

**EThekwini Municipality**  
**2023 – 2024 MID-YEAR PERFORMANCE ASSESSMENT REPORT**  
**MFMA Section 72 Report to the Mayor**

22 January 2024

## **1. Purpose**

The purpose of this report is to provide a mid-year assessment of performance information for the eThekwini Municipality for the 2023/2024 financial year.

## **2. Background**

In terms of the Municipal Systems Act, 32 of 2000, the municipality must adopt a performance management system which contains key performance indicators that are set in line with the adopted Integrated Development Plan (IDP). The Performance Management system has been adopted by Council and the Key Performance Indicators have been set in line with the adopted IDP. Furthermore, in terms of the Municipal Finance Management Act, 56 of 2003 (section 72), “the performance of the municipality must be assessed taking into consideration:

- The municipality’s service delivery during the first half of the year.
- The past year’s annual report and progress in resolving problems identified; and
- The performance of every municipal entity under the control of the municipality”.

This report reflects the Municipality’s service delivery performance for the first six months of the 2023/2024 financial year. The report also reflects on the past year’s annual report and the performance of the two municipal entities within the control of the municipality.

## **3. City’s Achievements**

### **3.1 Audit Opinion**

The eThekwini Municipality received an Unqualified Audit opinion from the Auditor General of South Africa (AGSA) for the 2022/2023 financial year, however there are findings on performance information which need to be attended to urgently to avoid the City obtaining a qualified audit opinion for 2023/2024 financial year.

### 3.2 The City Survived the Disasters

Even though the city has been and is still experiencing several disasters, it has managed to operate effectively and provide services to its citizens. In particular, the natural disasters are ongoing and have challenged the City's resources, however, much concerted efforts are being made to ensure that the challenges are dealt with.

### 3.3 Good Governance

The City's political and administrative structures are functional and as a result, key decisions are taken timeously. The appointment of the City Manager for a five-year period has contributed to stability in the municipality and has resulted in the improvement in the performance of the city. For example, this has resulted in the improvement of the city's capital budget spend and this is due to the increase in spend for USDG and ISUP grant funded projects. At mid-year, the city managed to maintain an overall payment rate of cash over the monthly billing of 95% against a target of 92%. This is due to effective implementation of the credit control and debt collection policy.

## 4. Summary Performance of The Municipality

Below is the summary of performance per plan for quarter two of 2023/24 financial year for the city and its entities. The city achieved an overall achievement rate of 70.52% and the International Convention Centre (ICC) and Durban Marine Theme Park (DMTP) achieved overall achievements of 85.71 and 87.50% respectively.

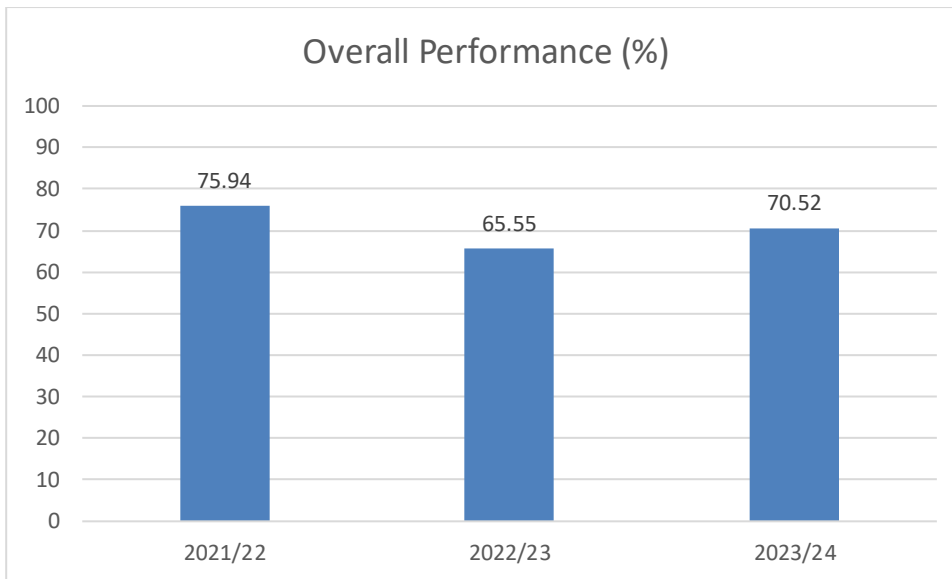
ETHEKWINI MUNICIPALITY		
Plan Number	Plan Name	Achievement Rate (%)
Plan 1	Develop and Sustain our Spatial, Natural and Built Environment	81.82%
Plan 2	Developing a Prosperous, Diverse Economy and Employment Creation	86.67%
Plan 3A	Creating a Quality Living Environment - Trading Services	72.22%
Plan 3B	Creating a Quality Living Environment	62.50%
Plan 3C	Creating a Quality Living Environment- Strategy Office	33.33%

Plan 4A	Fostering a Socially Equitable Environment	80.00%
Plan 4B	Fostering a Socially Equitable Environment	70.00%
Plan 5	Supporting organisational design, human capital development and management	81.25%
Plan 6A	A vibrant and creative city - the foundation for sustainability and social cohesion	83.33%
Plan 6B	A vibrant and creative city - the foundation for sustainability and social cohesion	50.00%
Plan 6C	A vibrant and creative city - the foundation for sustainability and social cohesion	100.00%
Plan 7A	Good Governance and Responsive Local Government	41.67%
Plan 7B	Good Governance and Responsive Local Government	100.00%
Plan 7C	Good Governance and Responsive Local Government	100.00%
Plan 8	Financial Accountable and Sustainable City	61.90%
	Overall Performance for the Municipality	<b>70.52%</b>

<b>ENTITIES SUMMARY</b>		
Plan 21	International Convention Centre (ICC)	85.71%
Plan 22	Durban Marine Theme Park (DMTP)	87.50%

#### 4.1 Comparison of previous years mid-year performance

The overall mid-year performance of the city over the last three financial years is above 60% and there has been an increase in performance for 2023/24 financial year in comparison with 2022/23 financial year, but more effort needs to be directed towards achieving a 100% achievement.



## 5. Key challenges

Whilst the city's mid-year performance has improved compared to the previous year, there are challenges which are contributing to the Municipality not being able to achieve one hundred percent of its planned targets. Some of these challenges are:

- **Poor planning and budgeting** – there is lack of proper alignment between the city's budget, Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan (SDBIP).
- **Poor record keeping** – records of work done are not properly safeguarded to ensure that they are available when required for verification purposes.
- **Lack of resources (HR & Finance):** various units have highlighted insufficient resources as the reason for not functioning optimally. The lack of availability of funding to fill posts has resulted in units having high vacancy rates.

## 6. Initiatives

The following key initiatives were introduced by the Municipality to counter the challenges faced which contributed negatively to the City's overall performance

## 6.1 Establishment of Performance Review Committee (PRC)

To address some of the challenges highlighted above, the Performance Review Committee (PRC) was introduced by the Performance Monitoring and Evaluation Unit in the Chief Operations Office. This committee is chaired by the City Manager and members of the committee include all Deputy City Managers. The main objective of introducing this committee is to provide a platform to interrogate performance related issues and identify solutions to challenges which prevents the municipality from achieving its planned targets. This committee takes place on quarterly basis.

## 6.2 Budget planning improvements

Regular meetings are held between the IDP section, Finance, PME, Speaker's office, Mayoral Parlour and Community Participation Units to identify mechanisms to ensure the incorporation of community needs which have been identified during Community Based Planning (CBP) at ward level to the IDP, Budget and SDBIP.

## 6.3 Mid-year Amendments

The Mid-year Amendment process provides an opportunity for the Municipality to amend its planned targets as necessitated by the operational environment triggered by the Adjustment Budget. The Municipality has amended some of the targets as permitted by the legislation and this is in progress for Council noting and approval after public consultation is completed.

## 6.4 National Treasury Circular 88

National Treasury published Circular 88 in December 2018. This circular contains a common set of indicators that were developed following a consultation process with all Metro Municipality's in the country to streamline performance reporting. Per the requirements of the circular, the relevant indicators were included in the 2023/24 SDBIP. The continuous introduction of new circular 88 indicators has resulted in some challenges in data collection and the auditing of the indicators by the Internal Auditors and Auditor General. Challenges identified are in the process of being resolved and National Treasury is providing continuous support in resolving the issues through the Technical Working Groups.

## 7. Recommendations

It is recommended that the Mayor notes the 2023/2024 mid-year performance assessment report, as required by Section 72 of the Municipal Finance Management Act.

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