

***SOL PLAATJE LOCAL MUNICIPALITY
(NC091)***

ADJUSTMENT BUDGET 2021/22



22 FEBRUARY 2022

Table of Contents

| | |
|---|----|
| 1. EXECUTIVE MAYOR'S REPORT..... | 4 |
| 2. ADJUSTMENT BUDGET RESOLUTIONS..... | 4 |
| 3. BACKGROUND TO ADJUSTMENT BUDGET..... | 7 |
| 3.1 Elements of the adjustment budget..... | 8 |
| 3.2 Adjustments due to significant and unforeseeable economic and financial events: | 8 |
| 3.3 Virements and shifts within the vote/department: | 8 |
| 3.4 Filling of vacancies..... | 9 |
| 3.5 Acting Allowances..... | 9 |
| 3.6 Capping of overtime..... | 10 |
| 4. BUDGET OVERVIEW..... | 10 |
| 5. ADJUSTMENT BUDGET SUMMARY..... | 13 |
| 5.1 Consolidated overview..... | 14 |
| 5.2 Adjustment of property rates income..... | 14 |
| 5.3 Adjustment budget – service charges..... | 17 |
| 5.4 Adjustment of revenue from interest earnings..... | 18 |
| 6. ADJUSTMENT BUDGET REVENUE AND EXPENDITURE FRAMEWORK..... | 19 |
| 6.1 Revenue by functional classification..... | 19 |
| 6.2 Revenue by type..... | 20 |
| 6.3 Revenue by vote..... | 21 |
| 6.4 Operational expenditure by functional classification..... | 23 |
| 6.5 Operational expenditure by vote..... | 24 |
| 6.6 Operational expenditure by type..... | 25 |
| 7. CAPITAL EXPENDITURE FRAMEWORK..... | 26 |
| 7.1 Funding capital budget and the adjustments..... | 27 |
| 7.2 Adjustment of Capital Expenditure by vote..... | 28 |
| 7.3 Adjustment of Capital Budget by functional classification..... | 29 |
| 7.4 Adjustment budget capital budget by project..... | 30 |
| 7.5 Adjustment budget capital budget by funding source..... | 31 |
| 8. ADJUSTED FINANCIAL POSITION..... | 33 |
| 9. LIQUIDITY AND SUSTAINABILITY..... | 33 |
| 9.1 Revised collection rate..... | 35 |
| 9.2 Investment Portfolio..... | 37 |

| | | |
|------|--|----|
| 10. | ADJUSTMENTS OF ALL GRANTS AND SUBSIDIES..... | 37 |
| 11. | AGED DEBTORS ANALYSIS..... | 39 |
| 12. | AGED CREDITORS ANALYSIS AND STATUS OF DEBT OWED TO ESKOM AND DWS .. | 41 |
| 13. | UTILITY AND TRADING SERVICES REPORTING..... | 43 |
| 13.1 | Electricity Utility..... | 43 |
| 13.2 | Water Utility..... | 44 |
| 13.3 | Refuse removal and solid waste management | 46 |
| 13.4 | Water and Sanitation..... | 47 |
| 13.5 | Rates and Taxes..... | 48 |
| 13.6 | Roads and Stormwater | 49 |
| 14. | KEY REPORTABLE MATTERS..... | 49 |
| 14.1 | Tools of Trade – for staff to allow continuity and productivity..... | 51 |
| 14.2 | Capitalization of Work in Progress – CAPEX..... | 52 |
| 14.3 | Covid-19 | 53 |
| 14.4 | The Collection Action Plan | 53 |
| 15. | GENERAL REPORTING..... | 55 |
| 15.1 | mSCOA Reporting | 55 |
| 16. | ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION | 59 |
| 17. | ANNEXURES..... | 75 |
| 18. | MUNICIPAL MANAGER’S QUALITY CERTIFICATION..... | 76 |

1. EXECUTIVE MAYOR'S REPORT

Mayor's speech to be distributed at Council meeting scheduled for 22 February 2022

2. ADJUSTMENT BUDGET RESOLUTIONS

Approval of Adjustments Budget for the year ending 30 June 2022

(Ald. KJB Sonyoni)

14 February 2022

Purpose

The purpose of this report is to obtain approval of the additional adjustments to the approved 2021/22 Medium Term Revenue and Expenditure Framework (2021/22 MTREF) in terms of Section 28 of the Municipal Finance Management Act 56 of 2003 for the year ending 30 June 2022. To obtain approval for the adjusted SDBIP targets for 2021/22.

For noting / for decision by

For decision by:

- Council (to approve)
- The item/report has NOT been considered by a portfolio committee.
- This item is for decision by Council.

Background

The 2021/22 MTREF was approved by Council on the 26 of May 2021 in accordance with MFMA Section 24 (1). Section 28 of MFMA requires a municipality to revise an approved annual budget through an adjustment, and section 28 (4) requires that only the mayor may table an adjustment budget in the municipal council.

After careful consideration of the actual year to date performance and adjustments from grantors (National Treasury) of the approved original capital and operational budgets, it became necessary that the municipality's budgets be adjusted to reflect the actual performance as well as the projected performance for the rest of the financial year.

In terms of section 23 (1) of the Municipal Budget and Reporting Regulations Government Gazette No.32141 17 April 2009, the following is required; "**An adjustment budget may be tabled in council at any time after the mid-year budget and performance assessment has been tabled in council, but not later than 28 February of the current financial year**".

Annexures

Schedule B tables and charts – Adjustment Budget 2021/22 MTREF

Adjusted SDBIP targets 2021/22

Correspondence from National Treasury on Conditional Grants

Motivation

None

Personnel Implications

None

Financial Implications

There are no further financial implications other than as indicated in the annexure.

Legal Authority and Implications

Section 28 of MFMA and Municipal Budget and Reporting Regulations 2009

Consultation

The Budget Steering Committee, EMT, and the Mayoral Committee.

Contact Person

Ald K.J.B Sonyoni – Executive Mayor

G. H Akharwaray – Municipal Manager

Z. L. Mahloko – Chief Financial Officer

IDP Manager (Vacant)

RECOMMENDATION:

1. That the operational and capital adjustment budget as tabled in Schedule B tables and charts be approved as listed below:
 - 1.1 Table B1 – Adjustment Budget Summary
 - 1.2 Table B2 – Adjustment Budget Financial Performance (functional classification)
 - 1.3 Table B3 – Adjustment Budget Financial Performance (revenue and expenditure by municipal vote)
 - 1.4 Table B4 – Adjustment Budget Financial Performance (revenue and expenditure)
 - 1.5 Table B5 – Adjustment Capital Expenditure Budget by vote and funding
 - 1.6 Table B6 – Adjustments Financial Position
 - 1.7 Table B7 – Adjustment Budget Cash Flows
 - 1.8 Table B8 – Cash back reserves and accumulated surplus reconciliation
 - 1.9 Table B9 - Asset Management
 - 1.10 Table B10 – Basic Service Delivery Measurement
 - 1.11 Table SB1 – SB19 – Supporting tables
2. That council notes the reduced conditional grants appropriated for 2021/22 and the implications of the reduction in the implementation of projects as planned for the year
3. That due to mSCOA Reporting requirements, the schedules may change from what is presented here, with the totals remaining the same, that Council gives the Municipal

Manager and the CFO permission to effect, all necessary corrections as a result of reporting requirements.

4. That the adjusted budget be approved and submitted to the relevant stakeholders accordingly
5. That council committees as set up gives attention in the implementation and reporting on this adjustment budget
6. That the adjusted SDBIP targets be approved.
7. That in line with Council Resolution C07/01/22 of 31 January 2022, on the Liquidity Status of the municipality, that the Municipal Manager engages with National Treasury's Municipal Financial Recovery Unit in compilation of the Financial Recovery Strategy.
8. That the Municipal Manager ramps up collection of arrears from all customer groups as a matter of urgency, in the same breath, the Municipal Manager reviews the Indigent Household Register.
9. That the MPAC investigates the causes of the reduction in conditional grants and request written reports or advisory and opinion from the Department of DMRE and National Treasury's NDPG Unit on the best oversight strategies that council can consider to ensure better implementation of conditional grants for the benefit of the people of Sol Plaatje.
10. That the Municipal Manager revises the item for the establishment of PMU since the discontinue of Municipal Infrastructure Grant which was the basis for the establishment of the PMU in the year 2000.
11. To deal with the challenges experienced in refuse removal, that the Municipal Manager investigates other alternatives to provide refuse collection, that are economical and affordable to the people, especially, the formalised and informal settlement areas
12. That the Municipal Manager submits UIFW Reduction Strategy within 90 days from today. This is expected by National Treasury as well

3. BACKGROUND TO ADJUSTMENT BUDGET

In terms of MFMA Section 28, municipalities are expected to table an adjustment budget to council for approval.

The country has been in a state of disaster since 15 March 2020 to date with varying adjusted levels which despite the level, have had impact on how we conduct the business of the municipality, how we liaise with our stakeholders and how we render the services to the public under these alert levels announced, almost on a monthly basis.

The state of disaster had not only impacted on business only, but on the people. Unemployment is on the rise, affordability has been tempered with, payment levels continue to drop, unresolved electricity tariffs and increasing distribution and commercial losses of water and electricity are but some of many issues we are grappling with as the municipality. All these factors combined, has impacted on billing and cash collection, thus necessitates an adjustment budget.

The audit itself has revealed various issues on financial management, general and compliance reporting and performance management, and an audit action plan is being finalised for immediate implementation and as part of municipal turnaround strategy. Our aim is to improve billing, collection, financial results, liquidity and performance. We believe that if all these are in motion, the consequences and the effects will be felt immediately through improved cash and cash equivalents, and increasing funding to asset refurbishment, replacements and upgrade, thus improving on service availability.

Time has now come that we act swiftly to minimise costs of service provision and to improve the liquidity position of the municipality as well as project planning and oversight. This implies more guidelines from management in this regard which will impact positively on conditional grants spending and execution of supply chain management.

Considering the above, the adjustment budget will seek to address the following:

3.1 Elements of the adjustment budget

- 3.1.1 The adjustment of revenues in line with the full year forecast
- 3.1.2 Considering the budgetary effects of not charging electricity basic charge on residential customers in accordance with council resolution
- 3.1.3 Considering the effects in revenue and expenditure of lower than projected collection rate on billed revenue
- 3.1.4 Adjusting actual expenditure to projected cashflows to ensure that the net cash flows from operations does not result in a deficit, thus further deteriorating the liquidity position of the municipality
- 3.1.5 To recognise the reduction and withdrawal of various conditional grants as these have direct impact on the capital expenditure and SDBIP
- 3.1.6 To align the SDBIP targets with full year forecast based on the revised revenue, expenditure and adjustment of capital plan

3.2 Adjustments due to significant and unforeseeable economic and financial events:

When unforeseeable economic and financial events affect the fiscal targets set by the budget, adjustments may need to be made. In this instance the adjustments are required due to a significant reduction in revenues, conditional grants, roll-over and changes in spending priorities in response to infrastructure collapse, safety and certainty of service availability and delivery and the COVID-19 pandemic.

Section 29 of the MFMA: The Executive Mayor may approve the use of unappropriated funds, if it is for spending of an unforeseeable and unavoidable or exceptional nature. This happens if postponing the spending to a future budget period and appropriation would seriously prejudice service delivery, municipal performance and public interest. The Executive Mayor is required to subsequently provide a report to Council within the prescribed period.

3.3 Virements and shifts within the vote/department:

The use of unspent funds from amounts appropriated under one main vote (programme) to defray excess expenditure under another main vote (programme) within the same vote/department. Section 31 of MFMA deals with shifting of funds within the parameters within which virements may take place. Modifications to parameters may also be tabled in the Adjustment Budget.

Before a virement or shift can take place, departments require approval from either the CFO or Accounting Officer, in accordance with the system of delegation of powers and functions or approved by Council, as in the case of the Adjustment Budget.

The following virements or shifts require approval of Council

- a) increase the funds appropriated for transfers and subsidies to other institutions;

- b) introduce a new transfer;
- c) use funds appropriated for compensation of employees, provided that the funds are to be used for transfers and subsidies for the payment of severance or exit packages;
- d) use funds appropriated for transfers and subsidies, provided that the funds are to be used within the same programme, other than for the compensation of employees;
- e) use funds appropriated for payments for capital assets for current payments, other than for the compensation of employees.

3.4 Filling of vacancies

As per the financial statements of June 2021, and the monthly cash flow position, the municipality is running at an over R500 000 000.00 cash deficit, with escalating debt for both water and electricity bulk purchases. Though there is a credit control and debt collection action plan in place, the results of this plan can only come to fruition from May of 2022, as we anticipate community backlash and negative publicity as soon as action is being taken.

Though Senior Management has discretion to fill vacancies, it must be emphasised that the approval from BTO will not only focus on confirming funds availability, but overall cash flow implications of each post, its contribution to effective running of the organisation, service delivery and financial administration.

Therefore, as alluded herein, the soft lock remains in place for the remainder of the year.

3.5 Acting Allowances

Appointment of incumbents to act in the position must be absolutely necessary to avoid any further cash implications for the municipality. In all cases of appointment to act in the position, consultation must be done with Human Resources to advice on the following:

- Scope enlargement of existing positions to ensure that all necessary tasks are completed
- Existence of similar position within the directorate or outside that performs same task, and due to a lower than 8hrs full-time equivalent per day, the incumbent may handle the additional workload
- Any work force available and ready to take up the opportunity and privilege to be exposed to higher levels of work may be approached and introduced to the opportunity, trained and supported to ensure successfulness of this action. This will assist with succession planning and creating more capacity within sections and directorates
- In doing all this, incumbents must possess the required qualifications and experience that would ordinarily be required when the post is advertised.

3.6 Capping of overtime

We have observed the extent of overtime worked, particularly by Water and Sanitation, and Cleansing Divisions. Overtime has financial implications and excessive overtime is also a reflection of poor asset maintenance, poor maintenance planning and execution as well as poor supervisory controls. The following needs to happen for the purposes of the adjustment budget and the next Budget for 2022/2023 MTREF:

4. BUDGET OVERVIEW

The budget performance overview gives the overall performance of the budget year to date actuals against year to date budget with variances explained between the two. In terms of budget assumptions, it is expected that year to date actuals must be 100% as year to date budget which is an indication that the full year forecast will materialize according to the annual budget assumptions.

Then, the year to date actuals are compared to original budget to assess of the achievements to date are in line with the estimates. For this budget, it was anticipated that year to date actuals of month 07 (seven) will be 58% of the original budget. Any negative variance is an indication that the original budget may not be achieved, for both revenue and expenditure except for in a case of expenditure where there are measures put in place to curb expenditure.

The Statement of Financial Performance shown in Annexure A, Table B4, is prepared on the prescribed adjustment budget B-schedules, detailing Revenue by source and Expenditure by type. The consolidated summary of the financial performance is indicated in Table 1 and Table 2 below:

| Summary Statement of Financial Performance: YTD Budget | | | | | |
|---|----------------------------------|----------------------------------|--|-------------------------------------|--|
| Description R thousand (R'000) | YTD Budget January 2022 | YTD Actual January 2022 | Variance Favourable (Unfavourable) | % YTD Actual vs YTD Budget | % Variance Favourable (Unfavourable) |
| Total Revenue (excluding capital transfers and contributions) | 1,379,998 | 1,356,025 | (23,974) | 98.3% | -1.7% |
| Total Revenue (including capital transfers and contributions) | 1,477,862 | 1,382,049 | (95,813) | 93.5% | -6.5% |
| Total Operational Expenditure | 1,367,914 | 1,192,615 | (175,299) | 87.2% | -12.8% |

As at end of Month 07 of the financial year, the year to date revenue showed a negative variance (under-billing) overall of R23 974 000.00, which represents 1.7% variance. Revenue including capital transfers (to the municipality) varied with a negative 6.5%, thus a R95 813 000.00 lower

revenue than projected. The operational expenditure on the other side showed a 12.8% below the year to date target. This is a commendable and desired position, a culture of spending on what you need, when you need it vs spending because there is budget is no longer the situation. The municipality's cost coverage hovers around 3 to 7 days at the most at any given point in time, the working capital requirements are not met, as a result arrears are escalating.

More stringent rules and measures will be imposed on spending as part of the adjustment budget. Commitment, hardworking and doing much with less will be the order of the day. A position of not liquidity does not only threaten the ability to manage and operate the municipality alone, but payment of creditors including salaries is threatened. We all need to do something before we can get there. More lesser than projected expenditure is expected especially on employee costs and municipal running costs, these must reduce even further.

The table below give further detail by comparing year to actual versus the original budget. The budget assumptions projected that overall progress or budget performance will be at 58% by end of M07, and this is actually 57.3% of revenue against the original budget. This gives confidence that billing is taking place, which is the indication of demand for services, and realistic projections informed by historical data or source data used to perform the budget estimated.

Total revenue including capital transfers (to the municipality) show a variance of almost 4%. This indicates that there are transfers that were anticipated to be paid by the end of this period which have not been paid as yet, either due to lower spending on projects or due to grants being reduced on withdrawn.

Expenditure showed a 7.48% negative variance which is a desired position by the municipality. Our intention is to align expenditure to the cashflows rather than to the billing by realigning the provision for bad debts to average collection rate for the period and full year forecast. Spending beyond what is actual cash in the bank strips the life out of the municipality, as our business model is built on trading for cash, the municipal services in line with the constitution, which provides for "provisioning of affordable services" and our indigent policy which states that poor people must be cushioned and be provided with an affordable social package.

| Summary Statement of Financial Performance: Original Budget | | | | | |
|--|------------------------|--------------------------------|---|--|---|
| Description R thousand | Original Budget | YTD Actual January 2022 | Variance Favourable (Unfavourable) | % YTD Actual vs Original Budget | % Variance Favourable (Unfavourable) Ideal IYM % -58.33% |
| Total Revenue (excluding capital transfers and contributions) | 2,365,711 | 1,356,025 | 1,158,882 | 57.3% | -1.01% |
| Total Revenue (including capital transfers and contributions) | 2,533,477 | 1,382,049 | 1,170,926 | 54.6% | -3.78% |
| Total Operational Expenditure | 2,344,991 | 1,192,615 | 997,199 | 50.9% | -7.48% |

Consolidated summary: Statement of Financial Performance: Original Budget

Sol Plaatje Municipality like with any other municipality in the country has to juggle between provisioning of affordable services and the rights of access to municipal services of the citizenry, as well as accumulation of debt and suspending availability of services to the customers who have defaulted and do not react to any and all notices sent by the municipality, either as a reminder notice or demand notice. Payments from customers represent funding source for all operations, with billing and no payment, this results in no funding, and this is what needs to be preached.

MFMA Chapter 3 (three) deals with municipal revenues. Section 7 (2) states that all municipal revenues must be paid into the municipal bank account, including payments made in lieu of municipal utility and rates services. Money deposited into the municipal account must be used to pay for services rendered to and by the municipality, provided that such payments are in line with the approved IDP of the municipality.

The municipality's bank accounts are in control of the Municipal Manager as per MFMA Section 10 (1) and 10 (2), delegated to the Chief Financial Officer. This is the case in Sol Plaatje Municipality. Citizens can pay with confidence knowing that there are proper delegations and system of accountability in place, and that council plays oversight role over the bank account of the municipality, and as such receive bank reconciliation statement on a monthly basis.

5. ADJUSTMENT BUDGET SUMMARY

Chapter 4 of MFMA covers extensively the municipal budgets. Further to this section, the Municipal Budget and Reporting Regulations provides further clarity on the preparation, tabling, approval and formats of all budgets and in year reporting. The Municipal Budget Reporting Regulations prescribes the establishment of the Budget Steering Committee and provides the terms of reference and membership of the committee. Since the inauguration of the new council which is expected to serve the term 2021 to 2026, which took place in November of 2021, the Budget Steering Committee has been established and has held a meeting thus far to deal with budget matters.

A budget steering committee meeting took place on the 21st of February to deal with adjustment budget assumptions and the actual adjustment budget prior to Council meeting aimed at approving the adjustment budget.

MFMA Section 28 deals with adjustment budget and stipulate conditions that should prevail for council to revise the approved budget and these are outlined in para.28 (2). Quoted below for ease of reference:

(2) An adjustments budget—

- (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;*
- (b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;*
- (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;*
- (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;*
- (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;*
- (f) may correct any errors in the annual budget; and*
- (g) may provide for any other expenditure within a prescribed framework.*

MFMA (28) (5) further prescribes the following:

- 5) When an adjustments budget is tabled, it must be accompanied by—*
 - (a) an explanation how the adjustments budget affects the annual budget;*
 - (b) a motivation of any material changes to the annual budget;*
 - (c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and*
 - (d) any other supporting documentation that may be prescribed.*

Notwithstanding the conditions that led to the revision of the approved budget, MFMA Section 28 (6) which clearly states that no tariffs or municipal taxes may be revised during the year, **except** for in

case of a financial recovery plan. Though council has resolved that the Municipal Manager must develop a financial recovery plan to improve the liquidity, stability and long term financial; sustainability of the municipality, at this stage, the council resolution is being implemented, a consultative process is in place with National Treasury to develop the recovery plan as intended. This therefore means that, no tariffs or municipal taxes had been revised or will be revised in this adjustment budget.

5.1 Consolidated overview

| Consolidated Overview of the 2021/22 Adjustment Budget | Original Budget | Adjustments Increase (Decrease) | Final Adjustment Budget | % Increase / (Decrease) | Comment |
|--|------------------------|--|--------------------------------|--------------------------------|--|
| | R'000 | R'000 | R'000 | | |
| Total Operating Revenue (Excl Capital transfers and contributions) | 2,365,711 | 6,506 | 2,372,218 | 0.28% | Upward adjustment of R6,506m |
| Total Operating Expenditure | 2,344,984 | 76,606 | 2,421,590 | 3.27% | Upward adjustment of R76,606m |
| Surplus/(Deficit) | 20,727 | (70,100) | (49,373) | -338.20% | Increase in Deficit of R70,100m |
| Capital transfers and contributions | 167,766 | (26,100) | 141,666 | -15.56% | Net downward adjustment of R26,100m |
| Total Operating Revenue (Incl Capital transfers and contributions) | 2,533,477 | (19,594) | 2,513,884 | -0.77% | Net downward adjustment of R19,594m |
| Surplus/(Deficit) for the year | 188,493 | (96,200) | 92,293 | -51.04% | Decrease in Surplus for the year of R96,200m |
| Total Capital expenditure | 179,266 | (12,600) | 166,666 | -7.03% | Decrease in Capex of R12,600m |
| Transfer recognised - Capital | 167,766 | (26,100) | 141,666 | -15.56% | Decrease in Capital transfers of R26,100m |
| Borrowing | – | – | – | 0.00% | No adjustments |
| Internally generated funds | 11,500 | 13,500 | 25,000 | 117.39% | Increase in CRR of R13,500m |

5.2 Adjustment of property rates income

After having considered the year to date actuals vs the year to date budget, the revenue from property rates have not been adjusted. The Municipal Valuer is currently finalizing fieldwork for General Valuation Roll 2023, which will be published on 1 January 2023. 6 months before the effective date of the Valuation Roll. However, the following must be noted with regards to the valuation roll:

| Category | MarketValue (R'000) | Rates P.A. JUL 2021 (R'000) | Number of Properties |
|--------------------------------|---------------------|-----------------------------|----------------------|
| Commercial rural | 108 965 | 914 | 35 |
| Agri Bono fide | 2 178 674 | 3 045 | 321 |
| Agri Cross border | 13 500 | - | 3 |
| Agri | 130 041 | 363 | 142 |
| Industrial Rural | 111 760 | 1 000 | 11 |
| Commercial | 6 426 548 | 215 527 | 1 874 |
| Commercial Vacant | 96 195 | 3 764 | 98 |
| Industrial | 614 130 | 21 970 | 166 |
| Industrial Vacant | 20 830 | 815 | 39 |
| Mining | 108 474 | 26 678 | 22 |
| Municipal | 1 134 235 | - | 3 734 |
| Place of Worship | 486 768 | - | 237 |
| Public Benefit Activity | 271 687 | - | 299 |
| Private Open Space | 1 950 | 22 | 6 |
| Independant Schools | 105 095 | 587 | 11 |
| Public Service Infrastructure | 128 872 | - | 184 |
| Private Service Infrastructure | 269 | - | 92 |
| Residential Vacant | 282 798 | 4 434 | 1 389 |
| Residential | 19 543 108 | 211 351 | 42 483 |
| Residential Pensioner | 449 665 | 1 974 | 548 |
| Commercial Creche | 27 702 | 650 | 29 |
| Sport Ground and Facilities | 176 480 | - | 26 |
| Residential Municipal | 347 815 | 3 412 | 2 893 |
| Land Reform Beneficiary | 113 934 | - | 1 038 |
| Commercial Guest House | 244 405 | 5 738 | 103 |
| Residential Rural | 281 200 | 2 631 | 286 |
| Public Service Property | 2 347 630 | 118 102 | 131 |
| Grand Total | 35 758 589 | 623 072 | 56 200 |

As per the table above, there are about 56 200 properties on the General Valuation Roll, of which 42 483 of them are residential and just over 2 000 commercial properties. These are properties from where the R603 million revenue is generated from. The table below reflects on the cent in the rand rate per property category.

The rates increased by 7.74% from 1 July 2021 to 30 June 2022 as approved in the budget for 2021/22 MTREF.

| Property Category | TARIFFS | RATIO | TARIFFS | RATIO | %CHANGE | TARIFFS | RATIO | %CHANGE | TARIFFS | RATIO | %CHANGE | TARIFFS | RATIO | %CHANGE | TARIFFS | RATIO | %CHANGE |
|---|------------|-------|------------|-------|---------|------------|-------|---------|------------|-------|---------|------------|-------|---------|------------|-------|---------|
| | 2016/07/01 | | 2017/07/01 | | | 2018/07/01 | | | 2019/07/01 | | | 2020/07/01 | | | 2021/07/01 | | |
| | R | | R | | | R | | | R | | | R | | | R | | |
| Residential Property | 0,009688 | 1,00 | 0,010221 | 1,00 | 5,50% | 0,010834 | 1,00 | 6,00% | 0,009752 | 1,00 | -9,99% | 0,010376 | 1,00 | 6,40% | 0,011179 | 1,00 | 7,74% |
| Vacant Residential Property | 0,014531 | 1,50 | 0,015331 | 1,50 | 5,50% | 0,016251 | 1,50 | 6,00% | 0,014628 | 1,50 | -9,99% | 0,015564 | 1,50 | 6,40% | 0,016768 | 1,50 | 7,74% |
| Industrial Property | 0,031000 | 3,20 | 0,032707 | 3,20 | 5,50% | 0,034670 | 3,20 | 6,00% | 0,031206 | 3,20 | -9,99% | 0,033204 | 3,20 | 6,40% | 0,035774 | 3,20 | 7,74% |
| Vacant Industrial | 0,033907 | 3,50 | 0,035773 | 3,50 | 5,50% | 0,037920 | 3,50 | 6,00% | 0,034132 | 3,50 | -9,99% | 0,036316 | 3,50 | 6,40% | 0,039126 | 3,50 | 7,74% |
| Business and Commercial Property | 0,028578 | 2,95 | 0,030254 | 2,96 | 5,86% | 0,032069 | 2,96 | 6,00% | 0,029256 | 3,00 | -8,77% | 0,031128 | 3,00 | 6,40% | 0,033537 | 3,00 | 7,74% |
| Vacant Business and Commercial Property | 0,033907 | 3,50 | 0,035773 | 3,50 | 5,50% | 0,037920 | 3,50 | 6,00% | 0,034132 | 3,50 | -9,99% | 0,036316 | 3,50 | 6,40% | 0,039126 | 3,50 | 7,74% |
| Agricultural Property | 0,002422 | 0,25 | 0,002555 | 0,25 | 5,50% | 0,002709 | 0,25 | 6,02% | 0,002438 | 0,25 | -10,00% | 0,002594 | 0,25 | 6,40% | 0,002795 | 0,25 | 7,74% |
| Mining Property | 0,213127 | 22,00 | 0,224858 | 22,00 | 5,50% | 0,238354 | 22,00 | 6,00% | 0,214544 | 22,00 | -9,99% | 0,228275 | 22,00 | 6,40% | 0,245938 | 22,00 | 7,74% |
| Public Service Property | 0,029063 | 3,00 | 0,051104 | 5,00 | 75,84% | 0,054171 | 5,00 | 6,00% | 0,043884 | 4,50 | -18,99% | 0,046693 | 4,50 | 6,40% | 0,050307 | 4,50 | 7,74% |
| Property Used by Organ of State | 0,067813 | 7,00 | 0,071546 | 7,00 | 5,50% | 0,075840 | 7,00 | 6,00% | 0,058512 | 6,00 | -22,85% | 0,046693 | 4,50 | -20,20% | delete | | |
| Public Service Infrastructure | 0,000000 | 0,00 | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | |
| Public Benefit Activity Property | 0,000000 | 0,00 | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | |
| Place of Worship | 0,000000 | 0,00 | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | |
| Land Reform Beneficiary | 0,000000 | 0,00 | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | |
| Multi-purpose Properties | 0,019375 | 2,00 | delete | | | delete | | | delete | | | delete | | | delete | | |
| Private Open Space | New | | 0,010221 | 1,00 | | 0,010834 | 1,00 | 6,00% | 0,009752 | 1,00 | -9,99% | 0,010376 | 1,00 | 6,40% | 0,011179 | 1,00 | 7,74% |
| Municipal | 0,000000 | 0,00 | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | |
| Independent Schools | 0,000000 | 0,00 | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,002438 | 0,25 | | 0,002594 | 0,25 | 6,40% | 0,005589 | 0,50 | 115,48% |
| Guest Houses | 0,019375 | 2,00 | 0,020442 | 2,00 | 5,50% | 0,021669 | 2,00 | 6,00% | delete | | | delete | | | delete | | |
| Creches | 0,019375 | 2,00 | 0,020442 | 2,00 | 5,50% | 0,021669 | 2,00 | 6,00% | delete | | | delete | | | delete | | |
| Solar Farms | New | | 0,020442 | 2,00 | | 0,021669 | 2,00 | 6,00% | 0,029256 | 3,00 | 35,01% | 0,031128 | 3,00 | 6,40% | delete | | |
| Sports Grounds and facilities operated for gain | New | | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | | 0,000000 | 0,00 | |
| University | | | New | | | 0,021669 | 2,00 | | 0,029256 | 3,00 | 35,01% | 0,031128 | 3,00 | 6,40% | delete | | |

| Category | MarketValue | Rates P.A. JUL2021 | Number of Properties |
|--------------------------------|----------------------------|-------------------------|----------------------|
| Commercial rural | R 108 965 000,00 | R 913 589,80 | 35 |
| Agri Bono fide | R 2 178 674 200,00 | R 3 044 697,19 | 321 |
| Agri Cross border | R 13 500 000,00 | R - | 3 |
| Agri | R 130 041 000,00 | R 363 464,60 | 142 |
| Industrial Rural | R 111 760 000,00 | R 999 525,56 | 11 |
| Commercial | R 6 426 548 001,00 | R 215 527 140,31 | 1874 |
| Commercial Vacant | R 96 195 000,00 | R 3 763 725,57 | 98 |
| Industrial | R 614 130 000,00 | R 21 969 886,62 | 166 |
| Industrial Vacant | R 20 830 000,00 | R 814 994,58 | 39 |
| Mining | R 108 474 000,00 | R 26 677 878,61 | 22 |
| Municipal | R 1 134 235 000,00 | R - | 3734 |
| Place of Worship | R 486 767 800,00 | R - | 237 |
| Public Benefit Activity | R 271 686 700,00 | R - | 299 |
| Private Open Space | R 1 950 000,00 | R 21 799,05 | 6 |
| Independant Schools | R 105 095 000,00 | R 587 375,96 | 11 |
| Public Service Infrastructure | R 128 872 000,00 | R - | 184 |
| Private Service Infrastructure | R 269 000,00 | R - | 92 |
| Residential Vacant | R 282 798 000,00 | R 4 434 096,38 | 1389 |
| Residential | R 19 543 107 970,00 | R 211 350 742,68 | 42483 |
| Residential Pensioner | R 449 665 000,00 | R 1 973 965,46 | 548 |
| Commercial Creche | R 27 702 000,00 | R 650 329,38 | 29 |
| Sport Ground and Facilities | R 176 480 000,00 | R - | 26 |
| Residential Municipal | R 347 815 000,00 | R 3 411 909,05 | 2893 |
| Land Reform Beneficiary | R 113 934 000,00 | R - | 1038 |
| Commercial Guest House | R 244 405 000,00 | R 5 737 627,34 | 103 |
| Residential Rural | R 281 200 000,00 | R 2 631 240,36 | 286 |
| Public Service Property | R 2 347 629 800,00 | R 118 102 212,35 | 131 |
| Grand Total | R 35 758 589 471,00 | R 623 071 694,61 | 56200 |

The table above represents rates revenue from each category. No changes had been made in this adjustment budget.

5.3 Adjustment budget – service charges

Revenue from service charges has not been adjusted though there are grounds, to align the electricity billing, the approved tariffs for electricity by NERSA and the council resolution. The matter is key in the financial recovery plan. For now, it is clear that resolving the tariffs may not resolved the problems but exacerbate relationships which are key in the development of Sol Plaatje. Consideration will now be placed on alternative energy, and renewable energy is the future, especially in the light of the electricity regulations act amendment of 2020, which permitted municipalities to self-generate and 2021 amendment which now allows for the generation of up 100MWA with the licensing by the licensee in the jurisdiction.

The cost of renewable installation has been reducing, thus opening up the market further for investors. It is also a known fact that renewable energy is cheaper with very low carbon emissions which guarantees cleaner and safe living environment. A proper energy mix will be determined to improve the balance sheet of the municipality in the long run.

| NC091 Sol Plaatje - Table B1 Adjustments Budget Summary - 24/02/2022 | | | | | | | | | | | |
|--|---------------------|----------------|--------------|--------------------|------------------|--------------------|-----------------|-----------------|------------------|------------------|------------------|
| Description | Budget Year 2021/22 | | | | | | | | | Budget Year | Budget Year |
| | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| | A | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | |
| R thousands | A | A1 | B | C | D | E | F | G | H | | |
| Financial Performance | | | | | | | | | | | |
| Property rates | 603,707 | - | - | - | - | - | - | - | 603,707 | 647,214 | 702,111 |
| Service charges | 1,291,383 | - | - | - | - | - | - | - | 1,291,383 | 1,411,707 | 1,526,702 |
| Investment revenue | 9,000 | - | - | - | - | - | - | - | 9,000 | 12,000 | 15,000 |
| Transfers recognised - operational | 230,640 | - | - | - | - | - | 6,233 | 6,233 | 236,873 | 241,544 | 243,434 |
| Other own revenue | 230,981 | - | - | - | - | - | 274 | 274 | 231,255 | 232,877 | 233,908 |
| Total Revenue (excluding capital transfers and contributions) | 2,365,711 | - | - | - | - | - | 6,506 | 6,506 | 2,372,218 | 2,545,342 | 2,721,154 |
| Employee costs | 836,388 | - | - | - | - | - | 5,200 | 5,200 | 841,588 | 885,627 | 934,849 |
| Remuneration of councillors | 34,547 | - | - | - | - | - | - | - | 34,547 | 36,275 | 38,270 |
| Depreciation & asset impairment | 79,150 | - | - | - | - | - | - | - | 79,150 | 84,325 | 89,218 |
| Finance charges | 22,261 | - | - | - | - | - | 41,200 | 41,200 | 63,461 | 20,963 | 19,501 |
| Inventory consumed and bulk purchases | 926,331 | - | - | - | - | - | (47,801) | (47,801) | 878,530 | 1,022,388 | 1,118,206 |
| Transfers and grants | 4,850 | - | - | - | - | - | - | - | 4,850 | 4,952 | 5,060 |
| Other expenditure | 441,457 | - | - | - | - | - | 78,007 | 78,007 | 519,464 | 469,733 | 494,705 |
| Total Expenditure | 2,344,984 | - | - | - | - | - | 76,606 | 76,606 | 2,421,590 | 2,524,262 | 2,699,808 |
| Surplus/(Deficit) | 20,727 | - | - | - | - | - | (70,100) | (70,100) | (49,373) | 21,079 | 21,346 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 167,766 | - | - | - | - | - | (40,500) | (40,500) | 127,266 | 98,625 | 96,786 |
| 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) | - | - | - | - | - | - | 14,400 | 14,400 | 14,400 | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 188,493 | - | - | - | - | - | (96,200) | (96,200) | 92,293 | 119,704 | 118,132 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/ (Deficit) for the year | 188,493 | - | - | - | - | - | (96,200) | (96,200) | 92,293 | 119,704 | 118,132 |
| Capital expenditure & funds sources | | | | | | | | | | | |
| Capital expenditure | 179,266 | - | - | - | - | - | (12,600) | (12,600) | 166,666 | 113,125 | 115,786 |
| Transfers recognised - capital | 167,766 | - | - | - | - | - | (26,100) | (26,100) | 141,666 | 98,625 | 96,786 |
| Borrowing | - | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | 11,500 | - | - | - | - | - | 13,500 | 13,500 | 25,000 | 14,500 | 19,000 |
| Total sources of capital funds | 179,266 | - | - | - | - | - | (12,600) | (12,600) | 166,666 | 113,125 | 115,786 |

5.4 Adjustment of revenue from interest earnings

Due to lower cash resulting in investments, the projections of R9 million from interest earning remain unchanged. There is likelihood that this level of projection may not be achieved by year end, except if the payment ratio improves.

Operational revenue transfers remain unchanged as well at R236 million, mainly this is the unconditional equitable share grant.

6. ADJUSTMENT BUDGET REVENUE AND EXPENDITURE FRAMEWORK

The revenue framework budget represents the budget or revenue estimation from various sources and generated from various votes. The reports below represent the adjustment revenue budget by functional classification, by vote and by source, and each will be elaborated on as required in terms of MFMA Section 28 (5).

6.1 Revenue by functional classification

The structure of the reporting tables is based on recommendations in the most recent version of Government Finance Statistics (GFS), published in 2001, and the System of National Accounts² (SNA), published in 1993, whilst the economic reporting format (ERF) was introduced in the 2004 Budget. The ERF is based on the GFS, as adapted for South Africa's reporting requirements. The budget format is supported by a standard chart of accounts (SCOA), which is fully aligned with the ERF and provides for posting-level details of the budget within the financial systems.

| Standard Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year | Budget Year |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|-----------------|-----------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| Revenue - Functional | | | | | | | | | | | | |
| Governance and administration | | 1,109,592 | - | - | - | - | - | (37,494) | (37,494) | 1,072,098 | 1,092,231 | 1,143,506 |
| Executive and council | | 478,759 | - | - | - | - | - | (37,767) | (37,767) | 440,992 | 416,848 | 411,594 |
| Finance and administration | | 630,833 | - | - | - | - | - | 274 | 274 | 631,106 | 675,383 | 731,912 |
| Internal audit | | - | - | - | - | - | - | - | - | - | - | - |
| Community and public safety | | 27,556 | - | - | - | - | - | 3,500 | 3,500 | 31,056 | 29,007 | 30,603 |
| Community and social services | | 10,980 | - | - | - | - | - | 500 | 500 | 11,480 | 11,598 | 12,236 |
| Sport and recreation | | 3,315 | - | - | - | - | - | - | - | 3,315 | 3,511 | 3,706 |
| Public safety | | 760 | - | - | - | - | - | - | - | 760 | 771 | 814 |
| Housing | | 12,401 | - | - | - | - | - | - | - | 12,401 | 13,021 | 13,737 |
| Health | | 100 | - | - | - | - | - | 3,000 | 3,000 | 3,100 | 105 | 111 |
| Economic and environmental services | | 23,286 | - | - | - | - | - | 14,400 | 14,400 | 37,686 | 24,552 | 25,903 |
| Planning and development | | 5,166 | - | - | - | - | - | 14,400 | 14,400 | 19,566 | 5,436 | 5,735 |
| Road transport | | 18,120 | - | - | - | - | - | - | - | 18,120 | 19,117 | 20,168 |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - |
| Trading services | | 1,363,208 | - | - | - | - | - | - | - | 1,363,208 | 1,487,786 | 1,606,966 |
| Energy sources | | 877,157 | - | - | - | - | - | - | - | 877,157 | 969,471 | 1,056,859 |
| Water management | | 328,612 | - | - | - | - | - | - | - | 328,612 | 350,814 | 372,196 |
| Waste water management | | 86,848 | - | - | - | - | - | - | - | 86,848 | 92,438 | 97,841 |
| Waste management | | 70,592 | - | - | - | - | - | - | - | 70,592 | 75,064 | 80,070 |
| Other | | 9,835 | - | - | - | - | - | - | - | 9,835 | 10,391 | 10,962 |
| Total Revenue - Functional | 2 | 2,533,477 | - | - | - | - | - | (19,594) | (19,594) | 2,513,884 | 2,643,967 | 2,817,940 |

From the table above, revenue from governance and administration has been adjusted downwards by R37,494 million and resulting in the adjusted budget of R1 072 098 000. The major adjustments are in Executive and Council at R37 767 000 downwards. Mainly as a result of the downward adjustments on Capital transfers.

Community and Public Safety has been adjusted upwards by R3 500 000.00 to recognise Library grant adjustment of R500 000.00 and the municipality received R3 000 000 from FBDM for the unfunded mandate of performing Environmental health services.

Economic and environmental services had been adjusted upwards by an amount of R14 400 000.00 which is a rollover of grant from the EU under BEAR Programme. There are consultants appointed to assist in this highly specialised scope of work.

The net adjustments in revenue ate R19 594 000.00 downwards, this moving the revenue budget by functional classification from R2 533 477 000.00 to R2 513 884 000.00.

6.2 Revenue by type

The municipal revenue is alternatively presented by type, which also represents the funding source for both CAPEX and OPEX in terms of mSCOA. Revenue by type also reflects the level of billing and transaction recording for economic and financial reporting purposes.

NC091 Sol Plaatje - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 24/02/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year | Budget Year |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|------------------|------------------|------------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | +1 2022/23 | +2 2023/24 |
| R thousands | 1 | A | A1 | B | C | D | E | F | G | H | | |
| Revenue By Source | | | | | | | | | | | | |
| Property rates | 2 | 603 707 | - | - | - | - | - | - | - | 603 707 | 647 214 | 702 111 |
| Service charges - electricity revenue | 2 | 861 157 | - | - | - | - | - | - | - | 861 157 | 952 511 | 1 038 966 |
| Service charges - water revenue | 2 | 294 012 | - | - | - | - | - | - | - | 294 012 | 314 138 | 333 503 |
| Service charges - sanitation revenue | 2 | 76 648 | - | - | - | - | - | - | - | 76 648 | 81 626 | 86 434 |
| Service charges - refuse revenue | 2 | 59 567 | - | - | - | - | - | - | - | 59 567 | 63 433 | 67 799 |
| Rental of facilities and equipment | | 13 145 | - | - | - | - | - | - | - | 13 145 | 13 809 | 14 569 |
| Interest earned - external investments | | 9 000 | - | - | - | - | - | - | - | 9 000 | 12 000 | 15 000 |
| Interest earned - outstanding debtors | | 157 200 | - | - | - | - | - | - | - | 157 200 | 155 204 | 151 983 |
| Dividends received | | - | - | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | | 34 725 | - | - | - | - | - | - | - | 34 725 | 36 553 | 38 563 |
| Licences and permits | | 6 500 | - | - | - | - | - | - | - | 6 500 | 6 858 | 7 235 |
| Agency services | | - | - | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies | | 230 640 | - | - | - | - | - | 6 233 | 6 233 | 236 873 | 241 544 | 243 434 |
| Other revenue | 2 | 19 411 | - | - | - | - | - | 274 | 274 | 19 685 | 20 453 | 21 558 |
| Gains | | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | | 2 365 711 | | | | | | 6 506 | 6 506 | 2 372 218 | 2 545 342 | 2 721 154 |

The major adjustment on the revenue by source is with regards to transfers and subsidies by an increase of R6 233 000.00 and minor adjustment of R274 000 on other revenue.

a) Revenue from service charges – Sale of Electricity

Council had since resolved to scrap the introduction of electricity basic charge which was mandated by NERSA and in accordance with Electricity Pricing Regulations. Since the scrapping of the basic charge, electricity tariffs were never revised to ensure a cost-reflective tariff and as such, the sale of electricity as source of revenue has been experiencing losses at billing in the amount of approximately R120 million per annum.

However, the revenue projections as per the approved budget do not reflect this scenario, as such operational expenditure far exceeds what can be billed for electricity, this must be adjusted in the 2022/23 MTREF.

6.3 Revenue by vote

Operational revenue framework presents the appropriation of all revenues of the municipality into programmes, projects and the business of the municipality, which is service delivery. The service delivery and business model require that the municipality build infrastructure, network and service points to enable the constitutional promise of providing access. Tasks are assigned to various functions that makes up the administration. The functions are clustered together in terms of competency, value chain and interdependencies and overlaps and are headed by professional team who are knowledgeable and tactical in their approach. These professionals are referred to as Sectional Heads and report to their respective Executive Directors and Chief Financial Officer.

It is important to acknowledge revenue generation within the votes to cover the production costs of the vote. It is also common knowledge that not all votes are revenue generating from any source but rather a community services funded from rates and taxes collected from ratepayers. It is also for the same reason that we monitor unfunded mandates in as far as costs to rates and income from the delegate. These never match.

It has been noted that market is no longer economically viable, the revenues have been deteriorating over time and for 2020/21, revenue was at its lowest at below R1 million, yet in the adjustment and the annual budget for 2021/22 and 2022/23 MTREF, there are huge financial resources to upgrade the market and these cannot be attended to due to over commitment of revenue from rates by other services.

Due to lower collection rate, the municipality had since adopted a cost containment plan which included various actions. One key major action is the reduction of employee costs and distribution losses for water and electricity, to start building some financial resources to service the current creditors of bulk water and electricity.

It has further been noted that the manual submission of invoices for work done to the Line Manager leads to incomplete disclosure of creditors. It has been noted that Line Manager delays the processing of invoices due to in adequate financial resources or the budget against the line item where such expenditure was approved against. The process needs review, as this if it keeps continuing, these understatements may be material, causing corrections in the financial statements of the previous financial years.

The officials of the municipality can bind the municipality to payment for goods and services if these came about through approved supply chain management processes and duly authorized by the relevant authority for each item or invoice.

| NC091 Sol Plaatje - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 24/02/2022 | | | | | | | | | | | | |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|-----------------|-----------------|------------------|----------------------------|----------------------------|
| Vote Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year | Budget Year |
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | +1 2022/23 Adjusted Budget | +2 2023/24 Adjusted Budget |
| R thousands | | | | | | | | | | | | |
| Revenue by Vote | 1 | | | | | | | | | | | |
| Vote 01 - Executive & Council | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 02 - Municipal And General | | 478,759 | - | - | - | - | - | (37,767) | (37,767) | 440,992 | 416,848 | 411,594 |
| Vote 03 - Municipal Manager | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 04 - Corporate Services | | 6,804 | - | - | - | - | - | 274 | 274 | 7,078 | 6,881 | 7,455 |
| Vote 05 - Community Services | | 110,627 | - | - | - | - | - | 3,500 | 3,500 | 114,127 | 117,298 | 124,628 |
| Vote 06 - Financial Services | | 623,229 | - | - | - | - | - | - | - | 623,229 | 667,662 | 723,570 |
| Vote 07 - Strategy Econ Development And Planning | | 9,041 | - | - | - | - | - | 14,400 | 14,400 | 23,441 | 9,535 | 10,059 |
| Vote 08 - Infrastructure And Services | | 1,305,018 | - | - | - | - | - | - | - | 1,305,018 | 1,425,743 | 1,540,633 |
| Total Revenue by Vote | 2 | 2,533,477 | - | - | - | - | - | (19,594) | (19,594) | 2,513,884 | 2,643,967 | 2,817,940 |

The table above represents the adjustments of revenue by vote. Votes represents the directorates as used in staff reporting and performance management. Municipal and General revenue had been adjusted by R37 767 000.00 downwards, whilst SEDP had seen an increase in revenue of R14 400 000.00. The net effect is reduction of original budget's revenue of R2 533 477 000.00 downwards to R2 513 884 000.00.

The municipality is taking serious consequence management and the Disciplinary Board has been appointed to deal exactly with any non-compliances that gave rise to a financial commitment or financial loss. Officials or councillors who had been found to have caused unauthorized, irregular, fruitless and wasteful (UIFW) expenditure may be found of having committed a financial misconduct or a criminal offence, depending on severity and intent that must be established through an investigative process.

6.4 Operational expenditure by functional classification

Operational expenditure is an alternative presentation of expenditure by government financial statistics which is used by Statistics SA in consolidated government expenditure across all sectors of government by function and compare this expenditure with the world government spending on each functional area. Only those functions applicable to the municipality are indicated in the table below.

| NC091 Sol Plaatje - Table B2 Adjustments Budget Financial Performance (functional classification) - 24/02/2022 | | | | | | | | | | | | |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|-----------------|-----------------|
| Standard Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year | Budget Year |
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | | | | | | | | | | | |
| Expenditure - Functional | | | | | | | | | | | | |
| Governance and administration | | 683,100 | - | - | - | - | - | 3,474 | 3,474 | 686,574 | 720,457 | 759,584 |
| Executive and council | | 405,549 | - | - | - | - | - | 3,200 | 3,200 | 408,749 | 428,457 | 451,162 |
| Finance and administration | | 270,570 | - | - | - | - | - | 274 | 274 | 270,844 | 284,600 | 300,614 |
| Internal audit | | 6,982 | - | - | - | - | - | - | - | 6,982 | 7,400 | 7,807 |
| Community and public safety | | 183,469 | - | - | - | - | - | 3,500 | 3,500 | 186,969 | 195,981 | 206,357 |
| Community and social services | | 42,230 | - | - | - | - | - | 590 | 590 | 42,820 | 49,182 | 51,432 |
| Sport and recreation | | 55,822 | - | - | - | - | - | (90) | (90) | 55,732 | 58,419 | 61,671 |
| Public safety | | 43,502 | - | - | - | - | - | - | - | 43,502 | 44,305 | 46,750 |
| Housing | | 23,480 | - | - | - | - | - | - | - | 23,480 | 24,718 | 26,111 |
| Health | | 18,435 | - | - | - | - | - | 3,000 | 3,000 | 21,435 | 19,357 | 20,394 |
| Economic and environmental services | | 139,819 | - | - | - | - | - | 1,193 | 1,193 | 141,012 | 147,634 | 156,128 |
| Planning and development | | 48,172 | - | - | - | - | - | 218 | 218 | 48,390 | 50,729 | 53,503 |
| Road transport | | 90,936 | - | - | - | - | - | 975 | 975 | 91,911 | 96,155 | 101,834 |
| Environmental protection | | 711 | - | - | - | - | - | - | - | 711 | 750 | 791 |
| Trading services | | 1,313,216 | - | - | - | - | - | 68,440 | 68,440 | 1,381,656 | 1,309,123 | 1,414,015 |
| Energy sources | | 857,928 | - | - | - | - | - | 32,000 | 32,000 | 889,928 | 947,601 | 1,032,564 |
| Water management | | 296,663 | - | - | - | - | - | 29,900 | 29,900 | 326,563 | 192,856 | 202,340 |
| Waste water management | | 88,033 | - | - | - | - | - | 6,540 | 6,540 | 94,573 | 93,601 | 99,040 |
| Waste management | | 70,592 | - | - | - | - | - | - | - | 70,592 | 75,064 | 80,070 |
| Other | | 25,380 | - | - | - | - | - | - | - | 25,380 | 26,807 | 28,282 |
| Total Expenditure - Functional | 3 | 2,344,984 | - | - | - | - | - | 76,606 | 76,606 | 2,421,590 | 2,400,002 | 2,564,365 |
| Surplus/ (Deficit) for the year | | 188,493 | - | - | - | - | - | (96,200) | (96,200) | 92,293 | 243,964 | 253,575 |

The following narrative is provided:

- governance and administration operational expenditure had been increased by R3 474 000
- Community and public safety has increased by a net R3 500 000.00 to recognise expenditure against grants and subsidies received for health related services.
- Economic and environmental services operational costs had been increased by R1 193 000 to accommodate rollover EPWP funding from Department of Tourism for the LED Unit amounting to R217 000.00 and funding from FBDM for Roads maintenance R750 000.00 and R225 000.00 for Disaster Relief Grant for the repair on the Thlageng attenuation pond, done internally by the Roads Department.
- Trading services expenditure has been increased by R68 440 000 as a result of the required adjustment on the interest on overdue accounts for ESKOM (R34m) and Department of Water and Sanitation (R7m), maintenance funds for Water and Sewerage and electricity consumption for Riverton Water Purification Plant.
- The net operational expenditure adjustment R76 606 000, resulting in operational expenditure of R2 421 590 000.00, thus a surplus of R92 293 000 when comparing total

revenue and total expenditure. This surplus does not mean the budget is funded, but just it results in net surplus than deficit.

- f) Funding the budget considers the realistic collection rate into account than billing only.

6.5 Operational expenditure by vote

The operational expenditure by vote shows adjustments in Vote 2 of R3 200 000.00, R274 000.00 in Vote 4, R3 500 000.00 on Vote 5, whilst Vote 7 is adjusted upwards by R218 000.00 and Vote 8, is adjusted upwards by R69 415 000.00.

| NC091 Sol Plaatje - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 24/02/2022 | | | | | | | | | | | | |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|-----------------|-----------------|------------------|------------------|------------------|
| Vote Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year | Budget Year |
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | +1 2022/23 | +2 2023/24 |
| <i>(Insert departmental structure etc)</i> | | | | | | | | | | | | |
| R thousands | | A | A1 | B | C | D | E | F | G | H | | |
| Expenditure by Vote | 1 | | | | | | | | | | | |
| Vote 01 - Executive & Council | | 57 883 | - | - | - | - | - | - | - | 57 883 | 60 777 | 64 120 |
| Vote 02 - Municipal And General | | 335 456 | - | - | - | - | - | 3 200 | 3 200 | 338 656 | 354 860 | 373 517 |
| Vote 03 - Municipal Manager | | 25 025 | - | - | - | - | - | - | - | 25 025 | 26 367 | 27 817 |
| Vote 04 - Corporate Services | | 73 211 | - | - | - | - | - | 274 | 274 | 73 485 | 76 800 | 81 111 |
| Vote 05 - Community Services | | 297 403 | - | - | - | - | - | 3 500 | 3 500 | 300 903 | 316 842 | 334 708 |
| Vote 06 - Financial Services | | 152 611 | - | - | - | - | - | - | - | 152 611 | 160 409 | 169 137 |
| Vote 07 - Strategy Econ Development And Planning | | 59 374 | - | - | - | - | - | 218 | 218 | 59 592 | 62 692 | 66 125 |
| Vote 08 - Infrastructure And Services | | 1 344 020 | - | - | - | - | - | 69 415 | 69 415 | 1 413 435 | 1 465 516 | 1 583 273 |
| Total Expenditure by Vote | 2 | 2 344 984 | - | - | - | - | - | 76 606 | 76 606 | 2 421 590 | 2 524 262 | 2 699 808 |
| Surplus/ (Deficit) for the year | 2 | 188 493 | - | - | - | - | - | (96 200) | (96 200) | 92 293 | 119 704 | 118 132 |

- a) The increase of R274 000 in Vote 4 is as a result of internship contracts entered into and against the funding received from SETA as a form of stipend and other costs coverage
- b) There is a R3 000 000 received from Frances Baard for environmental health services which are provided on an agency basis. Some operational activities of Environmental Health Services will be cross-subsidised from the grant and an upward adjustment of R500 000 for Library grant
- c) Overall Maintenance has been adjusted by R47 801 000 across all municipal votes. Materials and supplies has been adjusted upwards by R20 595 000, whilst Water Inventory has been reduced to R45 240 000 and R70 760 000 was provided for under Water losses to make up the allocation of R116 000 000 for Bulk water purchases as per GRAP 12.

6.6 Operational expenditure by type

Operational expenditure by type is better aligned with mSCOA for financial reporting purposes. Expenditure is reported by type as part of expenditure by classification in as far as on what the funds were spent on.

The municipality has an approved organogram which is used for the appointment and payment of employee costs. Only staff employed through the normal recruitment processes or headhunted for positions in the organogram are paid from Payroll 1, this includes Senior Manager and the Municipal Manager. Councillors have their own payroll to ensure that all applicable deductions are setup appropriately for this type of costs.

| Description | Ref | Budget Year 2021/22 | | | | | | | | Budget Year +1 2022/23 | | Budget Year +2 2023/24 |
|---------------------------------|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|------------------------|------------------|------------------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | | | | | | | | | | | |
| Expenditure By Type | | | | | | | | | | | | |
| Employee related costs | | 836,388 | - | - | - | - | - | 5,200 | 5,200 | 841,588 | 885,627 | 934,849 |
| Remuneration of councillors | | 34,547 | - | - | - | - | - | - | - | 34,547 | 36,275 | 38,270 |
| Debt impairment | | 275,000 | - | - | - | - | - | - | - | 275,000 | 293,600 | 310,648 |
| Depreciation & asset impairment | | 79,150 | - | - | - | - | - | - | - | 79,150 | 84,325 | 89,218 |
| Finance charges | | 22,261 | - | - | - | - | - | 41,200 | 41,200 | 63,461 | 20,963 | 19,501 |
| Bulk purchases - electricity | | 647,000 | - | - | - | - | - | - | - | 647,000 | 724,640 | 797,104 |
| Inventory consumed | | 279,331 | - | - | - | - | - | (47,801) | (47,801) | 231,530 | 297,748 | 321,102 |
| Contracted services | | 46,687 | - | - | - | - | - | (5,465) | (5,465) | 41,222 | 49,173 | 51,770 |
| Transfers and subsidies | | 4,850 | - | - | - | - | - | - | - | 4,850 | 4,952 | 5,060 |
| Other expenditure | | 119,770 | - | - | - | - | - | 12,712 | 12,712 | 132,482 | 126,960 | 132,287 |
| Losses | | - | - | - | - | - | - | 70,760 | 70,760 | 70,760 | - | - |
| Total Expenditure | | 2,344,984 | - | - | - | - | - | 76,606 | 76,606 | 2,421,590 | 2,524,262 | 2,699,808 |

The municipality does not have an asset maintenance system, and currently EDAMS system has been identified as a potential for this purpose. However, for maintenance to be budgeted accordingly, asset maintenance plans should be in place with clear indications of normal, sustentive, routine and emergency maintenance.

As it stands, there are infrastructure breakdowns suspected to be caused by poor maintenance of infrastructure. Excessive overtime comes from maintenance related activities, and it is emergency overtime, meaning staff is attending to only reported systems leaks rather than performing routine maintenance to compete the infrastructure in a condition of continued service availability.

The following is the explanation of the movements as depicted in the table above:

- Due to excessive overtime worked in water and sanitation and refuse removal, this has resulted in an increase in employee costs by R5 200 000.00, however, there are reductions in budgets across the various costs centres as a result of cost containment.
- Some vacant positions are no longer funded, as the budget against positions has been moved to fund contract workers appointed, to augment the available capacity required to

complete all the daily tasks and targets. The R5 200 000.00 is the net of all movements on personnel costs

- c) Repairs and maintenance has been increased by R4 700 000.00, but the net effect on inventory consumed is an increase of this category by over R11,63 million, to align it with the actuals as at M07 and the full year projections
- d) Contracted services had been reduced by R5 million based on funding availability and full year forecast

7. CAPITAL EXPENDITURE FRAMEWORK

The capital expenditure framework covers all expenditure that have a potential of creating an asset for the municipality through infrastructure expansion, upgrades, refurbishment and new assets. All assets created or upgraded must lead to the improved quality of service delivery to the people and must have a potential to contribute to clean and safe environment, cost efficient way of delivery the service and use of new technology or systems in providing the service.

The Capital Budget is funded from various sources which includes as per the approved budget the following:

Conditional Grants: these are gazette grants in terms of DoRA Schedule 4 and 5. Grants gazette are project linked and leaves no room for discretion. Performance and spending of funds allocated and transferred is monitored by National Treasury assisted by sister departments such as DMRE and DWA. There are regional offices for both ministries in the province. Monthly meetings are held to track if spending is on projects as per the signed SLA for each annual allocation and whether all spending complies with MFMA and SCM Regulations.

Own Funding (CRR): this is municipal own funding which is not committed to any operational expenditure and a surplus from the prior year. CRR is committed to capital expenditure framework only when such is cash backed. Projects that are likely to be funded from CRR are those than are internal such as fleet replacement and replacement of ICT equipment to provide functional working environment and security of information. Committing on CRR requires pre-approval for each tender or sourcing document to ensure that funds are still available at the date of acquisition.

Public donations: this include funding received from other institutions other than National Treasury or Departments through DoRA. Previously, the municipality received public donation from Transnet to address Kamfersdam water level complications which were detrimental to the operation of the railway crossing or alongside the dam, as well as from Sol Plaatje University for infrastructure expansion necessary for the development.

External borrowings: these will be loans taken to fund capital expenditure. No loan is planned to be taken in the year 2021/22 and this adjustment budget does not seek any approval for loan at this stage.

7.1 Funding capital budget and the adjustments

The approved capital budget amounted to R179 266 000.00 funded from grants in the amount of R167 766 000 and Own Funding (CRR) in the amount of R11 500 000.00. The final adjustment presents a reduction in national government grants by R44 000 000.00 as a result of withdrawal of R10 000 000 of NDPG and R33 000 000.00 of Integrated National Electrification Programme. There is a notice letter to further reduce IUDG and WSIG as a result of low spending. A submission is being prepared to avoid the reduction as these funds are committed to project which are needed as part of service delivery and community services.

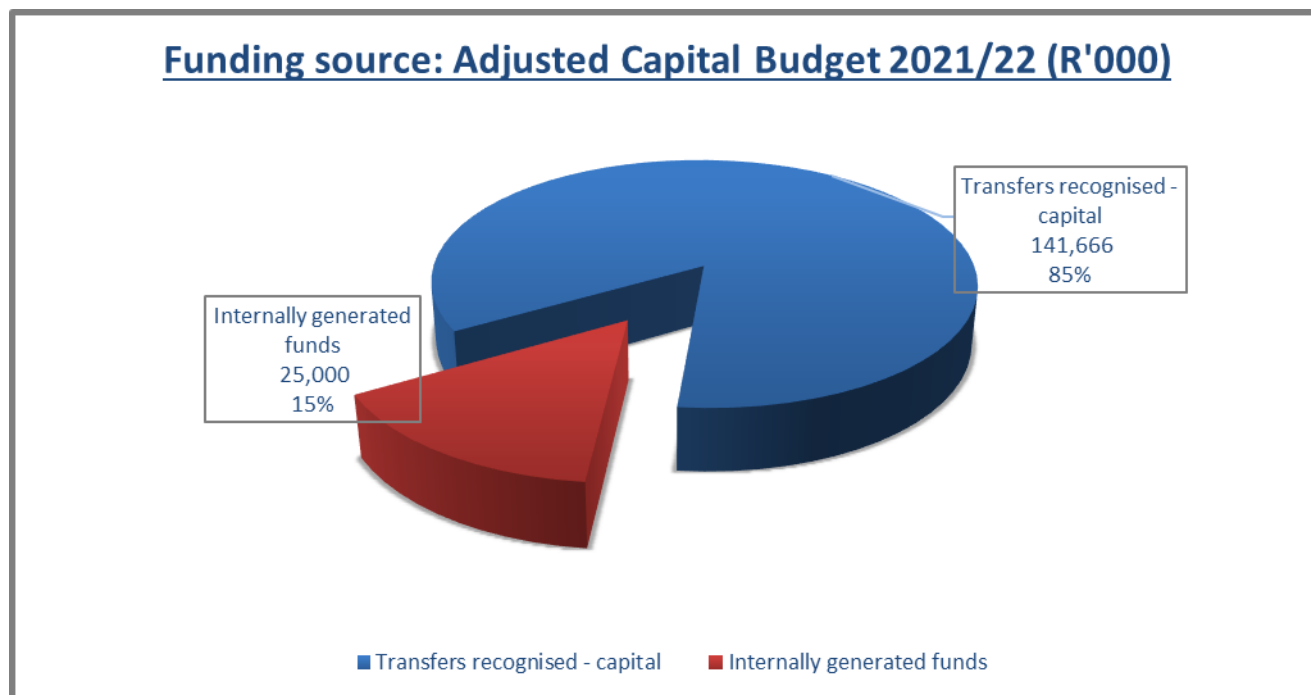
| Description | Ref | Budget Year 2021/22 | | | | Budget Year +1 2022/23 | Budget Year +2 2023/24 |
|--|-----|------------------------|-------------------|-------------------|--------------------|---------------------------|---------------------------|
| R thousands | | Original Budget | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| Funded by: | | | | | | | |
| National Government | | 167,766 | (44,000) | (44,000) | 123,766 | 98,625 | 96,786 |
| Provincial Government | | - | - | - | - | - | - |
| District Municipality | | - | 3,500 | 3,500 | 3,500 | - | - |
| Transfers and subsidies - capital (monetary allocations) | | - | 14,400 | 14,400 | 14,400 | - | - |
| Transfers recognised - capital | 4 | 167,766 | (26,100) | (26,100) | 141,666 | 98,625 | 96,786 |
| Borrowing | | | | | | | |
| Internally generated funds | | 11,500 | 13,500 | 13,500 | 25,000 | 14,500 | 19,000 |
| Total Capital Funding | | 179,266 | (12,600) | (12,600) | 166,666 | 113,125 | 115,786 |

A sum of R3 500 000.00 has been received from FBDM for resealing of roads projects that was applied for. The adjustment budget further recognises a roll-over of R14 400 000 from BEAR funds. These funds are committed to an ongoing project and spending has been recorded against the budget to date.

The CRR has been increased by R13 500 000.00 to fund necessary projects, thus pushing CRR from R11 500 000.00 to R25 000 000.00. As stated earlier, before committing the CRR, preapproval letter must be obtained from the Chief Financial Officer to ensure that such expenditure is cash backed.

All of the above adjustments had resulted in total capital funding for 2021/22 of R166 666 000. Funded from National Grants in the amount of R123 766 000, District Municipality in the amount of R3 500 000, other transfers of R14 400 000.00 and CRR of R25 million.

The chart below reflects that the adjusted CAPEX is 85% funded from grants and 15% funded from CRR or internally generated funds. This ratio is undesirable as it indicates grant dependency on capital and infrastructure spending.



7.2 Adjustment of Capital Expenditure by vote

Capital expenditure takes place within the votes. Votes are made up of different functions, known as sections or divisions. The municipality does not have a fully-fledged and staffed PMU. The current PMU has been playing oversight on capital spending and preparing reports for transferring departments on spending to date against the budget. With the rate of underspending, declined rollover of funds, withdrawal and reduction of grants, as well as spending of grants outside the scope and agreed upon projects calls for the rationalisation of PMU. By the way, the current PMU's establishment was informed by the allocation of Municipal Infrastructure Grant, which had since been replaced by IUDG which took away the 5% top slice of MIG that was used to fund operational costs.

NC091 Sol Plaatje - Table B5 Adjustments Capital Expenditure Budget by vote and funding - B - 24/02/2022

| Vote Description <i>[Insert departmental structure etc]</i> | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year +1 | Budget Year +2 |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| | | A | 3 A1 | 4 B | 5 C | 6 D | 7 E | 8 F | 9 G | 10 H | | |
| R thousands | | | | | | | | | | | | |
| Capital expenditure - Municipal Vote | | | | | | | | | | | | |
| Multi-year expenditure appropriation | 2 | | | | | | | | | | | |
| Vote 01 - Executive & Council | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 02 - Municipal And General | | 33 000 | - | - | - | - | - | (30 000) | (30 000) | 3 000 | 29 677 | 33 018 |
| 02.1 - Municipal And General | | 33 000 | - | - | - | - | - | (30 000) | (30 000) | 3 000 | 29 677 | 33 018 |
| Vote 03 - Municipal Manager | | - | - | - | - | - | - | - | - | - | - | - |
| 03.5 - Project Management Unit - Pmu | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 04 - Corporate Services | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 05 - Community Services | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 07 - Strategy Econ Development And Planning | | 8 000 | - | - | - | - | - | 14 400 | 14 400 | 22 400 | - | - |
| 07.4 - Economic Development And Planning | | 8 000 | - | - | - | - | - | 14 400 | 14 400 | 22 400 | - | - |
| Vote 08 - Infrastructure And Services | | 81 266 | - | - | - | - | - | 13 020 | 13 020 | 94 286 | 65 948 | 60 788 |
| 08.6 - Roads Planning And Design | | - | - | - | - | - | - | 7 300 | 7 300 | 7 300 | - | - |
| 08.10 - Sewerage - Retikulation | | 47 266 | - | - | - | - | - | 1 000 | 1 000 | 48 266 | 31 948 | 29 268 |
| 08.14 - Water - Distribution | | 1 000 | - | - | - | - | - | - | - | 1 000 | 12 000 | 11 500 |
| 08.15 - Water - Maintenance | | - | - | - | - | - | - | - | - | - | - | - |
| 08.16 - Electricity - Admin | | 33 000 | - | - | - | - | - | 4 720 | 4 720 | 37 720 | 22 000 | 20 000 |
| 08.17 - Electricity - Maintenance | | - | - | - | - | - | - | - | - | - | - | - |
| 08.18 - Electricity - Streetlights Maintenance | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - Other | | - | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | | 122 266 | - | - | - | - | - | (2 580) | (2 580) | 119 686 | 95 625 | 93 786 |
| Capital expenditure - Municipal Vote | 2 | | | | | | | | | | | |
| Single-year expenditure appropriation | | | | | | | | | | | | |
| Vote 01 - Executive & Council | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 02 - Municipal And General | | 22 500 | - | - | - | - | - | (4 500) | (4 500) | 18 000 | 17 500 | 22 000 |
| 02.1 - Municipal And General | | 22 500 | - | - | - | - | - | (4 500) | (4 500) | 18 000 | 17 500 | 22 000 |
| Vote 03 - Municipal Manager | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 04 - Corporate Services | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 05 - Community Services | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 08 - Infrastructure And Services | | 34 500 | - | - | - | - | - | (5 520) | (5 520) | 28 980 | - | - |
| 08.1 - Infrastructure Admin | | - | - | - | - | - | - | - | - | - | - | - |
| 08.6 - Roads Planning And Design | | - | - | - | - | - | - | 25 200 | 25 200 | 25 200 | - | - |
| 08.14 - Water - Distribution | | - | - | - | - | - | - | 1 000 | 1 000 | 1 000 | - | - |
| 08.15 - Water - Maintenance | | - | - | - | - | - | - | - | - | - | - | - |
| 08.16 - Electricity - Admin | | 34 500 | - | - | - | - | - | (31 720) | (31 720) | 2 780 | - | - |
| 08.17 - Electricity - Maintenance | | - | - | - | - | - | - | - | - | - | - | - |
| 08.18 - Electricity - Streetlights Maintenance | | - | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | | 57 000 | - | - | - | - | - | (10 020) | (10 020) | 46 980 | 17 500 | 22 000 |
| Total Capital Expenditure | | 179 266 | - | - | - | - | - | (12 600) | (12 600) | 166 666 | 113 125 | 115 786 |

7.3 Adjustment of Capital Budget by functional classification

The functional classification is summarized at category level as per the table below. The Executive and Council has been reduced by R34 500 000 from R55 500 000 to R21 000 000 as a result of the reduction of INEP to fund Lerato Park further phases.

Planning and development projects had increased in value from R8 000 000 to R22 400 000 as a result of the rollover of EU BEAR funds from 2020/21 to 2021/22.

Road transport funds increased by R32 500 000, whilst electricity reduced by R27 000 000.00. there are minor increases under water and waste water management of R1 million each to fund projects such as water meter replacement projects to mention but the one.

| Functional Classification | Original Budget 2021/22 | Increase (Decrease) | Adjusted Budget 2021/22 | Weighting |
|-------------------------------|----------------------------|------------------------|----------------------------|-------------|
| Executive and council | 55 500 | (34 500) | 21 000 | 13% |
| Budget and treasury office | - | - | - | 0% |
| Corporate services | - | - | - | 0% |
| Community and social services | - | - | - | 0% |
| Sport and recreation | - | - | - | 0% |
| Public safety | - | - | - | 0% |
| Housing | - | - | - | 0% |
| Health | - | - | - | 0% |
| Planning and development | 8 000 | 14 400 | 22 400 | 13% |
| Road transport | - | 32 500 | 32 500 | 20% |
| Environmental protection | - | - | - | 0% |
| Electricity | 67 500 | (27 000) | 40 500 | 24% |
| Water | 1 000 | 1 000 | 2 000 | 1% |
| Waste water management | 47 266 | 1 000 | 48 266 | 29% |
| Waste management | - | - | - | 0% |
| Other | - | - | - | 0% |
| Total | 179 266 | (12 600) | 166 666 | 100% |

7.4 Adjustment budget capital budget by project

Below is a table that indicated capital expenditure by projects. The budget allocated is what is available not the estimated costs of the project. The actual costs is determined through the bidding process, and should the price of award exceed budget available, a matter must be referred to the Chief Financial Officer, who will then advise the Municipal Manager and the Executive Mayor.

| Capital Expenditure per Project & funding source | Original Budget | Adjustments | Adjusted Budget | Funding Source |
|--|--------------------|---------------------|--------------------|---|
| ACQ-FLEET REPLACEMENT | 4,000,000 | 5,500,000 | 9,500,000 | INTERNALLY GENERATED FUNDS |
| ACQ-FURNITURE AND OFFICE EQUIP REPLACEM | 2,000,000 | - | 2,000,000 | INTERNALLY GENERATED FUNDS |
| ACQ-COMPUTER EQUIPMENT REPLACEMENT | 3,500,000 | - | 3,500,000 | INTERNALLY GENERATED FUNDS |
| RECONSTRUCTION OLD SINK TOILETS PHASE 1 | - | 5,000,000 | 5,000,000 | INTERNALLY GENERATED FUNDS |
| DSITRBUTION-ACQ-WAT METER REPLACEME | 1,000,000 | - | 1,000,000 | INTERNALLY GENERATED FUNDS |
| ELECTRIFICATION LERATO PARK | - | 3,000,000 | 3,000,000 | INTERNALLY GENERATED FUNDS |
| CAPITAL SPARES-ACQ-PREPAID METERS | 1,000,000 | - | 1,000,000 | INTERNALLY GENERATED FUNDS |
| RESEALING OF ROADS FB WM | - | 3,500,000 | 3,500,000 | FRANCES BAARD DM |
| EUROPEAN UNION BEAR PROJECT | - | 14,400,000 | 14,400,000 | EUROPEAN UNION |
| UPGRADE HADISON PARK 66/11 KV SUBSTATION | 1,500,000 | - | 1,500,000 | INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT |
| ELECTRIFICATION GOLF COURSE | - | 5,400,000 | 5,400,000 | INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT |
| NETWORKS ACQ - ELECTR MATHIBE | 33,000,000 | - 33,000,000 | - | INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT |
| ELECTRIFICATION LETABO PARK | 20,000,000 | 3,320,000 | 23,320,000 | INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT |
| NETWORKS ACQ - ELECTR SOUL CITY | - | 1,280,000 | 1,280,000 | INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT |
| ELECTRIFIC LERATO PARK LINK SERV NETWORK | 12,000,000 | - 7,000,000 | 5,000,000 | INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT |
| TOWNSHIP ESTABLISHMENT VARIOUS WARDS | 3,000,000 | - | 3,000,000 | INTEGRATED URBAN DEVELOPMENT GRANT |
| RESEALING OF ROADS VARIOUS WARDS | 13,000,000 | - 13,000,000 | - | INTEGRATED URBAN DEVELOPMENT GRANT |
| STORMWAT PROJ-SW CHANNEL GALASH IU DG | 10,000,000 | - 10,000,000 | - | INTEGRATED URBAN DEVELOPMENT GRANT |
| UPGRADE GRAVEL ROADS WARDS VARIOUS | 10,000,000 | - 10,000,000 | - | INTEGRATED URBAN DEVELOPMENT GRANT |
| P-CNIN COM F FIRE/AMBUL | - | 3,000,000 | 3,000,000 | INTEGRATED URBAN DEVELOPMENT GRANT |
| CRAVEN STREET TRADE CENTRE | 8,000,000 | - | 8,000,000 | INTEGRATED URBAN DEVELOPMENT GRANT |
| P-CIER RDS ROADS | - | 11,700,000 | 11,700,000 | INTEGRATED URBAN DEVELOPMENT GRANT |
| STORMWAT PROJ-SW CHANNEL GALASH IU DG | - | 7,300,000 | 7,300,000 | INTEGRATED URBAN DEVELOPMENT GRANT |
| UPGRADE GRAVEL ROADS WARDS VARIOUS | - | 10,000,000 | 10,000,000 | INTEGRATED URBAN DEVELOPMENT GRANT |
| LERATOPARK SEWER UPGRAD DOWNSTREAM INFRA | 22,266,000 | - | 22,266,000 | INTEGRATED URBAN DEVELOPMENT GRANT |
| ELEVATED WATER TANKS DISTRIBUTION | - | 1,000,000 | 1,000,000 | INTEGRATED URBAN DEVELOPMENT GRANT |
| ACQ STORMWAT PROJ-STORWAT CHANNEL GALASH | 10,000,000 | - 10,000,000 | - | NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT |
| ACQ - CARTERS GLEN SEWER PUMP STATION | 25,000,000 | - 4,000,000 | 21,000,000 | WATER SERVICES INFRASTRUCTURE GRANT |
| TOTAL | 179,266,000 | - 12,600,000 | 166,666,000 | |

The table above indicates the final adjustment of capital budget by project. The following is highlighted:

- Fleet replacement has been increased by R5 500 000.00 for the purchase of fire-fighting engine required at Homevale Fire Station and additional fleet required for service delivery purposes

- b) An additional R5 million has been allocated to complete the construction of sink toilets, an ongoing project.
- c) Electrification of Lerato Park has been allocated a R3 million to cover the project costs incurred. DMRE allocated R10 million in 2020/21 and a rollover of R5 million from 2019/20 into 2020/21. This project was awarded in the beginning of 2021/22 financial year, and upon award, it was discovered that the budget from DMRE has been spent. Internal Audit has now commissioned a forensic investigation on electrification projects from 2018/19 to date to establish how funds were utilized and the reporting made to DMRE in this regard.
- d) FBDM approved in their budget a sum of R3 500 000 for roads resealing in various wards, the funds will be utilized by Roads and Stormwater, planned roads for upgrade or building must be submitted and approved by Roads and Transport Committee
- e) Electrification of Mathibe Park has been withdrawn by National Treasury and DMRE due to their assessment of state of readiness to complete the project, whilst Lerato Park 1100 houses has been increased by a budget of R3 300 000m to R23,3 million.
- f) Soul City will be electrified and a budget of R1 280 000 has been made available from INEP.

7.5 Adjustment budget capital budget by funding source

The table below indicates adjustment of capital budget funding sources, and the following is reported:

| Per funding source | Sum of Original Budget | Sum of Adjustments | Sum of Adjusted Budget |
|---|------------------------|------------------------|------------------------|
| EUROPEAN UNION | - | 14 400 000,00 | 14 400 000,00 |
| FRANCES BAARD DM | - | 3 500 000,00 | 3 500 000,00 |
| INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT | 66 500 000,00 | - 30 000 000,00 | 36 500 000,00 |
| INTEGRATED URBAN DEVELOPMENT GRANT | 66 266 000,00 | - | 66 266 000,00 |
| INTERNALLY GENERATED FUNDS | 11 500 000,00 | 13 500 000,00 | 25 000 000,00 |
| NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT | 10 000 000,00 | - 10 000 000,00 | - |
| WATER SERVICES INFRASTRUCTURE GRANT | 25 000 000,00 | - 4 000 000,00 | 21 000 000,00 |
| Grand Total | 179 266 000,00 | - 12 600 000,00 | 166 666 000,00 |

- a) The European Union Grant is increased by R14 400 000, which was rollover from 2021/22
- b) The INEP is reduced by R30 000 000.00 due to withdrawal of funds to Lerato Park caused by an impression of difficulty in spending in the current year. The project is not ready for implementation nor a contractor appointment in the pipeline, at least at the time of decision making by DMRE and NT.
- c) CRR has been increased by R13 500 000 to cover various projects and commitments in place
- d) NDPG has been withdrawn and the funds were earmarked for Thlageng Attenuation Dam
- e) DWA has reduced WSIG to R21 000 000, these funds are allocated to Carters Glen Pump Station upgrade.

The table below further elaborates.

| Per funding source per project | Sum of Original Budget | Sum of Adjustments | Sum of Adjusted Budget |
|--|------------------------|------------------------|------------------------|
| EUROPEAN UNION | - | 14 400 000,00 | 14 400 000,00 |
| EUROPEAN UNION BEAR PROJECT | - | 14 400 000,00 | 14 400 000,00 |
| FRANCES BAARD DM | - | 3 500 000,00 | 3 500 000,00 |
| RESEALING OF ROADS FB WM | - | 3 500 000,00 | 3 500 000,00 |
| INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT | 66 500 000,00 | - 30 000 000,00 | 36 500 000,00 |
| ELECTRIFIC LERATO PARK LINK SERV NETWORK | 12 000 000,00 | - 7 000 000,00 | 5 000 000,00 |
| ELECTRIFICATION GOLF COURSE | - | 5 400 000,00 | 5 400 000,00 |
| ELECTRIFICATION LETABO PARK | 20 000 000,00 | 3 320 000,00 | 23 320 000,00 |
| NETWORKS ACQ - ELECTR MATHIBE | 33 000 000,00 | - 33 000 000,00 | - |
| NETWORKS ACQ - ELECTR SOUL CITY | - | 1 280 000,00 | 1 280 000,00 |
| UPGRADE HADISON PARK 66/11 KV SUBSTATION | 1 500 000,00 | - | 1 500 000,00 |
| INTEGRATED URBAN DEVELOPMENT GRANT | 66 266 000,00 | - | 66 266 000,00 |
| CRAVEN STREET TRADE CENTRE | 8 000 000,00 | - | 8 000 000,00 |
| ELEVATED WATER TANKS DISTRIBUTION | - | 1 000 000,00 | 1 000 000,00 |
| LERATOPARK SEWER UPGRAD DOWNSTREAM INFRA | 22 266 000,00 | - | 22 266 000,00 |
| P-CIER RDS ROADS | - | 11 700 000,00 | 11 700 000,00 |
| P-CNIN COM F FIRE/AMBUL | - | 3 000 000,00 | 3 000 000,00 |
| RESEALING OF ROADS VARIOUS WARDS | 13 000 000,00 | - 13 000 000,00 | - |
| STORMWAT PROJ-SW CHANNEL GALASH IUDG | 10 000 000,00 | - 2 700 000,00 | 7 300 000,00 |
| TOWNSHIP ESTABLISHMENT VARIOUS WARDS | 3 000 000,00 | - | 3 000 000,00 |
| UPGRADE GRAVEL ROADS WARDS VARIOUS | 10 000 000,00 | - | 10 000 000,00 |
| INTERNALLY GENERATED FUNDS | 11 500 000,00 | 13 500 000,00 | 25 000 000,00 |
| ACQ-COMPUTER EQUIPMENT REPLACEMENT | 3 500 000,00 | - | 3 500 000,00 |
| ACQ-FLEET REPLACEMENT | 4 000 000,00 | 5 500 000,00 | 9 500 000,00 |
| ACQ-FURNITURE AND OFFICE EQUIP REPLACEM | 2 000 000,00 | - | 2 000 000,00 |
| CAPITAL SPARES-ACQ-PREPAID METERS | 1 000 000,00 | - | 1 000 000,00 |
| DSITRBUTION-ACQ-WAT METER REPLACEME | 1 000 000,00 | - | 1 000 000,00 |
| ELECTRIFICATION LERATO PARK | - | 3 000 000,00 | 3 000 000,00 |
| RECONSTRUCTION OLD SINK TOILETS PHASE 1 | - | 5 000 000,00 | 5 000 000,00 |
| NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT | 10 000 000,00 | - 10 000 000,00 | - |
| ACQ STORMWAT PROJ-STORWAT CHANNEL GALASH | 10 000 000,00 | - 10 000 000,00 | - |
| WATER SERVICES INFRASTRUCTURE GRANT | 25 000 000,00 | - 4 000 000,00 | 21 000 000,00 |
| ACQ - CARTERS GLEN SEWER PUMP STATION | 25 000 000,00 | - 4 000 000,00 | 21 000 000,00 |
| Grand Total | 179 266 000,00 | - 12 600 000,00 | 166 666 000,00 |

8. ADJUSTED FINANCIAL POSITION

Financial position is a sum of all assets and owner's equity. Assets grow as a result of project implementation. The reduction or withdrawal of funding on certain capital projects have a direct impact on financial position.

The adjusted financial position indicates that:

- PPE will reduce by R27 million
- That intangible assets will grow by R14,4 million

NC091 Sol Plaatje - Table B6 Adjustments Budget Financial Position - 24/02/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year | Budget Year |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|-----------------|-----------------|------------------|------------------|------------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | +1 2022/23 | +2 2023/24 |
| R thousands | | A | A1 | B | C | D | E | F | G | H | Adjusted Budget | Adjusted Budget |
| ASSETS | | | | | | | | | | | | |
| Current assets | | | | | | | | | | | | |
| Cash | | 172 968 | - | - | - | - | - | - | - | 172 968 | 309 728 | 481 481 |
| Call investment deposits | 1 | - | - | - | - | - | - | - | - | - | - | - |
| Consumer debtors | 1 | 1 475 363 | - | - | - | - | - | - | - | 1 475 363 | 1 471 199 | 1 569 471 |
| Other debtors | | 547 474 | - | - | - | - | - | - | - | 547 474 | 570 747 | 604 992 |
| Current portion of long-term receivables | | - | - | - | - | - | - | - | - | - | - | - |
| Inventory | | 47 025 | - | - | - | - | - | 0 | 0 | 47 025 | 49 376 | 52 339 |
| Total current assets | | 2 242 830 | - | - | - | - | - | 0 | 0 | 2 242 830 | 2 401 050 | 2 698 283 |
| Non current assets | | | | | | | | | | | | |
| Long-term receivables | | 36 867 | - | - | - | - | - | - | - | 36 867 | 35 716 | 37 859 |
| Investments | | - | - | - | - | - | - | - | - | - | - | - |
| Investment property | | 205 486 | - | - | - | - | - | - | - | 205 486 | 205 610 | 217 647 |
| Investment in Associate | | - | - | - | - | - | - | - | - | - | - | - |
| Property, plant and equipment | 1 | 1 964 370 | - | - | - | - | - | (27 000) | (27 000) | 1 937 370 | 1 942 135 | 2 054 836 |
| Biological | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible | | 7 307 | - | - | - | - | - | 14 400 | 14 400 | 21 707 | 7 673 | 8 133 |
| Other non-current assets | | 11 864 | - | - | - | - | - | - | - | 11 864 | 12 457 | 13 204 |
| Total non current assets | | 2 225 894 | - | - | - | - | - | (12 600) | (12 600) | 2 213 294 | 2 203 591 | 2 331 680 |
| TOTAL ASSETS | | 4 468 724 | - | - | - | - | - | (12 600) | (12 600) | 4 456 124 | 4 604 641 | 5 029 962 |
| LIABILITIES | | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | | |
| Bank overdraft | | - | - | - | - | - | - | - | - | - | - | - |
| Borrowing | | - | - | - | - | - | - | - | - | - | - | - |
| Consumer deposits | | 45 623 | - | - | - | - | - | - | - | 45 623 | 49 224 | 52 177 |
| Trade and other payables | | 590 399 | - | - | - | - | - | - | - | 590 399 | 552 631 | 715 956 |
| Provisions | | 89 313 | - | - | - | - | - | - | - | 89 313 | 94 029 | 99 671 |
| Total current liabilities | | 725 335 | - | - | - | - | - | - | - | 725 335 | 695 884 | 867 804 |
| Non current liabilities | | | | | | | | | | | | |
| Borrowing | 1 | 172 829 | - | - | - | - | - | - | - | 172 829 | 162 095 | 171 821 |
| Provisions | 1 | 245 000 | - | - | - | - | - | - | - | 245 000 | 257 000 | 272 420 |
| Total non current liabilities | | 417 829 | - | - | - | - | - | - | - | 417 829 | 419 095 | 444 241 |
| TOTAL LIABILITIES | | 1 143 164 | - | - | - | - | - | - | - | 1 143 164 | 1 114 979 | 1 312 045 |
| NET ASSETS | 2 | 3 325 560 | - | - | - | - | - | (12 600) | (12 600) | 3 312 960 | 3 489 662 | 3 717 918 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | 3 246 167 | - | - | - | - | - | (75 241) | (75 241) | 3 170 926 | 3 407 482 | 3 630 807 |
| Reserves | | 79 393 | - | - | - | - | - | - | - | 79 393 | 82 181 | 87 111 |
| TOTAL COMMUNITY WEALTH/EQUITY | | 3 325 560 | - | - | - | - | - | (75 241) | (75 241) | 3 250 320 | 3 489 662 | 3 717 918 |

9. LIQUIDITY AND SUSTAINABILITY

The investments had decreased by R107,938 million or 53% from 2017 to 2018. Investments decreased by R65,278 million or 69% from 2018 to 2019. Investments increased by R21,893 million or 76% from 2019 to 2020. Investments decreased by R10,495 million or 21% from 2020 to 2021. From 2017 to 2021, the total investments decreased by R161,817 million. The same trend can be seen year-on-year, as indicated in the chart above in respect of the Cash and cash equivalents.

This is attributable to various factors inter alia, the lower collection rate, increased capital expenditure, especially increase on CRR funding year-on-year, the non-implementation of the basic

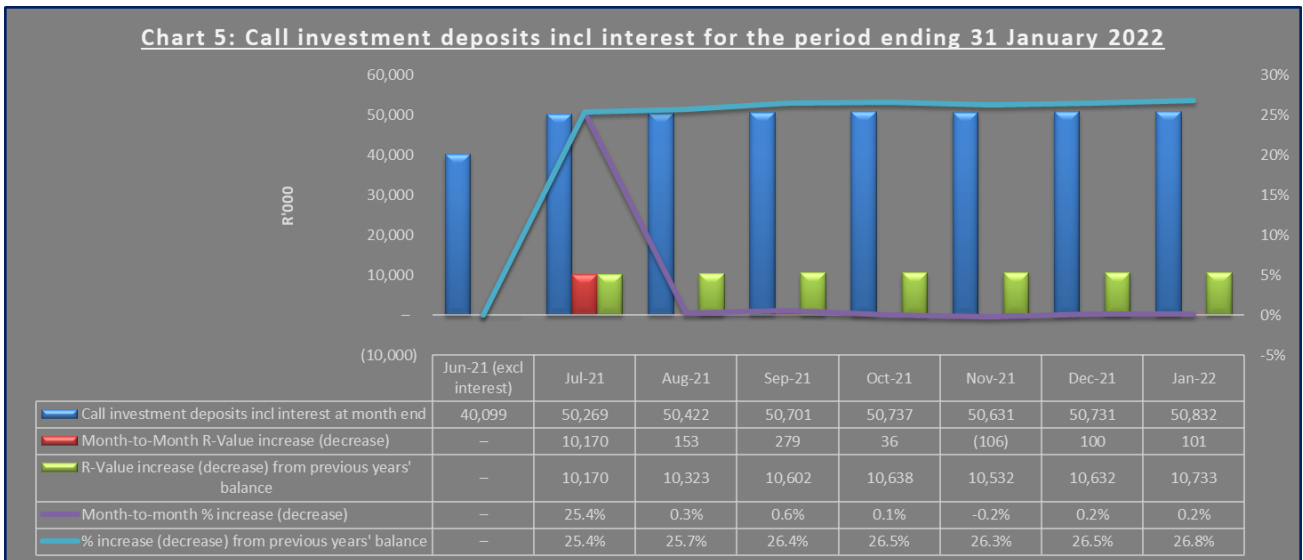
charge for the 2018/19 financial year, increase in bulk purchases, operational expenditure, including excessive expenditure on Overtime and EPWP, variation orders on contracts, excessive water and electricity losses. And the servicing of the long-term loan. The decline in investments and Cash & cash equivalents is concerning and must be addressed by management.

NC091 Sol Plaatje - Table B7 Adjustments Budget Cash Flows - 24/02/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year | Budget Year |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|------------------|------------------|------------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | +1 2022/23 | +2 2023/24 |
| R thousands | | A | A1 | B | C | D | E | F | G | H | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Property rates | | 537 299 | - | - | - | - | - | - | - | 537 299 | 592 545 | 651 412 |
| Service charges | | 901 622 | - | - | - | - | - | - | - | 901 622 | 983 535 | 1 069 434 |
| Other revenue | | 339 839 | - | - | - | - | - | - | - | 339 839 | 381 245 | 420 534 |
| Transfers and Subsidies - Operational | 1 | 230 640 | - | - | - | - | - | - | - | 230 640 | 241 544 | 243 434 |
| Transfers and Subsidies - Capital | 1 | 149 809 | - | - | - | - | - | - | - | 149 809 | 98 625 | 96 786 |
| Interest | | 9 000 | - | - | - | - | - | - | - | 9 000 | 12 000 | 15 000 |
| Dividends | | - | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | | |
| Suppliers and employees | | (1 875 821) | - | - | - | - | - | - | - | (1 875 821) | (1 002 821) | (1 056 435) |
| Finance charges | | (22 261) | - | - | - | - | - | - | - | (22 261) | (20 963) | (19 501) |
| Transfers and Grants | 1 | (4 850) | - | - | - | - | - | - | - | (4 850) | (4 952) | (5 060) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 265 277 | - | - | - | - | - | - | - | 265 277 | 1 280 759 | 1 415 604 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Proceeds on disposal of PPE | | - | - | - | - | - | - | - | - | - | - | - |
| Decrease (increase) in non-current receivables | | 36 867 | - | - | - | - | - | - | - | - | (1 151) | 2 143 |
| Decrease (increase) in non-current investments | | - | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | | |
| Capital assets | | (179 266) | - | - | - | - | - | - | - | (179 266) | (113 125) | (115 786) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (142 399) | - | - | - | - | - | - | - | (179 266) | (114 276) | (113 643) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Short term loans | | - | - | - | - | - | - | - | - | - | - | - |
| Borrowing long term/refinancing | | - | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in consumer deposits | | (5 849) | - | - | - | - | - | - | - | - | (3 601) | (2 953) |
| Payments | | | | | | | | | | | | |
| Repayment of borrowing | | (10 734) | - | - | - | - | - | - | - | (10 734) | (12 087) | (12 812) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | (16 583) | - | - | - | - | - | - | - | (10 734) | (15 688) | (15 766) |
| NET INCREASE/(DECREASE) IN CASH HELD | | | | | | | | | | | | |
| Cash/cash equivalents at the year begin: | 2 | 93 891 | - | - | - | - | - | - | - | 93 891 | 241 110 | 404 419 |
| Cash/cash equivalents at the year end: | 2 | 200 186 | - | - | - | - | - | - | - | 169 168 | 1 391 905 | 1 690 614 |

As indicated, from December 2021 to January 2022 investments including interest increased by R101 thousand or 0.2%, in respect of the month-to-month comparison. Investments increased by R10,733 million or 26.8% when compared to the previous years' audited balance of R40,099 million. Various commitments must be met monthly including Salaries, Bulk Electricity, Bulk Water in the billing period and capital expenditure. The majority of staff receive their annual bonuses in December of each year. Bi-annual long-term loan repayments. The non-charging of the basic charge for the 2018/19 financial year for domestic consumers also had a negative impact on the income from Sale of Electricity and thus negatively affecting the municipality's cash flow. The movement on investments should be monitored going forward and a concerted effort should be done to collect current and long outstanding debt. Capital and Operational expenditure overall, also needs to be reviewed and prioritised.

Chart 5: Call investment deposits incl interest for the period ending 31 January 2022



The estimated average Cost coverage ratio is currently less than one week. Cash at this stage is monitored on a daily basis. The Cost coverage ratio is a critical indicator that the municipality is in a severe cash flow crisis and not in the conducive position to settle short-term commitments. This is a critical threat to the municipality’s ability to pay salaries, bulk accounts and day-to-day operations which can have a detrimental effect on service delivery and irrevocably damage the municipality’s relationship with its service providers and further tarnishing the municipality’s reputation.

The only way to address these issues, is to work as a collective team, enforce accountability within all departments and to collect outstanding debt. Collect outstanding debt and improve the collection rate. The municipality also needs to spend funds effectively and efficiently with good value for money. Cost containment measures must be stringently applied.

9.1 Revised collection rate

As per Table below, when taking into consideration what was billed in December 2021 and received in January 2022, the monthly collection rate is 64%. Indicated in Table 11 below is the revised average collection of 70% for the period under review. The average collection is distorted due to the annual billing of Property rates. The actual Rand-value billed for July 2021, is R78,562 million and the annual billing is effectively deducted from the YTD billing on Property rates, to portray a more realistic picture of the average collection rate which translates into an average collection rate of 74.4%.

Based on actuals obtained from the system, only R6,820 million has been received for annually billed rates. This clearly demonstrates the low level of receipts from Property rates that is billed annually with a collection rate of 8.7%. When considering the average collection rate, various factors are taken into account, like the receipts on Prepaid Electricity, unallocated credits, etc. The YTD billing on Property Rates and Service Charges are obtained from the general ledger. Billing on Other is obtained from the BS902 report (Debits Raised Versus Payments). The BS566 report

(Payments per Service per Day/Period) includes all monies received from 1 January to 31 January 2022. Unallocated credits are obtained from the cashbook. Government in particular and businesses/households that opt to get billed annually, have until the end of September/October 2021 to settle their outstanding accounts.

| Monthly Collection Rate | Debits (Billed December 2021) | Credits (Received January 2022) | % Collected |
|-------------------------|-------------------------------|---------------------------------|-------------|
| PROPERTY RATES | 45,380,431 | 28,066,834 | 62% |
| ELECTRICITY | 35,091,556 | 25,067,324 | 71% |
| WATER | 27,628,948 | 12,274,892 | 44% |
| SEWERAGE | 8,507,785 | 3,353,955 | 39% |
| REFUSE | 6,428,208 | 2,704,384 | 42% |
| OTHER | 12,167,418 | 15,326,257 | 126% |
| Total | 135,204,346 | 86,793,647 | 64% |

| Monthly collection rate per service | | | | | | | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Revenue source | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Average |
| Property Rates | 62% | 25% | 81% | 66% | 63% | 56% | 62% | 52% |
| Electricity excl Prepays | 80% | 77% | 69% | 80% | 84% | 87% | 71% | 78% |
| Water | 85% | 47% | 47% | 57% | 52% | 58% | 44% | 55% |
| Sewerage | 48% | 44% | 43% | 46% | 44% | 40% | 39% | 43% |
| Refuse | 48% | 47% | 44% | 49% | 46% | 43% | 42% | 45% |
| Other | 108% | 50% | 108% | 129% | 103% | 86% | 126% | 102% |
| Monthly collection rate | 74% | 41% | 69% | 72% | 67% | 66% | 64% | 63% |
| Average monthly collection rate for last four months (Sep 2021 to Jan 2022) | | | | | | | | 68% |

Table 10: Monthly collection rate

| REVENUE BY SOURCE | YTD ACTUAL JANUARY 2022 | YTD RECEIPTS | Rate |
|---|-------------------------|----------------------|--------------|
| PROPERTY RATES | R 395,406,089 | R 206,400,359 | 52.2% |
| SERVICE CHARGE ELECTRICITY | R 276,747,126 | R 220,881,990 | 79.8% |
| SERVICE CHARGE ELECTRICITY - PREPAIDS | R 165,262,738 | R 165,262,738 | 100.0% |
| SERVICE CHARGE WATER | R 173,944,734 | R 93,008,833 | 53.5% |
| SERVICE CHARGE SANITATION | R 49,968,342 | R 25,596,209 | 51.2% |
| SERVICE CHARGE REFUSE | R 36,304,985 | R 20,199,360 | 55.6% |
| OTHER | R 82,140,968 | R 83,708,668 | 101.9% |
| UNALLOCATED CREDITS | | R 10,588,940 | |
| REVISED AVERAGE COLLECTION RATE - JANUARY 2022 | R 1,179,774,983 | R 825,647,097 | 70.0% |

| REVENUE BY SOURCE | YTD ACTUAL JANUARY 2022 | YTD RECEIPTS | Rate |
|---|-------------------------|----------------------|--------------|
| REVISED AVERAGE COLLECTION RATE - JANUARY 2022 incl ANNUAL BILLING ON PROPERTY RATES | R 1,179,774,983 | R 825,647,097 | 70.0% |
| LESS ANNUAL BILLING ON PROPERTY RATES | R -78,561,553 | R -6,820,309 | 8.7% |
| REVISED AVERAGE COLLECTION RATE - JANUARY 2022 excl ANNUAL BILLING ON PROPERTY RATES | R 1,101,213,431 | R 818,826,788 | 74.4% |

9.2 Investment Portfolio

The market value of the investment portfolio has been utilized and for the period ending 31 7 2022, the value of total investments made was R50,832 million including interest. Investments excluding interest amounted to R50,099 million. Part of investments made during the month where interest accrued which reflected an increase in investment and not as a result of increased revenue collection.

NC091 Sol Plaatje - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M07 January

| Investments by maturity Name of institution & investment ID | Ref | Period of Investment | Type of Investment | Capital Guarantee (Yes/ No) | Variable or Fixed interest rate | Interest Rate * | Commission Paid (Rands) | Commission Recipient | Expiry date of investment | Opening balance | Interest to be realised | Partial / Premature Withdrawal (4) | Investment Top Up | Closing Balance |
|--|-----|----------------------|--------------------|-----------------------------|---------------------------------|-----------------|-------------------------|----------------------|---------------------------|-----------------|-------------------------|------------------------------------|-------------------|-----------------|
| | | Yrs/Months | | | | | | | | | | | | |
| R thousands | | | | | | | | | | | | | | |
| Municipality | | | | | | | | | | | | | | |
| Absa Bank 20 -6295-4443 | | 12 mths | Notice | YES | Fixed | 04.85 | | | 28.06.2022 | 7,558 | 31 | | | 7,589 |
| Standard Bank 048466271-080 | | 12 mths | Notice | YES | Fixed | 05.850 | | | 10.11.2022 | 21,073 | 9 | | | 21,082 |
| First National Bank | | | Call a/c | YES | Variable | 03.40 | | | | 5,584 | 16 | | | 5,600 |
| Absa Bank | | | Call a/c | YES | Variable | 02.50 | | | | 5,556 | 12 | | | 5,568 |
| Investec | | | Call a/c | YES | Variable | 03.60 | | | | 625 | 2 | | | 627 |
| Nedbank | | | Call a/c | YES | Variable | 03.50 | | | | 5,238 | 16 | | | 5,253 |
| Standard Bank | | | Call a/c | YES | Variable | 03.50 | | | | 5,098 | 16 | | | 5,114 |
| Municipality sub-total | | | | | | | | | | 50,731 | | | | 50,832 |
| TOTAL INVESTMENTS AND INTEREST | 2 | | | | | | | | | 50,731 | | | | 50,832 |

10. ADJUSTMENTS OF ALL GRANTS AND SUBSIDIES

| Operational Grants | Original Budget | Total Adjustments | Adjusted Budget |
|---|-----------------|-------------------|-----------------|
| Equitable Share | 212,328 | – | 212,328 |
| Expanded Public Works Programme Integrated Grant | 3,362 | – | 3,362 |
| Infrastructure Skills Development Grant | 5,500 | – | 5,500 |
| Local Government Financial Management Grant | 1,650 | – | 1,650 |
| Municipal Disaster Relief Grant | – | 1,015 | 1,015 |
| Libraries | 7,800 | 500 | 8,300 |
| Dept of Tourism (EPWP) | – | 218 | 218 |
| Frances Baard District Municipality | – | 4,500 | 4,500 |
| Total Operational Grants | 230,640 | 6,233 | 236,873 |
| | | | |
| Capital Grants | Original Budget | Total Adjustments | Adjusted Budget |
| Integrated National Electrification Programme Grant | 66,500 | (30,000) | 36,500 |
| Integrated Urban Development Grant | 66,266 | – | 66,266 |
| Neighbourhood Development Partnership Grant | 10,000 | (10,000) | – |
| Water Services Infrastructure Grant | 25,000 | (4,000) | 21,000 |
| European Union | – | 14,400 | 14,400 |
| Frances Baard District Municipality | – | 3,500 | 3,500 |
| Total Operational Grants | 167,766 | (26,100) | 141,666 |

Indicated below are the explanatory note per grant

| Revenue by source | Increase | Decrease | Net Adjustment | Comment |
|--|---------------|---------------|-----------------|--|
| | R'000 | R'000 | R'000 | |
| Transfers recognised - operational | 1,500 | – | 1,500 | FBDM Funding for Operations and Maintenance (equal split Roads and Sewer) |
| Transfers recognised - operational | 3,000 | – | 3,000 | FBDM Funding for Environmental Health |
| Transfers recognised - operational | 1,015 | – | 1,015 | Municipal Disaster Relief Grant (R790k for repair of pump stations and R225k repairs of Tlhageng Dam's damaged retention wall) |
| Transfers recognised - operational | 500 | – | 500 | Adjustment on Library grant from DSAC |
| Transfers recognised - operational | 218 | – | 218 | EPWP Dept Tourism rollover from 2020/21 fin year |
| Total – operational transfers | 6,233 | – | 6,233 | Net upward adjustment |
| Capital transfers & Subsidies | – | 30,000 | (30,000) | Downwards adjustment of R30m on INEP |
| Capital transfers & Subsidies | – | 10,000 | (10,000) | Downwards adjustment of R10m on NDPG |
| Capital transfers & Subsidies | – | 4,000 | (4,000) | Downwards adjustment of R4m on WSIG |
| Capital transfers & Subsidies | 14,400 | – | 14,400 | Upward adjustment of R14,400m from European Union |
| Capital transfers & Subsidies | 3,500 | – | 3,500 | Funding from FBDM for resealing of Roads |
| Total Capital transfers Subsidies | 17,900 | 44,000 | (26,100) | Net downward adjustment |

11. AGED DEBTORS ANALYSIS

Indicated in Table below, is the total outstanding debt by Income Source and Customer Group, with the total O/S Debt amounting to R2,817,650 billion as at the end of January 2022. The Credit control office implemented the following contingencies. In the light of current cash flow and very low cashier collection at points, disconnection and blocking of institutions, businesses and Government Departments without valid arrangements or not in discussions with the municipality, will be done effective immediately. Bulk blocking of prepaid meters is hampered due to Covid-19 regulations. On a weekly basis, the municipality also focuses on the Top Ten accounts for all debtor groups. Water and lights (long outstanding queries and Interims), Rates (long outstanding Interims) are also dealt with. The Call Centre also do courtesy calls to the most paying customers, as a means to improve customer satisfaction.

As part of assistance provided under COVID 19 Disaster Management Regulations, a 30% Discount for full settlement of arrear debt; 10% monthly early payment incentive (excluding Electricity sales); Radio interviews – customer education and awareness, invite indigent for registration; Blocking of non-residential dwellings: 30 % prepaid partial (non-indigent customers); 10 % prepaid partial (indigents customers) and 100% Commercial, Businesses, Gov, Staff, Cllrs, NGO, etc)

NC091 Sol Plaatje - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January

| Description | NT Code | Budget Year 2021/22 | | | | | | | | Total over 90 days | Actual Bad Debts Written Off against Debtors | Impairment - Bad Debts i.t.o Council Policy | |
|---|-------------|---------------------|---------------|---------------|------------------|-------------|-------------|--------------|----------|--------------------|--|---|----------|
| | | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr | | | | Total |
| R thousands | | | | | | | | | | | | | |
| Debtors Age Analysis By Income Source | | | | | | | | | | | | | |
| Trade and Other Receivables from Exchange Transactions - Water | 1200 | 50,754 | 19,041 | 18,029 | 469,819 | - | - | - | - | 557,643 | 469,819 | - | - |
| Trade and Other Receivables from Exchange Transactions - Electricity | 1300 | 54,914 | 13,339 | 10,389 | 205,979 | - | - | - | - | 284,621 | 205,979 | - | - |
| Receivables from Non-exchange Transactions - Property Rates | 1400 | 55,582 | 15,273 | 14,306 | 698,938 | - | - | - | - | 784,099 | 698,938 | - | - |
| Receivables from Exchange Transactions - Waste Water Management | 1500 | 11,550 | 4,387 | 4,175 | 146,789 | - | - | - | - | 166,901 | 146,789 | - | - |
| Receivables from Exchange Transactions - Waste Management | 1600 | 9,057 | 3,315 | 3,099 | 112,690 | - | - | - | - | 128,162 | 112,690 | - | - |
| Receivables from Exchange Transactions - Property Rental Debtors | 1700 | 533 | 503 | 497 | 42,244 | - | - | - | - | 43,777 | 42,244 | - | - |
| Interest on Arrear Debtor Accounts | 1810 | 23,039 | 9,939 | 9,689 | 597,922 | - | - | - | - | 640,590 | 597,922 | - | - |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 1820 | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | 1900 | 5,597 | 2,766 | 3,128 | 200,367 | - | - | - | - | 211,858 | 200,367 | - | - |
| Total By Income Source | 2000 | 211,027 | 68,564 | 63,311 | 2,474,748 | - | - | - | - | 2,817,650 | 2,474,748 | - | - |
| 2020/21 - totals only | | 215,758 | 72,083 | 60,625 | 2,165,776 | | | | | 2,514,243 | 2,165,776 | | |
| Debtors Age Analysis By Customer Group | | | | | | | | | | | | | |
| Organs of State | 2200 | 37,972 | 14,204 | 10,742 | 758,216 | - | - | - | - | 821,134 | 758,216 | - | - |
| Commercial | 2300 | 73,533 | 15,993 | 15,628 | 369,611 | - | - | - | - | 474,765 | 369,611 | - | - |
| Households | 2400 | 96,928 | 37,234 | 35,817 | 1,298,906 | - | - | - | - | 1,468,886 | 1,298,906 | - | - |
| Other | 2500 | 2,593 | 1,133 | 1,125 | 48,015 | - | - | - | - | 52,866 | 48,015 | - | - |
| Total By Customer Group | 2600 | 211,027 | 68,564 | 63,311 | 2,474,748 | - | - | - | - | 2,817,650 | 2,474,748 | - | - |

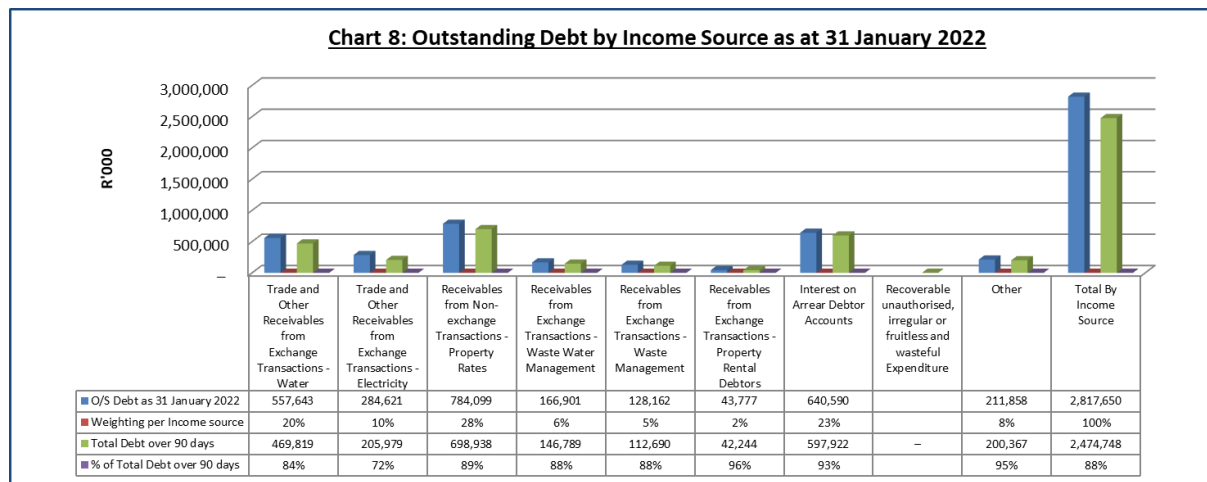
The table further depicts the month-on-month summary of Debt over 90 days as a percentage of total O/S Debt which remained constant at 88% for the period under review. Debt over 90 days increased by R37,088 million in respect of the month-to-month comparison. The month-to-month increase on Total debt amounted to R38,914 million. It is concerning that total debt over 90 days is hovering at an average of 85-86 percent.

During the Adjustment Budget funding assessment for 2019/20, NT advised that the municipality should consider writing off debtors that we know we are not realistically going to collect. To this end, the amounts written off as uncollectable amounted to R403,262 million for the year ended 30 June

2020. For the year ended 30 June 2021, the amounts written off as uncollectable amounted to R330,209 million. The total amounts written off as uncollectable for the two financial years amounts to R733,470 million.

Weighting per Customer Group

- a) Government debt constitutes 29%, Businesses 17%, Households 52% and Other 2% of the total outstanding debt.



Indicated in Chart 8 above, is the total outstanding debt per Income Source, including the weighting and the percentage of Total Debt over 90 days as at the end of January 2022. The highest percentage weighting of debt owed is attributable to:

- b) Receivables from Non-exchange Transactions - Property Rates at 28%
 c) Interest on Arrear Debtor Accounts 23%, and
 d) Trade and Other Receivables from Exchange Transactions – Water at 20%

The highest percentage weighting of debt owed in excess of 90 days is attributable to:

- e) Receivables from Exchange Transactions - Property Rental Debtors at 96%
 f) Interest on Arrear Debtor Accounts at 93%;
 g) Other 95%

12. AGED CREDITORS ANALYSIS AND STATUS OF DEBT OWED TO ESKOM AND DWS

NC091 Sol Plaatje - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

| Description | NT Code | Budget Year 2021/22 | | | | | | | | Total | Prior year totals for chart (same period) |
|--|-------------|---------------------|---------------|---------------|---------------|----------------|----------------|-------------------|---------------|----------------|---|
| | | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days | 121 - 150 Days | 151 - 180 Days | 181 Days - 1 Year | Over 1 Year | | |
| Creditors Age Analysis By Customer Type | | | | | | | | | | | |
| Bulk Electricity | 0100 | 53,401 | 51,379 | 50,813 | 51,028 | 54,138 | 93,020 | 104,400 | - | 458,179 | 165,312 |
| Bulk Water | 0200 | 19,351 | 11,190 | 14,523 | 15,275 | - | 14,685 | 28,635 | 17,537 | 121,195 | 98,903 |
| PAYE deductions | 0300 | 11,388 | - | - | - | - | - | - | - | 11,388 | 8,752 |
| VAT (output less input) | 0400 | - | - | - | - | - | - | - | - | - | - |
| Pensions / Retirement deductions | 0500 | 7,391 | - | - | - | - | - | - | - | 7,391 | 7,355 |
| Loan repayments | 0600 | - | - | - | - | - | - | - | - | - | - |
| Trade Creditors | 0700 | 3,743 | 193 | 67 | 92 | - | - | - | - | 4,095 | 27,512 |
| Auditor General | 0800 | 272 | - | - | - | - | - | - | - | 272 | - |
| Other | 0900 | 2,644 | 2,541 | 55 | - | 1 | - | - | - | 5,241 | 150,244 |
| Total By Customer Type | 1000 | 98,190 | 65,303 | 65,458 | 66,395 | 54,139 | 107,705 | 133,035 | 17,537 | 607,760 | 458,077 |

Bulk Electricity – As at the 31 January 2022, the outstanding debt owed to ESKOM amounted to R4458,179 million. The municipality will conclude a new payment agreement with ESKOM for the 2021/22 financial year.

Bulk Water – The outstanding debt owed to DWS is R121,195 million. The municipality is still awaiting the June 2021, July 2021 and September 2021 invoices from the Department. The municipality will conclude a new payment agreement with DWS for the 2021/22 financial year.

PAYE and Pension statutory deductions are paid over monthly to the relevant institutions.

VAT – after the monthly VAT reconciliation, an amount of R4,371 million was paid to SARS.

Trade creditors are all suppliers registered on the municipality's database and it is a prerequisite for these suppliers to be registered on the central supplier database (CSD). Outstanding payables pertains to all services rendered and goods received but not yet paid.

Auditor General – current due at the end of January 2022 is R272 thousand.

Other creditors – includes Sundry creditors which were unpaid as at the reporting date.

| Organ of state | Principle debt | Monthly Instalment | Corrections on arrear debt | Total revised debt amount | Amount paid to date | % of debt settled | Balance on Payment arrangement | Balance of unpaid invoices | Current Account due (Jan 2022) | Total Outstanding Debt | YTD Interest charged 2021/22 |
|--------------------|-----------------------|----------------------|----------------------------|---------------------------|-----------------------|-------------------|--------------------------------|----------------------------|--------------------------------|------------------------|------------------------------|
| ESKOM | 112,040,715.83 | 12,448,968.43 | - | 112,040,715.83 | 112,040,715.83 | 100% | - | 404,777,453.36 | 53,401,058.31 | 458,178,511.67 | 18,795,870.72 |
| DWS (Water boards) | 61,179,514.18 | 5,000,000.00 | 340,383.45 | 61,519,897.63 | 61,067,071.06 | 99% | 452,826.57 | 103,329,467.06 | 17,413,166.18 | 121,195,459.81 | 2,444,946.63 |
| Grand Total | 173,220,230.01 | 17,448,968.43 | 340,383.45 | 173,560,613.46 | 173,107,786.89 | 100% | 452,826.57 | 508,106,920.42 | 70,814,224.49 | 579,373,971.48 | 21,240,817.35 |

Indicated in Table above, is the total outstanding debt owed to ESKOM amounting to R458,179 million. The current account due to ESKOM is R53,401 million. The arrear debt of R404,777 million pertains to the unpaid accounts for July 2021 (R104,400m), August 2021 (R93,020m), September 2021 (R54,138m), October 2021 (R51,028m), November 2021 (R50,813m) and December 2021 (R51.379m). The municipality did not have sufficient cash to settle the outstanding accounts due to ESKOM. For the month of January 2022, the municipality settled the final balance of R29,903 million on the June 2021 invoice. The total year to date interest charged on overdue accounts due to ESKOM amounts to R18,796 million which must be disclosed as Fruitless and Wasteful Expenditure for the year under review. The debt for 2020/21 has been settled in full. The municipality envisages to enter into a new payment agreement with ESKOM for the current financial year.

Also, indicated in Table above, is the total outstanding debt owed to DWS amounts to R121,195 million. The total current account due is R19,351 million. The municipality raised a dispute on the billed volume for January 2022 and disclosed is the corrected billed amount. This was taken up with the Department, awaiting feedback from them. The current account includes interest raised for August to December 2021.

It should be noted that the total debt due to DWS needs to concurred with the Department. The debt owed to DWS is understated because the Department never billed the municipality for June 2021, relating to 2020/21 financial year and July and September 2021 for the current year. The mentioned invoices were therefore not received from the Department and is not loaded on the DWS Portal either.

The arrear debt of R101,392 million pertains to the outstanding accounts for January 2021 (R17,084m), February 2021 (R15,329m), March 2021 (R13,224m), August 2021 (R14,685m), October 2021 (R15,275m) and November (R14,523m) and December 2021 (R11,190m). Due to cash flow constraints, the municipality could not settle the outstanding invoices. For the month of January 2022, the municipality made no payment on the arrear debt owed to DWS. The total year to date interest charged on overdue accounts to DWS amounts to R2,445 million. No statement for interest charged for January 2022 was received. The debt agreement for 2020/21 has an outstanding balance of R453 thousand. The discrepancy will be taken up with the Department, due to the fact that is shows as resolved on their side whilst according to the municipality's records this was not paid. The municipality envisages to enter into a new payment agreement with DWS for the current financial year, inclusive of all debt.

13. UTILITY AND TRADING SERVICES REPORTING

13.1 Electricity Utility

Electricity distribution and commercial losses continue to soar unabated. This has a direct impact on tariffs and costs of bulk. It is well understood that distribution losses cannot be addressed once-off but require a series of interventions and programs that are aimed at the losses immediately, one by one until most if not all are resolved.

Electricity is one of the major revenue sources of the municipality, contributing 67% of total revenue from service charges. As at end of January, 51% of original budget for electricity was billed, thus a 51% billed vs 58% year to date target.

Total income from sale of electricity year to date is approximately R449 million against expenditure year to date of R549 million, thus a R100 million net loss in electricity trading account. This has been the trend since July 2018 financial year.

| Description | Original Budget | Adjustment Budget | YTD Movement (18/02/2022) | % Achieved Original | % Achieved Adj Budget |
|--|----------------------|----------------------|---------------------------|---------------------|-----------------------|
| ELECTRICITY | | | | | |
| SUB TOTAL : SERVICE CHARGES | - 861 156 564 | - 861 156 564 | - 441 763 204 | 51% | 51% |
| SUB TOTAL : INTEREST DIV RENT ON LAND | - 16 000 000 | - 16 000 000 | - 7 182 317 | 45% | 45% |
| TOTAL : INCOME | - 877 156 564 | - 877 156 564 | - 448 945 521 | 51% | 51% |
| SUB TOTAL : EMPLOYEE RELATED COST | 54 103 196 | 54 103 196 | 29 760 897 | 55% | 55% |
| SUB TOTAL : CONTRACTED SERVICES | 28 756 000 | 26 316 000 | 13 813 418 | 48% | 52% |
| SUB TOTAL : OPERATIONAL COST | 2 609 660 | 2 989 660 | 1 105 431 | 42% | 37% |
| SUB TOTAL - INVENTORY | 31 102 000 | 31 162 000 | 20 142 374 | 65% | 65% |
| SUB TOTAL : BULK PURCHASES | 647 000 000 | 647 000 000 | 441 638 906 | 68% | 68% |
| SUB TOTAL - INTEREST DIVID & RENT - LAND | 15 706 927 | 49 706 927 | 8 013 275 | 51% | 16% |
| SUB TOTAL : BAD DEBTS WRITTEN OFF | 70 000 000 | 70 000 000 | 35 000 000 | 50% | 50% |
| SUB TOTAL : DEPRECIATION & AMORTISATION | 8 650 000 | 8 650 000 | - | 0% | 0% |
| TOTAL : EXPENDITURE | 857 927 783 | 889 927 783 | 549 474 301 | 64% | 62% |

To date, the municipality has been billed R458 million for bulk electricity against R449 million sales and R549 million operational costs.

| Description - Billing month | Inv No | Inv Date | Due date | Charges excl VAT | VAT Raised | Total billed charges | Interest on Overdue acc | Total invoice amount | Paid Amount |
|-----------------------------|--------------|------------|------------|-----------------------|----------------------|-----------------------|-------------------------|-----------------------|-----------------------|
| Jul-21 | 544473996881 | 2021/08/02 | 2021/09/01 | 88 899 703,36 | 13 334 955,50 | 102 234 658,86 | 2 165 013,02 | 104 399 671,88 | |
| Aug-21 | 544830239945 | 2021/09/01 | 2021/10/01 | 79 965 338,28 | 11 994 800,74 | 91 960 139,02 | 1 059 801,07 | 93 019 940,09 | |
| Sep-21 | 544709229861 | 2021/10/03 | 2021/11/02 | 43 676 578,95 | 6 551 486,85 | 50 228 065,80 | 3 909 941,15 | 54 138 006,95 | |
| Oct-21 | 544829939311 | 2021/11/02 | 2021/12/02 | 42 438 113,35 | 6 365 717,00 | 48 803 830,35 | 2 224 030,27 | 51 027 860,62 | |
| Nov-21 | 544976448507 | 2021/12/01 | 2021/12/31 | 41 767 336,36 | 6 265 100,46 | 48 032 436,82 | 2 780 342,69 | 50 812 779,51 | |
| Dec-21 | 544962194308 | 2021/12/02 | 2022/01/02 | | - | - | 83 198,46 | 83 198,46 | 83 198,46 |
| Dec-21 | 544970510253 | 2022/01/03 | 2022/02/02 | 41 540 908,54 | 6 231 136,28 | 47 772 044,82 | 3 607 153,49 | 51 379 198,31 | |
| Jan-22 | 544610490390 | 2022/02/02 | 2022/03/04 | 43 856 232,82 | 6 578 434,92 | 50 434 667,74 | 2 966 390,57 | 53 401 058,31 | |
| TOTAL | | | | 382 144 211,66 | 57 321 631,75 | 439 465 843,41 | 18 795 870,72 | 458 261 714,13 | |
| Outstanding balance | | | | | | | | | 458 178 515,67 |

To date, a total of R144 million has been paid to Eskom in lieu of arrears for 2020/21 financial year. The total debt is made up of invoices from 1 July 2021 to date, which remains unpaid at this stage.

| Row Labels | Sum of VOTE AMOUNT | Invoice No | Invoice Date | Payment date |
|--------------------|-----------------------|-----------------|--------------|--------------|
| 77050725 | 6 000 000,00 | 544426813086/08 | 20210503 | 20210811 |
| 77050878 | 6 000 000,00 | 544426813086/09 | 20210503 | 20210818 |
| 77050919 | 4 000 000,00 | 544426813086/12 | 20210503 | 20210825 |
| 77050939 | 2 165 402,07 | 544426813086/13 | 20210503 | 20210827 |
| 77051038 | 6 000 000,00 | 544253757653/01 | 20210602 | 20210907 |
| 77051218 | 6 000 000,00 | 544253757653/02 | 20210602 | 20210915 |
| 77051230 | 6 000 000,00 | 544253757653/03 | 20210602 | 20210916 |
| 77051319 | 6 000 000,00 | 544253757653/04 | 20210602 | 20210920 |
| 77051465 | 6 000 000,00 | 544253757653/05 | 20210602 | 20211005 |
| 77051562 | 6 000 000,00 | 544253757653/06 | 20210602 | 20211012 |
| 77051793 | 9 954 439,94 | 544253757653/07 | 20210602 | 20211019 |
| 77052034 | 10 000 000,00 | 544091388864/01 | 20210701 | 20211108 |
| 77052188 | 10 000 000,00 | 544091388864/02 | 20210701 | 20211115 |
| 77052485 | 30 000 000,00 | 544091388864/03 | 20210701 | 20211208 |
| 77052892 | 83 198,46 | 544962194308 | 20211202 | 20220104 |
| 77053047 | 29 903 304,08 | 544091388864/04 | 20210701 | 20220118 |
| Grand Total | 144 106 344,55 | | | |

The table below represents electricity losses.

| ELECTRICITY LOSSES FINANCIAL YEAR: 2021 - 2022 | | | | | | |
|---|--------------------|--------------------|----------------------|-------------------|--------------------|--------------|
| MONTHS | UNITS PURCH kWh | CONVENTIONAL kWh | PREPAID kWh INCL FBE | STREET LIGHTS kWh | TOTAL UNITS SOLD | % LOSSES |
| JULY | 49 182 313 | 16 927 901 | 14 497 764 | 939 347 | 32 365 011 | 34,19% |
| AUG | 45 075 698 | 16 884 044 | 13 476 662 | 939 347 | 31 300 053 | 30,56% |
| SEPT | 38 180 829 | 16 119 053 | 12 166 172 | 833 291 | 29 118 516 | 23,74% |
| OCT | 37 507 750 | 13 152 865 | 12 104 339 | 861 068 | 26 118 272 | 30,37% |
| NOV | 36 309 947 | 13 868 176 | 11 660 157 | 795 414 | 26 323 747 | 27,50% |
| DEC | 36 803 283 | 14 670 908 | 12 286 793 | 821 928 | 27 779 629 | 24,52% |
| JAN | 39 205 748 | 15 121 818 | 12 086 426 | 821 928 | 28 030 172 | 28,50% |
| FEB | | | | | 0 | #DIV/0! |
| MARCH | | | | | 0 | #DIV/0! |
| APRIL | | | | | 0 | #DIV/0! |
| MAY | | | | | 0 | #DIV/0! |
| JUNE | | | | | 0 | #DIV/0! |
| TOTAL | 282 265 568 | 106 744 764 | 88 278 313 | 6 012 323 | 201 035 400 | 28,78 |
| Average % Losses | | | | | | 28,78 |

13.2 Water Utility

For the purposes of the adjustment budget, Engineering Sectors are required to submit a strategy aimed at distribution losses reduction plan. This would mean that for water, a second look be taken on the Moedi Non-Revenue Water Minimisation Feasibility Study that was conducted by Moedi on a consultancy basis, prepare a report on progress made to date or the impact achieved after implementation of various projects and programs that were aimed at reducing non-revenue water. This is basically performing an evaluation report in this regard and assess if the study was on point with its findings.

| Description | Original Budget | Adjustment Budget | YTD Movement (18/02/2022) | % Achieved Original | % Achieved Adj Budget |
|--|----------------------|----------------------|------------------------------|------------------------|--------------------------|
| WATER | | | | | |
| SUB TOTAL : SERVICE CHARGES | - 294 011 652 | - 294 011 652 | - 173 513 649 | 59% | 59% |
| SUB TOTAL : INTEREST DIV RENT ON LAND | - 34 000 000 | - 34 000 000 | - 18 140 406 | 53% | 53% |
| SUB TOTAL : SALES & RENDERING OF SERV | - 600 000 | - 600 000 | - 664 930 | 111% | 111% |
| TOTAL : INCOME | - 328 611 652 | - 328 611 652 | - 192 318 985 | 59% | 59% |
| SUB TOTAL : EMPLOYEE RELATED COST | 48 593 758 | 53 593 758 | 31 211 089 | 64% | 58% |
| SUB TOTAL : CONTRACTED SERVICES | 3 020 000 | 20 000 | 4 394 | 0% | 22% |
| SUB TOTAL : OPERATIONAL COST | 32 863 589 | 41 563 589 | 23 677 363 | 72% | 57% |
| SUB TOTAL - INVENTORY | 36 002 000 | 91 442 000 | 19 772 876 | 55% | 22% |
| SUB TOTAL : BULK PURCHASES | 114 000 000 | - | - | 0% | |
| SUB TOTAL - INTEREST DIVID & RENT - LAND | 4 084 048 | 11 084 048 | 2 775 695 | 68% | 25% |
| SUB TOTAL : BAD DEBTS WRITTEN OFF | 50 000 000 | 50 000 000 | 25 000 000 | 50% | 50% |
| SUB TOTAL : DEPRECIATION & AMORTISATION | 8 100 000 | 8 100 000 | - | 0% | 0% |
| TOTAL : EXPENDITURE | 296 663 395 | 255 803 395 | 102 441 417 | 35% | 40% |
| SUB TOTAL : NON-REVENUE WATER LOSSES | - | 70 760 000 | - | 0% | 0% |
| TOTAL : EXPENDITURE AFTER LOSSES | 296 663 395 | 326 563 395 | 102 441 417 | 35% | 31% |

Sale of water is on par with the year to date estimates of 58%. Actually, 59% of the annual sales of water were billed by end of January, at a total of R192 million, against year to date expenditure of R102 million. Bulk purchases for water has not been recorded against the cost centre but has been reclassified as inventory in line with mSCOA requirements. However, R73 million bulk water has been invoiced since 1 July 2021 which must be funded from sale of water. This brings water trading account expenses as at end of January 2022, to R175 million against total sales of R192 million.

| ELE No | Sum of VOTE AMOUNT | Invoice No | Invoice Date | Payment date |
|--------------------|----------------------|----------------------|--------------|--------------|
| 77050733 | 4 000 000,00 | 411819708/1 | 20200831 | 20210811 |
| 77050877 | 2 000 000,00 | 411819708/2 | 20200831 | 20210817 |
| 77050924 | 1 000 000,00 | 411819708/03 | 20200831 | 20210825 |
| 77051003 | 82 471,24 | 411963723 | 20210731 | 20210831 |
| 77051004 | 507 157,37 | 125001449712 | 20210826 | 20210831 |
| 77051097 | 4 000 000,00 | 411819708/04 | 20200831 | 20210908 |
| 77051221 | 2 000 000,00 | 411819708/05 | 20200831 | 20210915 |
| 77051232 | 82 471,24 | 411973106 | 20210831 | 20210916 |
| 77051233 | 2 000 000,00 | 411819708/06 | 20210831 | 20210916 |
| 77051322 | 2 000 000,00 | 411819708/07 | 20200831 | 20210920 |
| 77051794 | 4 565 596,41 | 411862545/02 | 20201031 | 20211020 |
| 77051795 | 1 161 270,71 | 411819708/07.1 | 20200831 | 20211020 |
| 77051858 | 82 471,24 | 412009852 | 20210930 | 20211022 |
| 77052036 | 8 000 000,00 | 411862545/03 | 20201031 | 20211108 |
| 77052195 | 8 732 805,33 | 411880329 WRL | 20201231 | 20211116 |
| 77052450 | 82 471,24 | 412015917 | 20211031 | 20211202 |
| 77052885 | 82 471,24 | 412020519 | 20211130 | 20211230 |
| 77053199 | 627 775,68 | 493820808 BULK PURCH | 20190331 | 20220203 |
| Grand Total | 41 006 961,70 | | | |

The table above indicates progressive payments made to DWA for bulk purchases of water. However, as at 31 January 2022, total debt owed to DWA stood at R121,195 million, including just over R2 million interest charged on arrears.

The table below reflects water losses.

| | EXCL JOURNALS | EXCL JOURNALS | EXCL JOURNALS | EXCL JOURNALS | |
|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 |
| Purchases in volumes | 20 189 184,000 | 36 923 527,000 | 36 110 075,000 | 35 537 554,000 | 33 027 494,000 |
| R-per kl | R 4,41 | R 3,05 | R 3,03 | R 2,67 | R 2,43 |
| Bulk-water purchases | R 89 060 024,17 | R 112 784 318,97 | R 109 258 275,10 | R 94 759 878,57 | 80 366 285,87 |
| Losses in volume | 12 767 352,700 | 22 777 978,300 | 22 013 157,900 | 21 256 424,500 | 17 584 068,200 |
| R-value losses | R 56 320 292 | R 69 576 202 | R 66 605 225 | R 56 679 652 | R 42 787 571 |
| % Water Losses | 63,24% | 61,69% | 60,96% | 59,81% | 53,24% |

13.3 Refuse removal and solid waste management

Refuse collection is one service that is 100% fleet dependent. In terms of Customer Care Policy, the municipality provides a weekly refuse collection for all residential customers, and daily for CBD and other industrial areas.

There are about 75 000 ervens that requires weekly collection, and this can only be accomplished by an average of 19 refuse compactors running two bits per day, with an average of 1 000km per week per truck. The reality of the matter is the following:

- a) The municipality has on average about 8 trucks running everyday
- b) This has resulted in the team working Monday to Saturday with an average of 35 hours overtime per week per person
- c) No fleet replacement plan in place to address the situation
- d) Due to over working the fleet, regular breakdowns are experienced reducing the 8 average to 6, and no collection at certain areas

It is for this reason that, Cleansing Section must conduct a feasibility study on

- e) Management of waste
- f) Management of landfill site
- g) Appropriate technology for refuse collection and costs associated
- h) Illegal dumping and environmental impact
- i) The costs implications of collecting from formalised but undeveloped areas and collection
- j) Costs and Revenue projections per bit and payment levels per bit

This information will be critical for decision making purposes and in completing the IDP 2022 to 2027 and the Budget Assumptions for 2022/2023 to 2024/25 MTREF. As per the discussions at EMT and during the StratPlan Sessions, there is an intention to operate the weighbridge at Landfill Site. A clear directive must be made in this regard to enable the CFO's Office to advise on tariff determination. The Head of Cleansing Services position has been vacant for a while and this position is critical as cleansing is a utility service and must report about its operation to Utility and Trading Services Committee.

One of the biggest concerns under this vote is a clean city, effective implementation of EPWP, dealing with unauthorised expenditure (EPWP spending exceeding the budget/funds by over 80% annually without any intervention or strategy to control the spending are some of the critical issues that need to be attended to.

It is for this reason that for the adjustment budget, the following must be addressed:

- City cleaning efforts
- Resorts upgrade
- Access control at all facilities
- Upgrade of RC Elliot and Library
- Utilisation of IUDG funds on identified projects
- Refuse collection and billing
- Operation of parks and recreation facilities under COVID Regulations and lost income opportunities

13.4 Water and Sanitation

As much as a significant amount of a budget is allocated to sewer and sanitation and the current upgrade of infrastructure, however, sewer and sanitation leads in as far as collapse of service, which is evident from sewer spillages across the municipality. A detailed and realistic annual maintenance plan informed by the state of infrastructure and operational requirements need to be done in this adjustment, and these assumptions will be used when the budget for 2022/23 to 20/27 as these may influence the tariffs as they are currently.

- An urgent conditional assessment of all sewer pumps must be conducted to enable Budget Office to make proper assumptions on maintenance and replacement of these critical assets. We are left with no option but to block all line item budget for sewer maintenance to ensure that maintenance is informed by the condition of the asset. Assets Management will play a critical role in this regard.

It has been observed that most of overtime worked is as a result of collector system blockages caused by, but not limited to:

- a) Pumps that regularly collapse
- b) Vandalism of electrical mechanisms that ensures that pumps option
- c) Increased capacity above the design of the collector system
- d) Abuse of the reticulation system by the users of the system in general
- e) Failure to regularly unclogged the reticulation network especially in areas that are known to be problematic before these actually clogged and cause spillages and outflows at manholes and pumps

For the purposes of efficient and economically effective way of implementing the available budget allocated for overtime for this section, the following must be done:

- i) Pumps that are planned to be maintained/inspected for any possible malfunction or collapse (during working hours)
- ii) Main line inspections that must be conducted to identify leakages and fix these during working hours
- iii) Weekly works schedule of each team as informed by calls logged with call centre of sewer blockages and outfalls
- iv) Project progress report – Gogga Pump Upgrade

It must be emphasised that overspending causes unauthorised expenditure. In a case where overspending cannot be motivated and authorised by council, it will be deemed as financial misconduct by the supervisor in charge of the vote, in conjunction with the Executive Director, and such will be reported to Council and its Committees and may be subject to investigation by MPAC or the Disciplinary Board, depending on the extent and significance.

13.5 Rates and Taxes

There have been significant and material gaps identified during the audit that require urgent policy amendments that must be effective from 1 March 2022 and which may lead to correction of error from 1 July 2021. A team will be set-up to conduct the reviews and present the proposed amendments during the process of adjusting the budget.

There is an upcoming court case against the municipality, instituted by Ekapa, though the affidavit has been reviewed and found satisfactory in defending the municipality, the consequences of this case may be dire to the municipality, as it may require the review of the cent in the rand property rates to ensure that sufficient income is generated to cover rates funded activities, without a need to borrow or introduce surcharges. The municipality must actively look at alternative rates revenue sources to augment any shortfalls in this revenue source in the next MTREF or IDP Cycle.

13.6 Roads and Stormwater

The devastating effects of heavy rains which block access to various formalised areas is a concern. Stormwater engineering is a rate funded service which must be planned for and budgeted from projected rates income to be generated from the new development. Though this cannot be fully confirmed, it has been realised that most formalised areas such as Snake Park, Lerato Park, Lethabo Park and Greenpoint experience the worst stormwater effects, damming water inside dwelling and flooding of areas into houses. The matter needs serious discussions including the discussions around the successfulness of the NDPG Galeshewe Stormwater Project.

14. KEY REPORTABLE MATTERS

NC091 Sol Plaatje - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January

| Summary of Employee and Councillor remuneration | Ref | 2020/21 | | Budget Year 2021/22 | | | | | | |
|--|-----|-----------------|-----------------|---------------------|----------------|----------------|----------------|-----------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | A | B | C | | | | | | D |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | | |
| Basic Salaries and Wages | | - | - | - | - | - | - | - | | - |
| Pension and UIF Contributions | | 827 | - | - | 39 | 330 | - | 330 | #DIV/0! | - |
| Medical Aid Contributions | | 339 | - | - | 19 | 122 | - | 122 | #DIV/0! | - |
| Motor Vehicle Allowance | | - | - | - | - | - | - | - | | - |
| Cellphone Allowance | | 2,862 | 3,243 | 3,243 | 229 | 1,614 | 1,892 | (278) | -15% | 3,243 |
| Housing Allowances | | - | - | - | - | 16 | - | 16 | #DIV/0! | - |
| Other benefits and allowances | | 26,231 | 31,305 | 31,305 | 2,233 | 14,898 | 18,261 | (3,363) | -18% | 31,305 |
| Sub Total - Councillors | | 30,260 | 34,547 | 34,547 | 2,521 | 16,980 | 20,153 | (3,173) | -16% | 34,547 |
| % increase | 4 | | 14.2% | 14.2% | | | | | | 14.2% |
| Senior Managers of the Municipality | | | | | | | | | | |
| Basic Salaries and Wages | | 9,434 | 8,600 | 8,600 | 637 | 5,104 | 5,017 | 87 | 2% | 8,600 |
| Pension and UIF Contributions | | 984 | 1,108 | 1,108 | 83 | 623 | 646 | (23) | -4% | 1,108 |
| Medical Aid Contributions | | 215 | 252 | 252 | 18 | 128 | 147 | (19) | -13% | 252 |
| Overtime | | - | - | - | - | - | - | - | | - |
| Performance Bonus | | - | - | - | - | - | - | - | | - |
| Motor Vehicle Allowance | | 2,042 | 1,961 | 1,961 | 139 | 1,083 | 1,144 | (61) | -5% | 1,961 |
| Cellphone Allowance | | 168 | 202 | 202 | 14 | 98 | 118 | (20) | -17% | 202 |
| Housing Allowances | | 36 | 39 | 39 | 2 | 15 | 23 | (7) | -32% | 39 |
| Other benefits and allowances | | 15 | 105 | 105 | 1 | 10 | 62 | (52) | -85% | 105 |
| Payments in lieu of leave | | - | - | - | - | - | - | - | | - |
| Long service awards | | 56 | 62 | 62 | 6 | 37 | 36 | 1 | 2% | 62 |
| Post-retirement benefit obligations | | - | - | - | - | - | - | - | | - |
| Sub Total - Senior Managers of Municipality | | 12,951 | 12,329 | 12,329 | 900 | 7,098 | 7,192 | (94) | -1% | 12,329 |
| % increase | 4 | | -4.8% | -4.8% | | | | | | -4.8% |
| Other Municipal Staff | | | | | | | | | | |
| Basic Salaries and Wages | | 395,579 | 450,593 | 447,365 | 39,028 | 246,741 | 261,650 | (14,909) | -6% | 447,365 |
| Pension and UIF Contributions | | 63,864 | 76,857 | 76,857 | 5,343 | 37,760 | 44,834 | (7,074) | -16% | 76,857 |
| Medical Aid Contributions | | 48,766 | 58,592 | 58,592 | 5,458 | 33,072 | 34,179 | (1,107) | -3% | 58,592 |
| Overtime | | 5,493 | 4,146 | 4,146 | 369 | 2,946 | 2,418 | 527 | 22% | 4,146 |
| Performance Bonus | | 28,489 | 35,421 | 35,421 | 889 | 22,506 | 20,663 | 1,844 | 9% | 35,421 |
| Motor Vehicle Allowance | | 38,306 | 51,621 | 51,621 | 3,512 | 24,573 | 30,112 | (5,539) | -18% | 51,621 |
| Cellphone Allowance | | 1,296 | 1,499 | 1,499 | 108 | 834 | 875 | (40) | -5% | 1,499 |
| Housing Allowances | | 2,696 | 3,158 | 3,158 | 249 | 1,576 | 1,842 | (266) | -14% | 3,158 |
| Other benefits and allowances | | 63,958 | 63,880 | 67,114 | 7,768 | 46,740 | 38,461 | 8,279 | 22% | 67,114 |
| Payments in lieu of leave | | 29,135 | 14,000 | 14,000 | 1,330 | 9,091 | 8,167 | 924 | 11% | 14,000 |
| Long service awards | | 23,136 | 22,791 | 22,791 | 2,009 | 13,986 | 13,295 | 691 | 5% | 22,791 |
| Post-retirement benefit obligations | | 12,550 | 41,500 | 41,500 | - | 1,021 | 24,208 | (23,187) | -96% | 41,500 |
| Sub Total - Other Municipal Staff | | 713,268 | 824,059 | 824,066 | 66,062 | 440,846 | 480,704 | (39,858) | -8% | 824,066 |
| % increase | 4 | | 15.5% | 15.5% | | | | | | 15.5% |
| Total Parent Municipality | | 756,479 | 870,935 | 870,942 | 69,483 | 464,924 | 508,049 | (43,125) | -8% | 870,942 |
| TOTAL SALARY, ALLOWANCES & BENEFITS | | 756,479 | 870,935 | 870,942 | 69,483 | 464,924 | 508,049 | (43,125) | -8% | 870,942 |
| % increase | 4 | | 15.1% | 15.1% | | | | | | 15.1% |
| TOTAL MANAGERS AND STAFF | | 726,219 | 836,388 | 836,395 | 66,963 | 447,944 | 487,896 | (39,952) | -8% | 836,395 |

As depicted in Table above, Employee related costs is underspent and showing a variance of minus 8%. This is attributable to Post-retirement benefit obligations that will be finalized as part of the year-end procedures and the soft lock on the filling of vacancies. It should be noted that the disclosure under Performance bonus, is the annual bonuses or 13th cheques that is budgeted for and paid out to employees. This is not subject to any performance appraisal.

Councillors Remuneration is slightly under-performing at 16%. This is attributable to the annual increase that has not been factored in, as the gazette on the Determination of Upper limits of salaries, allowances and benefits of different members of municipal councils is normally issued in December of each year. Management started to address the issues on Overtime which is higher than the ideal IYM percentage of 58.33%, at 84.8% spent. Backpay was paid to firemen at Emergency Services backdated from December 2019. The total amount paid out during the first quarter of the financial year was R1,923 million.

There are early indicators that the Overtime controls is no longer as effective and the desired outcome to remain within budget, will not be achieved at year-end. The lack of capacity in certain departments, like Water services and the severe service delivery challenges is negatively impacting on the management of Overtime expenditure. Overtime hours are limited to 30 hours per month within most departments. The Overtime policy was developed and approved by Council.

And indicated in Table below, is the YTD Overtime expenditure excluding Night-shift allowance per line item and also per Directorate as at end of January 2022.

| Description per line item (Amount in Rand) | Sum of Original Budget | Sum of YTD Movement | % Spent Original Budget |
|--|------------------------|---------------------|-------------------------|
| MS: OVERTIME - NON STRUCTURED | 18,783,000 | 19,763,722 | 105.2% |
| MS: OVERTIME - STRUCTURED | 12,237,841 | 6,546,045 | 53.5% |
| Overtime as at 31 January 2022 | 31,020,841 | 26,309,767 | 84.8% |
| | | | |
| Directorate (Amount in Rand) | Sum of Original Budget | Sum of YTD Movement | % Spent Original Budget |
| 20-EXECUTIVE AND COUNCIL | 205,000 | 62,841 | 30.7% |
| 21-MUNICIPAL AND GENERAL | - | - | |
| 22-MUNICIPAL MANAGER | - | 14,086 | |
| 23-CORPORATE SERVICES | 1,760,000 | 923,617 | 52.5% |
| 24-COMMUNITY SERVICES | 11,741,441 | 12,980,026 | 110.5% |
| 26-FINANCIAL SERVICES | 453,000 | 773,206 | 170.7% |
| 27-STRATEGY, ECONOMIC DEVELOPMENT & PLANNING | 259,000 | 544,178 | 210.1% |
| 28-INFRASTRUCTURE SERVICES | 16,602,400 | 11,011,813 | 66.3% |
| Overtime as at 31 January 2022 | 31,020,841 | 26,309,767 | 84.8% |

Overtime has been capped at 30 hours across most units within the municipality. The YTD Overtime expenditure is R26,310 million and 84.8% spent, resulting in a negative variance of 26.5%, when compared to the ideal percentage of 58.33% for the period under review.

The BTO office recommended the following precautionary measures.

- a) The monitoring of daily tasks/assignments. This means that work that can be done during normal working hours should be monitored closely. Ideally, put emphasis on performance and especially the quality of work done.
- b) Finding means to actually verify work performed, even if this means that for the first few questionable overtime work that managers/supervisors actually go out to the site, if possible.
- c) Using the vehicle tracking reports to ascertain the timespan at a particular site.
- d) Making sure that the hours claimed are legitimate and is actually consistent and correlates to the normal estimated time to complete a job of a similar nature.
- e) Request a detailed description of the nature of work done and insist on the exact site where work was performed being specified.
- f) Ensure that managers remain vigilant and question hours claimed and not just sign Overtime forms. We believe that this will make workers more aware that they cannot just claim hours like they did in the past.
- g) Stopping planned Overtime, unless it is to avoid major shutdowns or service interruptions.
- h) The adherence to the Overtime Policy stipulations, is imperative in order to address the issues on overtime.

14.1 Tools of Trade – for staff to allow continuity and productivity

With the recent outbreak of COVID in the municipality, it has become clear that we are not ready to absorb such shocks and ensure business continuity and service delivery. This became vivid when Revenue Management and Expenditure Control Section were hit by COVID cases, as the sections had to totally close and could not render any service to the public.

As per the current COVID protocols, any staff who is close contact or is part of contact tracing of COVID confirmed case must isolate for 7 days, not that they are sick or disabled, but for the purposes of monitoring, and embarking on self-isolation as some may be asymptomatic, they were unable to work from home due to the fact that they do not have access to mobile technology and connectivity to the systems.

In this day and age, it is no longer about registering present at work, but being productive and completing all tasks assigned in time and keeping in touch with management and supervisors on a daily basis for all necessary updates and performance.

For the purposes of the adjustment budget, it is required that Human Resources and Line Managers of each section discuss and identify critical positions whose tools of trade must be revised to necessitate remote working and connectivity. The outcome of this exercise will inform our ICT Procurement Strategy in ensuring business continuity and connectivity without compromising security and exposure to other risks. Audit of job descriptions to include tools of trade and practicality of working from home future.

14.2 Capitalization of Work in Progress – CAPEX

It must be stated here that currently we are holding the highest level of and oldest Work in Progress (WIP) and it grows by 100% of prior year CAPEX annually. Despite the efforts of Assets management Section which are made futile by our engineers, however, when same engineers converse with External Auditors, they can confirm that project is long complete, whilst it being reported as WIP in the financial statements.

During this adjustment budget period, I list of all WIP per asset type will be circulated to various engineering services sections, followed by meetings which will be chaired by the CFO to clear WIP once and for all. The following shall apply with immediate effect:

- All CAPEX projects (jointly by funding source or section or individually per project shall adopt a governance model of having a Project Steering Committee which shall comprise of the Engineer, Assets Management Member, Financial Manager (from BTO), Project Consultant and Head of SCM (for contractor performance management reporting purposes)
- The PSC shall have terms of reference that stipulate the project objectives, deliverables, funding and claims procedures
- All invoices due shall be approved at the PSC meeting before submission to ED for approval and Finance for payment
- Expenditure Section shall track all project claims (payments) against the awarded amount and as soon as expenditure reaches 75% in progress, shall alert Assets Management Section
- The Assets Management Section shall begin with the process of project completion documents until the project actually completes and the certificate issued
- The final payment/claim will only be processed upon receiving all documents to allow for project valuation, unbundlement and capitalisation
- No retention will be released without any of the documents required received, for all current projects and retention fees due

This is part of audit action plan as well.

14.3 Covid-19

Covid-19 is assumed to continue to remain a pandemic at least for 2022. However, the working environments have changed for the best and forever. It should be the objective of the municipality to digitise the organisation into the palm of the hands of our community and all other stakeholders. COVID related requirements shall be prioritised and handled on an urgent basis and in line with National Treasury and Department of Health guidelines on a daily basis.

Though there is no budget set aside for COVID 19, virements may be authorised from time to time to make appropriations towards COVID related strides and efforts, be it digitisation, technology mobility, working from home or health and safety related.

14.4 The Collection Action Plan

The Credit Control Action has been developed and monthly execution plan completed. Ward Councillors involvement is very critical to ensure effective communication and understanding by the community.

Our execution plan is as follows:

- Presentation of the Collection Action Plan to Management and MAYCO – combined meeting – 18 January 2022 at 9h00 – Council Chambers
- Presentation of the Collection Action Plan to combined Budget, IDP and PMS and Finance Committee - 19 January 2022 at Council Chambers 14h00
- Meeting with Ward Councillors or all Councillors – 20 January 2022, Council Chambers at 11h00.
- Submission of Planned Ward Meetings by Ward Councillors 21 January 2022
- Publication of the Debtors Service Suspension Program (February 2022)

During the Mid-year Budget Assessment for 2021/22 and indicated below are the Revenue enhancement strategies that can be implemented to ensure the completeness of Revenue, improve the collection rate, enhance customer relations and reduce losses

- a) Disconnection of consumers to be applied consistently and fairly in line with the Credit Control Policy
- b) Engagements with provincial government to collect outstanding debt
- c) Data cleansing of the entire debtor's book
- d) Data cleansing to positively influence the reachability of consumers and assist tremendously in the electronic distribution of municipal accounts via short messaging services (sms) and electronic mail (e-mail)
- e) Improve in the accuracy of monthly billing
- f) Ensure meters are read consistently and timeously

- g) Significantly reduce interim readings and ultimately eliminate interim readings
- h) Reduce material billing errors by thoroughly interrogating billing exception reports prior to final billing run
- i) Enhance customer relations and consumer satisfaction by improving on the turnaround time when dealing with billing queries
- j) Introduce electronic complaints management system/register for account queries
- k) Ensure faulty and bypassed electricity meters are replaced
- l) Ensure that stuck, leaking, faulty or damaged water meters are replaced
- m) Do regular follow-ups on meter replacements
- n) Accurately update the system with latest information
- o) Reduce the turnaround time for installation of replacement or new meters
- p) Ensure improved synergy and improved communication between internal departments like Town Planning, Infrastructure, GIS and Billing
- q) Interrogate billing and prepaid electricity reports on a monthly basis and take immediate remedial action to address anomalies or discrepancies
- r) Ensure that all billable properties are billed for Property rates and services
- s) Ensure that customers are billed at the correct approved tariff by linking each customer to the correct tariff code loaded on the system
- t) Reduce Electricity and Water losses
- u) Finalise the Riverton reclamation dam to reduce water losses at the Plant by at least 8%
- v) Introduce automated metering for bulk consumers
- w) Finalise the Electricity Cost of Supply Study
- x) Ensure qualifying indigents are registered on the system, immediately upon verification
- y) Improve on indigent management in terms of consumption and ensure prepaid electricity meters are installed immediately for all approved indigents
- z) Improve on service delivery and personnel performance, to enhance customer's willingness to pay
- aa) Reduce or curb unnecessary expenditure by diligently applying cost containment measures
- bb) Prioritisation of spending
- cc) Improve on routine maintenance on particularly revenue generating assets
- dd) Spend funds effectively with good value for money

15. GENERAL REPORTING

15.1 mSCOA Reporting

The following represents the minutes of mSCOA Steering Committee held on the 1st of February 2022 and is submitted as the report.

MINUTES OF mSCOA STEERING COMMITTEE

ATTENDANCE

ZL Mahloko: Chairperson

W. Gouws: ICT

K. De Klerk: BTO

B. Shepherd: National Treasury

T. Phuthi HR Management

E. Baise Assets Management

B. Booth (Billing) – absent without apology.

M. Shirindza (SCM) – could not attend due to no connection as a result of cable theft

Agenda:

1. Brief overview of mSCOA as an NT Project
2. Status of the mSCOA Steering Committee
3. Report Back from PIT's on the work assigned to each
4. Input from National Treasury
5. Summary Report
6. Way forward

2. Status of mSCOA Steering Committee

- the Chairperson gave a background to mSCOA Regulation
- terms of reference of the committee were dealt with
- purpose and motivation on mSCOA Regulations was highlighted
- the benefits of full adoption of mSCOA was covered

National Treasury through Mr. Shepherd made valuable inputs to the meeting especially around the mSCOA Systems Audit in progress. He further commented on how Sol Plaatje prepared the strings

for monthly reporting but was happy with the commitment despite the challenges experienced or systems shortcomings.

| PIT | SCOPE OF WORK | Status |
|-------------|---|--|
| K. De Klerk | <p>1. General Ledger</p> <p>2. Budget and Planning Module.</p> <p>3. Grant Management System</p> <p>4. Treasury and Cash Management System</p> <p>5. Costing and Project Accounting</p> | <p>Exists and fully functional</p> <p>Was introduced, withdrawn and there is new module under development</p> <p>Does not exist on its own, grants are traced from the bank statements and journalized to the relevant funding source and revenue</p> <p>Only a fully functional Cash book and bank reconciliation</p> <p>Do not exist</p> |
| T. Phuthi | HR and Payroll | <p>Exist with deficiencies</p> <p>No organogram</p> <p>No budget module</p> <p>No Labour relations</p> <p>No Training and Development</p> |

| | | |
|-----------|--|---|
| | | Various other module exists to augment the deficiencies on the system |
| W. Gouws | Systems Architecture Systems Administration User Proficiency | There is a System Administrator, highly experienced Systems Architecture has safety and security features All basic ICT Policies Exists and may need review as per the Audit Outcome No user training since system roll out days Change management happened at the introduction of the system |
| N. Modiba | Land Use and Building Plans | Software has been acquired. Vendor is being engaged to implement the software |
| K. Nel | Valuation Roll Management | Software has been acquired. Vendor is being engaged to implement the software |
| CFO | Procurement Cycle | No system exists, awaiting a response from BCX on way forward |
| E. Baise | Asset Lifecycle and Maintenance | Systems on Asset register exists, and that for Systems Maintenance. No sync between the departments operating the two systems Investigation is necessary to look at both systems |

Mr. B. Shepherd, the NC Provincial Advisor on mSCOA commended the municipality for our diligent reporting though it is not in the format of national treasury (reports are extracted from the system, placed on an excel and converted into data strings) which makes the municipality compliant in reporting but risky as all reports involve human element and data modification.

He agreed with the sentiments of the attendees that more must be done to achieve the required compliance. The principle of mSCOA is based on ensuring that all transactions that have financial value or implications must be system driven from initiating to completion and authorization and archiving. He indicated that National Treasury has commissioned a system's audit for all IFMIS in use in local government, and the outcome of the audit will indicate which systems comply and which one are not complying and the report will be shared with municipalities to take decisions on the future of their own systems.

Summary Report

It is clear from the reports of various Project Implementation Team's that the municipality complies on 5 of the 15 business processes of mSCOA and only 3 on core systems modules being the GL, Bank and Billing. The Creditors and Stores, though available, it does not fully comply. Same applied to HR and Payroll, more systems functionality features do not exist or not in use at the worst-case scenario.

Resolutions

- That the mSCOA Steering Committee recommends to management that though it is clear that the current system in use is non-compliant with mSCOA, that a decision on the future of the Vendor not be pronounced pending the outcome of the NT Audit as indicated by NT Member in attendance
- That we continue engaging BCX and all third-party vendors on systems integration for now to achieve a level of compliance on integration side
- That we further engage with BCX on Budget Tool or Budgeting and Planning Module
- That the ICT further engages with Microsoft on additional license agreements for document management software

CONFIRMATION OF MINUTES:

MOVED BY:

SECONDED BY:

1. FINANCIAL SERVICES DIRECTORATE
2. CORPORATE SERVICES DIRECTORATE
3. INFRASTRUCTURE AND SERVICES DIRECTORATE
4. COMMUNITY AND SERVICES DIRECTORATE
5. SEDP DIRECTORATE

16. ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION

Indicated in the tables below are the SDBIP Adjustments per Directorate per Key Performance Area:

Infrastructure and Services

| SDBIP Ref | National KPA | Strategic Objective | ORIGINAL BUDGET | PROPOSED ADJUSTED BUDGET | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|------------------------|---|-----------------|---------------------------------|--|---|--|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| TL42 | Basic Service Delivery | To address the poor condition of the roads in the Sol Plaatje area through maintenance and upgrading projects | R10 m IUDG | | To upgrade at least 3 km access roads to a paved surface in Sol Plaatje area by 30 June 2022 | NO ADJUSTMENT | | 3 | | 0.75 | | 0.75 | |
| TL43 | Basic Service Delivery | To address the poor condition of the roads in the Sol Plaatje area through maintenance and upgrading projects | R13 m (IUDG) | R11.7 m (IUDG) R3.5 m (FBDM) | Patching and resealing of 86 000 square metres of roads in Sol Plaatje area by 30 June 2022 | Only the quarterly targets were adjusted should be met at year end. | Oversight Funding from IUDG decreased and additional funding from FBDM | 86,000 | | 86,000 | 0 | 0 | 86,000 |

Infrastructure and Services

| SDBIP Ref | National KPA | Strategic Objective | ORIGINAL BUDGET | PROPOSED ADJUSTED BUDGET | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|------------------------|---|----------------------------|---|---|----------------------------------|---|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| TL44 | Basic Service Delivery | To address the poor condition of the roads in the Sol Plaatje area through maintenance and upgrading projects | R10 m (IUDG) R10 (NDPG) | R7.3m (IUDG) R0 M (NDPG) | Complete 100% rehabilitation of Thlageng attenuation dam in Galeshewe by 30 June 2022 | KPI TO BE REMOVED | The contractor appointed only completed 11% of project and was thus removed from site. Sol Plaatje Municipality intervened by unblocking culverts, cleaning of open channels and reinforcing the dam wall in order to avoid flooding of households. Currently there is a court case and the project can only resume once there is a favourable outcome. This project will not be completed before 30 June 2022. | 100.00% | | 50.00% | | 100.00% | |
| TL45 | Basic Service Delivery | To ensure the availability of critical service delivery tools at all times (fleet management) | R4 m CRR | Additional funding of R5.5 (CRR) m | Ensure that all identified fleet items to be procured for the year, are delivered by 30 June 2022 | NO ADJUSTMENT | Funding increased | 100.00% | | 0.00% | | 100.00% | |

Infrastructure and Services

| SDBIP Ref | National KPA | Strategic Objective | ORIGINAL BUDGET | PROPOSED ADJUSTED BUDGET | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|------------------------|---|-----------------|--------------------------|--|--|--------------------------|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| TL46 | Basic Service Delivery | To ensure the adequate provision, upgrading and maintenance of electricity services infrastructure | R1.5 m (INEP) | | To appoint a professional service provider for the pre-engineering and professional consultancy associated works for Hadison Park Substation by 30 June 2022 | NO ADJUSTMENT | | 100.00% | | 75.00% | | 100.00% | |
| TL47 | Basic Service Delivery | To ensure the adequate provision, upgrading and maintenance of electricity services infrastructure | R12 m (INEP) | R5 m (INEP) | Completion of 35% of the construction work for Lerato Park Link Services by 30 June 2022 | NO ADJUSTMENT | Funding decreased | 35.00% | | 20.00% | | 35.00% | |
| TL48 | Basic Service Delivery | To ensure a basic standard of living for all through the provision of basic sanitation, water, electricity and refuse delivery services | R20 m (INEP) | R23.32 m (INEP) | To complete the electrification of 1100 households by 30 June 2022 (Lethabo Park Phase 1) | To complete the electrification of 1166 households by 30 June 2022 (Lethabo Park Phase 1) (The Annual and Quarters 3 & 4 targets were adjusted) | Funding increased | 1,100 | 1,166 | 250 | 0 | 350 | 1,166 |

Infrastructure and Services

| SDBIP Ref | National KPA | Strategic Objective | ORIGINAL BUDGET | PROPOSED ADJUSTED BUDGET | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|------------------------|---|-----------------|--------------------------|--|---|---|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| TL49 | Basic Service Delivery | To ensure a basic standard of living for all through the provision of basic sanitation, water, electricity and refuse delivery services | R33 m (INEP) | Funding withdrawn | To complete the electrification of 1500 households by 30 June 2022 (Lerato Park, Phases 6-7) | KPI TO BE REMOVED | Funding was withdrawn by Department of Mineral Resources and Energy | 1,500 | | 500 | | 500 | |
| NEW | Basic Service Delivery | To ensure a basic standard of living for all through the provision of basic sanitation, water, electricity and refuse delivery services | | R3 m (CRR) | | To complete the electrification of 150 over the 411 households in Lerato Park by 30 June 2022 | | | 150 | 0 | | 150 | |
| NEW | Basic Service Delivery | To ensure a basic standard of living for all through the provision of basic sanitation, water, electricity and refuse delivery services | | R1.28 m(INEP) | | Complete the electrification of 64 households by 30 June 2022 (Soul City - King Sinare) | | | 64 | 0 | | 64 | |
| NEW | Basic Service Delivery | To ensure a basic standard of living for all through the provision of basic sanitation, water, electricity and refuse delivery services | | R5.4 m (INEP) | | To complete the electrification of 270 households by 30 June 2022 (Golf Course - Riemvasmaak) | | | 270 | 0 | | 270 | |

Infrastructure and Services

| SDBIP Ref | National KPA | Strategic Objective | ORIGINAL BUDGET | PROPOSED ADJUSTED BUDGET | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|------------------------|---|------------------|--------------------------|---|---|--|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| TL50 | Basic Service Delivery | To ensure a basic standard of living for all through the provision of basic sanitation, water, electricity and refuse delivery services | | | Decrease electricity losses to 16% by 30 June 2022 | NO ADJUSTMENT | | 16.00% | | 0.00% | | 16.00% | |
| TL51 | Basic Service Delivery | To ensure the adequate provision, upgrading and maintenance of water and sanitation services infrastructure | R22 266 m (IUDG) | | Complete 100% work for the installation of electrical and mechanical components in Lerato Park Sewer Pump station by 30 June 2022 | NO ADJUSTMENT | | 100.00% | | 0.00% | | 100.00% | |
| TL52 | Basic Service Delivery | To ensure the adequate provision, upgrading and maintenance of water and sanitation services infrastructure | R25 m (WSIG) | R21 m (WSIG) | Completion of 75% of the construction work for the Carters Ridge sewer pump station building with all electrical and mechanical equipment by 30 June 2022 | To complete 100% procurement phase for the appointment of a service provider which is 10% of the overall weighting for the construction work for the Carters Ridge sewer pump station building with all electrical and mechanical equipment by 30 June 2022 | The project is currently at Bid Evaluation stage and construction work will not be completed. (Wording, Unit of Measurement, Source of Evidence and Targets were adjusted) | 75.00% | 10.00% | 0.00% | | 75.00% | 10.00% |

Infrastructure and Services

| SDBIP Ref | National KPA | Strategic Objective | ORIGINAL BUDGET | PROPOSED ADJUSTED BUDGET | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|------------|------------------------|--|-----------------|--------------------------|--|--|------------------------------|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| TL53 | Basic Service Delivery | To ensure a basic standard of living for all through the provision of basic sanitation, water, electricity and refuse delivery services | | | Decrease water losses to 50% by 30 June 2022 | | | 50.00% | | 0.00% | | 50.00% | |
| NEW | Basic Service Delivery | To ensure sustainable delivery of community services (personal including environmental health, waste management, bio-diversity, motor registration and licensing, library, emergency and traffic services) to all residents of SPM | | R3 m (IUDG) | | To complete 100% of the construction of the Homevale Fire Station by 30 June 2022 | Funding was increased | | 100.00% | | 0.00% | | 100.00% |

Infrastructure and Services

| SDBIP Ref | National KPA | Strategic Objective | ORIGINAL BUDGET | PROPOSED ADJUSTED BUDGET | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|------------------------|---|-----------------|--------------------------|-----|--|-----------------------|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| NEW | Basic Service Delivery | To ensure a basic standard of living for all through the provision of basic sanitation, water, electricity and refuse delivery services | | R5 m(CRR) | | To complete 100% of the reconstruction work of 320 aged sink toilets in Kagisho, Kutlwanong and Phomolong by 30 June 2022 | Funding was increased | | 100.00% | | 0.00 | | 100.00% |
| NEW | Basic Service Delivery | To ensure a basic standard of living for all through the provision of basic sanitation, water, electricity and refuse delivery services | | R1 m (IUDG) | | To complete the appointment of a service provider for the construction of the foundations for 2 elevated water tanks by 30 June 2022 | Funding was increased | | 100.00% | | 0.00 | | 100.00% |

Finance

| SDBIP Ref | National KPA | Strategic Objective | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT / CORRECTIVE MEASURES | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|----------------------------|---|--|---|---|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| TL10 | Local Economic Development | To capacitate SMME's and local entrepreneurs | To successfully implement the PPPFA Regulations to achieve BBBEE and radical economic transformation through local procurement by ensuring at least 60% of the municipality's tenders are awarded to EME's, OSE's and from the businesses in the rural areas within the municipal jurisdiction by 30 June 2022 | To successfully implement the PPPFA Regulations to achieve BBBEE and radical economic transformation through local procurement by ensuring at least 20% of the municipality's tenders are awarded to EME's, OSE's and from the businesses in the rural areas within the municipal jurisdiction by 30 June 2022 The annual target and quarterly targets adjusted from 60% to 20%) | The fact that the PPPFA has been challenged which was enabling the municipality to set aside tenders to achieve the target. Doing better on wb quote. In as far as tenders, there were challenges as the formula is not yet functional to accommodate open tenders. The actual achieved is below what we envisaged. | 60.00% | 20.00% | 60.00% | 20.00% | 60.00% | 20.00% |
| TL11 | Basic Service Delivery | To ensure a basic standard of living for all through the provision of basic sanitation, water, electricity and refuse | 12 000 Indigent households to receive free basic services (water, electricity, sanitation and waste removal according to national guidelines) by 30 June 2022 | 15 000 Indigent households to receive free basic services (water, electricity, sanitation and waste removal according to national guidelines) by 30 June 2022 | The fact that the target has been achieved in the first half of the year. | 12,000 | 15,000 | 0 | 0 | 12,000 | 15,000 |

Finance

| SDBIP Ref | National KPA | Strategic Objective | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT / CORRECTIVE MEASURES | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|--|---|--|---|--|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| | | delivery services | | (The annual and quarter 4 target has been adjusted to 15 000) | | | | | | | |
| TL12 | Municipal Financial Viability and Management | Enhance revenue through leveraging alternate sources of funding and identifying new revenue streams | Improve revenue enhancement by ensuring a collection rate of 85% after debt write off by 30 June 2022 | NO ADJUSTMENT | Adoption of collection action plan, improve implementation of credit control policy, implement debt collection processes to business and government, verify indigents and ensure that residential customers enter into valid arrangements, verify prepaid meters that are not purchasing in the last 90 days | 85.00% | | 85.00% | | 85.00% | |
| T13 | Municipal Financial Viability and Management | Promote sound financial management and financial sustainability of Sol Plaatje Municipality through prudent | To spend at least 85% of the Capital Budget (including VAT) on capital projects identified in terms of the IDP by 30 June 2022 | NO ADJUSTMENT | Present to Project Managers monthly spending reports on projects for them to be aware of the progress made. Payment of vouchers on time, ensure that Supply | 85.00% | | 60.00% | | 85.00% | |

Finance

| SDBIP Ref | National KPA | Strategic Objective | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT / CORRECTIVE MEASURES | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|--|---|---|----------------------------------|--|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| | | fiscal management | | | Chain Management processes run smoother | | | | | | |
| TL14 | Municipal Financial Viability and Management | Promote sound financial management and financial sustainability of Sol Plaatje Municipality through prudent fiscal management | To spend at least 90% of the Operational Budget annually (30 June) | NO ADJUSTMENT | Ensure that we align expenditure with cash flows | 90.00% | | 60.00% | | 90.00% | |
| TL15 | Municipal Financial Viability and Management | Promote sound financial management and financial sustainability of Sol Plaatje Municipality through prudent fiscal management | Maintain the debt coverage ratio of at least 2:1 against net assets of the municipality by 30 June 2022 | NO ADJUSTMENT | | 2.1 | | 2.1 | | 2.1 | |
| TL16 | Municipal Financial Viability and Management | Promote sound financial management and financial sustainability of Sol Plaatje Municipality through prudent | Reduce net debtor days to 300 days by 30 June 2022 | NO ADJUSTMENT | | 300 | | 300 | | 300 | |

Finance

| SDBIP Ref | National KPA | Strategic Objective | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT / CORRECTIVE MEASURES | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|--|---|--|---|--|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| | | fiscal management | | | | | | | | | |
| TL17 | Municipal Financial Viability and Management | Promote sound financial management and financial sustainability of Sol Plaatje Municipality through prudent fiscal management | Maintain the cost coverage ratio of at least 1 month (annually) | NO ADJUSTMENT | Due to low collections, this target will improve as collections improve, enter into repayment agreements with major creditors of water and electricity | 1 | | 1 | | 1 | |
| TL18 | Municipal Financial Viability and Management | Promote sound financial management and financial sustainability of Sol Plaatje Municipality through prudent fiscal management | Ensure that the actual spending on employee related costs does not exceed 37% of the total expenditure by 30 June 2022 | Ensure that the actual spending on employee related costs does not exceed 33% of the total expenditure by 30 June 2022 (The annual and Quarter 4 target has been adjusted to 33%) | Due to cost containment, employee costs must be kept as low as possible in comparison to the budget, as this may be funded at lower rate than anticipated due to low collections | 37.00% | 33.00% | 0.00% | 0 | 37.00% | 33.00% |

Strategy, Economic Development and Planning

| SDBIP Ref | National KPA | Strategic Objective | ORIGINAL BUDGET | PROPOSED ADJUSTED BUDGET | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|----------------------------|--|-----------------|--------------------------|---|--|---|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| TL32 | Local Economic Development | To ensure effective spatial planning and development in order to establish a competitive economic position | | | Ensuring a response time of 11 weeks for building plan submissions received in the current financial year for buildings or architectural buildings greater than 500 m ² annually | | The wording of the Unit of Measurement and Source of Evidence were adjusted to be SMART. | 11 | | 11 | | 11 | |
| TL33 | Local Economic Development | To ensure effective spatial planning and development in order to establish a competitive economic position | | | Ensuring a response time of 11 weeks for building plan submissions received in the current financial year for buildings or architectural buildings less than 500 m ² annually | | The wording of the Unit of Measurement and Source of Evidence were adjusted to be SMART. | 11 | | 11 | | 11 | |
| TL34 | Local Economic Development | To ensure effective spatial planning and development in order to establish a competitive economic position | | | To process all category 1 land use applications received until 30 April of the current financial year through MPT (Municipal Planning Tribunal) by 30 | To process 80% category 1 land use applications received until 30 April of the current financial year through MPT (Municipal | The wording of the KPI, Unit of Measurement, Source of Evidence, Annual and 4th Quarter Target were adjusted to be SMART. | 100.00% | 80.00% | 0.00% | | 100.00% | 80.00% |

Strategy, Economic Development and Planning

| SDBIP Ref | National KPA | Strategic Objective | ORIGINAL BUDGET | PROPOSED ADJUSTED BUDGET | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|----------------------------|--|-----------------|--------------------------|---|--|--|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| | | | | | June 2022 in terms of the SPLUMA by-law (2015) | Planning Tribunal) by 30 June 2022 in terms of the SPLUMA by-law (2015) | | | | | | | |
| TL35 | Local Economic Development | To ensure effective spatial planning and development in order to establish a competitive economic position | | | To process at least 200 buildings plans that were received before 1 July 2021 by the end of the current financial year (30 June 2022) | | The wording of the Unit of Measurement and Source of Evidence were adjusted to be SMART. | 200 | | 0 | | 200 | |
| TL36 | Basic Service Delivery | Develop suitable located and affordable housing (shelter) and decent human settlements | R3 000 000 | | Planning and Surveying of 1200 erven in Ritchie by 30 June 2022 | Planning and Surveying of 512 erven in various wards within Sol Plaatje Municipality by 30 June 2022 (The annual and Quarter 4 target and source of evidence have been adjusted) | Non-availability of internal funding (CRR) | 1,200 | 512 | 0 | | 1,200 | 512 |

Strategy, Economic Development and Planning

| SDBIP Ref | National KPA | Strategic Objective | ORIGINAL BUDGET | PROPOSED ADJUSTED BUDGET | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|----------------------------|--|-----------------|--------------------------|--|--|---|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| TL37 | Local Economic Development | To capacitate SMME's and local entrepreneurs | | | Implementation of the Developmental Programme that supports SMME's through business incubation for at least 10 businesses annually | | Wording of Portfolio of Evidence was adjusted to be SMART | 10.00 | | 2.00 | | 3.00 | |
| TL38 | Local Economic Development | To ensure effective spatial planning and development in order to establish a competitive economic position | | | Review of the Sol Plaatje Land Use Management Scheme by 30 June 2022 | | The wording of the Unit of Measurement was adjusted to be SMART. | 100.00% | | 0.00% | | 100.00% | |
| TL39 | Local Economic Development | To capacitate SMME's and local entrepreneurs | R14.4 m (EU) | | Enhancing Sol Plaatje Municipality's economic governance and infrastructure for Business Expansion Attraction and Retention (BEAR) by 30 June 2022 | The Annual, Quarters 3 and 4 targets have been adjusted. | This is a three project but the project will only be completed in the FY 2022/23. NT only allocated funding for the 2020/21 FY in February 2021/2022 FY | 100.00% | 50.00% | 75.00% | 25.00% | 100.00% | 50.00% |

Strategy, Economic Development and Planning

| SDBIP Ref | National KPA | Strategic Objective | ORIGINAL BUDGET | PROPOSED ADJUSTED BUDGET | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|----------------------------|--|-----------------|--------------------------|-----|---|-----------------------|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| NEW | Local Economic Development | To capacitate SMME's and local entrepreneurs | | R8 000 000 (IUDG) | | Construction of Craven Street Centre using Pre-Owned shipping containers for business development by 30 June 2022 | | | 10.00% | | 0.00% | | 10.00% |

Corporate Services

| SDBIP Ref | National KPA | Strategic Objective | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|--|--|---|--|------------------------------|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| TL21 | Municipal Transformation and Institutional Development | To enable effective training and skills development through various initiatives and partnering with the private sector | Equip staff to implement efficiency, monitoring and productivity through the following improvement interventions by 30 June 2022: Leadership and management development training. Learning/competency and development programme | Equip staff to implement efficiency, monitoring and productivity through the following improvement interventions by 30 June 2022: Leadership, management, vocational and professional development training. Learning/competency and development programme | Wording adjusted to be SMART | 2 | | 0 | | 1 | |
| TL29 | Good Governance and Public Participation | Promote community participation and communication | To communicate to the public (established residential areas) by issuing monthly newsletters | Quarters 3 and 4 targets adjusted to be 3 per quarter | Oversight | 12 | | 12 | 3 | 12 | 3 |

Office of the Municipal Manager

| SDBIP Ref | National KPA | Strategic Objective | KPI | PROPOSED ADJUSTED KPI OR NEW KPI | REASON FOR ADJUSTMENT | Original Annual Target | Proposed Revised Annual Target | Quarter ending March 2022 | | Quarter ending June 2022 | |
|-----------|--|--|--|--|-----------------------|------------------------|--------------------------------|---------------------------|---------------------|--------------------------|---------------------|
| | | | | | | | | Target | Proposed Adjustment | Target | Proposed Adjustment |
| TL7 | Municipal Transformation and Institutional Development | To ensure continuous maintenance and replacement of furniture, office and computer equipment and create a secure environment within the municipality | To ensure that the ICT Strategic Plan aligns to the IDP and as such delivers on the municipality's vision for a "Leading Modern City" through initiatives that includes the employees and the community of Kimberley by 30 June 2022 | Quarter 3 target adjusted to be met at year end | Oversight | 100.00% | | 75.00% | 0% | 100.00% | |

17. ANNEXURES

- 17.1 Annexure A : B-Schedules
- 17.2 Annexure B: Adjusted 2021/22 Top Layer SDBIP
- 17.3 Annexure C: Letters from NT withdrawing or reducing conditional grants

18. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

GH Akharwaray, municipal manager of **Sol Plaatje Local Municipality (NC091)**, hereby certify that the adjustment budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act, and that the adjustment budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print name: GH Akharwaray

Municipal Manager of Sol Plaatje Local Municipality (NC091)

Signature: _____

Date: /02/ 2021