) The municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan.
- (iii) The past year's annual report, and progress on resolving problems identified in the annual report; and
- (iv) The performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities".

This report is aimed at ensuring compliance with the requirements of section 72 of the MFMA.

1.3 EXECUTIVE SUMMARY

This report provides a balanced and consolidated financial performance overview to assist Council in its oversight role over the financial affairs of the municipality. An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality as at 31 December 2023.

To provide a comprehensive analysis, it was necessary to compare the 2023/24 Operating/ Capital Budgets, the General Ledger and the actual cash inflows and outflows of the Municipality, thereby determining relationships and the associated spending and income trends experienced during the first six months of the 2023/24 financial year. The aforementioned was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the first six months, in order to facilitate an informed assessment of the relative liquidity and financial position of the Municipality.

1.4 FINANCIAL PERFORMANCE HIGHLIGHTS AS AT 31 DECEMBER 2023 OF THE 2023/24 FINANCIAL YEAR

The financial performance highlights are as follows:

1.4.1. Operating revenue amounted to R9.457 billion, whilst operating expenditure amounted to R9,960 billion. The reason for this relatively high operating revenue is due to Property Rates in the amount of R2.954 billion being raised annually in advance, but being paid monthly by the rate payers of NMBM. It must be noted that R7.155 billion of the operating revenue comprises of Property Rates and Service Charges (i.e., Electricity, Water, Sanitation and Refuse) which represents billed revenue. The relatively high Expenditure levels is associated with Bad Debts of R3.374 billion that was written off during the first six months of the financial year, in terms of the amended Assistance to the Poor Policy.

Description	Budget Year 2023/24		
	Original Budget	Year TD actual	% Spent
R thousands			%
Revenue By Source			
Property rates	2,974,149	2,953,823	99.32%
Service charges - electricity revenue	5,163,607	2,659,961	51.51%
Service charges - water revenue	2,943,776	1,015,974	34.51%
Service charges - sanitation revenue	837,553	384,665	45.93%
Service charges - refuse revenue	311,829	140,185	44.96%
Rental of facilities and equipment	31,021	23,225	74.87%
Interest earned - external investments	208,088	71,496	34.36%
Interest earned - outstanding debtors	573,984	269,613	99.24%
Fines, penalties, and forfeits	82,843	16,614	20.05%
Licences and permits	18,158	11,230	61.85%
Agency services	3,716	2,027	54.55%
Transfers and subsidies	1,933,682	1,300,790	67.27%
Other revenue	937,771	308,116	32.86%
Total Revenue (excluding capital transfers and contributions)	16,020,179	9,457,717	59.04%
Expenditure By Type			
Employee related costs	4,558,182	1,957,056	42.94%
Remuneration of councillors	91,089	44,386	48.73%
Debt impairment	2,435,537	3,374,245	138.54%
Depreciation & asset impairment	1,334,327	666,726	49.97%
Finance charges	128,226	28,137	21.94%
Bulk purchases - electricity	5,632,329	3,016,106	53.55%
Inventory consumed	359,733	109,482	30.43%
Contracted services	1,564,811	410,322	26.22%
Transfers and subsidies	196,230	11,273	5.74%
Other expenditure	866,955	342,609	39.52%
Losses	238,662	-	0%
Total Expenditure	17,406,084	9,960,342	57.22%

1.4.2. Capital spending for 2023/24 as at 31 December 2023 amounted to R333.977 million or 17.20% of the approved capital budget of R1.941 billion. Strategies to improve the spending of the capital budget must be prioritised. The delayed transfer of grants also contributed to the capital expenditure being lower than anticipated.

1.4.3. The conditional grants as indicated in the table below have been received up to 31 December 2023. The table below also reflects the spending on conditional grants and the Equitable Share:

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Description	Budget Year 2023/24		
	Original Budget	Year TD actual	Year TD actual
R thousands			
RECEIPTS:		RECEIPTS:	PAYMENTS
Operating Transfers and Grants			
National Government:	1,673,310	1,134,871	1,099,903
Local Government Equitable Share	1,419,053	1,064,290	1,064,290
EPWP Incentive	8,397	2,099	2,769
Finance Management	1,000	1,000	409
Infrastructure Skills Development	13,750	9,000	5,931
LGSETA	3,800	1,057	927
Urban Settlements Development	15,124	8,146	
Public Transport Networks Operations	161,176	22,862	24,314
Neighbourhood Partnership Development	20,000	15,048	
Programme and Project Preparation Support Grant	20,000	4,530	1,264
Informal Settlements Upgrading Grant	11,010	6,840	
Provincial Government:	116,375	103,225	12,309
Sport and Recreation	15,870		
DRPW (Maintenance of Roads)	18,000	12,298	12,298
Marine and Coastal Development	896		12
Human Settlements Development	81,608	90,927	
Total Operating Transfers and Grants	1,789,685	1,238,096	1,112,212
Capital Transfers and Grants			
National Government:	1,510,143	623,145	221,553
Public Transport Infrastructure	185,200	26,269	7,824
Urban Settlements Development	599,778	314,756	123,954
Neighbourhood Partnership Development	9,700	4,279	1,425
Informal Settlements Upgrading Grant	338,625	200,000	67,281
Drought Relief Grant	19,840	-	-
Energy Efficiency & Demand Side Management	9,000	6,000	4,330
Regional Bulk Infrastructure	348,000	71,840	16,739
Other grant providers:	-	-	18,298
Private Contributions			18,298
Total Capital Transfers and Grants	1,510,143	623,145	239,851
TOTAL RECEIPTS OF TRANSFERS & GRANTS	3,299,828	1,861,241	1,352,063

National Treasury approved the roll-over of the Urban Settlements Development Grant and the Informal Settlements Upgrading Partnership Grant in the amounts of R9.8 million and R32.5 million, respectively.

It is important to note that the Adjustments DORA for the 2023/24 financial year, reduced the following DORA Allocations:

LOCAL GOVERNMENT MTEF ALLOCATIONS: 2023/24 Nelson Mandela Bay Municipality R'000	Original DORA 2023/24	2023/24 Adjustments	Adjusted DORA Allocation
Urban settlements development grant	614,902	-42,698	572,204
Public transport network grant	346,376	-150,000	196,376
Informal settlements upgrading grant	349,635	-22,868	326,767
Expanded public works programme grant	8,397	-469	7,928
Infrastructure skills development grant	13,750	-780	12,970

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Programme and project preparation support grant	20,000	-10,000	10,000
Total	1,353,060	-226,815	1,126,245

The aforementioned adjustments, will be included in the 2023/24 Adjustments Budget.

1.4.4. As previously reported, the NMBM finalised the raising of an external loan during the 2020/21 financial year, to finance service delivery projects linked to the Water, Sanitation and Electricity services, in the amount of **R750.602,100**. The external borrowing was taken up in 6 tranches, and the last tranche of R 169,165,620 was taken up on 31 January 2023. As at 31 December 2023, the unspent portion of the External Loan from Nedbank amounted to R102.370 million (Incl VAT).

1.4.5. Overdue debts have decreased by R1,594,592,824, mainly due to Bad Debt write-offs of R3,374,245,145, that were processed during the first six months of the 2023/24 financial year, in terms of the amended Assistance to the Poor Policy. The average collection rate for the 2023/24 financial year to date amounted to 77.70%. The collection rate for the month of December 2023 based on what was billed for November 2023 was 85.4%. As previously reported, the Committee must also note that the introduction of punitive water tariffs necessitated by the drought situation has had a negative impact on the collection rate and has also contributed to the escalation in water debt.

1.4.6. An amount of R1,730 billion is owing to Creditors (Trade and Other Payables) of which R572.934 million is current creditors (within the 30-Day period and not yet payable). Creditors consist of Payables and Accruals, Payments Received in Advance, Staff Leave Pay and Retentions. Below is a table detailing the amounts included in this figure: -

Detail	Total	
	R '000	%
Bulk Electricity	391,494,008	22.7
Bulk Water	17,386,973	1.0
PAYE deductions	54,337,134	3.1
Pensions / Retirement deductions	47,601,055	2.8
Trade Creditors	1,215,637	70.3
Auditor-General	3,297,657	0.2
Other	-	
Total	1,729,754	100

It is important to Note that the Non-Current Trade Creditors in the amount of R1,157 billion contains the Developers Contributions and Other deposits (R115.728 million), Staff Leave Pay (R382,405 million), Payments in Advance (R101,930 million), Creditors Retention (R157,520 million), Upgrading of New Brighton Library (R2.139 million) and Port Elizabeth Land Restitution Project (R2.129 million) that are not due within 30 days or to be paid back within the 2023/24 financial year. It can be concluded that an amount of **R394.969 million** is due for payment but has been outstanding for a period of longer than 30 Days from the date of the invoice, due to various reasons. The remaining amount of R761.851 million, outstanding for a period of longer than 30 days, is not yet due for payment.

1.4.7. The municipality's investment portfolio has decreased by R181.398 million (3.77%) since June 2023, from R4,817 billion to R4.636 billion.

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1.4.8. The Non-Revenue Water Losses for the period 1 July 2023 to 31 December amounted to 25,769 megalitres or 47.42%. However, the Non-revenue Water Losses for the 2022/23 financial amounted to 43,721 megalitres or 43.14% in the amount of R253.2 million.

1.4.9. Total non-revenue electricity for the 2022/23 financial year was 25.90% (781,072,790Kwh) or equivalent to R986.1 million. The year-to-date non-revenue electricity losses for the first six months of the 2023/24 financial year amounted to 23.43% (340,400,909Kwh), or an equivalent of R483.37 million.

It is evident that the current strategies to address water and electricity losses are not yielding positive results.

1.5. OPERATIONAL COSTS RELATING TO EXISTING AND NEW IPTS ROUTES TO BE IMPLEMENTED

The Committee and Council should note that although the NMBM receives a Conditional Grant for the IPTS related operations, the grant received does not cover the full costs of operating the bus system. It is considered important to note that when each route is operational, additional costs are incurred by the municipality, which must be budgeted for within the Operating Budget of the municipality. The associated operational costs have a direct impact on property rates, as it **must be** funded from a reliable source, meaning that property rates will have to be adjusted to cover these costs.

1.6. ANALYSING THE OVERDUE CONSUMER DEBTORS AS AT 31 DECEMBER 2023

The analysis below indicates that from 30 June 2023 to 31 December 2023, the overdue debts have decreased by R 1,594,592,824 as follows:

Description	OVERDUE AMOUNTS		
	June 2023	Dec 2023	Difference
Detail			
Trade and Other Receivables from Exchange Transactions – Water	R 8,136,133,033	R 6,443,206,745	-R 1,692,926,288
Trade and Other Receivables from Exchange Transactions – Electricity	R 653,630,400	R 730,973,387	R 77,342,987
Receivables from Non-exchange Transactions - Property Rates	R 1,335,540,279	R 1,361,713,940	R 26,173,661
Receivables from Exchange Transactions - Waste Water Management	R 1,163,788,465	R 1,095,099,637	-R 68,688,828
Receivables from Exchange Transactions - Waste Management	R 661,209,036	R 561,540,654	-R 99,668,382
Receivables from Exchange Transactions - Property Rental Debtors	R 40,177,773	R 43,216,595	R 3,038,822
Interest on Arrear Debtor Accounts	R 1,947,366,721	R 2,123,284,445	R 175,917,724
Other	R 399,930,189	R 384,147,669	-R 15,782,520
Total By Income Source	R 14,337,775,896	R 12,743,183,072	R -1,594,592,824
Debtors Age Analysis By Customer Group			
Organs of State	R 180,626,258	R 251,753,539	R 71,127,281
Commercial	R 1,693,956,774	R 1,840,991,493	R 147,034,719
Households	R 12,418,048,260	R 10,599,811,819	-R 1,818,236,441
Other NMBM	R 45,144,604	R 50,626,221	R 5,481,617
Total By Customer Group	R 14,337,775,896	R 12,743,183,072	R -1,594,592,824

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The following table provides a detailed analysis of the Debtors' Age Analysis per category, for the period ending 31 December 2023: -

Debtors' Age Analysis (Inclusive of VAT) as at 31 December 2023

Detail	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	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	R 445,448,647	R 323,878,681	R 307,607,244	R 337,164,815	R 246,864,811	R 238,483,555	R 1,608,022,818	R 3,381,184,821	R 6,888,655,392
Trade and Other Receivables from Exchange Transactions - Electricity	R 339,931,707	R 89,158,311	R 44,747,454	R 56,377,069	R 35,198,583	R 29,842,064	R 74,915,787	R 400,734,119	R 1,070,905,094
Receivables from Non-exchange Transactions - Property Rates	R 1,694,044,145	R 59,752,947	R 46,312,275	R 73,571,595	R 38,151,557	R 27,951,892	R 134,860,155	R 981,113,519	R 3,055,758,085
Receivables from Exchange Transactions - Waste Water Management	R 103,437,606	R 53,880,361	R 52,760,353	R 51,107,893	R 32,636,255	R 30,984,956	R 146,898,891	R 726,810,928	R 1,198,537,243
Receivables from Exchange Transactions - Waste Management	R 45,781,923	R 15,338,023	R 13,741,525	R 13,966,431	R 12,091,186	R 12,369,752	R 62,325,000	R 431,708,737	R 607,322,577
Receivables from Exchange Transactions - Property Rental Debtors	R 2,618,979	R 857,180	R 640,668	R 920,871	R 687,660	R 592,237	R 3,219,051	R 36,298,928	R 45,835,574
Interest on Arrear Debtor Accounts	R 124,036,685	R 93,670,267	R 90,494,238	R 88,095,387	R 83,278,098	R 81,541,664	R 382,961,345	R 1,303,245,446	R 2,247,321,130
Other	R 17,105,644	R 5,504,457	R 12,555,197	R 6,773,545	R 3,887,656	R 5,181,637	R 20,918,435	R 329,325,742	R 401,253,313
Total By Income Source	R 2,772,405,336	R 642,040,227	R 588,878,954	R 827,977,806	R 452,793,806	R 426,947,757	R 2,434,122,482	R 7,590,422,240	R 15,515,588,408
Debtors Age Analysis By Customer Group									
Organs of State	R 63,305,503	R 15,407,096	R 28,778,502	R 43,639,313	R 8,410,036	R 13,156,977	R 36,235,173	R 106,126,442	R 315,059,042
Commercial	R 1,130,407,529	R 137,688,497	R 88,309,874	R 98,639,508	R 62,259,031	R 46,301,988	R 208,462,551	R 1,199,330,044	R 2,971,399,022
Households	R 1,567,229,222	R 488,009,887	R 451,076,493	R 484,677,478	R 381,578,547	R 366,766,266	R 2,183,135,970	R 6,244,567,178	R 12,187,041,041
Other (NMBM)	R 11,463,082	R 934,747	R 714,085	R 1,021,307	R 546,192	R 722,526	R 6,288,788	R 40,398,576	R 62,089,303
Total By Customer Group	R 2,772,405,336	R 642,040,227	R 588,878,954	R 827,977,806	R 452,793,806	R 426,947,757	R 2,434,122,482	R 7,590,422,240	R 15,515,588,408

It must be noted that the period of 0 to 30 days represents current accounts and anything greater than 30 days represent arrear accounts. In terms of the above, it can be stated that the arrear debtors amount to about R12.743 billion (or R15.516 billion – R2.772 billion).

1.7. THE FINANCIAL IMPACT OF OVERTIME

The overtime paid for period July 2023 to December 2023 amounted to R170,508,878. If this trend is maintained for the financial year (2023/24), the projected spending on Overtime will amount to R436,246,514. It is therefore anticipated that the Operating Budget in the amount of R329,943,050 could be overspent by at least R92.518 million once all year-end accruals for overtime have been processed at the end of the 2023/24 financial year. The main Directorates responsible for the overspending are the Safety and Security, Electricity and Energy, Water Service, Public Health, and Sanitation Directorates.

Directorate	2024 Budget	2024 Actuals	Projection
Budget & Treasury	11,055,820	3,488,119	10,272,986
Chief Operating Officer	1,726,760	512,968	1,672,934
Corporate Services	7,393,910	3,586,268	9,288,973
Economic Development, Tourism & Agriculture	500,000	224,590	539,015
Electricity & Energy	65,976,330	41,055,065	98,738,576
Human Settlements	515,330	654,877	1,785,715
Infrastructure & Engineering Unit - Rate and General	8,930,380	5,307,937	12,845,248
Metro Water Service	29,188,380	21,347,972	51,251,933
Municipal Manager	250,000	81,011	194,427
Nelson Mandela Metropolitan Municipality	0	16,273	39,054
Office of the Executive Mayor	679,800	379,167	966,720
Public Health	31,778,810	15,097,550	37,080,770
Recreational & Cultural Services	4,682,960	4,410,809	10,769,940
Safety & Security	124,733,830	59,103,836	142,526,555
Sanitation - Metro	42,480,740	15,222,514	44,440,655
Special Projects and Programmes	50,000	19,924	47,817
Grand Total	329,943,050	170,508,878	422,461,318

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The table below reflects Actual Overtime Payments for the past 7 years. Overtime payments over the period from 2016/17 to 2022/23 have increased by 99.5% or R173.301 million. The standout Directorate is Safety & Security whose actual Overtime payments increased from R40,753,649 to R107,825,094 or by 264.60%. This situation was exacerbated by the insourcing of security guards with effect from the 2018/19 and 2019/20 financial years and this is now a permanent cost, placing a burden on the Property Rates Account.

Directorate	2016/2017 Actuals	2017/2018 Actuals	2018/2019 Actuals	2019/2020 Actuals	2020/2021 Actuals	2021/2022 Actuals	2022/2023 Actuals
Infrastructure & Engineering R&G	5,379,712	4,317,024	6,247,465	5,349,645	7,781,651	8,054,250	9,693,501
Human Settlements	1,135,380	430,116	942,996	734,493	522,384	550,583	831,766
Public Health	26,993,154	20,781,046	27,247,273	24,848,033	30,955,479	37,847,153	37,213,127
Sport, Rec, Arts & Culture	5,914,578	6,207,957	9,206,181	7,858,502	4,700,056	8,458,916	10,601,282
Safety & Security	40,753,649	45,617,891	76,720,540	112,333,008	128,459,967	108,843,218	107,835,094
Economic Dev, Tourism & Agri	599,524	568,589	640,741	802,378	668,259	472,287	675,650
Corporate Services	4,446,327	5,113,737	6,815,851	5,112,714	3,857,871	6,400,590	7,674,515
Budget & Treasury	10,396,113	7,913,218	9,404,412	7,576,136	4,514,354	6,249,574	6,949,565
Executive Mayor	683,740	435,847	307,970	420,580	358,220	544,583	412,059
Sanitation	17,858,306	16,154,418	19,237,423	24,073,918	26,278,028	29,265,055	36,340,236
Water	28,423,438	21,441,984	29,397,881	37,399,119	44,233,144	44,413,757	46,907,391
Municipal Manager	185,080	183,014	237,847	279,305	173,723	197,671	157,383
Electricity & Energy	30,975,974	25,209,115	35,465,323	41,720,359	50,381,141	56,910,684	80,896,565
Chief Operating Officer	373,082	252,894	677,398	386,227	1,515,504	903,439	1,225,940
Spec Proj and Programmes	38,164	97,673	230,027	119,170	14,705	33,309	43,225
Grand Total	174,156,220	154,724,523	222,779,330	269,013,587	304,414,486	309,145,069	347,457,300
Percentage Increase		-11.16%	43.98%	20.75%	13.16%	1.55%	12.39%

As indicated previously the reduction in actual overtime payments from 2017 to 2018 is the direct result of a new overtime policy that was implemented at the time for a period of 2 months only; and subsequently withdrawn as a result of a moratorium placed by Council on the implementation of that policy.

As reported in the previous financial year/s, considering the extent of overspending, the conclusion of the outstanding Overtime Policy in line with the relevant legislation, by the Corporate Services and Human Resources Standing Committee is long overdue. The fact that there is no guiding policy dealing with this matter, poses a significant risk for the institution.

The Committee should note that the latest draft Overtime Policy is currently with the Policy & Research Review Unit under the COO's office as administratively required, before other processes are followed. As soon as the draft Overtime Policy is concluded by the Policy & Research Review Unit under the COO's office it will be taken through the Council structures. One of the critical aims of the Policy is to limit the payment of Overtime to the National threshold as determined, annually, by the Minister of Employment & Labour as well as the Collective Agreement on Conditions of Service as they are binding documents that the Municipality must comply with.

1.8. VARIOUS FINANCIAL RATIOS

The following financial ratios are monitored on an ongoing basis:

Ratio	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Restated 2021/22	Audited 2022/23	Dec 2023	Targets
Current Ratio	1.63:1	1.73:1	1.85:1	2.12:1	2.14:1	2.14:1	2.62:1	3.05:1	1.76:1
Liquidity Ratio	0.70:1	0.92:1	1.05:1	1.01:1	1.19:1	1.29:1	1.29:1	1.53:1	0.87:1
Average Debtors' Collection Rate	94.3%	93.1%	94.7%	83.4%	85.5%	76.16%	63.31%	77.7%	80%
Creditors' payment Rate (i.e., 30 Days on Receipt of Invoice)	33 days	43 days	44 days	50 days	59 days	72 days	59 days	30 days	30 days
Cost Coverage (excluding unspent conditional grants)	2.20 months	3.18 months	3.64 months	4.00 months	4.84 months	5.24 months	5.05 months	3.26 months	3.94 months
Debt servicing costs to Operating Revenue Ratio	2.78%	2.40%	2.17%	1.96%	1.91%	2.33%	1.86%	1.38%	1.67%

1.8.1. Collection Rate as recorded above:

It must be noted that the budgeted collection rate for the 2023/24 financial year was set at 80%. The average collection rate for revenue billed during the period July 2023 to November 2023 was 77.7%. The monthly collection rate for revenue billed in November 2023 that was collected in December 2023 was 85.4%.

1.8.2. Creditor's Payment Rate

The main factors influencing the December 2023 payment days, are the following:

The National Treasury target has been set at 30 days from the date when the invoice has been received. By using the receipt date of the invoice, as recorded by the Directorate, the number of days taken to pay creditors during the quarter is as follows:

October	2023 – 32 days
November	2023 – 56 days
December	2023 – 30 days

The results above indicate that the Creditors' payment days were not met for the months of October 2023 and November 2023 and were met for the month of December. It remains the responsibility of each Directorate to ensure that Invoices are received and processed relating to service delivery within their Directorate.

The above information indicates that there is a significant delay between the Supplier's Invoice date and the date that it is received at the NMBM. This is evident for the following Directorates where it has taken more than 30 Days for the Invoices to be received:

- Chief Operating Officer 112.07
- Corporate Services 60.96
- Electricity and Energy 37.00
- Economic Development, Tourism & Agriculture 36.29

All Directorates who encounter delays in receiving Invoices from Suppliers should address this with the respective Supplier(s) as the resultant late payments may be attributed to the NMBM and punitive action against the NMBM may be initiated by the Supplier(s).

It must be noted that the level of the Creditors payment rate is due to various reasons, which can only be analysed on an invoice-by-invoice basis and per Directorate. In certain cases, it could be due to insufficient budget and compliance issues that may have not been properly addressed, such as proper authorities prior to committing the municipality in order to avoid unauthorised, irregular and fruitless and wasteful expenditure. Section 78(1)(c) of the Municipal Finance Management Act (Act 56 of 2003) is instructive to senior managers and all officials dealing with the financial resources of the municipality.

The approach that has been implemented by Budget and Treasury is to write to Directorates requesting explanations for the delay in the payment of invoices. (This approach was introduced in June 2018). It is also important to note that payments to creditors can only be based on **goods received** and **services rendered** as pre-payments are against the MFMA.

2. DETAILED REPORTS ATTACHED AS ANNEXURES TO THIS REPORT

To comply with "Schedule C" of the Municipal Budget and Reporting Regulations (No. 32141 dated 17 April 2009) the following detailed schedules for the period ending 31 December 2023 are attached:

Annexure "A1" – Operating Revenue and Expenditure Performance: This Annexure illustrates the Operating Performance position for the reporting period. It answers the question of how the revenue as at the end of the reporting month compares to the expenditure for the same period.

Annexure "A2" – Capital Budget Performance: This Annexure gives the position of the Capital Budget for the reporting period. In total about 17.20% of the total Final Capital Budget of R1.941 billion has been spent as at the end of December 2023. Some of the reasons that may have resulted in this position are disclosed elsewhere in this report.

Annexure "A2 (i)" – Capital Expenditure Report. This Annexure show the detail of all Capital Projects per Directorate indicating the Budget, any amendments, expenditure up to 31 December 2023 as well as the funding source for each project.

Annexure "A3" – Projected Cash Flow Statement: This Annexure illustrates the inflows and outflows of Cash for the period ending 31 December 2023.

Annexure "A4" – Consolidated Budget Tables (incl. MBDA figures): This Annexure illustrates the financial position of NMBM for the reporting period including the financial records of the municipal entity.

Annexure "A5" – Analysis of Municipality's Balance Sheet: This Annexure details the balance sheet items including:

- i. Outstanding Consumer Debtors
- ii. Overview of Creditors position
- iii. Investment portfolio
- iv. Grants receipts and Expenditure
- v. Councillor & Officials allowances & benefits.
- vi. Key performance Indicators

Annexure “A6” – MBDA's Monthly Report & Budget Tables: This Annexure contains the tables for the MBDA (municipal entity) for the reporting period.

RECOMMENDATION

- a) That the Mayoral Committee **NOTES** the Municipality's consolidated (including the Entity) Mid-year financial report as at 31 December 2023, prepared in line with Section 72 of the MFMA.
- b) That it be **NOTED** that this report represents the financial results for the first six months of 2023/24 financial year.

**OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE
2023/24 FINANCIAL YEAR AS AT 31 DECEMBER 2023**

Below is an analysis of the operating revenue and expenditure performance compared to the approved 2023/24 Operating Budget.

Description	Budget Year 2023/24		
	Original Budget	Year TD actual	% Spent
R thousands			%
Revenue By Source			
Property rates	2,974,149	2,953,823	99.32%
Service charges - electricity revenue	5,163,607	2,659,961	51.51%
Service charges - water revenue	2,943,776	1,015,974	34.51%
Service charges - sanitation revenue	837,553	384,665	45.93%
Service charges - refuse revenue	311,829	140,185	44.96%
Rental of facilities and equipment	31,021	23,225	74.87%
Interest earned - external investments	208,088	71,496	34.36%
Interest earned - outstanding debtors	573,984	269,613	99.24%
Fines, penalties, and forfeits	82,843	16,614	20.05%
Licences and permits	18,158	11,230	61.85%
Agency services	3,716	2,027	54.55%
Transfers and subsidies	1,933,682	1,300,790	67.27%
Other revenue	937,771	308,116	32.86%
Total Revenue (excluding capital transfers and contributions)	16,020,179	9,457,717	59.04%
Expenditure By Type			
Employee related costs	4,558,182	1,957,056	42.94%
Remuneration of councillors	91,089	44,386	48.73%
Debt impairment	2,435,537	3,374,245	138.54%
Depreciation & asset impairment	1,334,327	666,726	49.97%
Finance charges	128,228	28,137	21.94%
Bulk purchases - electricity	5,632,329	3,016,106	53.55%
Inventory consumed	359,733	109,482	30.43%
Contracted services	1,564,811	410,322	26.22%
Transfers and subsidies	196,230	11,273	5.74%
Other expenditure	866,955	342,609	39.52%
Losses	238,662	-	0%
Total Expenditure	17,406,084	9,960,342	57.22%

Below is a discussion of the significant revenue and expenditure variations:

The statement of financial performance should not be viewed in isolation from the cash flow statement and the cash flow forecast as discussed in **Annexure A3**.

Revenue Variations

Property Rates

Property rates raised constitutes 99.32% of the approved budget.

Row Labels	2023/24 Original Budget	2023/24 Actuals	Variance	% Received
Non-Exchange Revenue / Property rates	-2,974,149,340	-2,953,822,838	-20,326,502	99.32%
Agricultural Properties	-3,162,940	-3,496,312	333,372	110.54%
Business and Commercial Properties	-944,707,700	-953,242,833	8,535,133	100.90%
Industrial Properties	-284,348,130	-285,942,333	1,594,203	100.56%
Mining Properties	-268,130	-258,777	-9,353	96.51%
Public Benefit Organisations	-2,160,720	-1,475,183	-685,537	68.27%
Public Service Infrastructure Properties	-12,065,060	-577,075	-11,487,985	4.78%
Public Service Purposes Properties	-195,995,600	-133,247,166	-62,748,434	67.98%
Residential Properties	-1,432,385,440	-1,469,490,994	37,105,554	102.59%

Annexure "A1"

Vacant Land	-99,055,620	-106,092,167	7,036,547	107.10%
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Service Charges

It appears that the trends for the Electricity revenue are higher than anticipated in the 2023/24 Operating Budget.

The Water Services, Sanitation (Wastewater) Services and Refuse (Waste) Services reflect lower than anticipated revenue trends.

Row Labels	2023/24 Original Budget	2023/24 Actuals	Variance	% Received
Exchange Revenue / Service charges - Electricity	-5,163,606,820	-2,659,961,256	-2,503,645,564	51.51%
Electricity: Availability Charges	-61,716,930	-30,898,459	-30,818,471	50.06%
Electricity: Connection/Reconnection: Change Circuit Breaker	-1,500		-1,500	0.00%
Electricity: Connection/Reconnection: Connections New: Non-government Housing	-3,534,760	-1,644,596	-1,890,164	46.53%
Electricity: Electricity Distribution Revenue for Services: Network Charges		-24,442,635	24,442,635	
Electricity: Electricity Sales: Commercial Conventional (3-Phase)	-320,258,740	-126,146,496	-194,112,244	39.39%
Electricity: Electricity Sales: Commercial Prepaid	-71,211,870		-71,211,870	0.00%
Electricity: Electricity Sales: Domestic High: Prepaid	-2,084,455,680	-1,886,465,592	-197,990,088	90.50%
Electricity: Electricity Sales: Domestic Low: Domestic Indigent	-43,050,220	-8,480,742	-34,569,478	19.70%
Electricity: Electricity Sales: Domestic Low: Prepaid	15,873,890	-9,758,720	25,632,610	-61.48%
Electricity: Electricity Sales: Industrial more than (11 000 Volts) (High Voltage)	-557,302,740	-200,437,687	-356,865,053	35.97%
Electricity: Electricity Sales: Industrial (400 Volts) (Low Voltage)	-178,765,470	-102,417,668	-76,347,802	57.29%
Electricity: Electricity Sales: Time of Use Tariffs	-1,858,911,950	-269,538,492	-1,589,373,458	14.50%
Electricity: Joint Pole Usage	-28,620	-10,360	-18,260	36.20%
Electricity: Meter Compliance Testing	-35,000	282,042	-317,042	-805.83%
Electricity: Meter Reading Fees	-207,230	-1,850	-205,380	0.89%
Exchange Revenue / Service charges - Waste Management	-311,828,840	-140,185,432	-171,643,408	44.96%
Waste Management: Refuse Removal	-295,687,360	-133,059,782	-162,627,578	45.00%
Waste Management: Waste Bins	-16,141,480	-7,125,650	-9,015,830	44.14%
Exchange Revenue / Service charges - Wastewater Management	-837,553,460	-384,664,791	-452,888,669	45.93%
Wastewater Management: Availability Charges	-185,744,080	-100,755,074	-84,989,006	54.24%
Wastewater Management: Connection/Reconnection	-2,170,400	-873,140	-1,297,260	40.23%
Wastewater Management: Higher Level Service	-101,573,760	-60,593,289	-40,980,471	59.65%
Wastewater Management: Industrial Effluent	-48,488,690	-22,674,031	-25,814,659	46.76%
Wastewater Management: Industrial Wastewater	-75,255,990	-31,721,952	-43,534,038	42.15%
Wastewater Management: Sanitation Charges	-424,320,540	-168,047,304	-256,273,236	39.60%
Exchange Revenue / Service charges - Water	-2,943,776,280	-1,015,973,747	-1,927,802,533	34.51%
Water: Agricultural and Rural Water Service	-41,000,000	-17,157,106	-23,842,894	41.85%
Water: Availability Charges	-204,100,000	-103,410,944	-100,689,056	50.67%
Water: Connection/Disconnection	-7,120,620	-3,124,329	-3,996,291	43.88%
Water: Industrial Water	-326,066,710	-118,469,948	-207,596,762	36.33%
Water: Sale: Conventional	190,153,620	157,313,740	32,839,880	82.73%
Water: Sale: Flat Rate	-3,025,000	-1,476,281	-1,548,719	48.80%
Water: Urban Higher Level Service	-2,552,617,570	-929,648,880	-1,622,968,690	36.42%

Annexure "A1"

Interest Earned – External Investments

The interest earned represents the cash received in respect of investments that have matured during the 2023/24 financial year. Interest earnings are influenced by the extent of the municipality's investment portfolio. It is anticipated that the interest earned on investments will be in line with the 2023/24 Budgeted amount.

Rental of Facilities and Equipment

Rentals of facilities and equipment are higher than anticipated in the 2023/24 Budget. It is however important that all the Metro's asset management structures ensure that all possible rentals be raised / billed and that rental agreements are maintained at market related prices.

Row Labels	2023/24 Original Budget	2023/24 Actuals	Variance	% Received
Exchange Revenue / Rental from Fixed Assets	-31,021,410	-22,074,480	-8,946,930	71.16%
Market Related: Property Plant and Equipment: Ad-hoc rentals:	-699,240	-244,819	-454,421	35.01%
Community Assets				
Non-market Related: Investment Property: Ad-hoc rentals	-3,676,710	-1,974,586	-1,702,124	53.71%
Non-market Related: Investment Property: Straight-lined Operating	-8,527,150	-3,824,703	-4,702,447	44.85%
Non-market Related: Property Plant and Equipment: Ad-hoc rentals:	-11,109,140	-6,604,198	-4,504,942	59.45%
Community Assets				
Non-market Related: Property Plant and Equipment: Ad-hoc rentals:	-259,280	-53,973	-205,307	20.82%
Machinery and Equipment				
Non-market Related: Property Plant and Equipment: Ad-hoc rentals:		-6,244,407	6,244,407	
Other Assets				
Non-market Related: Property Plant and Equipment: Ad-hoc rentals:	-4,993,200	-2,290,723	-2,702,477	45.88%
Solid Waste Infrastructure				
Non-market Related: Property Plant and Equipment: Straight-lined	-5,030	-4,792	-238	95.27%
Operating: Community Assets				
Non-market Related: Property Plant and Equipment: Straight-lined	-15,000	-7,837	-7,163	52.24%
Operating: Electrical Infrastructure				
Non-market Related: Property Plant and Equipment: Straight-lined	-1,800	-1,024	-777	56.86%
Operating: Machinery and Equipment				
Non-market Related: Property Plant and Equipment: Straight-lined	-1,524,860	-702,011	-822,849	46.04%
Operating: Other Assets				
Non-market Related: Property Plant and Equipment: Sub-lease Payment:	-210,000	-121,408	-88,592	57.81%
Roads Infrastructure				

Interest Earned: Outstanding Debtors

Interest Earned on Outstanding Debtors is higher than anticipated in the 2023/24 Operating Budget due to escalating Outstanding Debtors.

This high level of interest earned on outstanding debtors is mainly due to the imposition of punitive water tariffs.

Annexure "A1"

Row Labels	2023/24 Original Budget	2023/24 Actuals	Variance	% Received
Exchange Revenue / Interest earned from Receivables	-573,984,090	-569,612,557	-4,371,533	99.24%
Interest: Receivables: Electricity	-104,287,600	-570,034,357	465,746,757	546.60%
Interest: Receivables: Housing Land Sales		421,800	-421,800	#DIV/0!
Interest: Receivables: Service Charges	-114,165,070		-114,165,070	0.00%
Interest: Receivables: Waste Management	-25,782,590		-25,782,590	0.00%
Interest: Receivables: Wastewater Management	-67,914,420		-67,914,420	0.00%
Interest: Receivables: Water	-261,834,410		-261,834,410	0.00%

Fines

The total fines raised as at 31 December 2023 was only R16.61 million or 20.05% compared to the 2023/24 budget projection of R82.843 million.

Row Labels	2023/24 Original Budget	2023/24 Actuals	Variance	% Received
Non-Exchange Revenue / Fines, penalties, and forfeits	-82,843,310	-16,613,790	-66,229,520	20.05%
Fines: Illegal Connections	-850,000	-759,592	-90,408	89.36%
Fines: Law Enforcement	-20,000		-20,000	0.00%
Fines: Overdue Books Fine	-1,263,620	-292,250	-971,370	23.13%
Fines: Pound Fees	-225,630	-361,215	135,585	160.09%
Fines: Traffic: Municipal	-9,494,460	-2,027,510	-7,466,950	21.35%
Fines: Traffic: Service Provider	-17,909,420		-17,909,420	0.00%
Forfeits: Unclaimed Money		-5,392,170	5,392,170	
Penalties: Disconnection Fees	-53,080,180	-7,781,053	-45,299,127	14.66%

Licences or Permits

The total Licences or Permits revenue collected as at 31 December 2023 was R11.23 million or 61.84% compared to the 2023/24 budget of R18.158 million.

Row Labels	2023/24 Original Budget	2023/24 Actuals	Variance	% Received
Exchange Revenue / Licence and permits	-18,157,130	-11,229,391	-6,927,739	61.85%
Boat	-259,100	-143,132	-115,968	55.24%
Fauna and Flora	-300,000	-205,540	-94,460	68.51%
Health Certificates	-501,000	-360,437	-140,563	71.94%
Road and Transport: Drivers Licence Application/Duplicate Drivers Licences	-2,445,900	-1,328,672	-1,117,228	54.32%
Road and Transport: Drivers Licence Certificate	-8,231,400	-5,869,019	-2,362,381	71.30%
Road and Transport: Learner Licence Application	-2,690,000	-2,195,095	-494,905	81.60%
Road and Transport: Learners Certificate	-1,254,180	-229,036	-1,025,144	18.26%
Road and Transport: Operators and Public Drivers Permits	-1,712,550	-576,817	-1,135,733	33.68%
Threatened and Protected Species	-1,000		-1,000	0.00%
Trading	-762,000	-321,645	-440,355	42.21%
Non-Exchange Revenue / Licences or permits	-1,000	-354	-646	35.39%
Dog	-1,000	-354	-646	35.39%

Annexure "A1"

Grants and Subsidies received.

It is important to note that R122,906,585 of Council's allocated 2022/23 DORA Grants were not spent as at 30 June 2023. The table below reflects the unspent portions of the respective grants:

Grant Description	2022/23
Public Transport Infrastructure Grant	15,957,033
Public Transport Networks Operations Grant	6,951,599
Neighbourhood Partnership Development Grant	30,592
Neighbourhood Partnership Development Grant	1,615
Urban Settlement Development Grant	29,400,680
Programme and Project Preparation Support Grant (PPPSG)	19,892,820
Drought Relief Grant	763,767
Energy Efficiency and Demand Side Management Grant	192,487
Informal Settlements Upgrading Grant	49,715,992
Unspent Conditional Grants	122,906,585

National Treasury did not approve the following grants for roll-over to the 2023/24 financial year and it has been off-set against the Equitable Share Allocation in December 2023.

Grant Description	2022/23
Public Transport Networks Operations Grant	6,951,599
Neighbourhood Partnership Development Grant	30,592
Neighbourhood Partnership Development Grant	1,615
Urban Settlement Development Grant	19,500,000
Programme and Project Preparation Support Grant (PPPSG)	19,892,820
Drought Relief Grant	763,767
Energy Efficiency and Demand Side Management Grant	192,487
Informal Settlements Upgrading Grant	17,200,000
Unspent Conditional Grants	64,532,880

The table below also reflects the conditional grants and Equitable Share received:

Row Labels	2023/24 Original Budget	2023/24 Actuals	Variance	% Received
Non-Exchange Revenue / Transfer and subsidies - Operational	-1,933,682,480	-1,300,789,772	-632,892,708	67.27%
Departmental Agencies and Accounts: National Departmental Agencies: Local Government, Water and Related Service SETA	-3,800,000	-739,210	-3,060,790	19.45%
Departmental Agencies and Accounts: National Departmental Agencies: Marine Living Resources Fund	-896,340	-11,503	-884,837	1.28%
National Governments: Energy Efficiency and Demand Side Management Grant	-1,173,920		-1,173,920	0.00%
National Governments: Expanded Public Works Programme Integrated Grant	-8,397,000	-2,279,119	-6,117,881	27.14%
National Governments: Infrastructure Skills Development Grant	-13,750,000	-5,029,933	-8,720,067	36.58%
National Governments: Local Government Financial Management Grant	-1,000,000	-274,209	-725,791	27.42%
National Governments: Metro Informal Settlements Partnership Grant	-86,278,470		-86,278,470	0.00%
National Governments: Neighbourhood Development Partnership Grant	-21,265,220	-171,820	-21,093,400	0.81%
National Governments: Programme and Project Preparation Support Grant	-20,000,000	-205,105	-19,794,895	1.03%
National Governments: Public Transport Network Grant	-161,176,000	-20,211,749	-140,964,251	12.54%
National Governments: Regional Bulk Infrastructure Grant	-62,782,610		-62,782,610	0.00%

Annexure "A1"

National Governments: Urban Settlement Development Grant	-18,631,650		-18,631,650	0.00%
National Revenue Fund: Equitable Share	-1,419,053,000	-1,261,331,649	-157,721,351	88.89%
Provincial Government: Eastern Cape: Capacity Building and Other: Specify (Add grant description)	-97,478,270		-97,478,270	0.00%
Provincial Government: Eastern Cape: Infrastructure: Specify (Add grant description)	-18,000,000	-10,535,475	-7,464,525	58.53%

The Equitable Share includes an amount of R261,159,000, which must be transferred to the Fuel Levy. Accordingly an amount of R1,000,172,649 has been received to date for the Equitable Share.

Fuel Levy

Fuel Levy is defined as a non-exchange other revenue source and was received as follows:

Revenue: Non-exchange Revenue:	2023/24 Original Budget	2023/24 Actuals	Variance	% Spent
Fuel Levy (RSC Replacement Grant)	-783,478,000	-261,159,000	-522,319,000	33.33%
Total	-783,478,000	-261,159,000	-522,319,000	33.33%

Fuel levy in the amount of R261,159,000 is included in the Equitable Share. The municipality has thus received the Fuel Levy in the amount of R522,318,000 or 66.67 % of the Fuel Levy Budget allocation.

Sale of Goods and Rendering of Services

The variances are reflected in the table below.

Row Labels	2023/24 Original Budget	2023/24 Actuals	Variance	% Received
Exchange Revenue / Sale of Goods and Rendering of Services	-117,719,860	-30,943,315	-86,776,545	26.29%
Academic Services: Formal Training	-1,562,110	-87,804	-1,474,306	5.62%
Advertisements	-2,304,390	-1,507,830	-796,560	65.43%
Building Plan Approval	-13,250,000	-4,622,623	-8,627,377	34.89%
Buyers Card	-32,470	-37,912	5,442	116.76%
Camping Fees	-40,000	-50,860	10,860	127.15%
Cemetery and Burial	-11,876,300	-5,603,853	-6,272,447	47.19%
Cleaning and Removal	-105,500	-54,976	-50,524	52.11%
Clearance Certificates	-1,799,170	-766,698	-1,032,472	42.61%
Computer Services	-77,730	-16,842	-60,888	21.67%
Drainage Fees	-60,000	-3,612	-56,388	6.02%
Encroachment Fees	-550,000	-334,793	-215,207	60.87%
Entrance Fees	-14,119,130	-140,552	-13,978,578	1.00%
Escort Fees	-852,600	-292,526	-560,074	34.31%
Fire Services	-55,100	-279,699	224,599	507.62%
Laboratory Services	-1,500,000	-872,557	-627,443	58.17%
Legal Fees	-42,972,110	-12,021,225	-30,950,885	27.97%
Meal and Refreshment	-10,000		-10,000	0.00%
Parking Fees	-13,010	-522	-12,488	4.01%
Photocopies, Faxes and Telephone charges	-164,640	-40,566	-124,074	24.64%
Removal of Restrictions	-1,450,000	-1,190,103	-259,897	82.08%

Annexure "A1"

Sale of Goods: Agricultural Products: Nursery Sale of Plants	-100,920	-10,416	-90,504	10.32%
Sale of Goods: Assets < Capitalisation Threshold		-7,219	7,219	
Sale of Goods: Publications: Books		-1,044	1,044	
Sale of Goods: Publications: Charts/Posters	-14,000	-6,527	-7,473	46.62%
Sale of Goods: Publications: Prints	-89,710	-33,487	-56,223	37.33%
Sale of Goods: Publications: Tender Documents	-1,718,910	-251,357	-1,467,553	14.62%
Sale of Goods: Sub-division and Consolidation Fees	-3,213,880		-3,213,880	0.00%
Scrap, Waste & Other Goods: Recycling of Waste	-8,500,000	-2,111,912	-6,388,088	24.85%
Scrap, Waste & Other Goods: Scrap	-102,400	-58,633	-43,767	57.26%
Transport Fees	-10,830,000	-466,634	-10,363,366	4.31%
Valuation Services	-344,320	-66,529	-277,791	19.32%
Weighbridge Fees	-11,460	-4,007	-7,453	34.97%

Other Operational Revenue

The variances are reflected in the table below.

Row Labels	2023/24 Original Budget	2023/24 Actuals	Variance	% Received
Exchange Revenue / Operational Revenue	-36,573,310	-15,430,402	-21,142,908	42.19%
Administrative Handling Fees	-210,000	-158,146	-51,854	75.31%
Breakages and Losses Recovered	-2,030	-6,495	4,465	319.96%
Commission: Transaction Handling Fees	-25,821,990	-7,418,275	-18,403,715	28.73%
Discounts and Early Settlements	-3,965,320	-2,928,366	-1,036,954	73.85%
Incidental Cash Surpluses	-24,780	-610,690	585,910	2464.45%
Inspection Fees: Statutory Services	-4,037,920	-1,799,689	-2,238,231	44.57%
Insurance Refund	-61,700	-1,471,238	1,409,538	2384.50%
Recovery Maintenance	-230,000		-230,000	0.00%
Registration Fees: Road and Transport	-197,730	-101,600	-96,130	51.38%
Request for Information: Access to Information Act	-219,230	-51,961	-167,269	23.70%
Request for Information: Accident Reports	-386,660	-43,494	-343,166	11.25%
Request for Information: Duplicate IRP 5 Certificate	-60		-60	0.00%
Request for Information: Municipal Information and Statistics	-20,540	-13,323	-7,217	64.86%
Request for Information: Plan Printing and Duplicates	-10,000	-338	-9,662	3.38%
Sale of Property	-28,000	-115,510	87,510	412.54%
Staff and Councillors Recoveries	-1,357,350	-711,277	-646,073	52.40%

Expenditure Variations:

Employee Related Costs

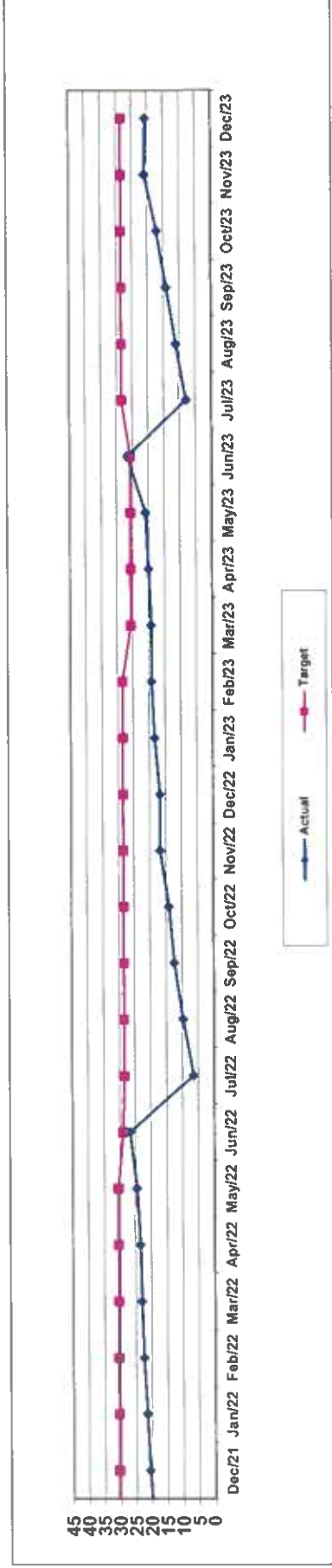
The Operating Budget for Employee Related Costs amount to R4.517 billion for the 2023/24 financial year. The expenditure to date amounts to R1.941 billion or 42.96% of the budgeted amount.

Annexure "A1"

Row Labels	2023/24 Original Budget	2023/24 Actuals	Variance	% Spent
	4,517,432,830	1,940,748,860	2,576,683,970	42.96%
Expenditure / Employee related costs				
Municipal Staff: Post-retirement Benefit	16,645,510		16,645,510	0.00%
Pension: Current Service Cost				
Municipal Staff: Salaries, Wages and Allowances	8,890	1,834	7,056	20.63%
Cellular and Telephone	30,592,090	14,440,749	16,151,341	47.20%
Housing Benefits and Incidental: Essential User	16,331,980	7,650,421	8,681,559	46.84%
Housing Benefits and Incidental: Housing Benefits	1,249,680	435,599	814,081	34.86%
Non-pensionable		7,676,516	-7,676,516	#DIV/0!
Service-Related Benefits: Acting and Post Related Allowances	177,909,280	148,969,637	28,939,643	83.73%
Service-Related Benefits: Bonus	1,770		1,770	0.00%
Service-Related Benefits: Entertainment	6,515,950		6,515,950	0.00%
Service-Related Benefits: Leave Pay	140,488,480	64,207,326	76,281,154	45.70%
Service-Related Benefits: Long Service Award	20,998,920	9,286,342	11,712,578	44.22%
Service-Related Benefits: Overtime: Night Shift	274,327,950	154,290,107	120,037,843	56.24%
Service-Related Benefits: Overtime: Non-Structured	24,266,050	9,758,515	14,507,535	40.21%
Service-Related Benefits: Overtime: Shift Additional Remuneration	55,615,100	16,202,498	39,412,602	29.13%
Service-Related Benefits: Overtime: Structured	21,883,500	9,038,703	12,844,797	41.30%
Service-Related Benefits: Scarcity Allowance	24,436,620	16,080,156	8,356,464	65.80%
Service-Related Benefits: Standby Allowance	5,750	985	4,765	17.12%
Service-Related Benefits: Uniform/Special/Protective Clothing	79,744,990	38,897,949	40,847,041	48.78%
Travel or Motor Vehicle	2,855,552,030	1,101,505,383	1,754,046,647	38.57%
Basic Salary and Wages	57,138,800	19,547,418	37,591,382	34.21%
Bonuses				
Municipal Staff: Social Contributions	893,880	400,558	493,322	44.81%
Bargaining Council	31,972,400	14,898,402	17,073,998	46.60%
Group Life Insurance	220,747,560	101,484,343	119,263,217	45.97%
Medical	414,332,560	191,878,971	222,453,589	46.31%
Pension	19,144,120	7,257,338	11,886,782	37.91%
Unemployment Insurance				
Senior Management: Chief Financial Officer	2,663,450	1,246,443	1,417,007	46.80%
Salaries and Allowances: Basic Salary	294,730		294,730	0.00%
Salaries and Allowances: Bonuses	2,690	1,063	1,627	39.51%
Social Contributions: Unemployment Insurance				
Senior Management: Designation	20,936,870	5,585,228	15,351,642	26.68%
Salaries and Allowances: Basic Salary	2,313,200		2,313,200	0.00%
Salaries and Allowances: Bonuses	17,030	5,314	11,716	31.20%
Social Contributions: Unemployment Insurance				
Senior Management: Municipal Manager (MM)	400,000		400,000	0.00%
Salaries and Allowances: Bonuses	1,000	1,063	-63	106.27%
Social Contributions: Unemployment Insurance				

The variance is due to certain allowances such as Overtime, Acting Allowance and Incentive Bonuses that are paid one month in arrears. Contributions to Post Retirement benefits and the Leave Pay provision are only processed as at the end of the financial year as it is based on actuarial reports and the information as applicable as at 30 June of each financial year.

The overtime worked for period July 2023 to November 2023 amounted to R170,508,878. If this trend is maintained for the financial year (2023/24), the projected spending on Overtime will amount to R422,461,318. It is therefore anticipated that the Operating Budget in the amount of R329,943,050 could be overspent by at least R92.518 million once all year-end accruals for overtime have been processed at the end of the 2023/24 financial year. It must



6.7.2 Repairs and Maintenance as a % of Total Operating Revenue

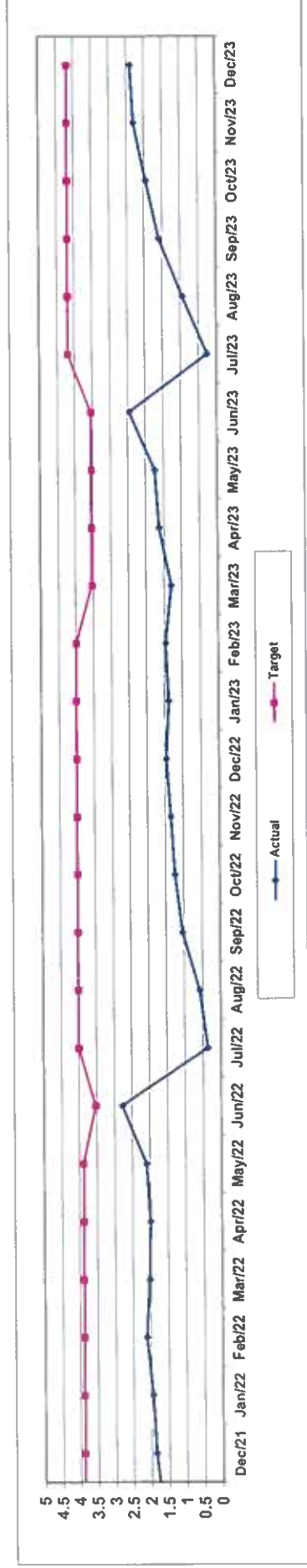
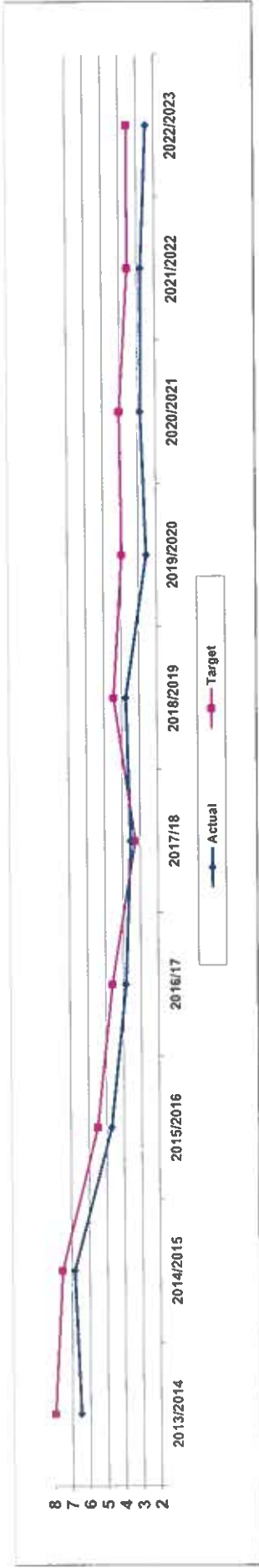
This ratio assesses the extent to which the Municipality's Operating Revenue is consumed by costs associated with the repairs and maintenance of its assets (refer figure 13).

The ratio is determined as follows:

$$\text{Repairs and Maintenance expenditure to date} / \text{Total Operating Income to date}$$

The actual expenditure of 2.39% is below the 2023/24 budget target of 4.19%. Repairs and Maintenance of assets are undertaken on an on-going basis.

Figure 13: Repairs and Maintenance as a % of Total Operating Income



6.7.3 Repairs and Maintenance as a % of the book value of Property, Plant and Equipment (PPE)

This ratio assesses the level of repairs and maintenance expenditure incurred, compared to the book value of PPE (refer figure 14).

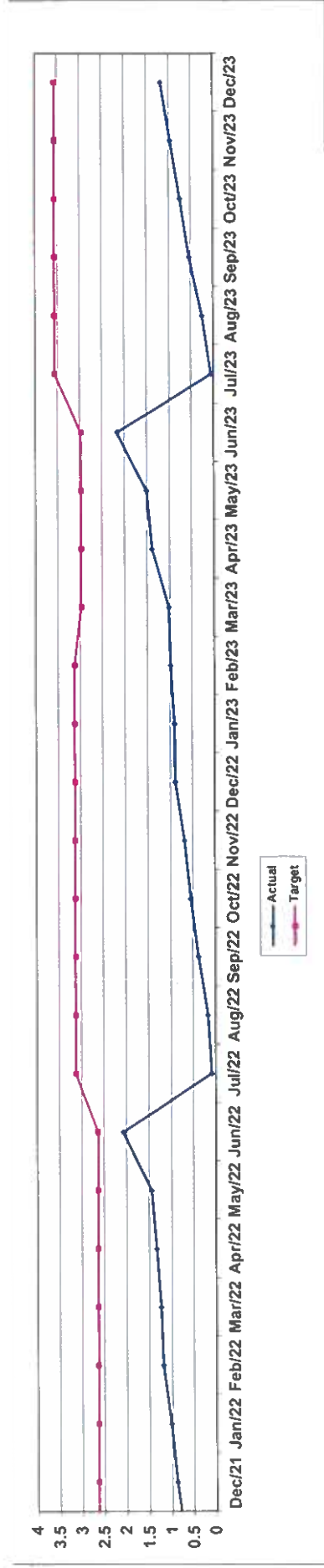
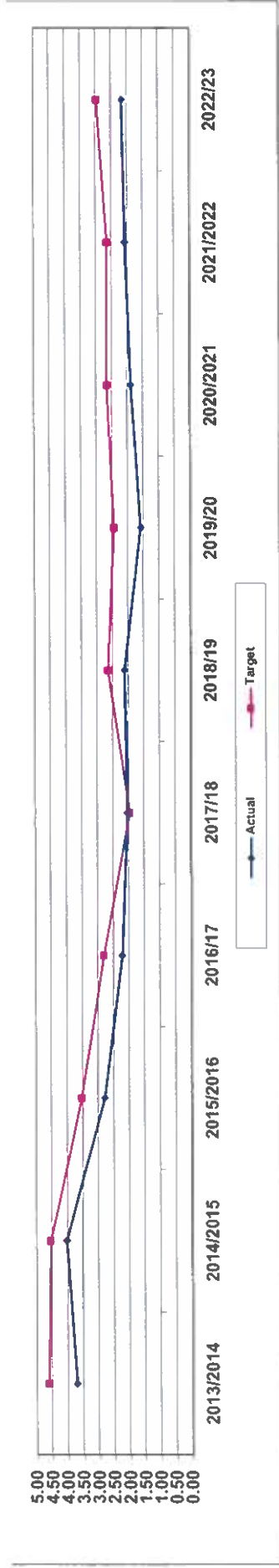
The ratio is determined as follows:

Repairs and maintenance expenditure to date / Book value of PPE to date

The repairs and maintenance expenditure incurred to date constitutes 1.18% of the book value of PPE, as at the end of December 2023, compared to the 2023/24 budget target of 3.56%. This indicates a relatively low level of repairs and maintenance expenditure, considering that significant backlogs currently exist. The expenditure levels are anticipated to increase in future, as the maintenance backlogs have now been determined.

It should be noted that new assets would not have an immediate effect on the repairs and maintenance component, as they do not generally deteriorate within the first few years.

Figure 14: Repairs and Maintenance as a % of the book value of (PPE)



6.7.4 Capital Budget Spending

This ratio assesses the level of actual capital spending compared to the budgeted capital expenditure (refer figure 15).

The ratio is determined as follows:

$$\text{Actual Capital spending to date} / \text{Approved Capital Budget}$$

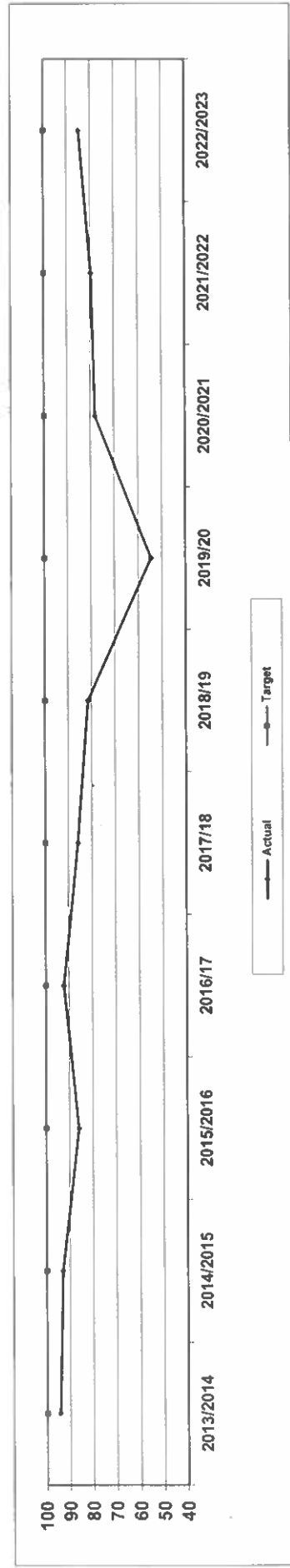
Annexure "A5"

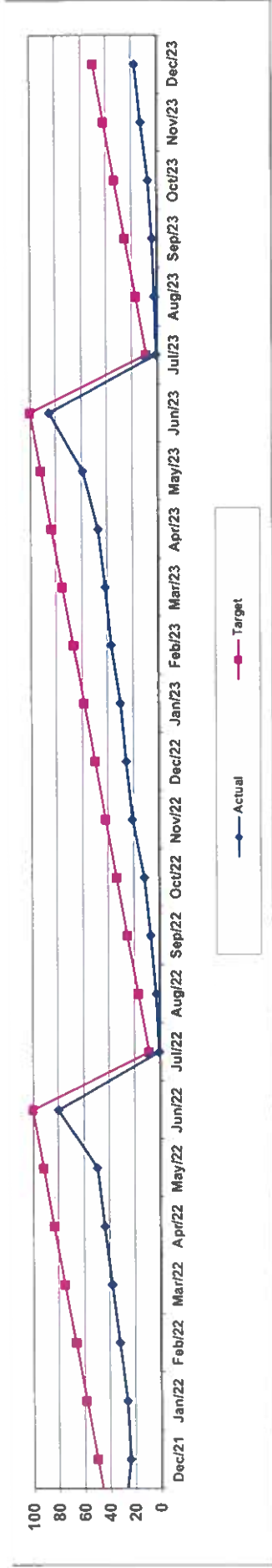
The actual spending as at the end of December 2023 amounted to 17.20%.

The Budget Performance Monitoring Forum meets every two months, as opposed to previously meeting on a quarterly basis. The Executive Directors present their capital budgets at the Forum meetings by project, with detailed explanations in the event of under/overspending.

Monthly one-on-one sessions are held with Directorates, to identify problem areas early on in the process. These meetings are attended by the Chairperson of the Budget and Treasury Committee, the Portfolio Councillor and the Executive Director of the Directorate concerned and representatives from the Budget and Treasury Directorate.

Figure 15: Capital Budget Spending





6.7.5 Own Revenue Generation

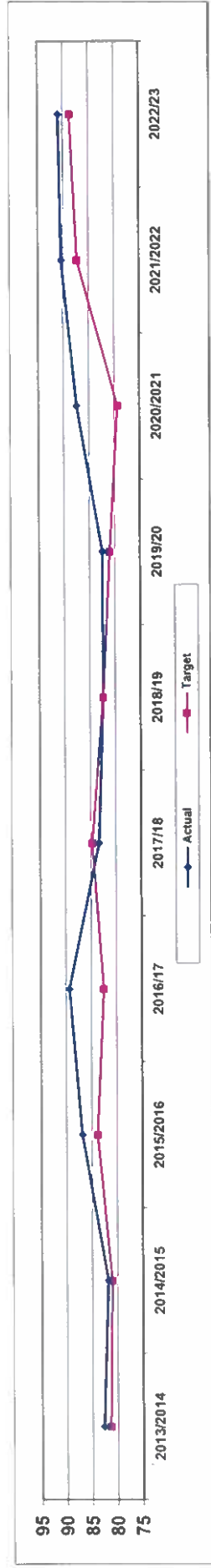
This ratio measures the extent to which the Municipality has control over its revenue sources, i.e. what percentage of its revenue is generated locally. The higher the ratio, the less reliant a Municipality is on Provincial and National Government to support its operations (refer figure 16).

The ratio is determined as follows:

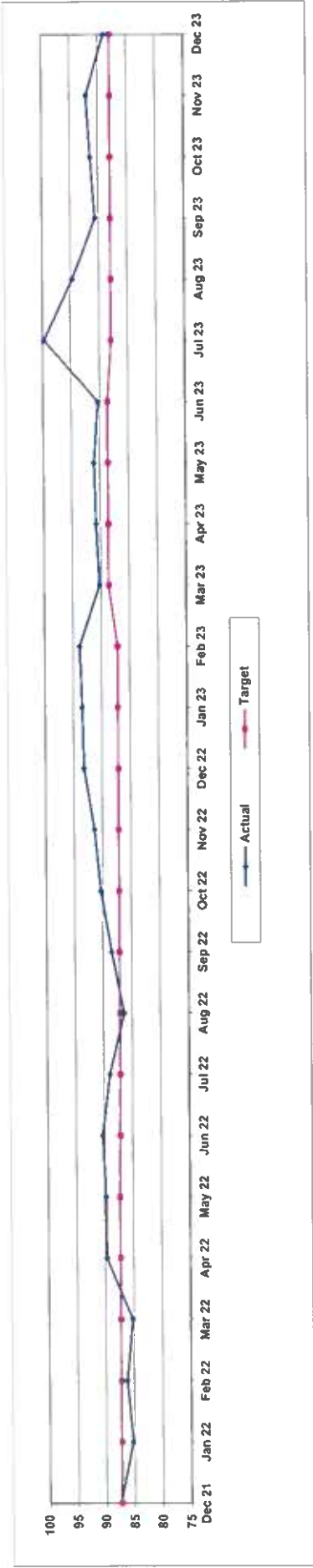
Own Revenue Sources / Total Operating Income (includes operating grants)

As at the end of December 2023, the Municipality's own revenue sources constituted 89.01% of its total Operating Income compared to the 2023/24 budget target of 87.96%. The Municipality is thus not fully reliant on the finances received from Provincial and National Government to support its day-to-day operations. The equitable share, for example greatly assists the Municipality to cover the ATPP subsidies. Although the Municipality would like to become sufficient by not having to rely on Government support via Grants and Subsidies it has become very clear that without increased Government funding the Municipality will not be able to meet its service delivery mandate from its limited revenue base.

Figure 16: Own Revenue Generation



Annexure "A5"



6.7.6 Reducing Electricity and Water Losses

6.7.6.1 Electricity Losses

This ratio indicates the percentage of electricity losses incurred in relation to the number of electricity units purchased.

The ratio is determined as follows:

$$\frac{\text{Electricity units purchased} - \text{Electricity units sold}}{\text{Electricity units purchased}} \times 100$$

Total non-revenue electricity losses for the 2022/23 budget year were 25.90% (848,647,879Kw) or equivalent to R986.10 million up from R822.887 million or 22.66% for the 2021/22 financial year.

The year-to-date non-revenue electricity losses for the first six months of the 2023/24 financial year amounted to 23.43% (340,400,909Kwh), or an equivalent of R483.37 million. It is evident that the current strategies to address electricity losses are not yielding positive results.

6.7.6.2 Water Losses

This ratio indicates the percentage of water losses incurred in relation to the number of water units purchased.

The ratio is determined as follows:

$$\frac{\text{Water units purchased} - \text{Water units sold}}{\text{Water units purchased}} \times 100$$

The Non-revenue Water Losses for the period July 2023 to December 2023 amount to 25.769 million kl or 47.62%. The cumulative Water losses for the period 01 July 2022 to 30 June 2023 amounts to 43.721 million kl or 43.14%.

It is evident that the current strategies implemented to address water losses are not yielding positive results. Water losses have increased materially over the last 5 financial years, including the 2023/24 financial year.

Annexure A6

Mandela Bay Development Agency - Table F1 Monthly Budget Statement Summary – Q2 Second Quarter									
Description	2022/23	Current Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Year TD actual	Year TD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	--	--	--	--	--	--	--	--	--
Service charges	--	--	--	--	--	--	--	--	--
Investment revenue	--	4,000	--	166	1,792	2,000	(0)	-10%	4,000
Transfers recognised - operational	--	130,143	--	9,183	67,464	65,071	2	4%	130,143
Other own revenue	--	2,010	--	149	2,048	1,005	1	104%	2,010
Total Revenue (excluding capital transfers and contributions)	--	136,153	--	9,498	71,303	68,076	3,227	0	136,153
Employee costs	--	40,959	--	3,542	19,311	20,479	(1,168)	(0)	40,959
Remuneration of Board Members	--	1,300	--	110	648	650	(2)	(0)	1,300
Depreciation and asset impairment	--	1,119	--	114	702	559	142	0	1,119
Finance charges	--	--	--	--	--	--	--	--	--
Materials and bulk purchases	--	--	--	--	--	--	--	--	--
Transfers and grants	--	--	--	--	--	--	--	--	--
Other expenditure	--	39,686	--	1,890	27,528	19,843	7,685	0	39,686
Total Expenditure	--	83,063	--	5,656	48,189	41,531	6,658	0	83,063
Surplus/(Deficit)	--	53,090	--	3,842	23,114	26,545	(3,431)	(0)	53,090
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	--	--	--	--	--	--	--	--	--
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	--	--	--	--	--	--	--	--	--
Surplus/(Deficit) after capital transfers & contributions	--	53,090	--	3,842	23,114	26,545	(3,431)	(0)	53,090
Taxation	--	--	--	--	--	--	--	--	--
Surplus/ (Deficit) for the year	--	53,090	--	3,842	23,114	26,545	(3,431)	(0)	53,090
Capital expenditure & funds sources									
Capital expenditure	--	54,407	--	3,642	23,496	27,204	(3,708)	(0)	54,407
Transfers recognised - capital	--	54,407	--	3,642	23,496	27,204	(3,708)	(0)	--
Borrowing	--	--	--	--	--	--	--	--	--
Internally generated funds	--	--	--	--	--	--	--	--	--
Total sources of capital funds	--	54,407	--	3,642	23,496	27,204	(3,708)	(0)	--
Financial position									
Total current assets	--	11,800	--	--	186,760	--	--	--	11,800
Total non-current assets	--	14,000	--	--	35,428	--	--	--	14,000
Total current liabilities	--	18,000	--	--	183,977	--	--	--	18,000
Total non-current liabilities	--	--	--	--	--	--	--	--	--
Community wealth/Equity	--	7,800	--	--	38,211	--	--	--	7,800
Cash flows									
Net cash from (used) operating	--	45,529	--	1,912	(27,380)	22,765	(50,145)	(0)	45,529
Net cash from (used) investing	--	(103,090)	--	(3,408)	(25,301)	(51,545)	26,244	(0)	(103,090)
Net cash from (used) financing	--	--	--	--	--	--	--	--	--
Cash/cash equivalents at the year end	66,361	8,800	66,361	(1,496)	(52,682)	(28,780)	(23,901)	0	8,800

Mandela Bay Development Agency - Table F2 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter			
Description	2022/23	Current Year 2023/24	

Annexure A6

Intangible Assets	-	700	-	3	441	350	(91)	-25.9%	700
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	700	-	3	441	350	(91)	-25.9%	700
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licenses	-	-	-	-	-	-	-	-	-
Solid Waste Licenses	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	700	-	1	428	350	(78)	-22.4%	700
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	3	#REF!	-	#REF!	#REF!	-
	-	-	-	-	-	-	-	-	-
Computer Equipment	-	500	-	-	195	250	55	21.9%	500
Computer Equipment	-	500	-	-	195	250	55	21.9%	500
	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	57	-	-	45	29	(16)	-56.8%	57
Furniture and Office Equipment	-	57	-	-	12	29	16	57.4%	57
	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	60	-	18	24	30	6	18.9%	60
Machinery and Equipment	-	60	-	18	24	30	6	18.9%	60
	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	-	54,407	-	3,642	23,496	27,204	3,708	13.6%	54,407
	-	-	-	-	-	-	-	-	-
Funded by:									
National Government									
Provincial Government		54,407		3,642	23,496	27,204	3,708	13.6%	
Parent Municipality									
District Municipality									
Transfers recognised - capital	-	54,407	-	3,642	23,496	27,204	3,708	0	-
	-	-	-	-	-	-	-	-	-
Borrowing									
Internally generated funds									
Total Capital Funding	-	54,407	-	3,642	23,496	27,204	3,708	0	-

Mandela Bay Development Agency - Table F4 Monthly Budget Statement - Financial Position - Q2 Second Quarter					
Vote Description	2022/23	Current Year 2023/24			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash		300		52	300
Call investment deposits		8,500		13,627	8,500
Consumer debtors					
Other debtors		3,000		172,851	3,000
Current portion of long-term receivables					
Inventory				229	
Total current assets		11,800		186,760	11,800
Non-current assets					
Long-term receivables					
Investments					

Annexure A6

Capital assets		(103,090)		(3,408)	(25,301)	(51,545)	26,244	-50.9%	(103,090)
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	(103,090)	-	(3,408)	(25,301)	(51,545)	26,244	-50.9%	(103,090)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans							-		
Borrowing long term/refinancing							-		
Increase (decrease) in consumer deposits							-		
Payments									
Repayment of borrowing		-		-	-	-	-		
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD	-	(57,561)	-	(1,496)	(52,682)	(28,780)	(23,901)	83.0%	(57,561)
Cash/cash equivalents at the year begin:	66,361	66,361	66,361						66,361
Cash/cash equivalents at the year end:	66,361	8,800	66,361	(1,496)	(52,682)	(28,780)	(23,901)	83.0%	8,800



**Mandela Bay Development Agency NPC
(Registration number 2003/017900/08)
MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT FOR THE
PERIOD ENDING 31 DECEMBER 2023 (Q2 of FY 2023/24)**

1. PURPOSE

The purpose of the report is to provide an overview of the mid-year budget and performance assessment of the MBDA for the period 01 July 2023 and 31 December 2023.

2. LEGISLATIVE BACKGROUND

In terms of Section 88 of the MFMA the accounting officer of a municipal entity must by 20 January of each year:

- a) assess the performance of the entity during the first half of the financial year, taking into account:
 - i. the monthly statements referred to in section 87 for the first half of the financial year and the targets set in the service delivery, business plan or other agreement with the entity's parent municipality; and
 - ii. the entity's annual report for the past year, and progress on resolving problems identified in the annual report; and
- b) submit a report on such assessment to—
 - i. the board of directors of the entity; and
 - ii. the parent municipality of the entity.

3. EXECUTIVE SUMMARY

The Council approved financial impact to the MBDA for the 2023/24 financial year and the indicative outer years 2024/25 and 2025/26 amounts to R133.1 million (2023/2024), R139.8 million (2024/2025), and R146.8 million (2025/2026) as shown in the table 1 below:

Table 1: MBDA 2023 to 2026 MTREF Budget

SUMMARY	MTREF		
	DRAFT BUDGET 2023/24	DRAFT BUDGET 2024/25	DRAFT BUDGET 2025/26
OPEX			
GOVERNANCE	9 598 401	9 485 302	10 019 970
TOTAL PRECINCT MANAGEMENT	43 489 263	45 748 619	47 265 116
CORPORATE SERVICES	14 693 671	15 400 928	16 232 561
BUDGET AND TREASURY	15 281 423	16 592 300	18 317 383
TOTAL	83 062 758	87 227 149	91 835 031
FUNDING OPEX	83 062 758	87 227 149	91 835 031
- NMBM FUNDED	77 052 758	84 055 420	88 258 200
- KFW FUNDED	-	-	-
- IDC FUNDED	-	-	-
- NT FUNDED	-	-	-
- MBDA FUNDED	6 010 000	3 171 729	3 576 831
Variance	0.00	0 -	0.00
CAPEX			
INNER CITY PRECINCT PROGRAMME	10 092 642	31 744 420	29 031 650
KARIEGA CBD PRECINCT PROGRAMME	7 000 000	22 000 000	22 000 000
NORTH END PRECINCT PROGRAMME	12 000 000	-	7 500 000
GAME CHANGING CATALYTIC PROGRAMME	400 000	-	-
HISTORIC/PHASE OUT PROJECTS	23 597 278	2 000 000	-
Helenvale SPUU FDFP Programme	-	-	-
TOTAL	53 089 920	55 744 420	58 531 650
FUNDING CAPEX	53 089 920	55 744 420	58 531 650
- NMBM FUNDED	53 089 920	55 744 420	58 531 650
- KFW FUNDED	-	-	-
- MBDA FUNDED	-	-	-

- The 2023/24 budget is a transitional budget towards the implementation of the new MBDA's 5-year strategic plan with the key focus on the completion of the legacy projects and on programmes and projects that have catalytic and transformational impact on the City.
- Furthermore, a funding sustainability has been identified as a key objective in terms of the new 5-year strategic plan. In this regard, a new fundraising strategy is being pursued to source alternative revenue sources through a structured fundraising structure.
- The new MBDA's 5-year strategic plan was approved by the Board of Directors on 30 May 2023 as it was expiring on 30 June 2023.
- One of the key business assumptions underlying the 2023/24 MBDA Business Plan is that the entity will be funded at the quantum and frequency agreed by the Council.
- In terms of the signed service delivery agreement, the NMBM is obliged to make payment of the approved budget in quarterly disbursements, in advance to the MBDA.
- However, the 2023/24 tranche payment for quarter one (1) and two (2) to the MBDA by the NMBM remained outstanding despite numerous collection efforts.
- This is MBDA's main source of funding, accounting for 96% of the annual budget.
- This had severe implications on the cashflow of the entity, resulting in the entity facing a serious risk of reaching a zero cashflow scenario and going-concern uncertainty for most of the period under review.
- Furthermore, the cashflow situation of the entity was exacerbated by the 2022/2023 general expenses claims of the NBM Stadium which are outstanding to the value of R42 878 724 including the 2023/2024 general expenses and salary claims which were outstanding to the value of R14 867 504 in the period under review.
- The MBDA is required to incur expenditure for the NMB Stadium upfront and submit invoices to the NMBM for reimbursement.
- The MBDA's mandate to operate the NMB Stadium was extended on a month-to-month basis from a period of one year of the previous financial year. The

long-term operation of the NMBM Stadium if not resolved as a matter of urgency will continue to have a huge impact on the sustainability of the NMB Stadium.

- Through the use of reserves and other cash management measures the entity has managed to regularly pay obligations as they become due, and this is a testament to the resilience of the entity and its systems that have been put in place.
- The actual OPEX spending at mid-term was **R48 189 422 or 58%** (including Stadium accounting for R13 785 780) of the **R83 062 758** operating budget.
- The actual CAPEX spending at mid-term was **R23 496 118 or 44%** (including Property, Plant and Equipment (PPE) at R705 013) was incurred against the budget allocation of **R54 407 370** (including PPE at R1 317 450) capital budget. In comparison to the 2022/23 year-to-date, CAPEX expenditure at mid-term 43%.
- It must also be noted that the report includes the performance of the NMB Stadium that is managed and operated by the MBDA as well as the NMB Science Centre in Uitenhage which is also managed by the MBDA since 01 July 2017.
- For the purposes of addressing the poor capital projects performance in the previous 2022/23 financial year and to correct the low spending, the management has embarked on an accelerated programme to ensure that the 2023/24 financial year expenditure improves significantly by not requesting additional capital funding budget for the financial year under review as well as utilising the budget allocation of R50 387 049 that was not fully spent in the 2022/23 financial year.
- Furthermore, to keep the momentum, the accelerated programme, funding will be prioritised into capital projects that have the ability to spend and away from those likely to be unspent by year-end.
- For the period 01 July 2023 to 31 December 2023, the BBBEE total expenditure was R14 3230 66.97 with the MBDA amounting to R9 003 120.49 and the Stadium at R5 319 946.48. The Level 1 B-BBEE expenditure contributed R3 291 537.32 and R2 712 317.50 out of the total expenditure of the MBDA and the Stadium, respectively. Level 2 B-BBEE at R2 648 705.47 and R1 578 606.81 out of the total expenditure by the MBDA and Stadium, respectively.

- In the period under review, the MBDA has established 22 Key Performance Indicators (KPIs) as compared to 14 in 2022/23. It must be noted that the current performance reported on to date has occurred during a period where grant funding to the entity has been unilaterally withheld by the shareholder.

4. MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT

4.1 FINANCIAL PERFORMANCE

The budget tables annexed as Annexure A in this report provides a clear perspective of the financial performance MBDA for the period under review. This is in line with the format of the mid-year budget and performance assessment required in terms of the MBRR Regulations Section 56.

4.1 Operating Revenue

At mid-term, the revenue earned account for *R71 302 998* year to date. The MBDA is funded from various sources and broken-down below per funding source: -

- NMBM Grants –R 67 463 643 year-to-date basis
- MBDA-Interest Received- R1 791 559 year-to- date.
- MBDA -Sundry Income -R1 225 047 year-to-date
- NMBM Stadium Liquor income –R822 749 year to date

It should be noted in terms of the signed service delivery agreement, the NMBM is obliged to make payment of the approved budget in quarterly disbursements, in advance to the MBDA. Despite numerous collections efforts, the 2023/24 tranche payment for quarter 1 and 2 to the MBDA by the NMBM remains outstanding.

4.1.2 Operating Expenditure

At mid-term, operating expenditure performance amounted to R48 189 422 or

58% (inclusive of R13 785 780 for Stadium) against the R83 062 758 operating budget for the year.

- **Employee related** amounted to R19.3 million at mid-term and remuneration of directors accounted for R648 000.
- **Contracted services** amounted to R4.5 million. The highest contributors related to the Facilities and maintenance costs at R1.3 million and Security costs at R2.8 million.
- **Other expenditure** amounted R22.9 million at mid-term. The top 3 costs drivers are Stadium costs at R13.8 million, legal fees at R1.1 million and market and communication costs at R2.6 million.

In light of the above, of great concern is that the MBDA had to juggle its cash flow to meet its monthly financial obligations as a result of quarter 1 and 2 tranche payments due to the MBDA which has not been paid by the City.

4.1.3 Capital Expenditure

At mid-term, the year-to-date (YTD) capital expenditure performance was R23 496 118 or 44% against the R54 407 758 (including PPE) budget.

In terms of Property Plant Equipment (PPE), R705 013 was incurred against the budget allocation of R 1 317 450.

The capital project expenditure was R22.8 million or 43% against the budget of R53.1 million. The expenditure performance per each capital project is depicted in the table 2 below. It should be noted that the projects namely St Peters, Bayworld and Korsten/Schauderville (Moore Dyke) were accelerated within its programmes.

Table 2: CAPITAL BUDGET PERFORMANCE REPORT FOR THE PERIOD ENDING 31 DECEMBER 2023

Programme	Project	2023 / 2024 Capital Budget	Total Spend to date	% Spend
Baakens River Valley Programme	St Peters Property Rehabilitation project	2 000 000	2 345 576	117%
	South End Mixed Use Precinct - Ellis Street Refurbishments	100 000	0	0%

	Baakens Parkway Phase 1A Upgrade of the Walkway	4 000 000	37 493	1%
	Vuyisile Mini Square Node - Fleming / North Union Streets / Lower Valley Rd	800 000	0	0%
	Fort Frederick Park Development Phase 1	800 000	0	0%
	Tramways Refurbishment	2 392 642	0	0%
Happy Valley Programme	Bayworld - Holding facility and sanctuary development	100 000	3 695 184	3695%
	Bayworld Killer Whale Café	100 000	73 528	74%
	Bayworld - Aquarium Development	100 000	0	0%
	Bayworld - Happy Valley Phase 1	100 000	0	0%
NMBM SPUU Counter funding	NMBM SPUU Counter funding	1 000 000	2 377 525	238%
Korsten / Schauderville Programme	Korsten / Schauderville Other	8 097 278	13 201 366	163%
	New Brighton Cultural Precinct Development	500 000	4 100	1%
	Multipurpose Indoor Sport Centre - NB Ward 17 New Brighton	7 000 000	90 482	1%
	Multipurpose Indoor Sport Centre - NB Ward 34 Bethelsdorp	7 000 000	23 586	0%
Karlega CBD Precinct Programme	Science Centre Refurbishments	3 000 000	0	0%
	Uitenhage Rails Shed / SC Precinct Development	4 000 000	942 266	24%
North End Precinct Programme	Stadium Facility Upgrades - Preventative Maintenance	7 000 000	0	0%
	Hockey and Soccer 5 a side nets project implementation	5 000 000	0	0%
Total- NMBM Funded Projects		53 089 920	22 791 105	43%
TOTAL - NMBM Funded Projects		53 089 920	22 791 105	43%
NOTE: over expenditure is within the approval of R50 387 049 carry-over by the Board of Directors to be rectified during the adjustment budget period.				

a. St Peters Property Rehabilitation

The St Peters Property Rehabilitation project entails the stabilisation and restoration on the old St Peters Church ruins. The site is an important historical landmark that serves as a place of remembrance of the forced removals of people from South End to other parts of the City. Its location lends itself to beautiful views over the harbour and the lower Baakens area. It is developed as a tourism offering with a walkway, ablutions, seating area and modular containers for a coffee shop and curious shop.

The project has reached practical completion and final completion was targeted for 31 December 2023. This was however not achieved as the contractor could not address the outstanding items on the snag list. The contractor has been struggling with cashflow challenges to complete the project.

The project has also been impacted by MBDA's cashflow challenges of not being able to pay the contractor earlier due to being an SMME. This is currently being addressed and the project is expected to be completed by end of January 2024. The official opening of the site is also to be announced early in quarter 3.

b. Korsten/Schauderville (Moore Dyke)

The Korsten Schauderville Moore Dyke project consists of various components that will result in the overall upgrading of the Moore Dyke Sports fields. For the period under review the following elements were achieved:

Sports Fields (Soccer and Cricket pitch) - the grass planting has proceeded as far as possible leaving only the servitude to access the Cricket Pitch. The Cricket Pitch Contractor submitted a methodology that requires that the Bulli cricket pitch clay must be watered, compacted, plant grass, cut and maintain for several weeks until grass grown. The cricket field grassing will only be completed in quarter 3 once the Pitch is completed which is currently at 80% completion.

Pavilion – the target for the quarter 2 was the commencement of the construction of the roof of the Pavilion. The Concrete Roof construction has commenced with the pouring of concrete on the Reinforced Concrete Roof on 29 November 2023. The second pour took place on 05 December 2023 and the last pour the following week. Concrete Roof will be treated with concrete curing compound over the December 2023 shut down period, and all Falsework will be stripped from mid-late January 2024.

Heritage Building - flooring and plumbing at the Heritage Building are complete. Caretaker's Cottage Renovations (new windows, veranda, roof etc) are completed. Courtyard paving commenced before shutdown. This component is on target.

Caretakers Cottage and Courtyard

Entrance façade wall completed. Stormwater channel for both courts in

progress. This aspect has caused a delay as the stormwater solution had to be amended from an underground system (there was no municipal bulk to connect to) to an above ground channelled stormwater system. Stormwater reticulation installation has commenced.

c. Uitenhage Railways Sheds

The project comprises of the restoration of the old Railway Sheds in Uitenhage. The project will result in a multi-purpose facility that could be utilised as an events space as well, housing offices or commercial usage. A portion of the building is also earmarked for the expansion of the Uitenhage Science and Technology Centre (STC).

The project has suffered delays in the past due to the termination of the services of a previous non-performing contractor. The tender process had to restart, and the tender is in the final stages of the award. It is intended that the contractor will commence on site in quarter 3 of the current financial year.

d. Bayworld Rehabilitation/Redevelopment

The Bayworld Programme is a multi-project concept to transform the existing Bayworld/Telkom Park precinct into a worldclass conservation and tourism offering that is also commercially viable.

This first component of the project entails the completion of the Bayworld Animal Sanctuary and Park as well as the completion of the Killer Whale Café

For the period under review the demolition has commenced as per the schedule. It should be noted that the temporary relocation facility could not be commissioned. The asbestos has been removed in the first quarter.

e. Multipurpose Indoor Sport Centres (Ward 17 and 34)

As an entity of the NMBM, the MBDA is collaborating with Sports Recreation Arts and Culture(SRAC) to implement Multi-Purpose Centres (MPC's) in New Brighton, Ward 17 and Bethelsdorp , Ward 34.

The designs and proposed budget have been presented to the SRAC Standing Committee which is yet to be approved by Council. In terms of quarter 2 target, the drafting of Draft Tender Documents has been achieved. However, this project will only proceed once the full budget for the project has been committed by the City.

f. Upgrading of Baakens Park Walkway (Phase 1A)

The Upgrading of the Baakens Parkway (Phase 1A) consists of the upgrading and beautifying the public open space with outdoor activities as a start up project in the Lower Baakens (River Parkway). The walkway upgrade extends from the MBDA building towards the open park area which will be followed by Phase 1B in the outer financial years.

For the period under review the target was the conclusion of the procurement process for the appointment of the contractor. This target was achieved and the contractor appointed. The project will commence in quarter 3 of the financial financial year.

g. South End Mixed Use Precinct - Ellis Street Refurbishments

The project is still in the planning phase. The rezoning application is currently still under consideration by the City. It is anticipated that the Municipal Planning Tribunal will issue a resolution in February 2024. The refurbishment of Ellis Street Housing is being held pending such time that Human Settlements has resolved on the matter.

h. Helenvale SPUU FDPP Programme

The project is completing the work relating to the previous financial year. It relates to co-funding of the NMBM's partnership agreement with the KFW (German Development Bank). The specific work entails the completion of a community park facility in Extension 12 of Helenvale. The construction has commenced but the project has suffered delays due to undetected rock found on the site that has resulted in additional cost and time delays to have the rock

removed. The scope of work had to be reduced to deliver only what is possible after taking the cost escalation into account.

The MBDA was unfortunately not able to spend the balance of R50 387 049 on a number of capital projects that were scheduled to take place within the 2022/23 financial year. Therefore, various capital project which had already commenced had to be brought forward to the 2023/24 financial year through a carry-over process. The budget will be rectified in accordance with roll-over process to be approved by the City in the adjustment budget period.

4.1.4 Cash Flow

For the mid-term, receipts from operating activities amounted to R36 884 871 at mid-term with payments for operating activities amounting to R86 903 682 at mid-term.

Net cash outflows from investing activities amounted to R2 662 859 at mid-term. This is made up of payments made with respect to various capital projects as well as property, plant, and equipment (PPE).

The cash at mid-term was reported at R13 679 077.

4.2 NON-FINANCIAL PERFORMANCE

4.2.1 Review of Institutional Performance

It is notable that 2023-2024 is the first year of the new five-year strategic plan which was developed with the participation of the NMBM (COO office) with contributions by several Executive Directors of the NMBM. The new five-year plan places sustainability, agility, and high impact as key focus points for the coming years, returning the MBDA into a high-performance driven entity.

The Annual Business Plan for 2023-2024 represents the first significant step towards achieving the strategic objectives of the entity and the relevant developmental priorities which may be found in the entity's chapter included in the NMBM Integrated Development Plan (IDP).

The audited Annual Performance Report for 2022-2023 recorded a 73% Key Performance Indicator (KPI) achievement and 52% Capital Budget Performance. It is against this improving performance backdrop that we report the mid-term performance of the MBDA for 2023-2024.

In the period under review, the MBDA has established 22 Key Performance Indicators (14 in 2022/23) and the performance outcomes are depicted in the table 3 below:

Table 3: Draft Performance Outcomes as at 31 December 2023

Key Performance Indicator (KPI)	Annual Target	Q1 Achievement Status
1. Completing the Bayworld Sanctuary and Park	Bayworld Sanctuary and Park completed by 30 June 2024	Partially Achieved
2. Completing the Bayworld Killer Whale Café	Bayworld Killer Whale Café completed by 31 March 2024	Achieved
3. Rehabilitating the St Peter's site	St Peters site rehabilitated by 31 December 2023"	Partially Achieved
4. Completing the Korsten / Schauderville Sports Field	Sports Fields (Soccer and Cricket practical completion achieved by 31 March 2024	Not Achieved
5. Completing the Korsten / Schauderville Pavilion	Korsten / Schauderville Pavilion Practical Completion achieved	Achieved
6. Completing the Korsten / Schauderville Heritage Building; Caretakers Cottage and Courtyard	Korsten / Schauderville Heritage Building; Caretakers Cottage and Courtyard completed by 31 March 2024	Achieved
7. Completing the Korsten / Schauderville Walkway and Access Road	Korsten / Schauderville Walkway and Access Road completed	Over- Achieved
8. Upgrading of Baakens Park Walkway (Phase 1A)	Phase 1A - Baakens Park Walkway practical completion achieved.	Achieved
9. Rehabilitating the Uitenhage Railway Sheds	Uitenhage Railway Sheds rehabilitated	Not Achieved

	(Alteration work; Surface beds; lift pit preparation; block 1-GF electrical works completed)	
10. Number of EPWP work opportunities created	546	Over-Achieved
11. Publishing an economic impact assessment by the Mandela Bay Development Agency in Nelson Mandela Bay	Economic impact assessment published	Achieved
12. Percentage of Mandela Bay Development Agency's Operational Budget Actually Spent	95% (Operating budget)"	Not Achieved
13. Percentage of Mandela Bay Development Agency's Capital Budget Actually Spent	95% (Capital budget)"	Over Achieved
14. Percentage implementation of the Mandela Bay Development Agency's Financial Sustainability Model	100% (in line with the Financial Sustainability Model Implementation Plan KPIs)"	Partially Achieved
15. Upgrading Nelson Mandela Bay Stadium	Nelson Mandela Bay Stadium Server Room upgraded	Partially Achieved
16. Developing a Nelson Mandela Bay Stadium Strategic Commercial Plan	Nelson Mandela Bay Stadium Strategic Commercial Plan submitted to MBDA Board for approval	Partially Achieved
17. Number of programmes facilitated/hosted by the NMB Science and Technology Centre	80	Over- Achieved
18. Percentage implementation of Mandela Bay Development Agency's Cleansing Plan	100% (in line with Mandela Bay Development Agency's Quarterly Cleansing Plan)"	Not- Achieved
19. Percentage implementation of Mandela Bay Development Agency's Security Plan	100% (in line with Mandela Bay Development Agency's Quarterly Security Plan)"	Achieved
20. Completing planning for the Ward 34 Multi-purpose Centre	Construction tender documents drafted by 31 December 2023"	Achieved
21. Completing planning for the Ward 17 Multi-purpose Centre	Construction tender documents drafted by December 2023	Achieved
22. Completing the Bayworld Programme Land Alienation Plan	Draft Bayworld Programme Land Alienation Plan prepared by 31 March 2024.	Partially Achieved

5. PROGRESS ON 2021/22 ANNUAL REPORT FINDING

5.1 2022/23 FINANCIAL YEAR

With the audit having concluded on 30 November 2023, the MBDA regressed from a clean audit opinion and received an unqualified audit opinion with findings raised by AGSA. This was attributed to a material finding relating to irregular expenditure thus resulting to non-compliance with section 95(d) of the MFMA. The MBDA will develop an action plan to address the root causes of the audit finding(s) and internal controls to avoid the findings from recurring in the future. The trend analysis of the audit opinion is as shown in the table 2 below:

Table 2: Audit outcomes

2022/23	2021/22	2020/21	2019/20
Unqualified	Clean	Unqualified	Unqualified

The Board approved the MBDA Annual Report for the 2022/23 financial year on 14 December 2023 which was subsequently submitted to the COO's office of the parent municipality on 20 December 2023.

6. NELSON MANDELA BAY SCIENCE AND TECHNOLOGY CENTRE(NMBSTC)

The objective for NMBSTC as a strategic programme of the MBDA is to build enthusiasm and a passion for STEMI through fun and interactive engagements with learners and the community. Below are the NMBSTC key highlights at mid-term:

QUARTER 1: (JULY 2023 – SEPTEMBER 2023)

<i>Projects/Programme/Activity</i>	<i>Description & Impact</i>
Curriculum support programmes <i>Practical demonstrations, Science shows</i> <i>Grade 4- 12</i> <i>Monday-Friday</i>	The NMBSTC provides supplementary curriculum support to schools around Gqeberha, Kariega and Despatch. The team assists schools primarily through practical demonstrations in support of the theory the learners learn in class. Schools benefit

from this programme through both the in-house and outreach initiatives.

*Maths & Science Supp.
Programme
Grade 10-12
Monday – Saturday*

Total reach for this quarter is 1,340 from 33 schools (10 repeat visits).

NMBSTC continues to partner with Curious Quest Tutors to offer extra curriculum assistance for Mathematics, Life Sciences, Physical Sciences and Accounting. 131 learners are registered for the programme

Coding & Robotics programmes
*First SA Lego Programme
Grade 6-11
Monday to Thursday*

The Centre continued with the First Lego programme. The participating schools remain Solid Foundation Academy, VM Kwinana Technical High School, Swartkops Primary School, Sivuyiseni Primary School, and Hombakazi Primary School. Teams have constructed their robots and are currently working on coding various tasks for the robots to perform in preparation for the celebration event scheduled for October 2023.

*Coding for aviation programme by
i-Fly Aviation
Grade 6-12
Wednesdays & Thursdays*

Learners have embarked on the second phase of the programme by working on the Rolls Royce STEM Kit. They use the Twin Coding app to construct and simulate different models using coding. The programme came to an end in August. Schools that participated in this programme continued to be Solid Foundation Academy, Amanzi Primary School, Thanduxolo Combined Secondary School, Bonzai Primary School, Phaphani Secondary School, Tinarha High School, and Nkululeko Public Secondary School. The total reach for this programme is 60 learners.

Career Guidance and STEMI awareness

STEMI Clubs

Grade 3-12

Monday – Thursday

Schools in the STEMI Club programme attended a Damp Camp on 4 & 5 July at the Centre. During the 2-day camp learners were able to work on their projects in preparation for the Eskom Expo for Young Scientist Regional Expo as well as their robotics and coding projects for the First Lego League. Learners were afforded an opportunity to type & print their projects, construct & improve prototypes as well as receive mentorship and guidance on using the scientific method to display and showcase their projects. High school learners were assisted with the KL-YES Scholarship application process.

Astronomy Quiz

Grade 7

Thursday, 3 August

3 Schools (Swartkops Primary, Sivuyiseni Primary and Hombakazi Primary) from the STEMI club programme progressed to Round 2 of the Quiz. The online quiz was very competitive and unfortunately none of the teams proceeded to Round 3 of the Quiz.

Eskom Expo for Young Scientists Regional Expo

Grade 6-12

Thursday, 3 & 4 August

5 Schools from the STEMI club programme entered the regional expo. The Centre assisted a total of 29 projects, represented by 38 learners, enter the competition. Two projects received a gold award, 3 received silver and 6 were awarded bronze.

NEMISA Training

Monday to Friday

Post Matriculants

17 July – 1 August

NMBSTC partnered with NEMISA in implementing digital short courses. The courses offered are Digital Literacy and Digital Photography. The courses aim to develop informed and skilled learners who could apply the acquired skills in any industry and could contribute towards improved productivity and efficiency in the workplace. 40 participants took part in the programme.

Events & Engagements

*Mandela Day Rangers Coding
Tournament Competition
Thursday, 20 July*

In celebration of Mandela Month, the Centre participated in a Mandela Day Rangers Coding Tournament Competition implemented by the Leva Foundation. Three schools were invited from around Kariega area, namely Ntlemeza Primary School, Stephen Nkomo Primary School, and Molly Blackburn Senior Secondary School. Molly Blackburn Senior Secondary School won the competition. There were 36 learners who participated.

*National Science Week
Grade 7-12 & Educators
31 July – 7 August*

NMBSTC participated in the annual science celebration initiative by the Department of Science and Innovation. Outreach was conducted in Despatch, Kariega, Gqeberha and the Sara Baartman District. Various schools were visited, and hands-on workshop were conducted based on the theme "*transforming lives through the evidence-based science*". The team also conducted a career summit where different stakeholders in the science and technology field visited schools for a career talk and hands on workshops. The total reach for this programme was 15 schools, 890 learners and 38 teachers.

*Exhibiting at Coega STEMI
Mandela Day Pledge
Friday, 18 August*

The Centre was invited by the Coega Development Corporation to their STEM Mandela Day Pledge event held at the Coega Vulindlela Accommodation and Conference Centre. The Centre exhibited and shared interactive demonstrations with learners and people in attendance.

*Exhibiting at Presidential Imbizo
Friday, 11 August*

The Centre was invited by the Department of Science and Innovation (DSI) to exhibit in the Presidential Imbizo in the town of Tsomo. As part of District Development Model (DDM), the Imbizo was a collaboration between all spheres of government (national, provincial, and local) where the DSI relied on Science Centres, and likeminded organisations, to offer science engagement /

	awareness the general public. The Centre exhibited and shared interactive demonstrations with people in attendance.
<p><i>Ford STEAM Challenge</i> <i>Friday, 18 August</i></p>	<p>Women of Ford Global and the NMBSTC launched a STEAM programme for 30 grade 6 learners from six schools in the Nelson Mandela Bay metropolitan region. The programme impacted 30 learners which were selected from Samuel Nongongo Primary, David Vuku Primary, Despatch Primary, Nomathamsanqa Primary, James Ntungwana Primary, and Vuba Junior Primary School. The programme is designed to engage learners in STEAM learning, inspire them to pursue careers in STEAM fields, particularly in the automotive space, and nurture their scientific curiosity.</p>
<p><i>Heritage Day Celebration</i> <i>Sunday, 24 September</i></p>	<p>The Centre supported the Intaba Ka Vuba Development Foundation with the implementation of their heritage event. People in attendance received beading kits with a brief on the mathematics of beading. Support of national events forms part of the Department of Science and Innovation drive to be inclusive of all different targeted publics identified in the Science Engagement Implementation Plan. A total of 161 people were reached.</p>

QUARTER 2: (OCTOBER 2023 – DECEMBER 2023)

<i>Project/programme/Activity</i>	<i>Description & Impact</i>
<p>Curriculum support programmes <i>Practical demonstrations, Science shows</i> <i>Grade 4- 12</i> <i>Monday-Friday</i></p>	<p>The NMBSTC provides supplementary curriculum support to schools around Gqeberha, Kariega and Despatch. The team assists schools primarily through practical demonstrations in support of the theory the learners learn in class. Schools benefit</p>

from this programme through both the in-house and outreach initiatives.

Total reach for this quarter is 935 learners from 22 schools (2 repeat visits).

*Maths & Science
Supp. Programme
Grade 10-12
Monday – Saturday*

NMBSTC continues to partner with Curious Quest Tutors to offer extra curriculum assistance for Mathematics, Life Sciences, Physical Sciences and Accounting. The number of learners registered for the programme is 143.

Coding & Robotics programmes
*First SA Lego Programme
Grade 6-11
Wednesday, 6 December*

The Centre hosted a celebration event for the participating schools. The 30 learners were required to work in their teams and ensure that their robots were able to perform various tasks requested by judges. Scoring sheets and tasks were made available to all the teams in preparation for the event. The competition comprised of an innovation challenge as well as a coding challenge. Third place went Solid Foundation Academy, second place to Sivuyiseni Primary School and first place was awarded to Swartkops Primary School. VM Kwinana Senior Secondary School and Hombakazi Primary School also participated in the event. A total of 30 learners took part in this event.

Career Guidance and STEMI awareness
*STEMI Clubs
Grade 3-12
Monday – Thursday*

The Centre concluded the STEMI club programme this quarter by handing over the clubs to the relevant schools and educators in charge. The clubs will be run by the educator starting in 2024. A club committee was established for the schools where the learners were elected for various positions. The Centre plans to work with 5 new schools in 2024.

<p><i>Holiday Programme</i> <i>Grade R-12</i> <i>2-6 October</i></p>	<p>The theme for the holiday programme was "Get ready to unleash your creativity". The holiday programme was aimed at exciting learners about science at an early age. Learners explored various topics using arts and science to demonstrate their creativity. A total of 148 learners attended the programme.</p>
<p><i>World Space Week</i> <i>General Public</i> <i>10-11 October</i></p>	<p>The Centre invited the Community of Kwa-Langa to join in celebrating World Space Week. The two-day event was held at Xaba Community Hall. The community was exposed to astronomy content through video presentation and reading resources. A total of 138 people attended the event.</p>
<p><i>East London IDZ</i> <i>Game Development</i> <i>Youth</i> <i>18 October</i></p>	<p>The East London IDZ and the NMBSTC hosted a game development workshop using Scratch coding. Participants were introduced to basic coding concepts and trained on developing their own digital content. All participants received a certificate. A total of 25 participants took part in the programme.</p>
<p><i>World Astronomy Day</i> <i>Learners and Educators</i> <i>Friday, 27 October</i></p>	<p>The Centre celebrated astronomy by inviting 6 schools to the Centre to engage in astronomy related content. Learners were selected from Samuel Nongongo Primary, David Vuku Primary, Despatch Primary, Nomathamsanqa Primary, James Ntungwana Primary, and Vuba Junior Primary School. A total of 40 learners were reached through this event.</p>
<p><i>NEMISA Training Digital Literacy</i> <i>Monday to Friday</i> <i>Post Matriculants</i> <i>9-24 November</i></p>	<p>NMBSTC, in partnership with NEMISA, conducted a digital literacy training for the unemployed youth which started on the 12th of October to 01 November. This course was designed to meet the needs of learners who require digital literacy skills in all sectors of the economy, as it is an essential skill in any business today. The course was</p>

<p><i>Eskom Expo for Young Scientists Day Camp Grade 6-12 Wednesday, 6 December</i></p>	<p>designed to accommodate learners in formal education, learners already employed and learners who are self-employed. With the course being complete, 20 accredited certificates from NEMISA will be issued to the participating youth.</p>
<p style="text-align: center;">Events & Engagements</p> <p><i>Women of Ford Sanitary Towel Drive 17 October</i></p>	<p>The Eskom Expo hosted a day camp to assist learners who exhibited projects that showed great potential during the regional finals held in August. 13 learners, representing 10 projects, were invited to the day camp. Learners worked on their projects and received advice and guidance for upgrading their projects for the Expo in 2024</p> <p>The Centre partnered with Women of Ford and Ntombam founder Babalwa Mbuku and to donate Sanitary Towels to Zanolwazi High School, Solomon Mahlangu High School, Limekhaya High School, and Nkululeko High School. A total of 800 sanitary towels were distributed at these schools.</p>
<p><i>SAASTEC Conference 20-23 November</i></p>	<p>NMBSTC presented papers at the SAASTEC conference. The 24th annual conference which was themed "Futuristic science engagement" was hosted by the Sci-bono Discovery Centre, Johannesburg. The conference is aimed at building a network to improve science and technology literacy and education on the continent. The NMBSTC presented "Empowering communities through innovative science engagement strategies" and "Unlocking the potential of collaborative science engagement practices" at the conference.</p>
<p><i>NEMISA Training Certificate Handover</i></p>	<p>The Centre partnered with NEMISA to host a certificate handover ceremony for all the participants who took part in the Digital Literacy and Digital Photography NEMISA courses at the</p>

Centre. A total of 120 participants received accredited certificates.

7. NELSON MANDELA BAY STADIUM (NMBS)

7.1 Executive Summary

- The MBDA's mandate to manage the stadium was extended by the City, however the extension was on a month to month basis. This has a potential of not being able to execute projects on a longer period.
- The Stadium has revenue targets set by the municipality for the new financial year irrespective of the month-to-month contract.
- The soccer tenant Chippa United's contract has not been approved by Council and therefore the Stadium cannot pay quarterly relocation fees.
- Engagements have been held with the EP rugby to assist with training grounds and play some of the games at the Stadium. EP rugby is currently not a Stadium's anchor tenant as the team is currently playing in a lower league.

7.2 Commercial

The number of events increased by 6 and 10 for the bowl and now-bowl events respectively as compared to the previous mid-term period.

7.2.1 Bowl-events

- Stadium hosted ten soccer games during quarter 2, with 2 major games- Orlando Pirates and Mamelodi Sundowns being the standout fixtures.
- Over 13,000 spectators attended at the Stadium for Pirates game which was played mid-week and over 20,000 spectators were for the Sundown game.
- The NMB Stadium also hosted its first ever EPRU Grand Challenge Final, a game which has marked a return of rugby to the NMB Stadium

7.2.2 Non-bowl events

- This is a combination of conferences, seminars, training, workshops, and staff functions held at the Stadium by external clients including the parent municipality.

2023/2024 NMBS EVENTS		
EVENT TYPE	NO OF EVENTS	ATTENDANCE
FOOTBALL/RUGBY	11	60 274
NON BOWL	29	23 799
	40	84 073

7.2.3 Social Media Statistics



7.3 Safety and Security

In the quarter under review, all functions and events hosted have been successfully completed without any loss of life, injury to persons or damage/loss of property due to any person’s actions or failing to act despite the number of unsafe conditions reported which increased by 6 as compared to 1 reported in the previous mid-term period. The Stadium will continue to

train staff to ensure that the Stadium is always safe and compliant.

2 nd Quarter Safety Statistics	
No. of First Aid Injuries reported	0
No. of Medical Treatment Cases reported	0
No. of Lost Time Injuries reported	0
No. of Unsafe Acts reported	0
No. of Unsafe Conditions reported	7
No. of Damages to property reported	0

However, there were several safety concerns that were reported, and which require attention as some of these items might affect business continuity of the Stadium:

- Unrepairable Smoke / Fire Detection System replacement.
- Infrared Electrical Thermography to predict electrical breakdowns by identifying fire hazards in electrical installations.
- Extensive corrosion throughout the facility (Fire Pipes and Electrical Cable Trays)
- Poor and inadequate lighting in and around the precinct.
- Blind spots not covered by CCTV.
- Fire Reticulation system on levels 2 – 4 badly corroded due to budget constraints.
- Installation of Security Gates on Bars & Kiosks and Level 2.

7.3.1 Safety and security training required

- Tractor Operator Training
- Quad Bike Operator Training
- Golf Cart Operator Training
- Fall Protection Planning Training

7.4 Facilities and Technical

Facilities	Technical	Pitch
H pressure Cleaning of bowl seats and floors (North and west)	We still continue to replace the 13/26 W fittings with LEDs throughout the building.	Prepared main pitch for hot summer weather.
Paint level floor 4 walls and repaired doors.	Maintenance of all perimeter and precinct lights in preparation for Ebulweni Festival.	Clean entire precinct in preparation for Ebulweni Festival.
Deep clean level 4 east suites	Procured all stock for replacement of all damaged lakeside lights.	Continue maintenance of main Pitch, (Checking Ph, Temperature, monitoring rain levels and other daily checks)
Deep clean carpets on level 1.	Replaced main valve in pump room	Lifted all sunken sprinklers
Roof Repairs at SW and NE corners	Repairs to big screens in the Bowl	Continue to remove weeds on Level 1 and 2 paving
Repaired and replace all broken booms.	Maintenance and reconfiguration of AV in WOW	Clean embankments.
Rust removed from gridline section of east gates.		

The following are some of the challenges and risks faced by the Stadium:

- Due to heavy rains coming from the East, water gathered on level 5 East and caused delays to renovation of AIDC offices.
- The rust on all the railings and gridline gates is getting worse.
- Rain damage to level ceiling tiles level west side, especially the changing room.
- The amount of damaged bowl seats after each game is increasing every game.
- Heavy rain is causing some damage to paved areas.

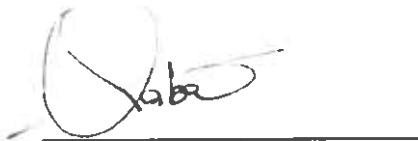
7.4 Finance/Budget

The budget of the NMB Stadium resides in the Budget and Treasury vote of the parent municipality. In this regard, the MBDA is required to incur expenditure

for the NMB Stadium upfront and submit invoices to the NMBM for reimbursement. However, in the period under review of concern is the 2022/2023 general expenses claims of the NMB Stadium which remains outstanding to the value of R42 878 724 including the 2023/2024 general expenses and salary claims to the value of R14 867 504 despite numerous follow-ups.

8. RECOMMENDATIONS

- That the content of the draft MBDA mid-year budget and performance assessment report be noted referred to in section 88 of Municipal Finance Management Act, including the supporting documentation (**Annexure A**)
- That the non-financial/institutional performance assessment of the MBDA has not been finalised and the performance presented in this report is presented as an interim.
- That the parent municipality notes that this report is submitted as a draft as it has not been tabled in the internal governance structures of the MBDA and once approved by the Board of Directors after considering amendments received if any, a final report will be submitted.



ANELE QABA
CHIEF EXECUTIVE OFFICER
DATE:12/01/2024

ANNEXURE A : Mandela Bay Development Agency - Table F1 Monthly Budget Statement Summary - Q2 Second Quarter

Description	Current Year 2023/24						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							
Financial Performance							
Property rates	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-
Investment revenue	4,000	166	1,792	2,000	(0)	-10%	4,000
Transfers recognised - operational	130,143	9,183	67,464	65,071	2	4%	130,143
Other own revenue	2,010	149	2,048	1,005	1	104%	2,010
Total Revenue (excluding capital transfers and contributions)	136,153	9,498	71,303	68,076	3,227	0	136,153
Employee costs	40,959	3,542	19,311	20,479	(1,168)	(0)	40,959
Remuneration of Board Members	1,300	110	648	650	(2)	(0)	1,300
Depreciation and asset impairment	1,119	114	702	559	142	0	1,119
Other expenditure	39,686	1,890	27,528	19,843	7,685	0	39,686
Total Expenditure	83,063	5,656	48,189	41,531	6,658	0	83,063
Surplus/(Deficit)	53,090	3,842	23,114	26,545	(3,431)	(0)	53,090
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-
	53,090	3,842	23,114	26,545	(3,431)	(0)	53,090
Surplus/(Deficit) after capital transfers & contributions							
Taxation	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	53,090	3,842	23,114	26,545	(3,431)	(0)	53,090
Capital expenditure & funds sources							
Capital expenditure	54,407	3,642	23,496	27,204	(3,708)	(0)	54,407
Transfers recognised - capital	54,407	3,642	23,496	27,204	(3,708)	(0)	-
Borrowing	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-
Total sources of capital funds	54,407	3,642	23,496	27,204	(3,708)	(0)	-
Financial position							
Total current assets	11,800		186,760				11,800
Total non current assets	14,000		35,428				14,000
Total current liabilities	18,000		183,977				18,000
Total non current liabilities	-		-				-
Community wealth/Equity	7,800		38,211				7,800
Cash flows							
Net cash from (used) operating	45,529	1,912	(27,380)	22,765	(50,145)	(0)	45,529
Net cash from (used) investing	(103,090)	(3,408)	(25,301)	(51,545)	26,244	(0)	(103,090)
Net cash from (used) financing	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	8,800	(1,496)	(52,682)	(28,780)	(23,901)	0	8,800

ANNEXURE A : Nelson Mandela Bay Stadium - Management Accounts - Q2 Second Quarter

Description	Current Year 2023/24			Variance	% Recognised / Spend
	Budget	Actual			
Financial Performance					
Stadium Income:	2,758,347	1,606,767	-	1,151,580	58.25
Event Costs	1,041,528	1,752,854		711,326	168.30
GROSS PROFIT	1,716,819	146,087	-	1,862,906	8.51
Gross Profit %	62.24	9.09		161.77	
Other Income	-	13,358		13,358	-
Operating Expenditure:	10,837,686	8,246,462	-	2,591,224	76.09
Pitch Maintenance	217,302	386,082		168,780	177.67
Facilities & Technical	960,468	1,133,734		173,266	118.04
General Stadium Operational Expenditure	8,138,784	6,164,918	-	1,973,866	75.75
Capital Expenditure	1,521,132	561,728	-	959,404	36.93
NET RESULTS OF OPERATIONS	-	8,379,191		728,318	91.87
LESS:					
Chippa United Anchor Tenant Agreement	1,734,555	-	-	1,734,555	-
MBDA Liquor Tradings		107,677		107,677	
STADIUM RESULTS	-	10,855,422	-	8,486,869	78.18

ANNEXURE B

1. MBDA KEY PERFORMANCE INDICATOR (KPI) ACHIEVEMENT AS AT 31 DECEMBER 2023: MBDA INSTITUTIONAL SCORECARD

Below is a synopsis of the MBDA's performance over the review period, and reflected in greater detail in the 2023/24 Second Quarter Institutional Scorecard Performance Report

MBDA's 2023/24 SECOND QUARTER PERFORMANCE (INSTITUTIONAL SCORECARD)							
KEY PERFORMANCE AREA	NO OF KPIS OVER-ACHIEVED	NO OF KPIS ACHIEVED	NO OF KPIS PARTIALLY ACHIEVED	NO OF KPIS NOT ACHIEVED	NO OF KPIS NOT APPLICABLE IN THIS QUARTER	TOTAL NUMBER OF KPIS	% PERFORMANCE (KPIS OVER-ACHIEVED AND ACHIEVED)
KPA 1: Basic Service Delivery	N/A						
KPA 2: Municipal Institutional Development and Transformation	N/A						
KPA 3: Local Economic Development	1	11	7	0	0	19	63%
KPA 4: Municipal Financial Viability and Management	2	0	1	0	0	3	67%
KPA 5: Good Governance and Public Participation	N/A						
OVERALL PERFORMANCE	3	11	8	0	0	22	64%

KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	#5 SUSTAINABILITY	14	All MDA projects	Percentage implementation of the Mandela Bay Development Agency's Financial Sustainability Model	New KPI	100% (in line with the Financial Sustainability Model Implementation Plan (KPIs))	Service Provider appointed Adoption of Funding Strategy Project implemented by MANCO facilitated	Service provider appointed The presentation on Funding Strategy Project by MANCO made to MANCO	Partially Achieved	Draft Funding Strategy & Implementation Plan submitted to MDDA Board for approval	Draft Funding Strategy submitted for approval	Partially Achieved	<p>WORK DONE: On 18 September 2023, a draft strategy was presented to management, but was returned for further refinement. On the 14 November 2023, an updated funding strategy and project terms was presented to the Management Committee and subsequently approved accordingly. The presentation on the funding strategy was prepared and adopted, an implementation plan was not included as part of same.</p> <p>REASONS FOR UNDERPERFORMANCE: The lack of a detailed implementation plan, is due to appointment of the service provider only being appointed in August 2023 and not July as planned. Furthermore, the refinement required by management and needs for a more detailed implementation plan delayed the submission of the Funding Strategy and the project plan.</p> <p>CORRECTIVE ACTION: The detailed implementation plan will be drafted in during the third quarter to ensure that there will be an adequate document for further use of implementing the KPI.</p>
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PROJEC ONE: TOTAL PRECINCT MANAGEMENT

KPA 3 LOCAL ECONOMIC DEVELOPMENT	#11B Stadium Catalyst	15	North End Precinct	Upgrading Nelson Mandela Bay Stadium	New KPI	Nelson Mandela Bay Stadium Server Room upgraded	Gym upgraded	Gym equipment delivered	Partially Achieved	Phase 1 security gates on level 1 east refurbished / replaced	Phase 1 east refurbished / replaced	Partially Achieved	<p>WORK DONE: During the period under review, the phase 1 security gates on level 1 east were completed.</p>
				Developing a Nelson Mandela Bay Stadium Strategic Commercial Plan	New KPI	Nelson Mandela Bay Stadium Strategic Commercial Plan submitted to MDDA Board for approval	Tender advertised	Tender not met Current service providers engaged	Not achieved	Service provider appointed Stakeholder Consultations completed	Service provider recommended Stakeholder Consultations complete	<p>WORK DONE: A preferred service provider had been recommended but not yet appointed. Furthermore, stakeholder engagements have been completed.</p> <p>REASONS FOR UNDERPERFORMANCE: The delays as quoted in the first quarter regarding the possible use and then the discovery of inappropriate use of the service provider, had a knock on effect during the second quarter.</p> <p>CORRECTIVE ACTION: It is intended that the service provider will be appointed in the third quarter and requested to expedite the drafting of the commercial plan.</p>	
KPA 3 LOCAL ECONOMIC DEVELOPMENT	#4 SPC CATALYST	11	Kangra Precinct	Number of programmes facilitated/ hosted by the NIBS Science and Technology Centre	115	80	20	29	Over-Achieved	40	49	Over-Achieved	<p>WORK DONE: During the period under review, 49 programmes (facilitated/ hosted) by the NIBS Science and Technology Centre.</p> <p>REASONS FOR OVERPERFORMANCE: The overperformance during the quarter is due to the following:</p> <ol style="list-style-type: none"> 1 National Science Week Event: The science centre targeted a large number of schools during its 10th anniversary celebrations. 2 Science and Technology Centre Programme: The science centre was invited to exhibit and present during the Coops Mandela Day programme. 3 New schools from other districts visited the centre.

KPA 3 LOCAL ECONOMIC DEVELOPMENT	#1 BECOMING CHANGE AGENTS	18	All MBDA precincts	Percentage implementation of Mandala Bay Development Agency's Cleansing Plan	New KPI	100%	100%	100%	87%	Not achieved	100%	80%	Partially Achieved	<p>WORK DONE: During the period under review, the following was undertaken in line with the Quarterly Cleansing Plan:</p> <ul style="list-style-type: none"> Draft area management plan in place Engagement with Development Agency's Finalisation of the tender Commencement of procurement of wastebins <p>It may be noted that the Urban Area Management Plan was required to be signed by the Executive, whilst actual performance indicates same was only signed by the project manager</p> <p>REASONS FOR UNDERPERFORMANCE: It may be noted that due to budgetary constraints, the tender was advertised late within the financial year and then re-tendered for the same reasons. Following these constraints, the Entity intends to continue to manage the process externally where possible. Due to these delays, the final plan was not signed by the necessary Executive</p> <p>CORRECTIVE ACTION: With the Entity intending to implement the cleansing plan internally, it is envisaged that same will be addressed a bit more speedily. The Entity intends to increase the engagements with the NIMBA to assist in the process being implemented seamlessly</p>
						100%	100%	100%	100%	100%	100%	100%	Achieved	100%

PRONG 2: MBDA PROJECT MANAGEMENT SERVICES

KPA 3 LOCAL ECONOMIC DEVELOPMENT	#5: SUSTAINABILITY	20	Bathurst	Completing planning for the Ward 34 Multi-purpose Centre	New KPI	100%	100%	100%	100%	Achieved	100%	100%	Achieved	<p>WORK DONE: During the period under review, the construction tender documents were drafted.</p>
						100%	100%	100%	100%	Achieved	100%	Achieved	<p>WORK DONE: During the period under review, the construction tender documents were drafted.</p>	

PRONG 3: GAME CHANGING CATALYTIC PROGRAMMES

KPA 3 LOCAL ECONOMIC DEVELOPMENT	#5 SUSTAINABILITY	22	Bayworld / Happy Valley Precinct	Completing the Bayworld Programme Land Allocation Plan	New KPI	100%	100%	100%	100%	100%	100%	100%	100%	100%	<p>WORK DONE: During the period under review, investor road show completed through attendance and participation at Provincial Investment Conference and hosting of a blended Investor Road show on 12 December 2023</p>
						100%	100%	100%	100%	100%	100%	100%	100%	100%	100%