

SOL PLAATJE LOCAL MUNICIPALITY



MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT

1 JULY 2021 TO 31 DECEMBER 2021 (MFMA S72)

SECOND QUARTER PERFORMANCE ASSESSMENT

1 OCTOBER 2021 TO 31 DECEMBER 2021 (MFMA S52d)

25 January 2022

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MID TERM BUDGET ASSESSMENT REPORT AS AT 31 DECEMBER 2021 - 25 JANUARY 2022
SECOND QUARTER SECTION 52(d) PERFORMANCE ASSESSMENT – 1 OCTOBER TO 31
DECEMBER 2020

Chapter 1: Overview of the 2021/22 MTREF

1. Mayor's report

Honourable Speaker: Madam Maputle;

Honourable Chief Whip of the Council of the Sol Plaatje Municipality;

Esteemed Members of the Executive Mayor's Mayoral Committee and Chairpersons of Oversight Committees;

Honourable Councillors;

Representative of all Political Parties in Council;

The Municipal Manager;

The CFO; and

All other Members

Ladies and Gentlemen

Good Afternoon,

Honourable Speaker,

As the new Council, we are in the process of learning the municipal IDP and Budget Cycle. It is good to know that, though we are at the beginning of the 2022 calendar year, but in terms of the financial reporting period, we are actually at mid-term. This basically means, June is the last month of the financial year, and mid-term or first semester of the calendar year.

We are taking over from people who dedicated themselves to service delivery, we have seen how they criss-crossed the city to ensure that people receive good quality service from the municipality, and by the look of things, it looks like the battle continues.

We are less than 2 months in the municipality, and already, our experiences differ, from good, to worse, to frustrating to giving hope and instilling the spirit of "we shall soldier on for the masses".

Honourable Speaker, allow me to table the MID TERM BUDGET ASSESSMENT REPORT for the period ended 31 December 2021.

OPERATING REVENUE FRAMEWORK

The total revenue budget of Sol Plaatje Municipality as per the approved budget is R2.135 billion for 2021/22, and R398 million of grants and subsidies, thus a total of R2.545 billion in total for the year. Revenue generated from rates and taxes represent 84% of the total whilst grants and subsidies represent only 16%. It is important that we note that revenue is not cash in the bank, but projections of income yet to be achieved through billing, which in turn must be collected to fund the operations. Any lack or inefficiencies in billing and collecting changes the entire IDP, which is a plan we aim to execute and deliver on in a financial year.

From the total revenue cited above, R1.3 billion is revenue from service charges, which is sale of water, electricity, refuse collection and sanitation. Rates on their own are approximately R604 million. Accordingly, service charges are 54% of the total revenue, whilst rates are 25%, combined, these add up to approximately 80%. It is for this reason that Honourable Speaker, I implore the Finance Committee to look at these numbers as the successful implementation of the IDP depends on, and we need to ask all the necessary questions to get a sense of the state of revenues in the municipality.

The approved revenue for the year includes capital transfers of R167 million which is all conditional grants allocated for the purposes of delivering much needed services to the people. Our formula is simple, we receive R167 million of grants, we receive reports that indicate R167 million has been spent on capital budget and understand the outputs and impact these are making on the day to day lives of the people. Nothing more, nothing less, a 100% Honourable Speaker and Councillors. Honourable Chairperson of the IDP and Budget Committee, we have received the monthly budget statement as well as part of monthly reporting from the office of the Municipal Manager, we need to allow ourselves to acquaint us with the contents of these reports and how we should interpret into work done on the ground.

As an overview of the Revenue Budget for 2021/22, at mid-term, 49.7% of the annual budget materialised. This seems fair considering that in all probabilities, we should be standing at 50% on both income and expenditure unless variances can be explained by way of seasonality or other reasonable circumstances.

Honourable Councillors, let me highlight the following to you emanating from Operating Revenue Framework for the period ended 31 December 2021.

Table C4 Monthly Budget Statement - Financial Performance (Revenue) - December 2021						
Revenue by Source	Original Budget	Monthly actual	YearTD actual	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 50%
	R'000	R'000	R'000	%	R'000	%
Property rates	603,707	45,372	350,029	58.0%	48,176	8.0%
Service charges - electricity revenue	861,157	30,988	359,689	41.8%	(70,890)	-8.2%
Service charges - water revenue	294,012	22,712	146,810	49.9%	(196)	-0.1%
Service charges - sanitation revenue	76,648	7,295	42,757	55.8%	4,432	5.8%
Service charges - refuse revenue	59,567	4,790	30,979	52.0%	1,196	2.0%
Rental of facilities and equipment	13,145	1,033	6,121	46.6%	(451)	-3.4%
Interest earned - external investments	9,000	19	454	5.0%	(4,046)	-45.0%
Interest earned - outstanding debtors	157,200	10,774	63,650	40.5%	(14,950)	-9.5%
Fines, penalties and forfeits	34,725	188	2,802	8.1%	(14,561)	-41.9%
Licences and permits	6,500	1,518	5,347	82.3%	2,097	32.3%
Agency services	–	–	–			
Transfers and subsidies	230,640	65,464	159,099	69.0%	43,779	19.0%
Other revenue	19,411	646	7,303	37.6%	(2,402)	-12.4%
Gains on disposal of PPE	–	–	974		974	
Total Revenue (excluding capital transfers and contributions)	2,365,711	190,800	1,176,014	49.7%	(6,842)	-0.3%
Transfers and subsidies - capital	167,766	–	20,091	12.0%	(63,792)	-38.0%
Total Revenue (including capital transfers and contributions)	2,533,477	190,800	1,196,105	47.2%	(70,634)	-2.8%

Honourable Speaker, this closes the Operating Revenue Framework at 49.7% excluding grants and subsidies, or 47.2% actual including grants and subsidies as at 31 December 2021.

OPERATING EXPENDITURE FRAMEWORK

Honourable Speaker, operational expenditure framework refers to all the plans and decisions taken by council on spending the revenue referred to above. Revenue finances expenditure, with the intention to generate surplus over the MTREF to boost internally generated funds for expansion and growth in the future.

Expenditure is almost service delivery, as that is what we should spend on, not travelling, not being present, not to show faces or rub shoulders, but to deliver and to serve. We are assessing whether this is True or False. Service delivery is the outcome of applying resources, human resources, capital and finance. Service delivery must be impactful every day, and not a by-the-way thing, if it has been MM, that must change.

Employee costs are the major cost driver at this stage, and this is comparable with other municipality, yes to 4IR, but jobs too for the livelihood of our people. Honourable Councillors, workers must work, and councillors must hold management accountable on how they spend, how they deliver and test innovation, cost effectiveness and being efficient as an organisation.

I have observed Honourable Councillors that employee costs including councillors takes up 37% of the total operating expenditure, electricity bulk costs 30% and water 10%. I have further observed that about 13% of the revenue is budgeted for, for the purposes of debt impairment, this is the estimated portion of revenue that may not be collected during the billing, and amounts to R275 million for the year.

Table C4 Monthly Budget Statement - Financial Performance (Expenditure) - December 2021						
Expenditure By Type	Original Budget	Monthly actual	YearTD actual	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 50%
	R'000	R'000	R'000	%	R'000	%
Employee related costs	836,388	79,375	380,982	45.6%	(37,212)	-4.4%
Remuneration of councillors	34,547	3,779	14,459	41.9%	(2,815)	-8.1%
Debt impairment	275,000	68,750	137,504	50.0%	4	0.0%
Depreciation & asset impairment	79,150	–	–	0.0%	(39,575)	-50.0%
Finance charges	22,261	11,529	11,529	51.8%	399	1.8%
Bulk purchases - electricity	647,000	44,636	323,386	50.0%	(114)	0.0%
Inventory consumed	279,331	31,908	108,803	39.0%	(30,862)	-11.0%
Contracted services	46,687	2,559	13,884	29.7%	(9,460)	-20.3%
Transfers and subsidies	4,850	20	894	18.4%	(1,531)	-31.6%
Other expenditure	119,770	9,038	77,768	64.9%	17,883	14.9%
Total Expenditure	2,344,984	251,593	1,069,209	45.6%	(103,283)	-4.4%

Overall, as at 31 December 2021, 46% of the operational expenditure was spent, not far off from 50% projected at mid-term.

CAPITAL EXPENDITURE

Honourable Councillors, Capital Expenditure is a representation of projects planned for the year. Most of the projects are funded from grants, and hence we say, we cannot have a situation of grants unspent, grants returned, grants withdrawn due to no spending, we will keep the Project Managers on their toes together with their Executive Directors and MM. actually, lets state it here, that each project manager will submit their project progress report to my office on a monthly budget statement report, attached as annexures, and CFO, you will make sure that this reporting takes place. This report must allude to contractor and consultant contracts, scope of the project, where is the project, the project outcomes and impact and funding sources.

The Capital Budget pf Sol Plaatje is standing at R179,266 million, funded from grants and own funds, which are R11.5 million of the total capital budget. Just, to give you a sense of numbers Councillors, conditional grants funding the capital budget are as follows:

1. Integrated National Electrification Programme at R66.5 million to connect Lethabo and Mathibe Park in the main. The committees are sitting in February, take this report along and look for these numbers in the reports. R30 million was reduced by the transferring department for the completion of the Lerato Park electrification project, the municipality will endeavour to fund this from internally generated funds.
2. Integrated Urban Development at R66.266 million to fund to upgrade Craven Street, Lerato Park Sewer, various roads resealing and gravel upgrades, and Galeshewe Stormwater Upgrade Thlageng. It's a wait and see. I propose that before the IDP and Budget Committee, sits, visit these projects and go the committee with the sixth sense.
3. The storm water project is also funded by NDPG. R10 million funding has since been stopped by the NDP unit at National Treasury. Based on the cash flows submitted to the unit (or the non-submission hereof), the proposed revised allocation for the 2021/22 financial year was reduced from R10 million to R0.
4. The last grant is Water Services Infrastructure Grant which is funding the Carters Ridge Sewer Pump Upgrade.

This in a way summarises the capital budget and the projects for the year.

This report however, paints a different picture,

1. We are at 3.4% spending on INEP (electrification projects) compared to the expected 50% at 31 December 2021.
2. We are at 23.8% on IUDG compared to 50% at mid-term
3. We are at 30% spending on WSIG as at 31 December.

Councillors, I will share this speech with you and make sense of what I am saying. Overall, the projects spending is 15.1% at half year.

I will not dwell much on the cash flow position as there is an item in this agenda dealing with liquidity issues. Honourable Speaker, they say money is the root of evil, but we know the root of evil is not having money, service delivery costs, supplies costs, salaries must be paid, and all these need a healthy, bouncy reserves in the bank.

We received a presentation from the EMT represented by the MM and CFO, we understand the position we are at, equally, we must understand where the people are at as well. Concreate Action Plans to address service delivery issues are as critical as collection action plan, we must collect to serve people, we must serve people for them to pay. Like in nature God created, it would mean, Sol Plaatje must provide and the rest will follow.

We had traumatic experiences in our first month, torrential rains which wreaked havoc. Our storm water system was challenged and I know our colleague, MMC for Roads and Transport has requested Engineers reports in this regard for presentation at their first committee.

2. Overview of the 2021/22 MTREF

The 2021/22 MTREF is the continuation of the state of finances and performance in the municipality as reported in the financial statements and the annual performance report which were both submitted to the Auditor General by 31 August of 2021. The only difference that is noted is the reinstatement of the Municipal Manager and the Chief Financial Officer after 37 months of suspension, that was exacerbated by legal court battle which came to an end on 17 August of 2021 when a ruling was made by the Northern Cape High Court. The two effectively started on the 1st of September of 2021. As expected, they had to be inducted or induct themselves back into the operations of the organization.

Added to this, instead of the induction and acquainting self with the general status and financial health of the organization, the local government elections were announced to be taking place in November and as such, councillors had to retreat from Council activities and focus more on ground work for the better part of September and October, and during this period, no council committee could sit until now after the new council had appointed the committees chairpersons and formed committees, the first committees are sitting from the month of February 2022.

The municipality has been operating not at full capacity until mid-September whereupon, working from home option was withdrawn with immediate effect unless in a case of an employee who is living with comorbidities and have a letter from Medical Practitioner confirming that and as means to avoid contracting COVID at workplace. However, working from home on a rotational basis is permissible especially in areas where office space is shared among more than 2 employees.

The municipality has been experiencing COVID outbreaks in sections which leads to closure of the unit, and self-isolation of all contact traces for each case. These sporadic outbreaks revealed the urgency to consider e-government level of operations as well as cloud computing and mobile technology to ensure business continuation, as most staff though they test positive, they are able to work as long as not in contact with the rest of team members or other staff members in the process. Contact has now been made with SITA to pursue the concept of e-government and migration and systems upgrade strategy.

Matters are in the forefront to highlight in this mid-term report are the following:

Assessment of Tariffs as implemented by the municipality

The municipality is subjected to tariff approval by NERSA for electricity, like all other municipalities. It has been observed that the municipality has not been implementing tariffs as approved as a result of council resolution that scrapped the introduction of basic charge for electricity distribution to customers. The basic charge is a combination of network and demand charge, which was informed by the Cost of Supply Study in 2018. Due to protests of June and July 2018, council resolved not to implement the basic charge, and since then, no review of these position ever happened to date, nor the review of tariff to before 1 July 2018, where the tariff was all inclusive of all costs and charges.

Based on the above, electricity has been experiencing losses at tariff level, in the amount of approximately R120 million per annum since 1 July 2018, and continues to date. This has caused the municipality not being able to service the bulk costs bill as it comes and to date, over R420 million is owed to Eskom.

As much as the municipality is willing to service this debt and enter into reasonable repayment arrangements to avert interest charges, the fact that we bill 16% less than budgeted on electricity (compare the revenue budgeted from sale of electricity vs billed), with excessive non-revenue electricity of about 24%, the municipality losses on electricity alone for 2020/21 calculated as per disclosures in the financial statements, is presented in the table below:

Viability of electricity as a Trading Service					
	Original Budget 2021	Adjustment Budget 2021	Actuals as at 30 June 2021	Actual as a % of ORG	Actual as a % of ADJB
Sales	- 766 232 466,00	- 766 232 466,00	- 659 306 597,38	86%	86%
Collected (83% of sales)	- 547 224 475,83	- 547 224 475,83	- 547 224 475,83		
Bulk Costs	540 953 415,17	540 953 415,17	540 953 415,17		
Gross Profit	- 225 279 050,83	- 225 279 050,83	- 6 271 060,66		
Less operational costs	208 879 170,72	208 879 170,72	208 879 170,72		
Net Loss	- 16 399 880,11	- 16 399 880,11	202 608 110,06		
Cost/value of electricity lost	48 685 807,44	48 685 807,44	142 893 864,75		
TOTAL REVENUE LOSS	32 285 927,33	32 285 927,33	345 501 974,82		
Loss as a percentage of sales			-52%		

This is impacting on viability of electricity and as such, drastic action is required to resolve the matter.

Conditional Grants Spending Patterns

It has further been observed that the municipal track record in the spending of conditional grants has been complicated by lack of planning of projects, long drawn SCM processes due to challenges in sitting of committees. It is common practice in the municipality to see tenders of grant funded projects going out on tender in the second semester of the financial year, and some even in the last quarter. We have seen tenders of projects funded in DoRA and MTBS awarded in July and August of next year, and what is controversial is the fact that after award, the grant funding roll over request is disapproved.

The following is expected in the Adjustment Budget with regards to CAPEX 2021/22

- The NDPG roll over request was declined and consequently, the NDPG for 2021/22 was withdrawn, whilst the project funded from this grant was awarded and site handed over in April of 2021, the last quarter of the 2020/21 financial year
- The BTO and Electrical Section cannot substantiate or INEP Funds for 2020/21, yet R17 million was spent as at 30 June 2021, yet no connections can be reported on for the period. Internal Audit has been appointed to investigate the implementation of INEP from 1 July 2018 to date to ascertain the following:
 - o Funds allocated for each year
 - o Projects that were rolled over from 2017/18 financial year
 - o Awards made over the period and the projected connections per tender compared to actual connections achieved against the agreement with DMRE at the same time
 - o Analyse all internally implemented projects, the yield against the materials drawn from the stores, and compare cost per installation of internal vs external service provider implementation.

It is the intention of management and Executive to approach National Treasury to present the CAPEX Turnaround Strategy and how reconsiderations should be made to increase annual allocations based on 2019/20 baseline, escalated by inflation and not consider any roll over requests made, declined and approved. This municipality has a potential to grow, and economic infrastructure is needed now, more than ever.

3. Response to COVID-19

As the new council, we received induction from management with regards to the state of affairs of the organization in all fronts, including the internal action plan on how to respond to organizational outbreaks and the handling of attendance to work by those who have comorbidities. We also got briefed on all options available to work from home and holding of meetings on hybrid and purely virtual meetings. We are adapting to all these protocols and the tools of trade will enable councillors to participate fully and confidence in the use of technology will improve as we continue in this journey.

As much as there are workable solutions on task execution, we have realized that nothing much has been done on the service delivery side to ensure availability of services during sporadic outbreaks. The only option available is closure of work areas, isolation and disinfection of the area. This process takes about 3 days, whilst employees remain home for the duration of the prescribed self-isolation and quarantine period. It is our view that an assessment must be done of all critical service and frontline areas and ensure that service is provided through the use of mobile technology to enable access to systems and service availability. Areas close done, work stops, as staff on isolation may not have mobile tools.

The municipality is doing well in enforcing the wearing of masks inside the building as well as social distancing. All tender briefings are virtual and so far, there are no serious challenges in this regard.

The municipality is providing critical services of water to all communities, tanks are made available and are filled continuously.

4. Economic outlook (CFO)

There are ongoing concerns around COVID 19 mutations, and Omicron variant continues to threaten the economic outlook. Electricity supply constraints, a poor jobs outlook, and material fiscal constraints do not set South Africa's expected economic growth recovery on a good path. South Africa's growth and fiscal outcomes surprised the upside in 2021, but that risks are tilted to the downside for the new year. Industry experts estimates show that South Africa's GDP growth is expected to soften significantly to a projected 2% in 2022.

Some of the most significant growth risks identified by the group include:

- A deceleration in global demand;
- Softer commodity prices;
- Electricity supply constraints;

- Lingered unemployment issues;
- Continuing concerns around the Omicron variant.

The forecasts South Africa's GDP to slip to 2% which remain slow with minimal projections to support the required growth for jobs. As a municipality we are affected, any job losses or slow economic growth impacts on the ability of people to pay for services, and as such, the collection rate. As per the 2021 financials, the average growth in debtors has been around 22% before write offs, this translates to an average of 76-78% collections, thus affecting cash generated from operations, though not negative, but is reducing year on year in significant proportions. This leads to negative outlook for the 2022/23 MTREF.

The infrastructure is no longer ageing, it is aged. The municipality is chasing its won tail in as far as dealing with service delivery issues, such as pipe bursts, water leaks, sewer outfalls, weak electricity network and the other one that is life threatening is stormwater caused by the torrential rains we experienced during December to date. Without financial resources, there is no opportunity to increase teams on the ground to deal with these issues, and at any point, there are in excess of 100 pipe bursts across the municipality, over 100 sewer spillages from manholes, potholes, and the numbers continue to increase. These issues are most commonly ending up in protests by the community. The situation is monitored.

5. Local government sector performance as reflected in NTs Report on 2021/22 MTREF

National Treasury made observations in their media statement on adopted municipal budgets for 2021/22 MTREF such as the growth rate of operational expenditure against the growth rate of revenue, which is a cause for concern, as well as deficits budgets which continues to escalate as more and more municipalities table deficit budgets on an annual basis.

The main cost drivers in all municipalities budgets is employee related costs as well as bulk purchases, the same scenario in Sol Plaatje Local Municipality, whilst repairs and maintenance is conservative at between 7 to 10% of the operational budget. Municipalities are experiencing a two-fold impact of the high electricity and water tariff increases; lower sale levels owing to changes in consumption patterns and increased bad debt as a result of affordability pressures. Indeed, a double impact impacting on viability and sustainability.

Capital budget is declining as well as use of own revenue to fund the capital needs of the municipality, and yet, we admit that our infrastructure has aged and upgrades and replacements are no longer an option, it will either be high maintenance costs or upgrade in a sustainable manner. We are aware of all the pits as highlighted in the report and as the new council, these must be converted

into strategies for the next five years, they must be resolved for going concern purposes and sustainability.

6. Risks and spending pressures

Major financial risks faced by the municipality

- Lower collection rate, resulting in a decline of the Cost coverage and escalation of outstanding debt
- Declining economic conditions and Covid-19 pandemic impacting on customer affordability
- Inability to settle short-term commitments
- Escalation in debt owed to ESKOM and Water board
- Capital grant dependency and inability to spend capital grant funds, resulting in funds being withheld or rejection of rollover requests
- Inability to increase capital funding from Internally generated funds, due to cash flow constraints

Spending pressures

- Expenditure relating to Employee related costs, filling of vacancies, overtime expenditure, absorption of contract workers, sale of leave and once-off bonuses as per the collective agreement
- Proposed debt repayment plans with ESKOM and Water board and settling of the current accounts for both institutions
- Completion of Riverton reclamation dam to reduce water losses
- Riverton electrical works
- Increased electricity consumption at Riverton Water Plant
- Upgrade of Homevale Sewer Treatment Works
- Refurbishment of sewer pump stations and sewer reticulation network
- Replacement of water pipes
- Replacement of 965mm bulk water mains from Riverton to Kimberley
- Water spillage on R31 road
- Insufficient funding for pothole repair and resealing of roads
- Re-opening of Bultfontein road
- Provision of security services
- Funding of CRR rolled over projects and funding rejected rollover projects from CRR
- Bulk smart metering replacement programme
- Insufficient funding for installation of services to avail land for sale
- Insufficient funding to install services for potential investors
- Funding operations of the Homevale Fire Station
- EPWP Expenditure
- Replacement of Refuse Compactors
- Inadequate funding for the fleet replacement programme
- Hiring of plant and machinery for operations
- Hiring of water tankers for the provision of water in informal settlements
- Rental of chemical toilets for the provision of sanitary facilities in informal settlements
- Addressing service backlogs

- Funding of Covid-19 expenditure from existing budget allocations, this is exacerbated by a lack of funding from the National fiscus
- Increase in the cost of uniform

7. The Budget Policy and funding matrix of the Municipality

As outlined in the municipality's Budget, Funding and Virement Policy the following are the budget principles that the municipality is guided by:

- The municipality shall not budget for a deficit and should also ensure that revenue projections in the budget are realistic consider actual collection levels unless motivated by the implementation of a certain policy or legislative requirement.
- Expenses may only be incurred in terms of the approved annual budget (or adjustment budget) and within the limits of the amounts appropriated for each vote in the approved budget.
- Sol Plaatje Municipality shall prepare a three-year budget (medium term revenue and expenditure framework (MTREF)) and that be reviewed annually and approved by Council. The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan (IDP)

In terms of S18 of the MFMA

- (1) An annual budget may only be funded from
 - (a) realistically anticipated revenues to be collected;
 - (b) cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
 - (c) borrowed funds, but only for the capital budget referred to in section 17(2).
- (3) Revenue projections in the budget must be realistic, taking into account
 - (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous financial years.

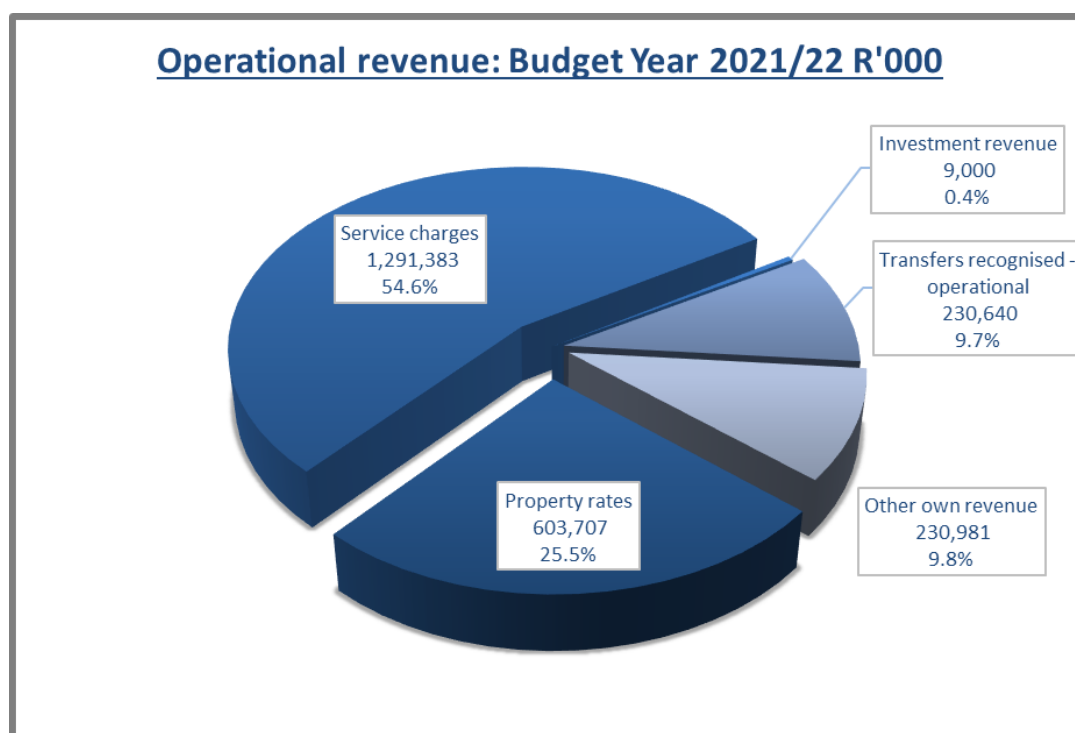
Summary of Revenues and Financing Activities	Budget Year 2021/22		Budget Year +1 2022/23		Budget Year +2 2023/24	
	R'000	% Weighting	R'000	% Weighting	R'000	% Weighting
Own Generated Funds	2,135,071	83.89%	2,303,798	86.66%	2,477,721	87.34%
Transfer recognised - Operational	230,640	9.06%	241,544	9.09%	243,434	8.58%
Total Operational Revenue	2,365,711	92.96%	2,545,342	95.74%	2,721,154	95.92%
Transfer recognised - Capital	167,766	6.59%	98,625	3.71%	96,786	3.41%
Borrowing	–	0.00%	–	0.00%	–	0.00%
Internally generated funds	11,500	0.45%	14,500	0.55%	19,000	0.67%
Total Capital Budget	179,266	7.04%	113,125	4.26%	115,786	4.08%
Total Revenue and Financing	2,544,977	100.00%	2,658,467	100.00%	2,836,940	100.00%
Total Grants & Subsidies	398,406	15.65%	340,169	12.80%	340,220	11.99%

Indicated in the table above is a summary of the revenue and financing activities. For 2021/22 financial year Own generated funds constitutes 83.89% of the total funding requirement. Transfer recognised – Operational and Transfer recognised – capital contributes 9.06% and 6.59% to the total funding mix, respectively. Internally generated funds only contributes 0.45%, to the total financing activities. Totals grants and subsidies amounts to R398,406 million for the 2021/22 financial year which combines relates to 15.65% contribution to the funding mix of the municipality

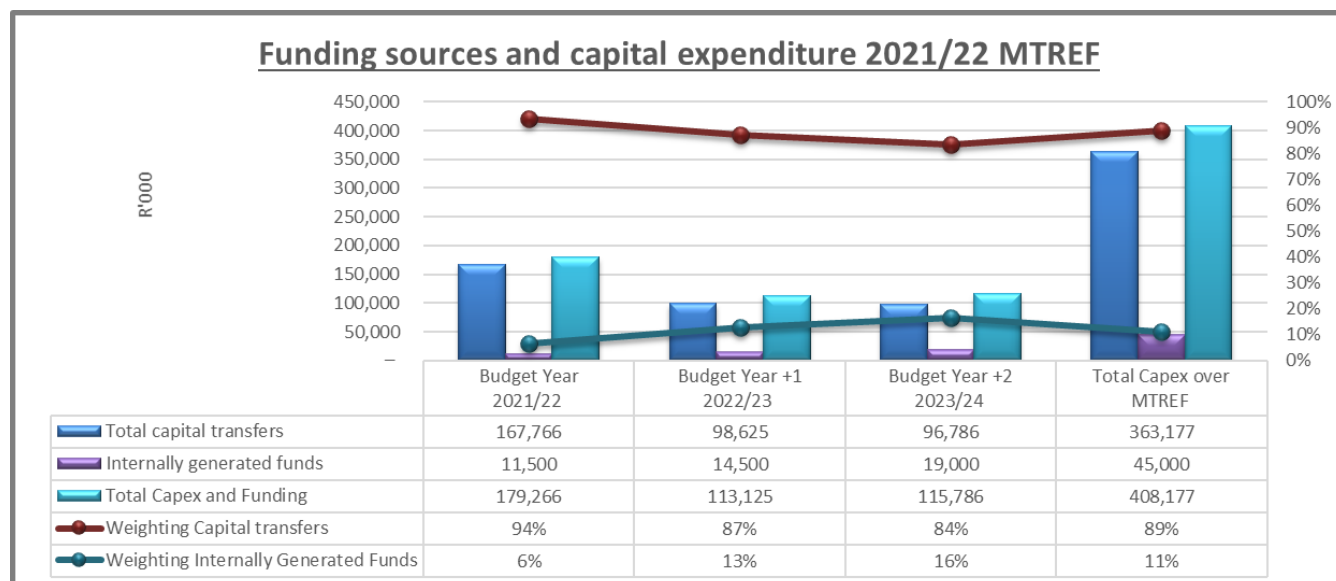
Revenue by source contribution for the 2021/22 MTREF to fund Operational Expenditure.

Description (R'000)	2021/22 Medium Term Revenue & Expenditure Framework					
	Budget Year 2021/22	% Contribution	Budget Year +1 2022/23	% Contribution	Budget Year +2 2023/24	% Contribution
Financial Performance						
Property rates	603,707	25.5%	647,214	25.4%	702,111	25.8%
Service charges	1,291,383	54.6%	1,411,707	55.5%	1,526,702	56.1%
Investment revenue	9,000	0.4%	12,000	0.5%	15,000	0.6%
Transfers recognised - operational	230,640	9.7%	241,544	9.5%	243,434	8.9%
Other own revenue	230,981	9.8%	232,877	9.1%	233,908	8.6%
Total Revenue (excluding capital transfers and contributions)	2,365,711	100%	2,545,342	100%	2,721,154	100%

The two major Revenue sources of the municipality is Service charges with an average contribution of 55% over the MTREF. This is followed by Property rates with an average weighting of 25%. The municipality is not critically dependent on Operational grants to fund its operations.



Funding mix of Capex



The capital budget for 2021/22 is R179,266 million funded as per the table below. Capital grants and donations make up 94% of the total funding sources, and internally generated funds contribute 6% to the total capital funding mix. The total projected grant receipts for the 2021/22 MTREF amount to R363,177 million whilst internally generated funds amount to R45,00 million. As a result, the total capital expenditure to be spent on property, plant and equipment amount to R408,177 million over the MTREF.

Long-term borrowing

The municipality has not taken any new long-term borrowings in the current financial year to fund the capital budget as per S18 of the MFMA. Due to the current financial crisis, no new long-term loans can be entered into for the foreseeable future. The municipality has always been very conservative when taking up new loans, and always gave due consideration to the impact it will have on tariffs increases and the affordability of tariffs which can negatively impact the municipality's ability to service new loans taken up. The Current and Debt (Total Borrowings) / Revenue ratios has always been above the norm, however from a liquidity perspective the municipality will not be able to meet any additional long-term commitments.

8. Financing and debt management

Despite all the challenges experienced by the municipality, so far, it has been able to service its long-term debt. However, under these economic conditions, debt service costs are now burdensome. Long-term debt is held with DBSA and as part of the conditions in granting the loan was a ring-fenced account with a balance in excess of R20 000 000.00 to service any default. This investment was made at the date of the loan and has remained safe despite very tough cash flow situations this municipality has ever face.

The municipality has adopted a conservative approach on long term borrowings, though in the 2017/18 MTREF a loan of R50 000 000.00 was approved by Council. Service delivery in sectors such as refuse collection, fleet availability is a critical factor. The municipality requires about 19 refuse compactors to meet the current demand, yet, only 14 are available, and yet only 6 of the 14 is running at any given point. Units that are in workshops are there for major repairs due to use beyond the design capacity, and this will be the same with the remaining units.

Management is now weighing in on leasing of fleet and the financial implications for this or outsourcing to local entrepreneurs at a cost-effective manner, Management is busy with this exercise at this stage, and council will be updated on the developments. The balance on long term borrowings is at R175 000 000.00 as reported in the audited financial statements for the period ended 30 June 2021.

9. Risk to the outlook

Key risk indicators are:

- The lower collection rate and escalation in outstanding debtors, especially debt over 90 days.
- Decline in Cash & Cash Equivalents, resulting in less than 1 month's Cost Coverage.
- Capital expenditure overall and capital grant dependency.
- Water and Electricity losses that remain unacceptably high.
- Declining economic conditions impacting on customer affordability
- The projected shortfall and collection rate that have a negative impact on the Budget and Cash Flow.
- Vacancies of Senior Officials within Finance, Infrastructure and IDP.
- The issue of under and unfunded mandates remains problematic (Libraries, Health, Provincial resorts and Environmental health.
- Non-payment of outstanding debt by Organs of State.
- Severe Sewerage reticulation issues.
- Serious issues relating to Water Distribution.

- Inadequate security of Property, plant and equipment resulting in Sabotage, vandalism and theft of infrastructure and plant at a significant scale with massive financial implications, Environmental (pollution), social impact (public health) and disruption of services.
- Excessive Expenditure on EPWP and the funding of the programme.
- Expenditure on Overtime.
- Impact on Covid-19 related expenditure impacting negatively on municipal revenue and projected under recovery of services
- From the above it is clear that Risk Mitigation due to the current Financial Position of SPM is going to be a challenge.
- This is also going to impact on Service Delivery and the sustainability thereof.
- A further challenge is that very limited resources are available for Risk Mitigation and those captured in the Capital Plan and IDP are mostly unfunded.
- Seeking of alternative Revenue sources to assist with this a priority (CEF for ten years).

10. mSCOA Reporting

The municipality has been able to submit all data strings required on a yearly and monthly basis and in terms of the LG database status report, the municipality is up to date with reporting. However, be that as it may, the systems compliance is another matter in this ace.

The municipality commissioned an audit on system's compliance against the MFMA Section 80 Systems specification and at that time, 37% function availability in the existing system was confirmed. No much action was taken and now, the mSCOA Steering Committee has been resuscitated to deal with all issues of system non-compliance. The mSCOA Steering Committee is envisaged to be tabled to council in February, as we table the adjustment budget. The following modules are not available at this stage to support the business process as expected:

- Supply Chain Management
- Debt Collection System
- Real Estate
- Land Use Management and Building Control
- Integrated Asset Management and Maintenance

The following systems exists but are not integrated with the General Ledger Systems:

- HR and Payroll
- Assets Management
- Traffic Fines
- Market Systems

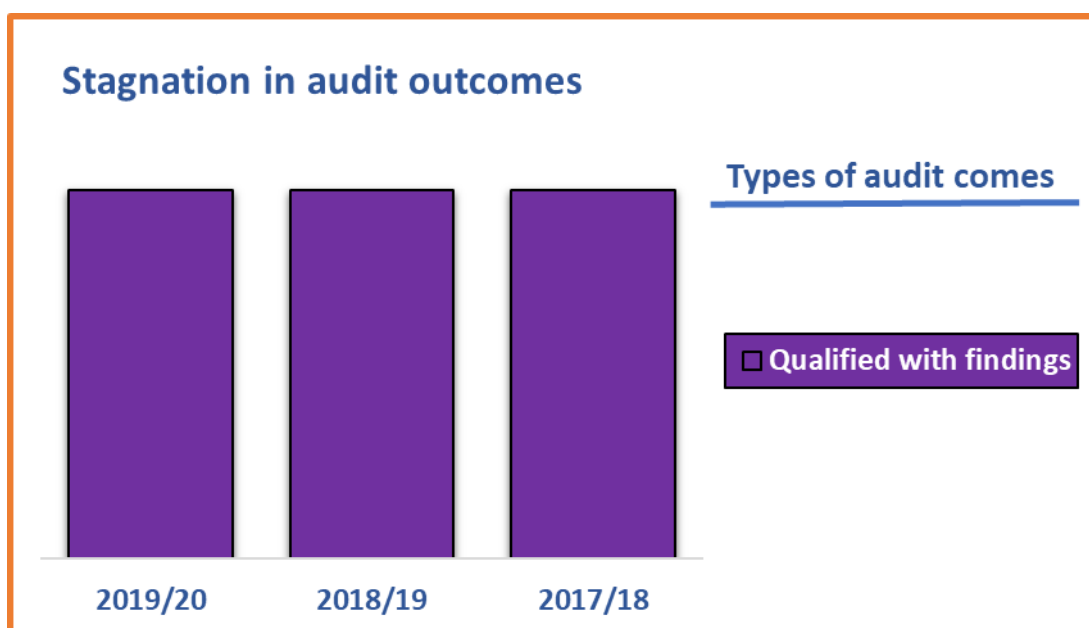
11. Annual Financial Statements and Audit outcomes

The municipality was able to submit the Annual Financial Statements to the Office of the Auditor General by the legislative dead line of 31 August 2021, however this submission did not include the annual report on predetermined objective. The annual report on predetermined objectives were subsequently submitted to the Office of the Auditor General on the 04th of October 2021.

Due to a delay in the follow up process of the material irregularity identified during the 2019/20 financial year audit, the Office of the Auditor General has not been able to sign off on the 2020/21 audit process to date. It has been confirmed through correspondence with the Office of the Auditor General that the anticipated date of receipt of the final audit report and management report as well and the finalization of the audit process will be by the end of February 2022.

Based on the audit process and the draft audit report received on the 29th of November 2021 the municipality is anticipating the audit outcome to be financially qualified with qualification in terms of Property, plant and equipment, Service Charges, Non-current Provisions, Provision for impairment, Receivables and Irregular Expenditure. Material Non-compliance matters have also been raised during the audit process and a disclaimer of opinion is anticipated with regards to the annual performance report.

Audit outcomes of the prior three financial years, as indicated in the chart below:



Chapter 2: MTREF 2021/22 – Mid-term Assessment

1. Budget Overview – performance

Summary Statement of Financial Performance: Original Budget					
Description R thousand	Original Budget	YTD Actual December 2021	Variance Favourable (Unfavourable)	% YTD Actual vs Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 50%
Total Revenue (excluding capital transfers and contributions)	2,365,711	1,176,014	978,871	49.7%	-0.29%
Total Revenue (including capital transfers and contributions)	2,533,477	1,196,105	984,982	47.2%	-2.79%
Total Operational Expenditure	2,344,984	1,069,209	873,794	45.6%	-4.40%

Table 2: Consolidated summary: Statement of Financial Performance: Original Budget

Indicated in Table 2 above is the YTD actual compared to the Original Budget. When calculating the ideal In-Year-Monitoring percentage of 50% [calculated as follow: (100/12 months x 6 months of the year)] as at the end of December 2021, the Total operational revenue excluding capital grants versus the Original Budget resulted in a satisfactory variance of minus 0.29%. The Total operational revenue including capital grants versus the Original Budget resulted in a satisfactory variance of minus 2.79%. The Total Operational Expenditure resulted in a satisfactory variance of minus 4.40%.

2. Revenue Framework – performance

Table C4 Monthly Budget Statement - Financial Performance (Revenue) - December 2021						
Revenue by Source	Original Budget	Monthly actual	YearTD actual	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 50%
	R'000	R'000	R'000	%	R'000	%
Property rates	603,707	45,372	350,029	58.0%	48,176	8.0%
Service charges - electricity revenue	861,157	30,988	359,689	41.8%	(70,890)	-8.2%
Service charges - water revenue	294,012	22,712	146,810	49.9%	(196)	-0.1%
Service charges - sanitation revenue	76,648	7,295	42,757	55.8%	4,432	5.8%
Service charges - refuse revenue	59,567	4,790	30,979	52.0%	1,196	2.0%
Rental of facilities and equipment	13,145	1,033	6,121	46.6%	(451)	-3.4%
Interest earned - external investments	9,000	19	454	5.0%	(4,046)	-45.0%
Interest earned - outstanding debtors	157,200	10,774	63,650	40.5%	(14,950)	-9.5%
Fines, penalties and forfeits	34,725	188	2,802	8.1%	(14,561)	-41.9%
Licences and permits	6,500	1,518	5,347	82.3%	2,097	32.3%
Agency services	-	-	-			
Transfers and subsidies	230,640	65,464	159,099	69.0%	43,779	19.0%
Other revenue	19,411	646	7,303	37.6%	(2,402)	-12.4%
Gains on disposal of PPE	-	-	974		974	
Total Revenue (excluding capital transfers and contributions)	2,365,711	190,800	1,176,014	49.7%	(6,842)	-0.3%
Transfers and subsidies - capital	167,766	-	20,091	12.0%	(63,792)	-38.0%
Total Revenue (including capital transfers and contributions)	2,533,477	190,800	1,196,105	47.2%	(70,634)	-2.8%

Comparison against Original Budget

Based on the IYM percentage of 50%, the majority of revenue sources are performing satisfactorily.

- ❖ Property rates is showing an over-recovery, due to the annual billing on Property rates.
- ❖ Service charges is performing satisfactorily. Electricity is understated due to non-allocation of Prepaid Electricity sales of R23 million as a result of shortage of staff during festive season
- ❖ Interest from External Investments shows an unsatisfactory variance of minus 45%. as a result of accrued interest revenue that was recognised for the 2020/21 financial year. It should be noted that investments have been declining year-on-year but have remained relatively constant for the period under review. Due to financial constraints the municipality could not increase its investments which largely contributes to the lower interest earned. The reduced interest rate by the Reserve bank, prior to the latest interest rate hike, also had a negative impact on Interest earned. The bulk of the interest normally gets recognised at year-end.
- ❖ Interest on outstanding debtors is showing a negative variance of 9.5%. The Billing section will have to do a thorough investigation into the lower interest generated and ascertain that interest is being duly charged to all outstanding balances that should attract interest.
- ❖ Fines, penalties and forfeits is showing a negative variance of 41.9%. as a result of the under-recovery of Law enforcements fines with a 3.65% achieved versus a target of R17,900 million. The unit is experiencing various challenges in terms of capacity and the process of the reconciliation of fines with the Department of Justice needs to improve. Added to this, Covid-19 has put a heavy strain on the collection of fines as physical contact is limited in the apprehension of offenders and execution of warrant of arrests. Penalties: Disconnection fees achieved an actual of 12.75% against an annual target of R16,500 million. The bulk blocking of prepaid meters, could not materialise as the municipality must remain cognisant of adhering to the Covid-19 regulations.
- ❖ Licences and permits is showing a positive variance of 32.3%, however there are possible outstanding payments due to the Department of Transport, Safety and Liaison. There is sometimes a delay in the timing of receipts and eventual transfer, especially towards month-end. The responsible employee for this function, retired and the unit is experiencing some change-over challenges in this regard. Hopefully this will improve going forward.
- ❖ Transfers and subsidies – operational is showing a positive variance of 19%, due to the receipt of second tranche of the Equitable Share during December 2021.
- ❖ Other Revenue is lower than anticipated.
- ❖ Transfers – recognised capital is showing a negative variance of 38%, as a result of the lower grant spending.

Also indicated in Chart 1 below is the weighting of the YTD Actual on billed Revenue per Source as a percentage of total operational revenue as at 31 December 2021. The main contributors of the municipality's revenue are Service Charges (49.3%), Property Rates (29.8%) and Transfers and subsidies (13.5%). The weighting per Revenue source is slightly distorted due to the annual billing on Property rates and the receipt of second tranche of the Equitable Share.

Chart 1: Revenue by Source: YTD Actual as a % of Total Revenue as at 31 December 2021 (R'000)

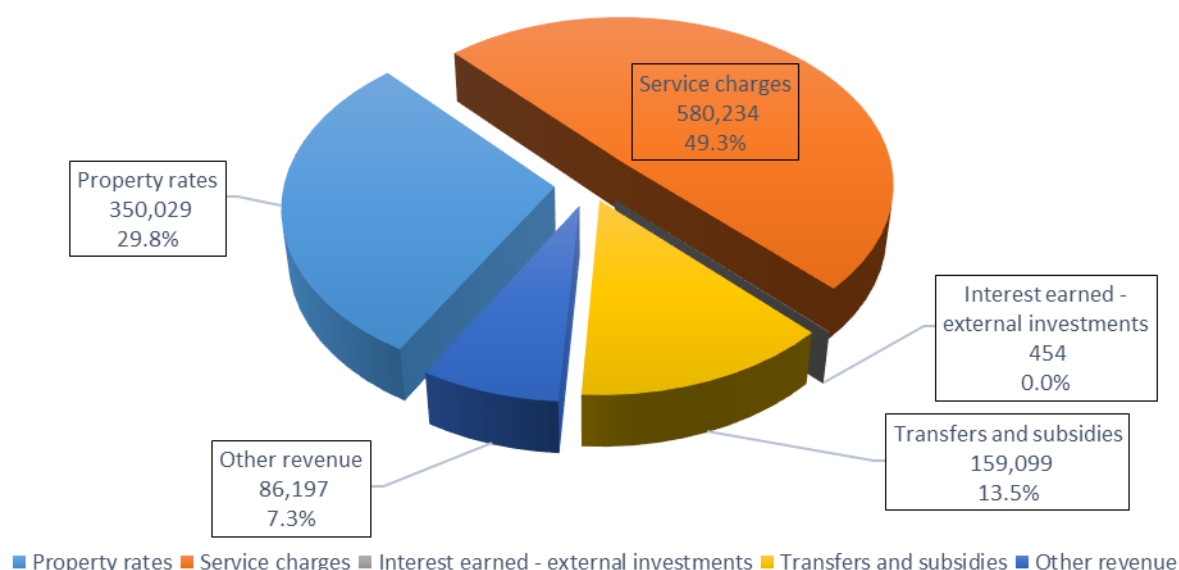


Chart 1: Revenue by Source: YTD Actual as a percentage of Total Revenue

3. Expenditure Framework – performance

Table C4 Monthly Budget Statement - Financial Performance (Expenditure) - December 2021						
Expenditure By Type	Original Budget	Monthly actual	YearTD actual	Achieved Original Budget	Original Budget Variance	Original Variance IYM
	R'000	R'000	R'000	%	R'000	% - 50%
Employee related costs	836,388	79,375	380,982	45.6%	(37,212)	-4.4%
Remuneration of councillors	34,547	3,779	14,459	41.9%	(2,815)	-8.1%
Debt impairment	275,000	68,750	137,504	50.0%	4	0.0%
Depreciation & asset impairment	79,150	-	-	0.0%	(39,575)	-50.0%
Finance charges	22,261	11,529	11,529	51.8%	399	1.8%
Bulk purchases - electricity	647,000	44,636	323,386	50.0%	(114)	0.0%
Inventory consumed	279,331	31,908	108,803	39.0%	(30,862)	-11.0%
Contracted services	46,687	2,559	13,884	29.7%	(9,460)	-20.3%
Transfers and subsidies	4,850	20	894	18.4%	(1,531)	-31.6%
Other expenditure	119,770	9,038	77,768	64.9%	17,883	14.9%
Total Expenditure	2,344,984	251,593	1,069,209	45.6%	(103,283)	-4.4%

- ❖ Employee related costs shows an unsatisfactory variance of minus 4.4%. Post-retirement benefit obligations are not factored in and will only be finalised as part of year-end procedures. There was also a soft lock on the filling of vacancies for the past few months. The majority of employees received their 13th cheques (bonus) at the end of December 2021.

- ❖ Remuneration of councillors is showing an under-expenditure of 8.1%, as a result of the local elections. It should be noted that the gazette on the Determination of upper limits of salaries, allowances and benefits of different members of municipal councils for 2021/2022 financial year has not been issued. The gazette is normally issued during December of each year.
- ❖ Depreciation was projected for on a straight-line basis but will only be provided for, as part of year-end procedures. Herewith the response from the Asset Management Unit, why Depreciation cannot be recognised at least quarterly "The Asset Management System currently do not interface with the Financial System and this make it difficult, to post the transactions for depreciation monthly or quarterly. We currently have to pass journals in the financial system to recognise depreciation in the general ledger. This is due to the fact that the systems do not interface. Once journals are passed for depreciation and changes needs to be done for depreciation due to asset processes like disposals or impairment recognition, we will have to pass new journals for the correction of depreciation. The Asset Management System can currently interface with the Financial System but requires authorization from the service provider of the Financial System. Asset Management is one of the core functions that will be dealt with by the re-established mSCOA Steering Committee."
- ❖ Debt impairment is provided for quarterly. The journal for the second quarter was processed during December 2021.
- ❖ Expenditure on Contracted services is lower than anticipated, especially pertaining to Legal Cost Advice & Litigation which is 16.2% spent versus a budget of R7,065 million. Contr: Maintenance of Unspecified Assets is 1.25% spent versus a budget of R5,000 million. There are no specific maintenance contracts in place. This line item was previously budgeted for the security contract, which has since expired. Security personnel were appointed and funds from Contracted Services will transferred to Employee costs during the Adjustment budget. Prepaid Electricity Vendors is 44.81% spent versus a budget of R25,500 million. The December 2021 account for Ontec (Prepaid Electricity Vendor) amounting to R2.5 million is due at the end of January 2022.
- ❖ Bulk purchases – Electricity is satisfactory. Based on the accrual accounting principle the July to November 2021 ESKOM invoices were captured on the system, but remains unpaid due to cash flow constraints. The full arrears will be included in the new debt agreement that the municipality envisages to conclude with ESKOM for the 2021/22 financial year.
- ❖ Transfers and subsidies show a negative variance of 31.6%. A transfer of R550 thousand was made to the SPCA. Due to cashflow constraints the municipality opted to settle the R2,200 million in tranches as and when cash becomes available. Other grants also show minimal movement due to cash flow constraints.
- ❖ Finance charges is showing a satisfactory variance of 1.8%, Interest paid was slightly higher than projected. Finance charges are paid bi-annually and the first instalment was paid during December 2021. Interest on overdue accounts will be addressed in the Adjustment budget. Corrections on the actuals pertaining to Interest paid on overdue accounts will be journalised on the system. All Interest paid on overdue accounts must be recognized as Fruitless and Wasteful expenditure in the Annual Financial Statements.
- ❖ The expenditure on Inventory consumed is showing an unsatisfactory variance of 11%. It has been reiterated monthly that expenditure on Inventory consumed needs to be monitored closely and remedial action be taken to ensure that funds are spent effectively with good value for money and also that funds will be fully spent at year-end.
- ❖ Bulk purchases Water is mapped to Inventory as per GRAP 12. The municipality was not billed for July and September 2021 and is awaiting the invoices from the Department. These invoices are therefore not captured on the system, resulting in the substantial understatement of this expenditure line item. The December 2021 bulk invoice amounts to R14,523 million which is

overstated because the Department billed the volume for November 2021. This was taken up with the Department. The corrected billed amount is R11 million.

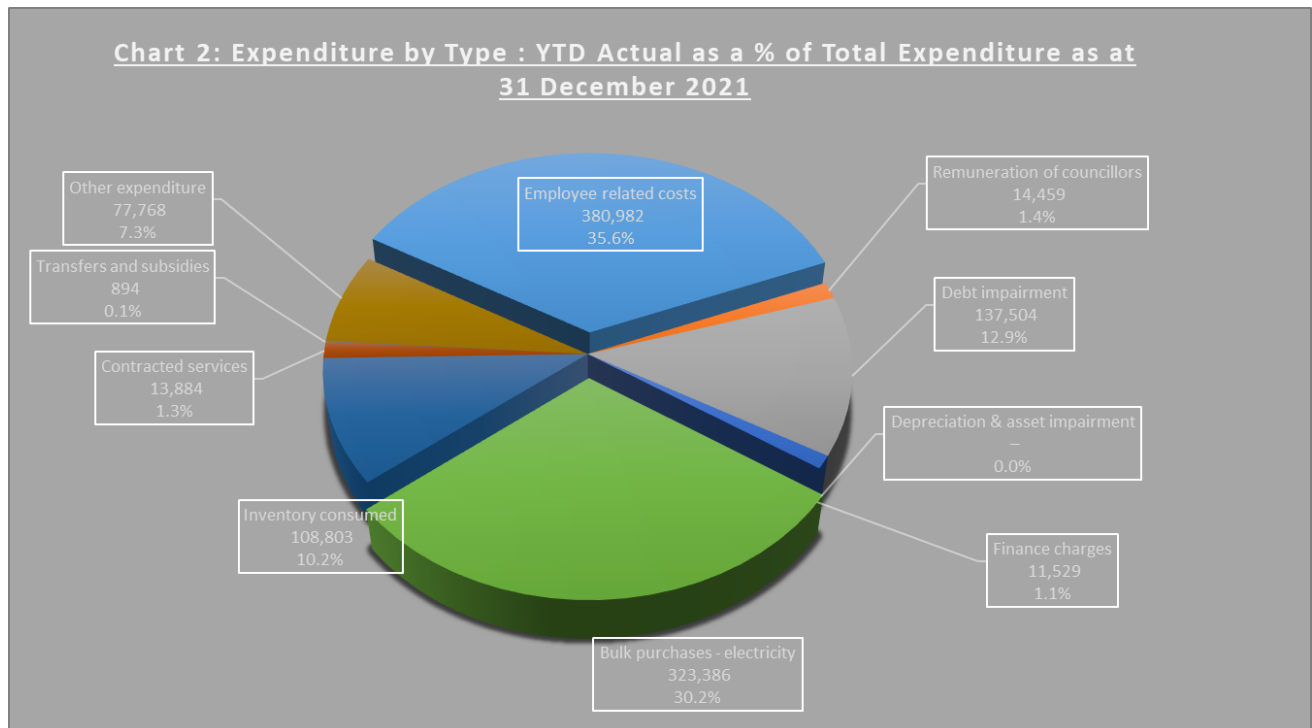


Chart 2: Expenditure by Type: YTD Actual as a percentage of Total Expenditure

Also indicated in Chart 2 above is the weighting of the YTD Actual on Expenditure by Type as a percentage of total operational expenditure as at 31 December 2021. The main cost drivers of the municipality are Employee Related Costs (35.6%), Debt Impairment (12.9%) and Bulk Purchases – Electricity (30.2%). It should be noted that these percentages are still slightly distorted as a result of the following:

- ❖ The Post-retirement benefit obligations under Employee related costs will be finalized as part of the year-end procedures. The soft lock on filling of vacancies also plays a role.
- ❖ Depreciation is not provided for and will only be finalized at year-end.
- ❖ Debt impairment is provided for quarterly. The journal for the second quarter was processed during December 2021.
- ❖ Interest on external borrowing is paid bi-annually.
- ❖ The municipality is still awaiting the July and September 2021 invoices from DWS and this has not been captured on the system. The December 2021 account is due at the end of January 2022.

4. Capital Expenditure Framework – performance

Capital expenditure by project

Indicated in the table below is a list of projects with the applicable funding source. The total capex improved when compared to previous months of the financial year. But as at 31 December 2021 the Capex spending is very slow in comparison to the previous financial year. The actual monthly expenditure for December 2021 amounted to R5,565 million. The total YTD Capex amounted to R27,097 million. Total commitments amount to R2,871 million. Please note that commitments are excluded from the YTD movement.

Description	Original Budget	Prelim Adj Budget	Curr Mth Exp	Commitment	YTD Movement	Unspend Budget	% Original	% Adj Budget	Funding source
UPGRADE HADISON PARK 66/11 KV SUBSTATION	1,500,000	1,500,000	-	-	-	1,500,000	0.0%	0.0%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
NETWORKS ACQ - ELECTR MATHIBE	33,000,000	33,000,000	1,950,744	-	2,241,959	30,758,041	6.8%	6.8%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
ELECTRIFICATION LETABO PARK	20,000,000	20,000,000	25,765	1,574	25,765	19,974,235	0.1%	0.1%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
ELECTRIFIC LERATO PARK LINK SERV NETWORK	12,000,000	12,000,000	-	-	26,353	11,973,647	0.2%	0.2%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
ACQ-FLEET REPLACEMENT	4,000,000	4,000,000	-	-	-	4,000,000	0.0%	0.0%	INTERNALLY GENERATED FUNDS
ACQ-FURNITURE AND OFFICE EQUIP REPLACEM	2,000,000	2,000,000	-	-	-	2,000,000	0.0%	0.0%	INTERNALLY GENERATED FUNDS
ACQ-COMPUTER EQUIPMENT REPLACEMENT	3,500,000	3,500,000	15,696	432,540	230,607	3,269,393	6.6%	6.6%	INTERNALLY GENERATED FUNDS
RECONSTRUCTION OLD SINK TOILETS PHASE 1	-	-	-	-	213,721	-213,721	-	-	INTERNALLY GENERATED FUNDS
DSITRBUTION-ACQ-WAT METER REPLACEME	1,000,000	1,000,000	43,197	24,825	319,122	680,878	31.9%	31.9%	INTERNALLY GENERATED FUNDS
CAPITAL SPARES-ACQ-PREPAID METERS	1,000,000	1,000,000	-	-	734,974	265,026	73.5%	73.5%	INTERNALLY GENERATED FUNDS
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	3,000,000	3,000,000	-	-	850,000	2,150,000	28.3%	28.3%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
RESEALING OF ROADS VARIOUS WARDS	13,000,000	10,000,000	-	435,067	9,135,739	864,261	70.3%	91.4%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
STORMWAT PROJ-SW CHANNEL GALASH IUDG	10,000,000	9,000,000	1,592,033	447,406	2,006,920	6,993,080	20.1%	22.3%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
UPGRADE GRAVEL ROADS WARDS VARIOUS	10,000,000	9,000,000	343,598	1,530,496	1,675,750	7,324,250	16.8%	18.6%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
P-CNIN COM F FIRE/AMBUL	-	4,000,000	160,311	-	1,897,116	2,102,884	-	47.4%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
CRAVEN STREET TRADE CENTRE	8,000,000	8,000,000	-	-	-	8,000,000	0.0%	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
LERATOPARK SEWER UPGRAD DOWNSTREAM INFRA	22,266,000	22,266,000	-	-	238,549	22,027,451	1.1%	1.1%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ELEVATED WATER TANKS DISTRIBUTION	-	1,000,000	-	-	-	1,000,000	-	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ STORMWAT PROJ-STORWAT CHANNEL GALASH	10,000,000	10,000,000	-	-	-	10,000,000	0.0%	0.0%	NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT
ACQ - CARTERS GLEN SEWER PUMP STATION	25,000,000	25,000,000	1,434,401	-	7,500,607	17,499,393	30.0%	30.0%	WSIG (WATER SERVICES INFRASTRUCTURE GRANT)
TOTAL	179,266,000	179,266,000	5,565,746	2,871,907	27,097,182	152,168,818	15.1%	15.1%	

Expenditure by grant funding

The table below presents project spending per grant funding. It should be noted that the expenditure on grant funded projects are low due to certain projects within the tendering processes, late commencement of projects which at mid-year have not started or minimal movement and also closing of contractors and bid committees during the festive period. Spending on grants must improve going forward.

Description	Original Budget	Prelim Adj Budget	Curr Mth Exp	YTD Movement	% Spent Original Budget	% Spent Adj Budget
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	66,500,000	66,500,000	1,976,509	2,294,077	3.4%	3.4%
ELECTRIFIC LERATO PARK LINK SERV NETWORK	12,000,000	12,000,000	-	26,353	0.2%	0.2%
NETWORKS ACQ - ELECTR MATHIBE	33,000,000	33,000,000	1,950,744	2,241,959	6.8%	6.8%
UPGRADE HADISON PARK 66/11 KV SUBSTATION	1,500,000	1,500,000	-	-	0.0%	0.0%
ELECTRIFICATION LETABO PARK	20,000,000	20,000,000	25,765	25,765	0.1%	0.1%
INTERNALLY GENERATED FUNDS	11,500,000	11,500,000	58,893	1,498,424	13.0%	13.0%
ACQ-COMPUTER EQUIPMENT REPLACEMENT	3,500,000	3,500,000	15,696	230,607	6.6%	6.6%
ACQ-FLEET REPLACEMENT	4,000,000	4,000,000	-	-	0.0%	0.0%
ACQ-FURNITURE AND OFFICE EQUIP REPLACEM	2,000,000	2,000,000	-	-	0.0%	0.0%
CAPITAL SPARES-ACQ-PREPAID METERS	1,000,000	1,000,000	-	734,974	73.5%	73.5%
DSITRBUTION-ACQ-WAT METER REPLACEME	1,000,000	1,000,000	43,197	319,122	31.9%	31.9%
RECONSTRUCTION OLD SINK TOILETS PHASE 1	-	-	-	213,721		
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	66,266,000	66,266,000	2,095,942	15,804,074	23.8%	23.8%
CRAVEN STREET TRADE CENTRE	8,000,000	8,000,000	-	-	0.0%	0.0%
ELEVATED WATER TANKS DISTRIBUTION	-	1,000,000	-	-	#DIV/0!	0.0%
LERATOPARK SEWER UPGRAD DOWNSTREAM INFRA	22,266,000	22,266,000	-	238,549	1.1%	1.1%
P-CNIN COM F FIRE/AMBUL	-	4,000,000	160,311	1,897,116	#DIV/0!	47.4%
RESEALING OF ROADS VARIOUS WARDS	13,000,000	10,000,000	-	9,135,739	70.3%	91.4%
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	3,000,000	3,000,000	-	850,000	28.3%	28.3%
UPGRADE GRAVEL ROADS WARDS VARIOUS	10,000,000	9,000,000	343,598	1,675,750	16.8%	18.6%
STORMWAT PROJ-SW CHANNEL GALASH IUDG	10,000,000	9,000,000	1,592,033	2,006,920	20.1%	22.3%
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	10,000,000	10,000,000	-	-	0.0%	0.0%
ACQ STORMWAT PROJ-STORWAT CHANNEL GALASH	10,000,000	10,000,000	-	-	0.0%	0.0%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	25,000,000	25,000,000	1,434,401	7,500,607	30.0%	30.0%
ACQ - CARTERS GLEN SEWER PUMP STATION	25,000,000	25,000,000	1,434,401	7,500,607	30.0%	30.0%
Grand Total	179,266,000	179,266,000	5,565,746	27,097,182	15.1%	15.1%

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	2020/21	Budget Year 2021/22						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	Full Year Forecast
R thousands	1							%	
Funded by:									
National Government		101 832	167 766	167 766	5 507	25 599	83 883	(58 284)	-69%
Provincial Government		-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		2 483	-	-	-	-	-	-	-
Transfers recognised - capital		104 315	167 766	167 766	5 507	25 599	83 883	(58 284)	-69%
Borrowing	6								
Internally generated funds		15 186	11 500	11 500	59	1 498	5 750	(4 252)	-74%
Total Capital Funding		119 502	179 266	179 266	5 566	27 097	89 633	(62 536)	-70%

5. Conditional grants performance

a. Allocation 2021/22

NC091 Sol Plaatje - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December										
Description	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									%	
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		245 173	222 840	222 840	65 464	154 949	111 420	43 529	39.1%	222 840
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		234 642	212 328	212 328	65 464	153 934	106 164	47 770	45.0%	212 328
Expanded Public Works Programme Integrated Grant		4 170	3 362	3 362	-	-	1 681	(1 681)	-100.0%	3 362
Infrastructure Skills Development Grant		4 661	5 500	5 500	-	-	2 750	(2 750)	-100.0%	5 500
Local Government Financial Management Grant		1 700	1 650	1 650	-	-	825	(825)	-100.0%	1 650
Municipal Disaster Relief Grant		-	-	-	-	1 015	-	1 015	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		15 253	7 800	7 800	-	4 150	3 900	250	6.4%	7 800
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other Grants		8 207	7 800	7 800	-	4 150	3 900	250	6.4%	7 800
Expanded Public Works Programme		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Infrastructure Grant		7 046	-	-	-	-	-	-	-	-
Libraries; Archives and Museums		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Finance and Admin		-	-	-	-	-	-	-	-	-
Public Safety		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Higher Education SA (HESA)		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	260 426	230 640	230 640	65 464	159 099	115 320	43 779	38.0%	230 640
Capital Transfers and Grants										
National Government:		109 706	167 766	167 766	-	20 091	83 883	(63 792)	-76.0%	167 766
Infrastructure Skills Development Grant		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		17 206	66 500	66 500	-	317	33 250	(32 933)	-99.0%	66 500
Integrated Urban Development Grant		50 328	66 266	66 266	-	13 656	33 133	(19 477)	-58.8%	66 266
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		22 881	10 000	10 000	-	52	5 000	(4 948)	-99.0%	10 000
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		19 291	25 000	25 000	-	6 066	12 500	(6 434)	-51.5%	25 000
Provincial Government:		-	-	-	-	-	-	-	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
Libraries; Archives and Museums		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		2 856	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
European Union		2 856	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	112 562	167 766	167 766	-	20 091	83 883	(63 792)	-76.0%	167 766
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	372 988	398 406	398 406	65 464	179 190	199 203	(20 013)	-10.0%	398 406

Allocation as per DORA

Operational Conditional Grants

FMG – R1, 650 000

ISDG – R5, 500 000

EPWP- R3, 362 000

Capital Conditional Grants

INEP – R66, 500 000 (R33, 000 000 withdrawn)

IUDG – R66, 266 000

NDPG –R10, 000 000 (R10, 000 000 withdrawn)

WSIG - R25, 000 000

b. Roll-over 2019/2020

NC091 Sol Plaatje - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M12 June

Description	Ref	Budget Year 2020/21				
		Approved Rollover 2019/20	Monthly actual	YearTD actual	YTD variance	YTD variance %
R thousands						%
EXPENDITURE						
Capital expenditure of Approved Roll-overs						
National Government:		15,119	–	15,119	–	
Neighbourhood Development Partnership Grant		7,913		7,913	–	
Integrated National Electrification Programme Grant		7,206		7,206		
Provincial Government:		–	–	–	–	
					–	
District Municipality:		–	–	–	–	
					–	
Other grant providers:		–	–	–	–	
					–	
Total capital expenditure of Approved Roll-overs		15,119	–	15,119	–	
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS		15,119	–	15,119	–	

For the financial year 2019/2020 Roll-overs was requested for INEP- R 12,656 382 and NDPG- R7, 912 577. National Treasury approved the Rollover request as follows:

- INEP- R 7,204 400
- NDPG- R7,912 577

c. Roll over 2020/21 implications

Project Name	Amount Budgeted	Amount Spent	Amount Gazetted	Contract Awarded	Contract Amount	Rollover Request
Galeshewe Stormwater Project	27,912,397.00	22,880,599.59	20,000,000.00	Downtouch Investments	117,550,633.50	5,031,977.41
Total	27,912,397.00	22,880,599.59	20,000,000.00		117,550,633.50	5,031,977.41

Galeshewe Stormwater Project

Complete the construction work of Priority 2, Ph 2A for the upgrading of storm water infrastructure in Galeshewe. The project has been completed. The roll over funds will be used for the new project funded by NDPG which is the Thlageng Dam Project. National Treasury declined the Rollover request. As per the rollover letter “The rollover request for NDPG is not recommended by the NDP

Unit within the National Treasury. According to the Transferring Officer, the municipality has sufficient allocation in the 2021/22 financial year to continue with the project.”

d. CRR Funding

Description	Original Budget	Prelim Adj Budget	Curr Mth Exp	YTD Movement	% Spent Original Budget	% Spent Adj Budget
INTERNALLY GENERATED FUNDS	11,500,000	11,500,000	58,893	1,498,424	13.0%	13.0%
ACQ-COMPUTER EQUIPMENT REPLACEMENT	3,500,000	3,500,000	15,696	230,607	6.6%	6.6%
ACQ-FLEET REPLACEMENT	4,000,000	4,000,000	-	-	0.0%	0.0%
ACQ-FURNITURE AND OFFICE EQUIP REPLACEMENT	2,000,000	2,000,000	-	-	0.0%	0.0%
CAPITAL SPARES-ACQ-PREPAID METERS	1,000,000	1,000,000	-	734,974	73.5%	73.5%
DSITRBUTION-ACQ-WAT METER REPLACEMENT	1,000,000	1,000,000	43,197	319,122	31.9%	31.9%
RECONSTRUCTION OLD SINK TOILETS PHASE 1	-	-	-	213,721		

Total CRR Funding amounts to R11, 500 000. Reconstruction toilets phase 1 was not included on the Capital Project list for the 2021/2022 financial year. The Budget must be adjusted with R5 000 000 to cater for toilet structures.

6. Cash flow statement 31 December 2021

The municipality is not collecting enough revenue to cover its commitments for a normal month. This is estimated at R157,000 million vs an average cash collection of R118,067 million, resulting in an average estimated monthly cash shortfall of R38,933 million.

The shortfall for June to August is higher due to the higher billing period for ESKOM and in addition to this the loan repayment of R16,500 million was also due at the end of June 2021. December is higher due to the bi-annual loan repayment and employee bonuses that were paid.

The municipality is therefore currently realising negative monthly cash flows which negatively impacts on the growing ESKOM and Department of water affairs debt. The municipality is unable to service all creditors as and when they are due resulting in outstanding creditors increasing monthly.

As at 31 December 2021 the municipal cost coverage ratio was less than one month excluding accrued debt with a balance of unsecured cash in the bank to the value of R66 574 522.

Financial position as at 31 December 2021

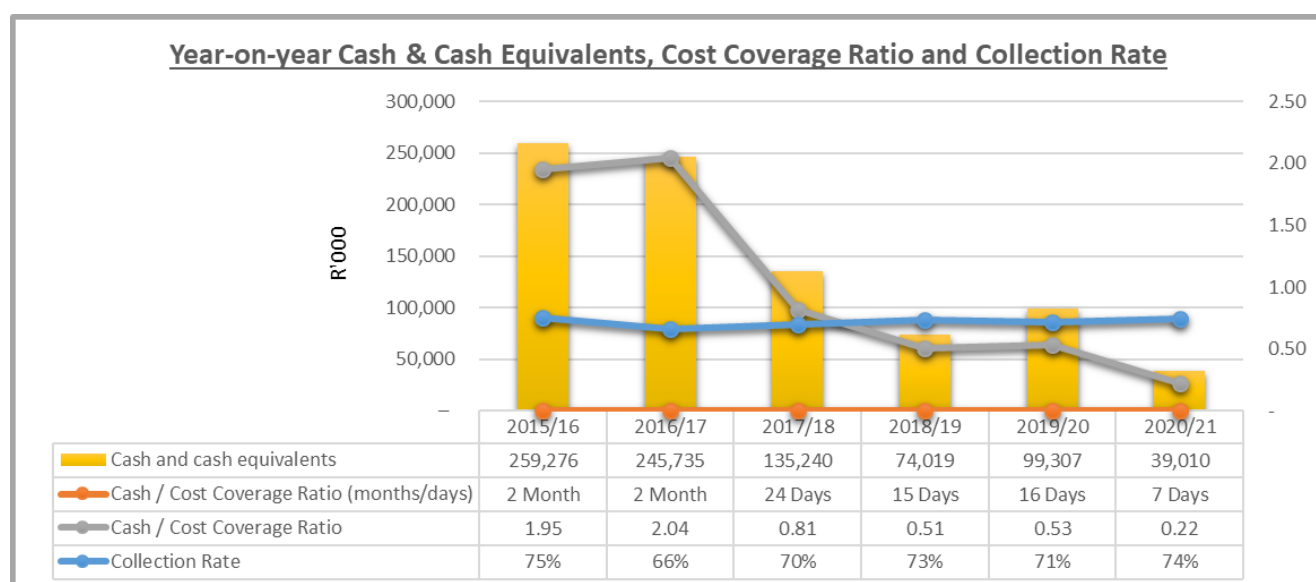
6. Cash and Investment Target	
6.1 Cash and Investment Target:	3 months coverage (NT)
Grants not spend	32,980,641
Cash backed funds	171,864,213
3 months operating expenditure	496,583,730
Total	701,428,585
Shortfall on 3 months coverage:	-558,214,810
6.2 Cash and Investment Target:	2 months coverage
Grants not spend	32,980,641
Cash backed funds	171,864,213
2 months operating expenditure	331,055,820
Total	535,900,675
Shortfall on 2 months coverage:	-392,686,900
6.3 Cash and Investment Target:	1 months coverage
Grants not spend	32,980,641
Cash backed funds	171,864,213
1 month operating expenditure	165,527,910
Total	370,372,765
Shortfall on 1 month coverage:	-227,158,990

As at 31 December 2021 the municipality had R66 574 522 of unsecured funds available. Total outstanding Creditors as at this date amounted to R569 388 792. The municipality is therefore unable to pay creditors as and when they are due. The largest outstanding creditors are Eskom and Water board. SPM tries their level best to pay all outstanding creditors within the 30 days, therefore the huge creditor amounts outstanding relates to Eskom and Water board.

The tables above demonstrate the amount of unsecured funds required after all creditors have been paid for the municipality to be viable. The norm for cost coverage of a financially healthy municipality is 3 months, therefore the municipality currently require R558 214 810 in additional unsecured funds after all liabilities have been paid to be considered financially viable.

Chapter 3: Financial Viability and Sustainability

The Covid-19 pandemic did not bode well for the municipality's finances which was already under severe strain and further exposed the vulnerability of the municipality's cash position. The municipality realises once again, the critical importance of having a minimum 3 months cash coverage which is a sound directive and required norm from National Treasury. This has been the focus of the municipality for the past few months to ensure that Sol Plaatje Municipality recovers fully to ensure its sustainability and financial viability. The municipality's main goal is to remain positive and committed in stabilising the municipality, improving its cash position and improving on service delivery. The re-instatement of the Chief Financial Officer and the Municipal Manager, effective 23 August 2021 is proving to be contributing positively to the stabilization of the municipality and improved accountability



The bar chart above, depicts the year-on-year Cash & cash equivalents, Cost Coverage Ratio and Collection Rate from 2016 to 2021. As reiterated, there has been a sharp decline in Cash and cash Equivalents. The average collection rate remained relatively constant over the past few years. This is well below the norm of 95% and is not sustainable. The Cost Coverage Ratio deteriorated significantly to less than month over the last four years. For the year ended 30 June 2021, it declined to 7 days, this clearly demonstrates the severe financial crisis that the municipality is experiencing. Drastic action and tough decisions will have to be made to improve on sound financial management and financial stability of the municipality. The year on year decline is very alarming and serious interventions will have to be put in place to drastically turn the situation around.

The main reason for the decline is

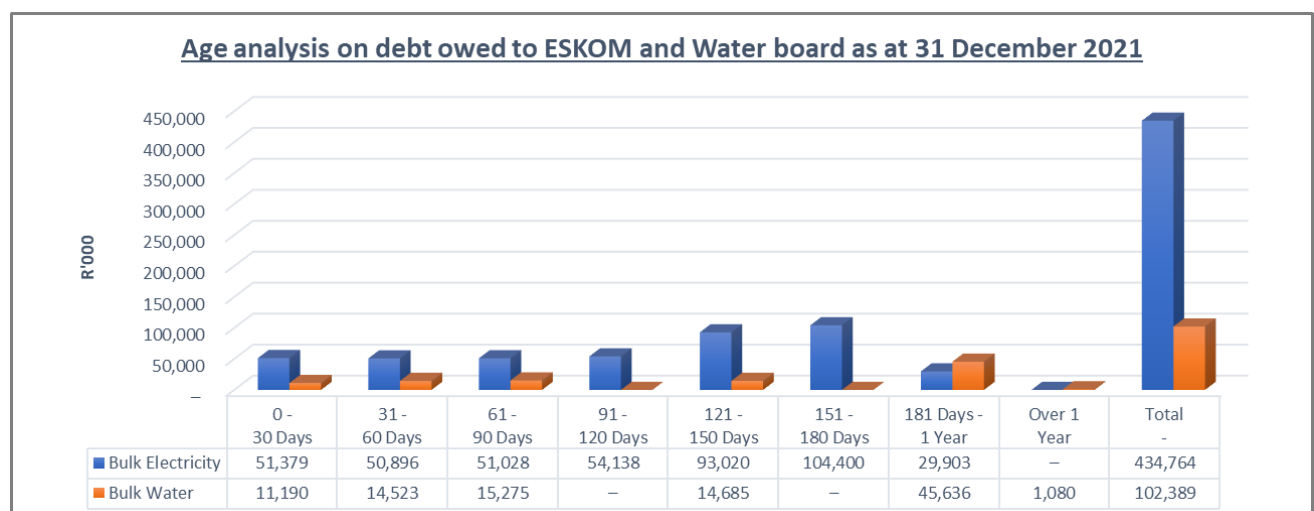
- the lower collection rates
- increased capital expenditure, especially increase in CRR funding year-on-year
- non-implementation of the basic charge for 2018/19 and 2019/20
- the impact of the Covid-19 pandemic, especially in relation to the bulk blocking of prepaid electricity meters
- increase in bulk purchases, improving demand management
- operational expenditure, including excessive expenditure on Overtime and EPWP
- variation orders on contracts
- excessive water and electricity losses
- Interest charged on overdue accounts for specifically, ESKOM and Waterboards

Creditor Management

The municipality is struggling to settle short-term commitments and is contravention of S65(2)(e) of the MFMA which directs that “all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement.” The municipality managed to pay monthly salaries and statutory commitments in respect of Value Added Tax (VAT), Pay-as-you-earn (PAYE), Medical aid and Pension contributions. The municipality defaulted on ESKOM and Water board accounts. Indicated in the table below is the Creditors Payment Period based on Trade creditors for the 2015/16 to 2020/21 financial year which deteriorated from 41 days to 139 days.

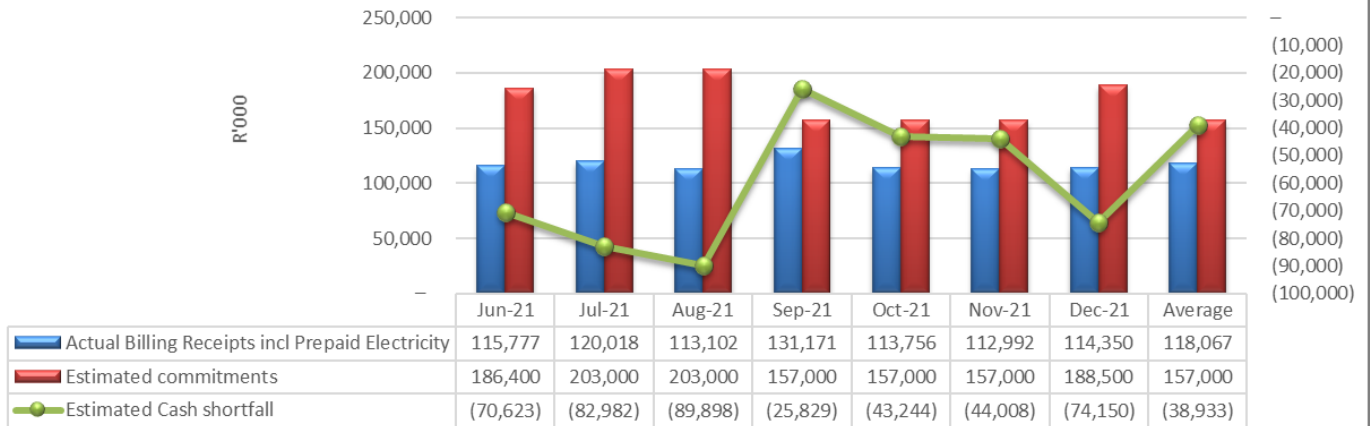
RATIO	NORM/ RANGE	INPUT DESCRIPTION	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Creditors Payment Period (Trade Creditors)	30 days	Creditors Payment Period (Trade Creditors)	41 days	41 days	52 days	77 days	118 days	139 days
		Trade Creditors	100,544	96,272	154,369	220,987	340,066	414,502
		Contracted Services	31,332	42,170	53,354	42,342	38,346	40,651
		Repairs and Maintenance						
		General expenses	255,855	209,356	282,641	250,810	253,207	267,802
		Bulk Purchases	454,010	491,966	501,334	554,438	625,195	653,738
		Capital Credit Purchases (<i>Capital Credit Purchases refers to additions of Investment Property and Property, Plant and Equipment</i>)	151,651	119,691	244,839	206,021	136,915	129,814

Indicated in the bar chart below is the age analysis of the two major creditors being ESKOM and Water board. As at end of December 2021, the municipality owed ESKOM an amount of R434,764 million and Department of Water & Sanitation (Water board) is owed an amount of R102,389 million.



Estimated cash shortfall

Estimated Cash shortfall for the period June to December 2021



Indicated in bar chart is the estimated cash shortfall for the period June to December 2021. The chart clearly articulates that the municipality is not collecting sufficient revenue to cover its commitments which for a normal month is estimated at R157,000 million vs an average cash collection of R118,067 million, resulting in an average estimated monthly shortfall of R38,933 million. The shortfall for June to August is higher due to the higher billing period for ESKOM and in addition to this the loan repayment of R16,500 million was also due at the end of June 2021. December is higher due to the bi-annual loan repayment and employee bonuses that were paid.

Chapter 4: Debt Collection and Revenue Enhancement

Chart 7: Debt over 90 days as a % of total O/S Debt: Jun 2021 - December 2021

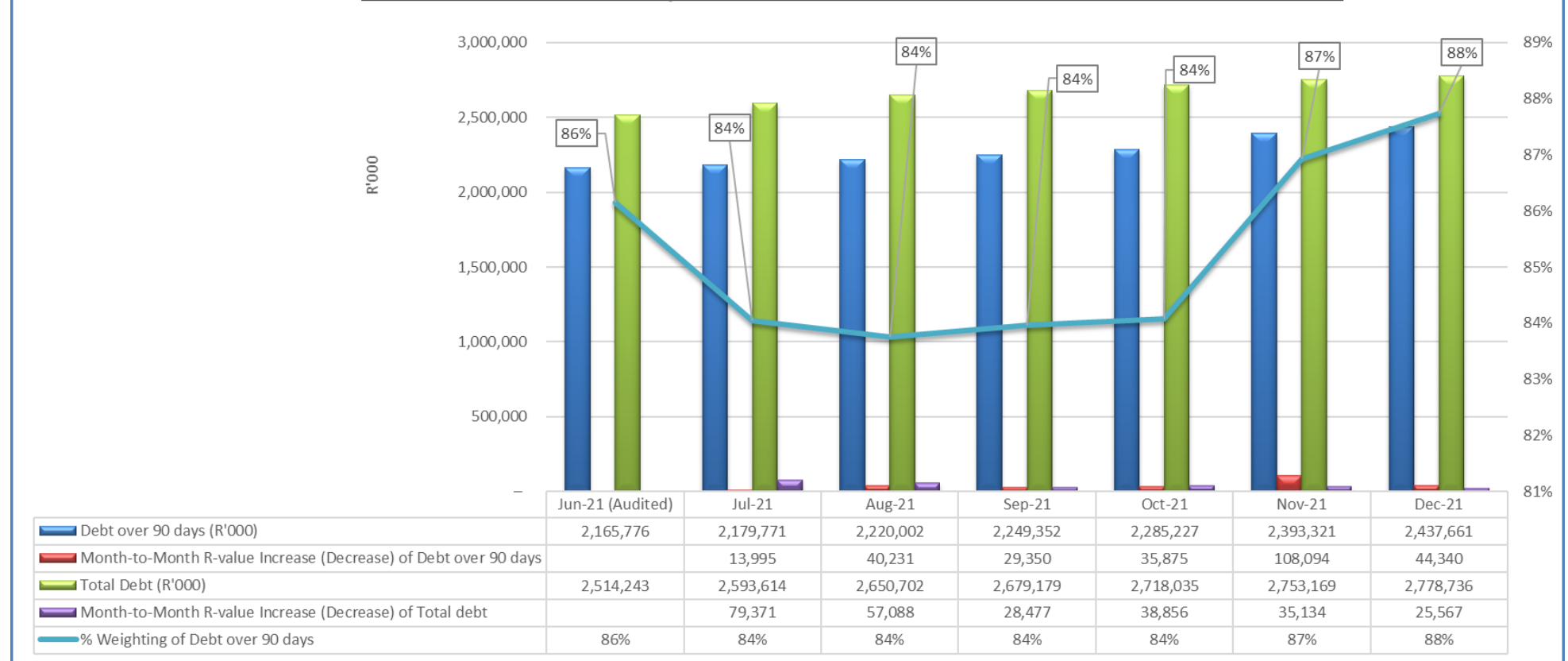


Chart 7 below, depicts the month-on-month summary of Debt over 90 days as a percentage of total O/S Debt which increased from 87% to 88% for the period under review. Debt over 90 days increased by R40,340 million in respect of the month-to-month comparison. The month-to-month increase on Total debt amounted to R25,567 million. It is concerning that total debt over 90 days is hovering at an average of 85%. 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.

Chart 11: Debtor's Age Analysis per Customer Group as at 31 December 2021

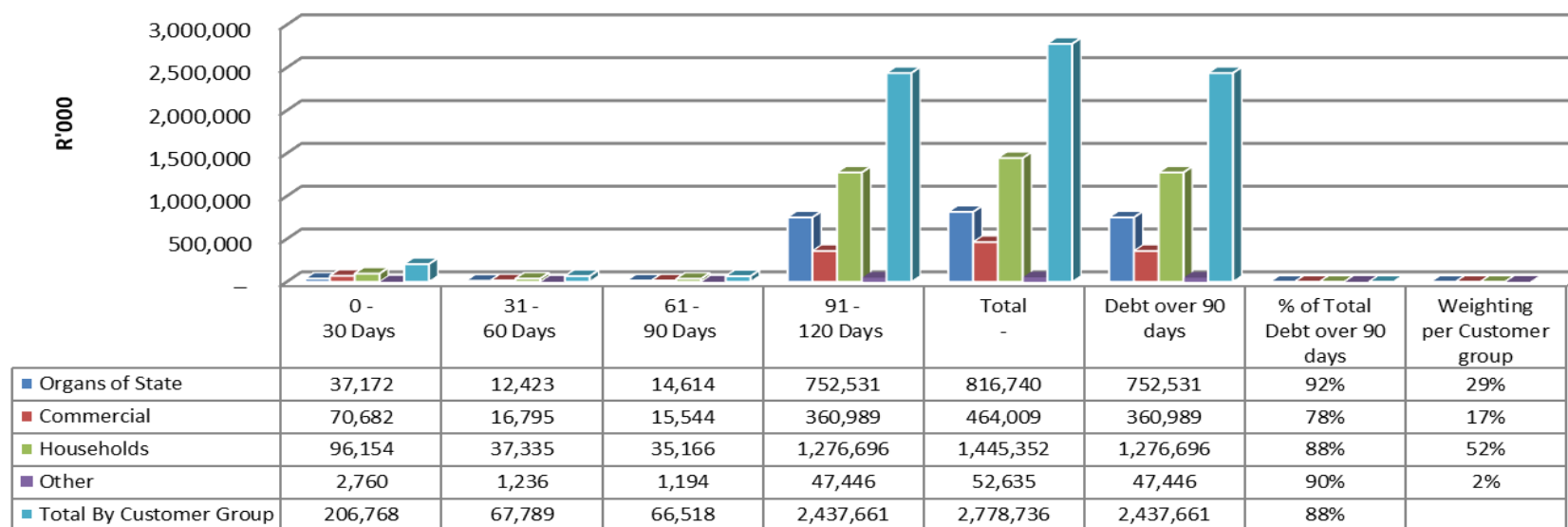


Chart 11 above, illustrates that the bulk of SPM debt is aged over 90 days with a total weighting of 88%. An analysis revealed that the catalysts for this condition are the sheer volume of accountholders in arrears, the poor economic circumstances of a large number of our accountholders, and the increasing cost of services beyond the Municipality's control. This is compounded by the large number of water leaks that go unreported which causes the accountholder's account to escalate beyond their means to pay. In addition to this, there is a substantial portion of irrecoverable, stagnant debt that attracts interest every month. We have a backlog of processing this debt and submitting this to Council for approval to write off. We have revised our policies to make our processes more effective. This will allow us to focus on preventing debt from ageing where possible in tracing and updating our debtors' information and of course recovering outstanding amounts. We anticipate a marked turnaround of this trend and in conjunction with a concerted effort to retard the escalation of ageing debt, we are focusing on improving the accuracy and regularity of our billing as well as our communication with our accountholders. Indigent verification is a continuous process and we are encouraging accountholders whose households qualify, to approach the Municipality for an assessment and possible registration as an Indigent Household. The benefits of this are the provision of free basic services and assistance with arrear debt owed to the Municipality. The Covid-19 pandemic also adversely

affected consumer's ability to pay, this is evident by the average monthly collection rate of 69%. The municipality has been providing additional incentives to assist consumers to settle their arrear accounts

Monthly and revised average collection rate

Monthly collection rate per service							
Revenue source	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Average
Property Rates	62%	25%	81%	66%	63%	56%	51%
Electricity excl Prepays	80%	77%	69%	80%	84%	87%	79%
Water	85%	47%	47%	57%	52%	58%	57%
Sewerage	48%	44%	43%	46%	44%	40%	44%
Refuse	48%	47%	44%	49%	46%	43%	46%
Other	108%	50%	108%	129%	103%	86%	97%
Monthly collection rate	74%	41%	69%	72%	67%	66%	63%
Average monthly collection rate for last four months (Sep to Dec 2021)							69%

Table 10: Monthly collection rate

REVENUE BY SOURCE	YTD ACTUAL DECEMBER 2021	YTD RECEIPTS	Rate
PROPERTY RATES	R 350,029,077	R 178,783,144	51.1%
SERVICE CHARGE ELECTRICITY	R 217,229,464	R 195,574,503	90.0%
SERVICE CHARGE ELECTRICITY - PREPAIDS	R 142,459,067	R 142,459,067	100.0%
SERVICE CHARGE WATER	R 146,810,001	R 80,762,508	55.0%
SERVICE CHARGE SANITATION	R 42,756,511	R 22,306,940	52.2%
SERVICE CHARGE REFUSE	R 30,979,177	R 17,548,648	56.6%
OTHER	R 69,973,550	R 67,953,800	97.1%
UNALLOCATED CREDITS		R 12,936,433	
REVISED AVERAGE COLLECTION RATE - DECEMBER 2021	R 1,000,236,846	R 718,325,042	71.8%

REVENUE BY SOURCE	YTD ACTUAL DECEMBER 2021	YTD RECEIPTS	Rate
REVISED AVERAGE COLLECTION RATE - DECEMBER 2021 incl ANNUAL BILLING ON PROPERTY RATES	R 1,000,236,846	R 718,325,042	71.8%
LESS ANNUAL BILLING ON PROPERTY RATES	R -78,561,553	R -6,762,203	8.6%
REVISED AVERAGE COLLECTION RATE - DECEMBER 2021 excl ANNUAL BILLING ON PROPERTY RATES	R 921,675,294	R 711,562,839	77.2%

Table 11: Revised Average collection rate

As per Table 10 below, when taking into consideration what was billed in November 2021 and received in December 2021, the monthly collection rate is 66%. Indicated in Table 11 below is the revised average collection of 71.8% 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 R78m 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 77.2%. Based on actuals obtained from the system, only R6,762 million has been received for annually billed rates. When considering the average collection rate, various factors are considered, 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 December to 31 December 2021. Unallocated credits are obtained from the cashbook. Government and businesses/households that opt to get billed annually, have until the end of September/October 2021 to settle their outstanding accounts.

Revenue enhancement

- Disconnection of consumers to be applied consistently and fairly in line with the Credit Control Policy
- Engagements with provincial government to collect outstanding debt
- Data cleansing of the entire debtor's book
- 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 e-mail
- Improve in the accuracy of monthly billing
- Ensure meters are read consistently and timeously
- Significantly reduce interim readings and ultimately eliminate interim readings
- Reduce material billing errors by thoroughly interrogating billing exception reports prior to final billing run
- Enhance customer relations and consumer satisfaction by improving on the turnaround time when dealing with billing queries
- Introduce electronic complaints management system/register for account queries
- Ensure faulty and bypassed electricity meters are replaced
- Ensure that stuck, leaking, faulty or damaged water meters are replaced
- Do regular follow-ups on meter replacements
- Accurately update the system with latest information
- Reduce the turnaround time for installation of replacement or new meters
- Ensure improved synergy and improved communication between internal department like Town Planning, Infrastructure, GIS and Billing
- Interrogate billing and prepaid electricity reports on a monthly basis and take immediate remedial action to address anomalies or discrepancies
- Ensure that all billable properties are billed for Property rates and services
- Ensure that customers are billed at the correct approved tariff by linking each customer to the correct tariff code loaded on the system
- Reduce Electricity and Water losses
- Finalise the Riverton reclamation dam to reduce water losses at the Plant by at least 8%
- Introduce automated metering for bulk consumers
- Finalise the Electricity Cost of Supply Study
- Ensure qualifying indigents are registered on the system, immediately upon verification
- Improve on indigent management in terms of consumption and ensure prepaid electricity meters are installed immediately for all approved indigents
- Improve on service delivery and personnel performance, to enhance customer's willingness to pay
- Reduce or curb unnecessary expenditure by diligently applying cost containment measures
- Prioritisation of spending
- Improve on routine maintenance on particularly revenue generating assets
- Spend funds effectively with good value for money

Chapter 5: Supply Chain Management

1. CORE FUNCTIONS OF SCM

Table: 1

Demand Section	Acquisitioning Section	Logistic and Disposal Section	Contracts Management Performance & Risk Section
<ul style="list-style-type: none"> Responsible for an annual procurement plan register to be submitted to National Treasury Assists user department to prepare procurement plans Advise end user in needs assessment, determine specifications and evaluation criteria for all procurements Compile tender document for Bid Specification Committee Compile a formal written quotation /7 days web quotation for all user department Assist to conduct a need, market and industry analysis Determine procurement process Attend BSC meeting Register supplier on the municipal database system 	<ul style="list-style-type: none"> Receive requisitions daily from line Manager for processing of orders Request for quotations daily from Suppliers Verify daily if Suppliers are compliant on CSD and active on Solar system Typing of Orders approximately 50-200 orders daily Signing of captured orders daily Splitting of signed orders for filing purposes Capturing of more than R2000 on the excel spreadsheet for reporting purposes Manage and Supervise the section Be Member of different Committees Submit Summary of Deviations to Council on a monthly basis 	<p>Inventory Management</p> <ul style="list-style-type: none"> Determine stock levels Maintain and manage stock master Replenish stock levels by placing of official orders including fuel Receive all items stock / direct purchases Issue stock items including fuel Distribute and offload direct purchases to various user departments (Deliveries) Process Goods Receive Notes Plan and oversee the annual stock take Identify, maintain and report stock turnover rate, 20 highest stock items, slow moving items <p>Disposal Management</p> <ul style="list-style-type: none"> Disposal of redundant goods and equipment 	<p>Contract Management</p> <ul style="list-style-type: none"> Opening Processes of bids Compiling of Adverts and compliancy to NT Pre-evaluation of bids/Quotations Responsible for BSC, BEC & BAC Committee Processes Evaluation of Quotations Contracts administration Contracts Performance Management Measure Performance of Prospective Bidders Monitoring and Evaluation of projects Reporting (mid-year and quarterly) <p>Risk</p> <ul style="list-style-type: none"> Risk assessment Identify and remedy of corrupt activities Oversee, Verification of tender documents

<ul style="list-style-type: none"> • Monitor existing systems (CSD, E-Procurement and Financial system) and procedures in office and implement changes and adjustment where required • Maintenance of supplier's database, verifying updating supplier's information and continuously monitoring and managing supplier's information. • Verify suppliers banking details before payment is made 	<ul style="list-style-type: none"> • Compile Financial Statement of Deviations yearly • Submit reports monthly and quarterly • Attend to queries daily • Notify Line Manager of successful bidder of the 7-day web quotes • Verify Voucher if compliant on CSD and contract is valid 	<p>in consultation with Asset Management Section</p> <ul style="list-style-type: none"> • Identify and report obsolete / redundant stock • Arrange auctions for all redundant stock <p>Standby Service</p> <ul style="list-style-type: none"> • Render standby service, after hours, weekends and public holidays 	<p>and pre-evaluation reports</p> <ul style="list-style-type: none"> • Monitor existing systems
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2. SECTIONS OF SCM

The Supply Chain Management Unit is constituted by these sections: Acquisitioning, Demand, Logistics & Disposal and Risk & Performance. In each section there is manager and a supervisor.

demand management;

- (i) Acquisition Management;
- (ii) Demand Management
- (iii) Logistics management;
- (iv) Asset/Disposal Management;
- (v) Risk Management; and
- (vi) Performance Management.

3. BID COMMITTEES

There are three bid committees that are responsible for various activities within the SCM Unit. These Bid Committees are the Bid Specification Committee (BSC) which is responsible for the approval of specifications and advertisement, the Bid Evaluation Committee (BEC) which is responsible for the evaluation of bids and make recommendations and the Bid Adjudication

Committee (BAC) which is responsible for awarding of tenders. All these bid committees are supported by the Secretariat.

4. PROCESSES FOR QUOTES UNDER R30K AND BETWEEN R30K AND R200K

4.1. Under R30k

For Quote under R30k three quotations are required as indicated in the table below

Table: 2

Description	Value (VAT inclusive)
Petty cash purchases as determined by Section 12(1)(a) of the Regulations	Transaction up to value of R 2000
Petty cash purchases determined by SCM policy	SCM no longer have physical cash but generate an official order.
Written or verbal quotation	R 2000 to R 30 000

4.2. For quotes between R30k and R200k

For quotes between R30k and R200K a formal written quotation, SCM advertised the formal written quotation on the municipal website for 7 calendar days. On the opening of the quotes after 7days, the evaluation officer will evaluate the quotes and the highest scoring bidder will be appointed.

Table:3

Description	Value (VAT inclusive)
Formal written price quotation	R 30 001 to R 200 000
Competitive bidding process	Above a transaction value of up to R200 000

4.3. For bids above R200k

The approved procurement plan by the Municipal Manager must be submitted by the Line manager to the SCM and at the latest is the 15 March each financial year. Thereafter the Specification must be submitted to Demand Section of the SCM Unit and tender document will be compiled and presented to BSC for approval and advertisement. After the closing date the tender will be evaluated and the line manager will submit the technical report and be submitted to BEC for evaluation and recommendation to BAC which will make award. The tender will be advertised for 30 calendar days and upon closing the tender will registered in the tender opening register.

In certain instance compulsory briefing sessions are necessary in order to provide clarity to the potential bidder. The sessions are held on site or virtual due to Covid-19. All bidders must comply with set dates and time for compulsory briefing session and the attendance register is kept for all who bidders who attended the sessions.

Currently bidders are required to submit hard copies since the municipality does not have an electronic system in place. The tender document must be submitted in a sealed envelope marked with tender number and description of the tender. The tender document must be submitted on or before the closing date.

4.4 The closing procedures for tenders and web quote is as follows:

- all tenders close at 10h00 and no late submission is accepted.
- The bid officials and the risk officer open the tender box and collect all the sealed envelopes.
- The bid official records the tenders in the opening register.
- Hand over the original bid document to the evaluation officer to conduct pre-evaluation process.
- The copies of the tender are handed over to line manager in order him or her to prepare a technical report.

4.5. Comments on CSD:

The Central Supplier Data Base (CSD) is a system developed by the National Treasury in which all service providers who doing business with government are registered. Its purpose to assist all government institution to verify if any director of the company is in the service of state.

This system is linked to the Department of Home Affairs and CIPC (Companies and intellectuals Property Commission - CIPC South Africa) as well as all banks in the republic in order to verify the authenticity of banking details.

4.6. Internal Data Base:

It is a municipal financial system (Solar) in which municipal Service Providers are registered in order assign supplier code which identify each supplier. For Unregistered suppliers, the municipal cannot create an official order nor make payment to the supplier. All suppliers are required to update their declaration of interest on an annually basis for audit purpose and compliance requirement in line with SCM policy.

4.7. Reports of quotes between R30k and R200k and touch on local suppliers % of total value awarded

Table: 4

Description	Web quote	Tenders	comments
Advertised from 1 July to 31 December 2021	32	30	
Awarded in the same period 1 July 2021 to 31 December 2021	23	9	
In progress for period 1 July to 31 December 2021	8	32	In terms of the tenders they are still in progress at BSC and BEC
Local suppliers % of total value awarded	98%	14%	In term of the web quote, the local bidders received 98% in compare to 14% for tenders.

4.8 Small Business Support initiatives

The Small business community (SMME's) are very important to the economy of SPM and the SCM has taken an initiative to ensure that they supported and empowered accordingly. In the reviewed SCM policy, the team has made a provision to cater for small local businesses as indicated below:

Table:5 Locality

No	Criteria	Points allocation
1.	Offices within the vicinity of SPM	10
2.	Offices within the vicinity of Francis Baard District	7
3.	Offices within the Northern Cape Province	5
4.	Offices within the Republic of South Africa	3

This table will form part of the tender document once the reviewed policy has been approved by council.

4.9 Report on deviations for the period

The report on deviations for the period 1 July 2021 to 31 December 2021 is 21 certificates and is estimated at R16,297,614.02. See attached spreadsheet as **Annexure A**.

4.10 Comment on Unauthorised, Irregular and Fruitless and Wasteful (UIF&W) Expenditure as at 30 June 2021 (extract from financials), root causes and MPAC process

This function of UIF&W Expenditure was previously done by the SCM but it was established that this must be the responsibility of the Expenditure section and during the review of UIF&W policy an amendment has been made to refer it to Expenditure Section to be the responsible section.

Financial year end 30 June 2021

a) Fruitless and Wasteful Expenditure

Table: 6

Description	Amount
Opening balance as previously reported	R14 454 714, 00
Fruitless and Wasteful Expenditure for current year	R13 693 326, 00
Total Amount	R28 148 040, 00

Root Causes:

- Interest charged on late payment of ESKOM
- Interest charged Dept of Water and Sanitation and Orange Riet water users
- Penalties and Interest SARS
- Interest - Auditor General late payments
- Interest - Telkom

b) Irregular Expenditure:

Table:7

Description	Amount
Opening balance as previously reported	R 310 877 742,00
Irregular Expenditure for current year	R 163 200 808,12
Total Amount	R 474 078 550,12

Root Causes:

- SCM Public invitations were issued for less than 30 days.
- Non-compliance: Contract expired
- Non-compliance with SCM regulations - Various Contraventions with the SCM regulations
- Non-compliance: SCM Regulation 32
- Non-compliance: Legal Services - no valid contract

c) MPAC Processes

Municipal Public Accounts Committee (MPAC) is a committee of the municipal council, appointed in accordance with section 79 of the Structures Act and a council committee contemplated in section 32(2)(a)(ii) of the Act to investigate the recoverability of any unauthorised, irregular and fruitless and wasteful expenditure.

- MPAC oversight are the matters to be dealt with when there are instances of either unauthorised, irregular, fruitless and wasteful expenditure identified
- MPAC reviews and recommends to Council actions in relation to Unauthorised, Irregular Fruitless and Wasteful expenditure in terms of MFMA Sect 32.
- MPAC examines appropriate investigation reports, undertaken by others, such as the Internal Audit or Forensic reports, seek clarity from the Accounting Officer and recommend to Council further actions or write off in terms of MFMA Sect 32 (2).
- MPAC to receive information only on adjustment budget process (s29) to enable it to undertake its (MFMA sect 32) responsibilities.
- In the case of unauthorised, irregular, fruitless and wasteful expenditure or any matter of financial governance, MPAC has the right to call the accounting officer or other senior staff to provide information or clarity
- The MPAC may request the support of both the Audit Committee and the internal audit unit.

4.11. Policy matters, improvements and weaknesses and proposed amendments

The SCM policy provides an overarching role of the procurement of goods and services as well the development of infrastructure within the municipal space. It is developed within the framework of the MFMA of 2003 and National Treasury regulations and other related legislations.

a). The initiatives undertaken by the SCM team to improve the policy relates to the following:

- The integration of locality in the policy
- Inclusion of SARS requirements such as the Tax Compliant Status Pin instead of the old Tax Clearance certificate
- Integration of the CSD into the policy where the BBBEE or sworn affidavit has not been submitted by the bidder.

b). Weaknesses

- Practically most polices do not cover everything and it is for this reason that National treasury continue introduce circulars, guidelines, instruction notes and directives. Therefore, any weaknesses identified will be covered through consulting with the NT and or PT for clarity.

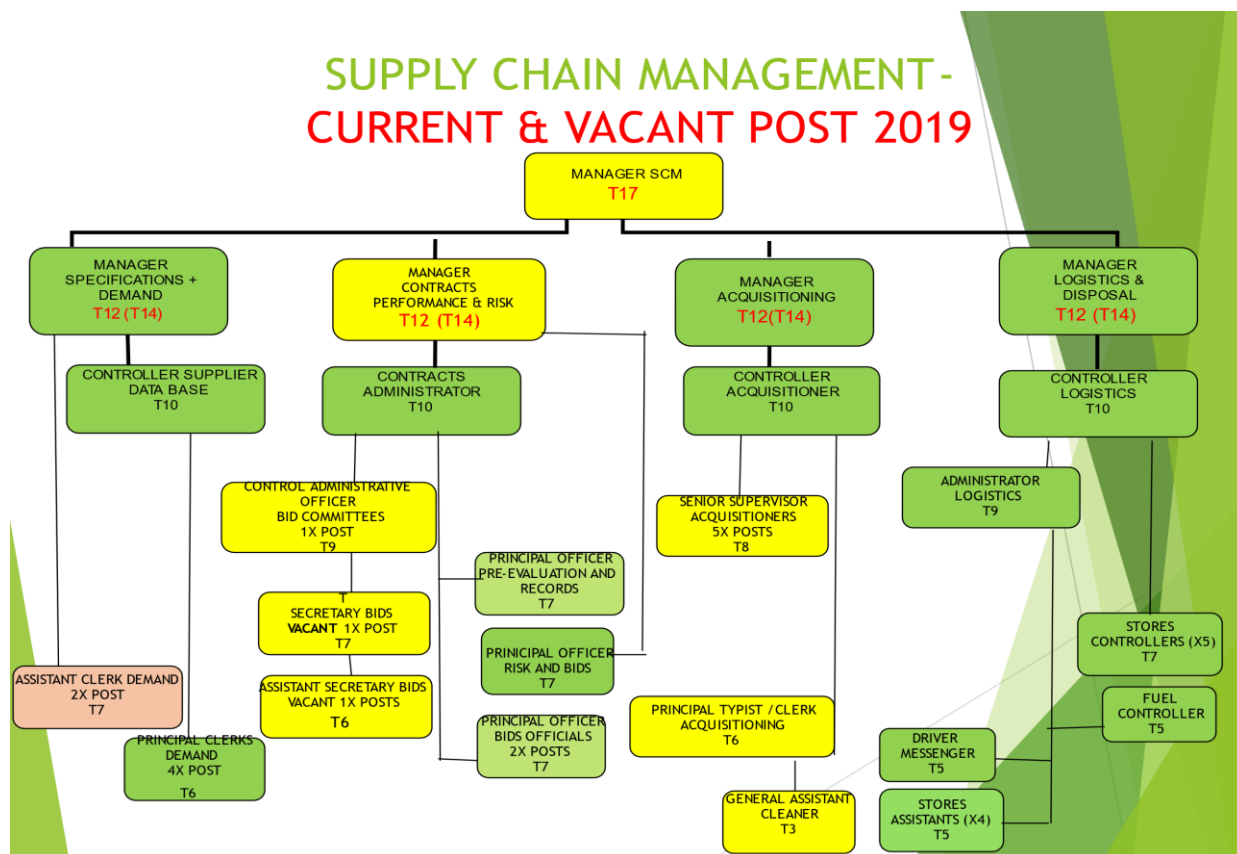
c). Proposed Amendments

The following amendment has been highlighted in details in the policy:

- The definitions of section 36 of deviations under emergency and exceptional cases on page 10 of the SCM policy.
- **Section 12:** Range of procurement processes in which table 3 was inserted on page 17of SCM policy.

- **Section 13:** General preconditions for consideration of written quotations or bids in which a Tax clearance certificate was changes to Tax Compliance Status Pin and municipal accounts was considered not in arrears for 60 days and now has been changed in line with the regulation to 90 days.
- **Section 17(1) (a) and (b):** has been changed to be in line with National Treasury: SCM Instruction No 02 of 2021/2022.
- **Section 26** Committee system for competitive bids: this clause has now be integrated into the policy for proper management of the appointment of members of bid committees by the MM: “All members of the three committees are appointed for 12 months and may be re-appointed for another 12 months (1st July to 30th June) and must declare their financial interest, sign the SCM code of conduct, and also declare business interest(s) as per Regulation 46(2)(e) and (f).”
- **Section 27(2)(f): Bid specification Committee:** “The Bid Specification Committee must determine the Bid advert days in line with Supply Chain Policy”. The clause was inserted after the AG queried the advert days (30 calendar days)
- **Section 34:** Proudly South African Campaign / Locality: Table 4 was inserted in order to empower local businesses within the SPM.
- **Section 36: Under section 36(a) additions have been made which are:** Conditions/Circumstances that necessitate deviations.
- **Section 37:** under section 37 (a) additional information as National Treasury Practice Note No.11 of 2008/09 for unsolicited bids.
- **Section 46:** Ethical standards: additions to subsection 2 and 3 were made.
- **Section 57:** Extension of Contracts: subsection 1 to 8 of the policy were added.
- **Section 58:** Variation of Contracts and **Section 59:** contract terminations processes are included in details in the Performance Contract Management Policy.

4.12 Supply Chain Management Organigram



PRE-NUMBERED DEVIATION CERTIFICATES REGISTER FOR FY 2021/22 - JUL TO DEC 2021										ANNEXURE A
No.	Deviation Number	Date	Description	Motivation	Financial Implication	Supplier's Approached	Successful Supplier	Directorate	Line Manager	Comments
1	SCM 01/2021/22	07-Jul-21	Emergency appointment of contractor to attend to sewer blockages, due to Covid-19 positive case and self-isolation of Sanitation unit	An Emergency	R 630,000.00	Tmab Enterprise R630,000.00 Abantwini Enterprise (PTY) LTD R685,000.00, Ekwe Construction R648,000.00	Tmab Enterprise	Infrastructure and Services	S Mkhize	Emergency response to sewer due to Covid spreading in the situation.
2	SCM 02/2021/22	12-May-21	GIS Mapping for the Sol Plaatje Spatial Development Framework (SDF)	Exceptional Cases	R 172,385.00	Tshani Consulting cc	Tshani Consulting cc	Strategy, Economic Development & Planning	N Modiba	GIS Mapping for the Sol Plaatje Spatial Development Framework (SDF)
3	SCM 03/2022/22	13-Jul-21	Verification, application and updating of indigent Register	Exceptional Cases	R3,000,000.00	McGuire Trading Enterprise (PTY) LTD	McGuire Trading Enterprise (PTY)LTD	Financial Services	Mr L Marekwa and Mrs J Modutle	Verification, application and updating of indigent Register
4	SCM 04/2021/22	14-Jul-21	Emergency service delivery Intervention on water supply and Sanitation Services: Water leaks and Sewer Blockages	An Emergency	R5,500,000.00	Monyoro 321 Holdings R5,500,000.00, JJL Gen Trading R7,001,775.00, T4 Industries (PTY)LTD R8,280,000.00	Monyoro 321 Holdings	Infrastructure and Services	S Mkhize	Emergency service delivery Intervention on water supply and Sanitation Services: Water leaks and Sewer Blockages
5	SCM 05/2021/22	21-Jul-21	Provide Catering for Disaster Management	Exceptional Cases	R 245,812.00	MJB Beukes Catering	MJB Beukes Catering	Community Services	MW Pretorius	Provide Catering for Disaster Management
6	SCM 06/2021/22	21-Jul-21	Provide Catering for Disaster Management	Exceptional Cases	R 109,492.00	MJB Beukes Catering	MJB Beukes Catering	Community Services	MW Pretorius	Provide Catering for Disaster Management
7	SCM 07/2021/22	21-Jul-21	Rental of mobile 6 Sludge Pumps	An Emergency	R 255,217.20	C-Pac Pumps & Valves R255,217.20, Newgen Pumps & Valves R301,392.00, P I G Pumps No response, Super Armature No response	C-Pac Pumps & Valves	Infrastructure and Services	S Mkhize	Rental of mobile 6 Sludge Pumps

PRE-NUMBERED DEVIATION CERTIFICATES REGISTER FOR FY 2021/22 - JUL TO DEC 2021

ANNEXURE A

No.	Deviation Number	Date	Description	Motivation	Financial Implication	Supplier's Approached	Successful Supplier	Directorate	Line Manager	Comments
8	SCM 08/2021/22	04-Aug-21	DTM Suite Licence fee 1 July 2021-31 Oct 2021 (4 months)	Sole Provider	R 59,800.00	DTM Software Partners PTY LTD	DTM Software Partners PTY LTD	Corporate Services	Mrs M Van Zyl	DTM Suite Licence fee 1 July 2021-31 Oct 2021 (4 months)
9	SCM 09/2021/22	27-Jul-21	Accommodation for (6) Councillors 04-07 Aug 2021-East London (Southern Sun hemingways Hotel (3 nights, Cllr Gomba, Cllr Plaatje, Cllr Mhapi, Cllr Van Wyk, Cllr Makhamba and Cllr Matshidiso	Exceptional Cases	R 31,770.00	Zilko Hospitality Africa t/a Zilko Tours	Zilko Hospitality Africa t/a Zilko Tours	Mayor's Office	Mr G Arends	Accommodation for (6) Councillors 04-07 Aug 2021-East London (Southern Sun hemingways Hotel (3 nights, Cllr Gomba, Cllr Plaatje, Cllr Mhapi, Cllr Van Wyk, Cllr Makhamba and Cllr Matshidiso
10	SCM 10/2021/22	20-Sep-21	Accommodation & car rental for the Executive Mayor and a team of 4 nominated members of Mayoral Committee on the official visit to both the Ekurhuleni Metro & Tshwane LM to conduct onsite electricity tariff benchmarking exercise	Exceptional Cases	R 80,660.00	Zilko Hospitality Africa t/a Zilko Tours	Zilko Hospitality Africa t/a Zilko Tours	Mayor's Office	Mr G Arends	Accommodation & car rental for the Executive Mayor and a team of 4 nominated members of Mayoral Committee on the official visit to both the Ekurhuleni Metro & Tshwane LM to conduct onsite electricity tariff benchmarking exercise
11	SCM 11/2021/22	19-Aug-21	Boiler maker Training for QJ Danster over two financial years periods 2021/22	Exceptional Cases	R 164,362.66	Artisan Training Institute (Pty) Ltd R164,362.66, Harmony R141,910.00, Anglo American R723,846.14	Artisan Training Institute	Corporate Services	Mrs M Van Zyl	Boiler maker Training for QJ Danster over two financial years periods 2021/22

PRE-NUMBERED DEVIATION CERTIFICATES REGISTER FOR FY 2021/22 - JUL TO DEC 2021										ANNEXURE A
No.	Deviation Number	Date	Description	Motivation	Financial Implication	Supplier's Approached	Successful Supplier	Directorate	Line Manager	Comments
12	SCM 12/2021/22	22-Oct-21	Provision of catering to community of White City who were affected by a flood and had to be relocated to alternative accommodation.	Exceptional Cases	R 444,799.00	MJB Beukes Catering	MJB Beukes Catering	Community Services	MW Pretorius	Due to disaster that occur
13	SCM 13/2021/22	22-Oct-21	Provision of Catering to Minister of Human Settlement and Services and delegates during the handing over of the CRU's to SPM by the department of COGHSTA and handing over of 100 Title Deeds to the beneficiaries. The CRU was completed and if not handed over, there was a possibility of vandalism to the units, as there was no security acquired before-hand as the project was in the hand of COGHSTA. The cost to rebuild would have been fruitless expenditure.	Exceptional Cases	R 198,950.00	Wydex Events Promotions CC	Wydex Events Promotions CC	Mayor's Office	Gurshion Arends	Urgent handing over of Title deeds to beneficiaries by the Minister of Human Settlements & Services with the SPM and COGHSTA

PRE-NUMBERED DEVIATION CERTIFICATES REGISTER FOR FY 2021/22 - JUL TO DEC 2021

ANNEXURE A

No.	Deviation Number	Date	Description	Motivation	Financial Implication	Supplier's Approached	Successful Supplier	Directorate	Line Manager	Comments
14	SCM 14/2021/22	25-Oct-21	Capacitating Councillor through executive municipal finance management programme	Exceptional cases	R 58,000.00	Wits University	Wits University	Corporate Services	Michelle Van Zyl	Artisan Special Training with appropriate training institution.
15	SCM 15/2021/22 (Withdrawn)	10-Nov-21	Direct payment to Subcontractor for the Supply Machinery for Tlhageng Attenuation Pond after the termination of the Main Contractor (INFRA/CE/T9/2020).	Exceptional Cases	R 0.00	INYAMEKO TRADING 950 cc. Originally approved amount R1,631,819.83	INYAMEKO TRADING 950 cc	Infrastructure and Services	Tebogo Matolo	Payment to subcontractor who supplied this machinery to Tlhageng Attenuation Pond. (Withdrawn Memo - T Matolo).
16	SCM 16/2021/22	04-Nov-21	Supply of Water Purification Liquid Chlorine Chemicals	Emergency	R 915,314.83	Metsi Chem International	Metsi Chem International	Infrastructure and Services	Sabelo Mkhize / Stafford Coetzee	Emergency purification water chlorine chemicals urgently needed.
17	SCM 17/2021/22	11-Nov-21	Maintenance and licence fees of the accident monitoring / reporting system	Sole Provider	R 34,350.50	Magna Business Consulting	Magna Business Consulting	Community Services	CC Jampies / C Langford	This is the only service provider for this system
18	SCM 18/2021/22	02-Dec-21	Compulsory Assessment and Training of Pipefitters as part skills development requirements.	Exceptional Cases	R 273,600.00	PWI Corporate Training (Pty) Ltd	PWI Corporate Training (Pty) Ltd	Corporate Services	Michelle Van Zyl	The Municipality has applied for Discretionary grant funding (2020/2021) for a skills programme for 38 pipe fitters and this has been awarded by the LGSETA.
19	SCM 19/2021/22	06-Dec-21	Procurement of tools of trade for newly elected council as specified	Exceptional Cases	R 846,781.00	Data Tegra	Data Tegra	Financial Services	Heinrich Niemann	Urgent need of council tool of trade for the newly elected councillors

PRE-NUMBERED DEVIATION CERTIFICATES REGISTER FOR FY 2021/22 - JUL TO DEC 2021										ANNEXURE A
No.	Deviation Number	Date	Description	Motivation	Financial Implication	Supplier's Approached	Successful Supplier	Directorate	Line Manager	Comments
20	SCM 20/2021/22	22-Dec-21	Advertising of the position of the Municipal Manager of SPM	Exceptional Cases	R 60,500.00	City Press Newspaper	City Press Newspaper	Corporate Services	Desmond Lang	The position of the Municipal Manager must be advertised with a certain timeframe after the first meeting of the newly elected council.
21	SCM 21/2021/22	31-Dec-21	Provision of Security Services - Access Control at CRU1, 2 and 3 for a period of 4 Months	Exceptional Cases	R 660,000.00	MFM Enterprise and Resources	MFM Enterprise and Resources	Infrastructure and Services	W Tom	Provision of Security Services on CRU 1, 2 & 3 for a duration of four months.
TOTAL					R13,741,794.19					

Chapter 6: Assets Management and Maintenance

Generally, asset management consists of the activities and practices to track the work of the municipality's assets and effectively using those assets to render services to the community. Asset management should strategically align with the IDP and IDP Reviews so that all asset processes are helping to build an efficient municipality.

When strategic asset management processes are put in place, the municipality will realise the benefits like all plant and equipment performing as intended, lower operating costs, and an extended useful life of the asset. Maintenance management is using intelligent computer software, in pur case, the EDAMS System offered by HydroComp on a licensed user basis. However, the functionality is not being used at this stage. The system is currently used to log calls and assign such to various teams. However, we are much aware of the benefits of using this important information in asset management to assist in making more informed decisions when it comes to creating improvements in your maintenance management process.

While maintenance management and asset management are technically different, they are still interrelated and flow well together. Maintenance management helps to guide the physical performance of maintenance equipment and activities efficiently, while asset management helps to analyze all the data for the work needed to perform on the assets themselves. Asset management assists in identifying and prioritizing the work necessary for specific assets not only for the ROI of the asset, but also to analyze and coordinate strategically with work on other opportunities related to service delivery.

Both maintenance management and asset management are necessary and valuable for every organization especially for us as local government. Both practices can help maintenance managers come to better, more informed decisions in the day-to-day business practices.

With increasing cost pressures, service demands, and unsustainable funding approaches, we are now rethinking the need to change the way they think about managing their assets, recovering revenues, and delivering services. Embracing an asset management mindset has a number of benefits for local governments:

- Robust information to support decision-making
- Effective and reliable delivery of critical services – today and into the future
- Reduced lifecycle costs of service delivery
- Enhanced value of a community's investment in assets over their lifecycle

- Defensible prioritization of limited resources using a consistent and repeatable system
- Improved financial planning and better management of unfunded liability associated with renewing or replacing aging engineered assets
- Alignment of organizational and community objectives with technical and financial decisions and actions
- Demonstrated stewardship that builds confidence with constituents, customers, and other stakeholders.

Asset management is a process of making informed decisions about assets that consider cost, risk, and service. Asset management is not limited to the replacement of aging assets. Continuous improvement of O&M activities is a key component of the asset management process as O&M practices can significantly impact asset lifecycle costs, management of risk, and service delivery performance. Well-planned and executed operations allow infrastructure and engineering to deliver their services efficiently, effectively, and economically. In the asset management context, this requires the local government to set service delivery priorities through budgeting and infrastructure planning and investment processes. It also means ensuring decisions are based on 'value for money', ensuring that the appropriate quality and quantity of resources are dedicated to the activity to meet the intended purpose.

Regular and proactive maintenance is key to maximizing service life and minimizing service disruptions. Neglecting the maintenance of infrastructure by deferring it to future years may be an easy option in the short term, but this creates a false economy. Over time, unplanned maintenance can take more staff time, be more costly than planned maintenance, and reduce the service life or compromise the function of assets. Inadequate maintenance can lead to service disruptions and customer dissatisfaction.

Thinking about O&M as part of our overall asset management practices can help your organization improve service delivery and see greater benefits from asset management. Continuous improvement of O&M activities, and consideration of O&M throughout all stages of the asset lifecycle can help achieve a number of local government goals:

- Reduce long-term operating costs through decisions made during design and construction, such as reduced annual energy costs due to strategic equipment selection, or reduced maintenance requirements due to efficient design
- Defer capital costs by extending the life of existing infrastructure

- Ensure service levels are achieved, assets are functioning as planned, and unexpected service disruptions are minimized
- Protecting and preserving the environment, for example, by anticipating environmental impacts of maintenance equipment or adapting operational activities
- Adapting to the impact of a changing climate on assets through modified O&M activities • Reducing risks to core services delivered by natural assets

The table presents the value of assets in the municipality against the depreciation and maintenance as at 31 December 2021.

R&M per Service	Original Budget 2021/22	Actuals December 2021	% Achieved	Comment Mid-year
Roads	24 480 000	18 020 318	73,61%	Overspent - ideal 50% accelerated pothole repair
Refuse removal	12 500 000	12 643 319	101,15%	Overspent as a result of EPWP Cleansing Project
Electricity	28 430 000	14 012 098	49,29%	Expenditure satisfactory - ideal 50%
Sewerage	12 353 000	7 935 233	64,24%	Overspent ideal 50% - payment of major works
Water	20 100 000	7 334 510	36,49%	Underspent - reclamation dam in progress

CHALLENGES

Operations activities use significant staff and financial resources and are often prioritized because they have a direct and immediate impact on the services provided. For example, the speed and scale of snow clearing has an immediate impact on the level of service of roads. If operations activities are cut back, the public and staff usually notice the impacts quickly. However, there is often not enough time or resources devoted to regular review and refinement of operations activities to optimize service life. It is not uncommon for operations tasks to be done because “that’s how we’ve always done it”.

The risk with this approach is that many of the conditions have changed over time. Operations requirements are impacted by many factors, such as land use planning, demand management, design, availability of natural assets, environmental conditions, and the design of assets. Consider the following scenarios and how they may impact operations:

- Fast population growth and a high rate of development will increase the demand for services. Depending on the asset, this may increase wear and tear or reduce the service life that was expected when the asset was first built, as well as reduce the capacity of assets to provide the service required.

- Urban form and land uses may result in pressure on natural assets (or loss of natural assets) that deliver important services, reducing their capacity to function optimally.
- Land use planning decisions will dictate the type of infrastructure that is required, which informs the types of O&M activities that will be performed by your organization.
- Changes in rainfall patterns and storms due to climate change can put pressure on stormwater management systems. The risks associated with asset failure become more significant over time. • In a community facing a shrinking population, the full capacity of an asset may no longer be needed. • As technology advances, assets like community buildings and fleet equipment are becoming increasingly automated and complex. Specific skill sets are needed to effectively operate and maintain these assets.
- Under-resourcing maintenance of an asset can increase the resources needed to operate it and create a cascading negative effect on other assets. For example, a lack of street cleaning not only impacts the lifecycle of roads and the transportation system, street debris and build-up may make its way into the stormwater system, clogging pipes and catch basins, and negatively impacting the receiving waterbodies.
- Decisions made during the annual budget process may reduce resources available for operations.

Asset Management will be taken to higher level and will now become a reportable matter at the level of Executive Management and Council, through its established committees.

Chapter 7: Rates and Valuations

The Municipal Property Rates Act is national legislation that empowers municipalities to raise rates. Its purpose is to provide nationwide uniformity, simplicity and certainty as well as to consider historical imbalances and the rates burden on the poor. Property is valued at market value, which is the amount that the property would have realised if it was sold on the date of valuation in the open market by a willing seller to a willing buyer.

The date of valuation is a date set by the municipality to which all values relate. The values must reflect the market value of the properties in accordance with the market conditions which applied at that date. The date of valuation of the General Valuation 2023 (upon which rates will continue to be raised until 30 June 2022) is 1 January, 2023. The General Valuation 2023 has a date of valuation of 1 January 2023, and rates will be raised on this Roll from 1 July, 2023.

The Sol Plaatje Valuation Roll is presented in the table below:

RATES CATEGORY	MARKET VALUE JULY 2020	RATES JULY 2020	MARKET VALUE JULY 2021	RATES JULY 2021	CONTRIBUTION
RESIDENTIAL	R20,708,102,970.00	R205,702,401.70	R20,912,395,970.00	R223,919,246.74	35.94%
COMMERCIAL/BUSINESS	R6,421,583,701.00	R191,399,981.17	R7,008,910,001.00	R227,179,788.36	36.46%
INDUSTRIAL	R724,620,000.00	R21,502,176.81	R746,720,000.00	R23,784,406.76	3.82%
PUBLIC SERVICE PROPERTIES	R3,220,414,000.00	R150,443,126.22	R2,347,629,800.00	R118,102,212.35	18.95%
AGRI	R2,277,736,000.00	R3,210,682.38	R2,322,215,200.00	R3,408,161.79	0.55%
MINING	R108,474,000.00	R25,026,320.94	R108,474,000.00	R26,677,878.61	4.28%
EXEMPT	R2,232,867,500.00		R2,312,244,500.00		0.00%
TOTAL	R35,693,798,171.00	R597,284,689.22	R35,758,589,471.00	R623,071,694.61	100.00%

Property owned and used as Organ of State (GOV) category was terminated due to changes in the MPRA. Property categories may not be based on ownership and must be based on use. All properties in the GOV category was included in the residential, commercial/industrial or exempt categories. The rates ratio for GOV properties came down from 1:7 in 2019/2020 to 1:4.5 in 2020/2021 which had a huge negative effect on the rates.

- Decrease of R19 491 971 in rates due to category change 1 July 2021
- Most of the rates burden is currently split between residential and business (includes GOV of 9%). This is not sustainable or a healthy environment.
- Business and Industrial should subsidise most of the residential and other public benefit activities, rates contributions.
- No growth is seen in the industrial sector and the business sector is under huge pressure as can be seen in the current vacancies and property expenses.
- Rental agreements are on shorter terms and some are even negotiated downwards just to keep the property occupied.
- Industrial sector – limited growth, no new developments, no incentives provided for new developers, very high property expenses. High cost and limited availability of services.
- Mining – dispute on current tariff. Reduction in tariff over the next couple of years is required to bring in line with other Municipalities.
- Agricultural sector contributes less than 1% to the rates income per year.

The South African economic outlook remains highly uncertain and the economic effects of COVID-19 pandemic are far-reaching. Although a recovery in the economic sector can be noted it is very slow and unpredictable. SPM already have a strained cash flow; COVID-19 have aggravated the current circumstance and have a significant negative impact on SPM revenue. Consumers across sectors are currently showing strain in their ability to pay municipal accounts. Property rates and services revenue collection is highly vulnerable to defaulting by households as a result of income losses.

Additionally, the effect of COVID-19 may have a wide-ranging impact on the property market itself, which in turn will impact on property rates. The real estate industry is already heavily affected which may translate into depressed property prices and lower valuations during our next general valuation roll planned for implementation in 2023.

CATEGORY	MARKET VALUE JULY 2021	RATES JULY 2021	CONTRIBUTION	R 200,000,000.00	TARIFFS 21/22	RATES REQUIRED FOR 0% INCREASE	% INCREASE REQUIRED	MARKET VALUE INCREASE REQUIRED
RESIDENTIAL	R 20,201,695,870.00	R 223,919,246.74	37.55%	R 75,091,069.27	0.011179	R 299,010,316.01	33.53%	R 26,975,324,495.21
COMMERCIAL/BUSINESS	R 7,008,910,001.00	R 227,179,788.36	38.09%	R 76,184,488.26	0.033537	R 303,364,276.61	33.53%	R 9,358,997,524.34
INDUSTRIAL	R 746,720,000.00	R 23,784,406.76	3.99%	R 7,976,074.24	0.035774	R 31,760,481.00	33.53%	R 997,095,216.00
PUBLIC SERVICE PROPERTIES	R 2,347,629,800.00	R 118,102,212.35	19.80%	R 39,605,444.99	0.050307	R 157,707,657.34	33.53%	R 3,134,790,071.94
AGRI	R 2,322,215,200.00	R 3,408,161.79	0.57%	R 1,142,923.25	0.245938	R 4,551,085.04	33.53%	R 3,100,853,956.56
MINING	R 108,474,000.00	R 26,677,878.61		R -	0.002795	R 26,677,878.61	0	R 144,845,332.20
EXEMPT	R 2,312,244,500.00			R -	0.000000	0	0	R 3,087,540,080.85
TOTAL	R 35,047,889,371.00	R 623,071,694.61	100.00%	R 200,000,000.00		R 823,071,694.61		R 46,799,446,677.10

- Valuation roll June 2019 – before implementation of new General Valuation Roll
- Market Value – R30 116 797 739
- Rates Income – R553 371 820
- Valuation roll July 2019 – after implementation of new General Valuation Roll
- Market Value – R36 032 292 207
- Rates Income – R580 182 049
- Increase in Market Value – R5 915 494 470
- Increase in Rates Income – R26 810 229 – note that all tariffs decreased due to GV year.

COSTS OF RATES FUNDED DIRECTORATES AGAINST PROJECTED INCOME FROM RATES

Contribution per Directorate - 2021/22 fin year		
Directorate	Budget Amount	% Contribution
COMMUNITY SERVICES	219,010,784	35%
CORPORATE SERVICES	67,711,271	11%
FINANCIAL SERVICES	150,961,387	24%
INFRASTRUCTURE	103,675,060	17%
MUNICIPAL MANAGER	25,025,000	4%
STRATEGY & ECONOMIC DEVELOPMENT	55,512,511	9%
Grand Total	621,896,013	

DEVELOPMENTS IN MPRA – CHANGES OR IMPROVEMENTS

- **Property owned and used by Organ of State** - The municipality must ensure that the municipal valuer categorises properties in line with the provisions of section 8 of the Act (MPRA) when the valuation roll is prepared so that the municipality is not found to be non-compliant with section 8 of the Act.
- Section 8 of the MPRA was amended and provides only for public service properties, not state-owned properties because the use of ownership as the sole criterion to determine a property category has been done away with. All properties categorised as GOV was incorporate as per use in either residential, commercial/industrial or one of the exempt categories.
- **Solar Farms** – Solar farms are commercial entities and must be rates as such. We incorporated the Solar Farm category into our Rural Commercial category.
- **University** – Category was based on ownership and was deleted. We incorporated the University category into our residential, commercial and Sports grounds categories.
- **Category based on “use”** - Sol Plaatje utilises the actual use of a property to categorise such property in the valuation roll. Where the property is vacant (undeveloped) then the category will be determined as per its permitted use (zoning). This will then mean the property would be categorized as ‘vacant industrial’, ‘vacant commercial’ or ‘vacant residential’. The policy must identify how we implement section 8 of the MPRA and therefore the change.

STRATEGY TO IMPROVE THE VALUATION ROLL FOR NEW INCOME

It is important to find ways in which the City can provide support in stimulating growth and driving increased economic activity across Sol Plaatje Municipality by providing an acceptable and affordable level of service delivery to residents which is cost-effective, efficient and reliable

- Cost effective and reliable services = increase in development
- Quick turnaround time of plan approvals
- Quick turnaround time for rezoning applications
- Regular update of aerial photography to identify and rate illegal additions to buildings
- Introduce a new tariff for unauthorised(illegal) use – double the commercial tariff
- Incentive policy to promote industrial sector
- Limited increase in tariffs to secure existing businesses and attract new developers – competitive with other Municipalities
- Revitalise CBD to fit in with the University footprint – redevelop old and vacant building into student accommodation
- Security in CBD to secure safety of consumers (surveillance cameras with policing)

Chapter 8: Adjustment budget proposals

It is expected that the municipality will table an adjustment budget by 28 February 2022. The macro economic environment remains constrained. As a consequence, revenue from sales of water and electricity is expected to remain below the estimates. The COVID-19 pandemic continues to impact economic recovery, resulting in small businesses closing and a large number of SMME's dependent accountholders running into arrears, posing a huge risk on cash and cash equivalents.

It is for this reason that fiscal consolidation will remain for the first two years. The following will be the principles for the adjustment budget:

-
- there are no additional resources available for the 2021/22 MTREF Budget. Therefore, no votes or sub-votes must not submit any requests for baseline increases. This means that any additional allocations to the votes or sub-votes will need to be funded through reductions in another vote or sub-vote or through reprioritisation, within the vote's budget, or from other vote' budgets.
- Any CAPEX project planned for 2021/22 financial year funded from CRR will be reviewed to ensure that there is funding available. CAPEX funded from withdrawn conditional grants will have to be reconceptualised for both need and funding options

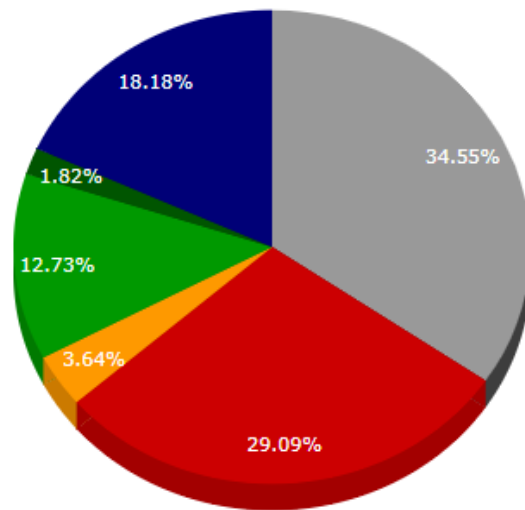
Indicated in the table below are the Proposed Adjustments for Projects per funding source

Description	Original Budget	Increase/ (Decrease)	Proposed Adjustment Budget
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	66,500,000	-30,000,000	36,500,000
ELECTRIFIC LERATO PARK LINK SERV NETWORK	12,000,000	-7,000,000	5,000,000
NETWORKS ACQ - ELECTR MATHIBE(ELECTRIFICATION OF LERATO PARK)	33,000,000	-33,000,000	-
UPGRADE HADISON PARK 66/11 KV SUBSTATION	1,500,000	-	1,500,000
ELECTRIFICATION LETABO PARK	20,000,000	3,320,000	23,320,000
ELECTRIFICATION OF GOLF COURSE PHASE 1	-	5,400,000	5,400,000
ELECTRIFICATION OF SOUL CITY	-	1,280,000	1,280,000
INTERNALLY GENERATED FUNDS	11,500,000	33,414,418	44,914,418
ACQ-COMPUTER EQUIPMENT REPLACEMENT	3,500,000	-	3,500,000
ACQ-FLEET REPLACEMENT	4,000,000	5,000,000	9,000,000
ACQ-FURNITURE AND OFFICE EQUIP REPLACEM	2,000,000	-	2,000,000
CAPITAL SPARES-ACQ-PREPAID METERS	1,000,000	-	1,000,000
DSITRBUTION-ACQ-WAT METER REPLACEME	1,000,000	-	1,000,000
RECONSTRUCTION OLD SINK TOILETS PHASE 1	-	5,000,000	5,000,000
NETWORKS ACQ - ELECTR MATHIBE(ELECTRIFICATION OF LERATO PARK)	-	13,414,418	13,414,418
ACQ - CARTERS GLEN SEWER PUMP STATION	-	10,000,000	10,000,000
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	66,266,000	-	66,266,000
CRAVEN STREET TRADE CENTRE	8,000,000	-	8,000,000
ELEVATED WATER TANKS DISTRIBUTION	-	1,000,000	1,000,000
LERATOPARK SEWER UPGRAD DOWNSTREAM INFRA	22,266,000	-	22,266,000
P-CNIN COM F FIRE/AMBUL	-	4,000,000	4,000,000
RESEALING OF ROADS VARIOUS WARDS	13,000,000	-3,000,000	10,000,000
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	3,000,000	-	3,000,000
UPGRADE GRAVEL ROADS WARDS VARIOUS	10,000,000	-1,000,000	9,000,000
STORMWAT PROJ-SW CHANNEL GALASH IUDG	10,000,000	-1,000,000	9,000,000
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	10,000,000	-10,000,000	-
ACQ STORMWAT PROJ-STORWAT CHANNEL GALASH	10,000,000	-10,000,000	-
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	25,000,000	-	25,000,000
ACQ - CARTERS GLEN SEWER PUMP STATION	25,000,000	-	25,000,000
FRANCES BAARD DISTRICT MUNICIPALITY	-	3,500,000	3,500,000
RESURFACING OF STREETS IN KIMBERLEY	-	3,500,000	3,500,000
Grand Total	179,266,000	-3,085,582	176,180,418

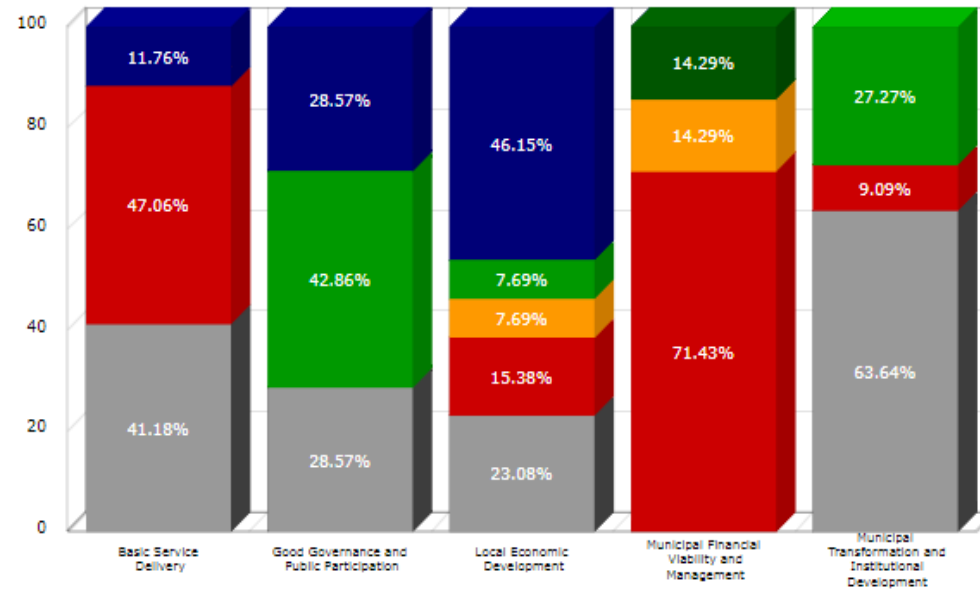
Chapter 9: SDBIP Performance

Indicated in the charts and tables below, is the Top layer Service Delivery and Budget Implementation Plan (SDBIP) performance per Directorate as at 31 December 2021.

Sol Plaatje Municipality



National KPA



	Sol Plaatje Municipality	National KPA				
		Basic Service Delivery	Good Governance and Public Participation	Local Economic Development	Municipal Financial Viability and Management	Municipal Transformation and Institutional Development
■ Not Yet Applicable	19 (34.55%)	7 (41.18%)	2 (28.57%)	3 (23.08%)	-	7 (63.64%)
■ Not Met	16 (29.09%)	8 (47.06%)	-	2 (15.38%)	5 (71.43%)	1 (9.09%)
■ Almost Met	2 (3.64%)	-	-	1 (7.69%)	1 (14.29%)	-
■ Met	7 (12.73%)	-	3 (42.86%)	1 (7.69%)	-	3 (27.27%)
■ Well Met	1 (1.82%)	-	-	-	1 (14.29%)	-
■ Extremely Well Met	10 (18.18%)	2 (11.76%)	2 (28.57%)	6 (46.15%)	-	-
Total:	55	17	7	13	7	11
	100%	30.91%	12.73%	23.64%	12.73%	20.00%

Basic Service Delivery

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL11	To ensure a basic standard of living for all through the provision of basic sanitation, water, electricity and refuse delivery services	12 000 Indigent households to receive free basic services (water, electricity, sanitation and waste removal according to national guidelines) by 30 June 2022	No of indigents per the Indigent Register	3,000	12,141	B	6,000	0	6,000	12,141	B	Indigent register submitted	
TL31	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	To achieve at least 70% compliance with the National Disaster Management Tool by 30 June 2022	% Compliance with the National Disaster Management Tool	0.00%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	N/A	No target set for this period	
TL36	Develop suitable located and affordable housing (shelter) and decent human settlements	Planning and Surveying of 1200 erven in Ritchie by 30 June 2022	Layout Plan and Draft SG Diagram	0	0	N/A	0	0	0	0	N/A	No target set for this period	

Basic Service Delivery

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL42	To address the poor condition of the roads in the Sol Plaatje area through maintenance and upgrading projects	To upgrade at least 3 km access roads to a paved surface in Sol Plaatje area by 30 June 2022	Distance of km paved	0.75	0	R	0.75	0	1.5	0	R	[D468] City Engineer: Roads and Storm water: Layer works have been completed. Paving of roads cannot commence as the tender for the supply of paving bricks has not been awarded yet. (December 2021)	[D468] City Engineer: Roads and Storm water: To expedite the award of the tender. (December 2021)
TL43	To address the poor condition of the roads in the Sol Plaatje area through maintenance and upgrading projects	Patching and resealing of 86 000 square metres of roads in Sol Plaatje area by 30 June 2022	Square metres of roads	0	0	N/A	0	93,000	0	93,000	B	[D469] City Engineer: Roads and Storm water: Project has been completed and exceeded the set target of 86 000 square metres. (December 2021)	
TL44	To address the poor condition of the roads in the Sol Plaatje area through maintenance and upgrading projects	Complete 100% rehabilitation of Thlageng attenuation dam in Galeshewe by 30 June 2022	Percentage progress	10.00%	11.00%	G2	25.00%	0.00%	25.00%	11.00%	R	[D470] City Engineer: Roads and Storm water: Contract was terminated on the 19th of July 2021. Waiting for court declaratory order to appoint new contractor. (September 2021)	

Basic Service Delivery

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL45	To ensure the availability of critical service delivery tools at all times (fleet management)	Ensure that all identified fleet items to be procured for the year, are delivered by 30 June 2022	Percentage of identified fleet items delivered at year end	0.00%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	N/A	No target set for this period	
TL46	To ensure the adequate provision, upgrading and maintenance of electricity services infrastructure	To appoint a professional service provider for the pre-engineering and professional consultancy associated works for Hadison Park Substation by 30 June 2022	Percentage completion as per project progress report	25.00%	0.00%	R	50.00%	0.00%	50.00%	0.00%	R		
TL47	To ensure the adequate provision, upgrading and maintenance of electricity services infrastructure	Completion of 35% of the construction work for Lerato Park Link Services by 30 June 2022	Percentage completion as per project progress report	0.00%	0.00%	N/A	10.00%	0.00%	10.00%	0.00%	R		
TL48	To ensure a basic standard of living for all through the provision of basic sanitation, water, electricity and refuse delivery services	To complete the electrification of 1100 households by 30 June 2022 (Lethabo Park Phase 1)	Number of houses connected to electricity network	250	0	R	250	0	500	0	R		

Basic Service Delivery

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL49	To ensure a basic standard of living for all through the provision of basic sanitation, water, electricity and refuse delivery services	To complete the electrification of 1500 households by 30 June 2022 (Lerato Park, Phases 6-7)	Number of houses connected to electricity network	250	0	R	250	0	500	0	R		
TL50	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	Percentage electricity loss	0.00%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	N/A	No target set for this period	
TL51	To ensure the adequate provision, upgrading and maintenance of water and sanitation services infrastructure	Complete 100% work for the installation of electrical and mechanical components in Lerato Park Sewer Pump station by 30 June 2022	Percentage completion as per project progress report	0.00%	0.00%	N/A	50.00%	0.00%	50.00%	0.00%	R		
TL52	To ensure the adequate provision, upgrading and maintenance of water and sanitation services infrastructure	Completion of 75% of the construction work for the Carters Ridge sewer pump station building with all electrical and	Percentage completion as per project progress report	0.00%	0.00%	N/A	35.00%	0.00%	35.00%	0.00%	R		

Basic Service Delivery

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
		mechanical equipment by 30 June 2022											
TL53	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	Percentage water loss	0.00%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	N/A	No target set for this period	
TL54	To ensure management of the quality of the drinking water and waste water through compliance with the applicable legislation	To ensure through effective monitoring that a 98% Blue Drop Status on quality compliance is achieved by 30 June 2022	% Compliance of water quality	0.00%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	N/A	No target set for this period	
TL55	To ensure management of the quality of the drinking water and waste water through compliance with the applicable legislation	To ensure through effective monitoring that a 60% Green Drop Status on effluent quality compliance is achieved by 30 June 2022	% Compliance of effluent quality	0.00%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	N/A	No target set for this period	

Summary of Results: Basic Service Delivery

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	7
R	KPI Not Met	0% <= Actual/Target <= 74.999%	8
O	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	0
G2	KPI Well Met	100.001% <= Actual/Target <= 149.999%	0
B	KPI Extremely Well Met	150.000% <= Actual/Target	2
	Total KPIs:		17

Good Governance and Public Participation

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL19	To ensure an improved audit opinion through compliance with all relevant regulations, continuous assessment of risk and internal controls	To implement an effective and efficient Supply Chain Management System by ensuring that successful appeals is not more than 5% of tenders awarded by 30 June 2022	Percentage successful appeals	5.00%	0.00%	B	5.00%	0.00%	5.00%	0.00%	B	[D172] Manager : SCM: There is no objection or appeals received for bids awarded in the 2nd quarter of this financial year. (December 2021)	[D172] Manager : SCM: SCM will ensure that the zero objection is maintained by ensure that the SCM procurement processes are clearly define and followed at all times and are understood by bidders (December 2021)

Good Governance and Public Participation

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL20	To ensure an improved audit opinion through compliance with all relevant regulations, continuous assessment of risk and internal controls	Submit an Audit Action Plan to the Municipal Manager to address issues raised by the Auditor General within (30) days after the end of the audit annually	Audit Action Plan submitted	0	0	N/A	0	0	0	0	N/A	[D173] ED: Financial Services: The audit action plan have not been finalized or submitted to the Accounting Officer due to the fact that the annual audit have not been signed off by the AGSA as at 31 December 2021. (December 2021)	[D173] ED: Financial Services: The audit action plan is to be developed and submitted to the MM within 30 days of the receipt of the final management report and audit report. (December 2021)
TL27	To ensure an improved audit opinion through compliance with all relevant regulations, continuous assessment of risk and internal controls	To report quarterly on the progress of risk mitigation to the Accounting Officer and Executive Management Team (EMT)	Quarterly reports on strategic risk register	1	1	G	1	1	2	2	G	[D238] Chief Risk Officer: Report at AC (December 2021)	[D238] Chief Risk Officer: None required (December 2021)
TL28	To ensure an improved audit opinion through compliance with all relevant regulations, continuous assessment of risk and internal controls	Submit an Annual Report on risk management maturity level of SPM to NT by 30 June each year	Maturity report submitted	0	0	N/A	0	0	0	0	N/A	No target set for this period	

Good Governance and Public Participation

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL29	Promote community participation and communication	To communicate to the public (established residential areas) by issuing monthly newsletters	Number of newsletters issued	3	3	G	3	3	6	6	G	[D240] Manager : Communications: Communications to residents are done via different media tools (whats app, etc.) (December 2021)	
TL30	Promote community participation and communication	To respond to all media enquiries and issue media statement within 24 hours after an occurrence	Reponse times after an event has occurred in hours	24	24	G	24	24	24	24	G	[D241] Manager : Communications: All responses with regard to media inquiries are done within required time frame as and when requested. (December 2021)	
TL6	To ensure an improved audit opinion through compliance with all relevant regulations, continuous assessment of risk and internal controls	Internal audit to perform an assessment of the internal control environment and other risk areas within the municipality and issue at least 10 internal audit reports to the audit committee during the financial year	Number of internal audit reports completed	3	4	G2	2	15	5	19	B	[D62] Chief Audit Executive: audit reports issued (October 2021) [D62] Chief Audit Executive: audit reports issued (December 2021)	[D62] Chief Audit Executive: none (October 2021) [D62] Chief Audit Executive: none (December 2021)

Summary of Results: Good Governance and Public Participation

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	2
R	KPI Not Met	0% <= Actual/Target <= 74.999%	0
O	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	3
G2	KPI Well Met	100.001% <= Actual/Target <= 149.999%	0
B	KPI Extremely Well Met	150.000% <= Actual/Target	2
Total KPIs:			7

Local Economic Development

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL1	To develop sustainable living through job creation (EPWP and other initiatives)	Create 400 FTE jobs through EPWP initiatives of the SPM by 30 June 2022	Number of jobs created	100	121	G2	100	168	100	168	B	[D57] PMU Manager: Number of FTE jobs created through EPWP (December 2021)	
TL10	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	Percentage of tenders and value thereof awarded to EME, OSE, local and from business in the rural areas within the municipal jurisdiction	60.00%	38.00%	R	60.00%	38.00%	60.00%	38.00%	R	[D163] Manager : SCM: Companies with Head office and Branches in the Northern Cape Province are given opportunity in terms of scoring. In terms of calculation in this quarter is 33%. (December 2021)	[D163] Manager : SCM: No tenders awarded for this period (December 2021)

Local Economic Development

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
		least 60% of the municipality's tenders are awarded to EME's, OSE's and from the businesses in the											
TL32	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	Average response time in weeks to approve building plans	11	1	B	11	3	11	2	B	[D363] Manager: Urban Planning: Building Plans approved within set time frame. Target Met (December 2021)	[D363] Manager: Urban Planning: None (December 2021)
TL33	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	Average response time in weeks to approve building plans	11	5	B	11	12	11	8.5	B	[D364] Manager: Urban Planning: Building Designers took longer than anticipated to resubmit amended Fire Design Plans. (December 2021)	[D364] Manager: Urban Planning: To encourage building designers to resubmit amendments

Local Economic Development

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
		buildings less than 500 m ² annually											(December 2021)
TL34	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 June 2022 in terms of the SPLUMA by-law (2015)	Percentage of land use applications approved	0.00%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	N/A	No target set for this period	
TL35	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)	Number of building plans approved	0	0	N/A	0	0	0	0	N/A	No target set for this period	

Local Economic Development

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021		Quarter ending December 2021		Overall Performance for July to December 2021					
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL37	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	Number of SMME businesses provided with skills	3	304	B	2	54	5	358	B	[D368] Manager: SMME: On the 28 October 2021, mLab hosted recruitment interviews of new tech startup for the mLab Accelerator Programme 2022. Five (5) tech startups were interviewed, two (2) tech startups presented face to face and the three (3) tech startups opted for virtual presentations. Tech startups will be notified of the outcome of the interviews. (October 2021) [D368] Manager: SMME: By the end of November 2021 we have trained 49 SMMEs at NC mLab: Galeshewe SMMEs village. (November 2021)	
TL38	To ensure effective spatial planning and development in order to establish a competitive economic position	Review of the Sol Plaatje Land Use Management	Council resolution of approved Draft Land Use Scheme	0.00%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	N/A		

Local Economic Development

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
		Scheme by 30 June 2022											
TL39	To capacitate SMME's and local entrepreneurs	Enhancing Sol Plaatje Municipality's economic governance and infrastructure for Business Expansion Attraction and Retention (BEAR) by 30 June 2022	Percentage use components output deliveries	25.00%	30.00%	G2	50.00%	30.00%	50.00%	30.00%	R	[D370] Manager: LED: The performance still at 30% this due to various component need the participation of municipal official hence lack of participation has negative impact on the project. (October 2021) [D370] Manager: LED: The letter to request Sol Plaatje University to assist with students to carry research was submitted to the Vice-Chancellor's office. The report up to November 2021 in terms of performance was submitted to National Treasury this included a new requisition for the new transfer. The letters of officials from municipality who are suppose to participate in questionnaire was approved and sent to individuals. (November 2021)	[D370] Manager: LED: The only challenge is the failure of legal to participate in completing the questionnaire to complete the component of ease of doing business with municipality. (November 2021)

Local Economic Development

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021		Quarter ending December 2021		Overall Performance for July to December 2021					
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL40	To capacitate SMME's and local entrepreneurs	Establishment of an Automotive Hub at Roodepan by 30 June 2022	Percentage use components output deliveries	25.00%	40.00%	B	50.00%	40.00%	50.00%	40.00%	O	[D371] Manager: LED: The status quo has not changed as we are still waiting for final approval from RMI and MDA. (October 2021) [D371] Manager: LED: As it was previously reported at the moment we are still waiting for the feedback from MDA and RMI for the final approved. We engaged the CEO of MDA he alluded that still waiting for RMI final approval. (November 2021)	
TL41	To capacitate SMME's and local entrepreneurs	Establishment of the Northern Cape Innovation at Sol Plaatje University by 30 June 2022	Percentage use components output deliveries	25.00%	100.00%	B	50.00%	100.00%	50.00%	100.00%	B	[D372] Manager: LED: This KPI was completed 100% because the NCIF is 100% operational at the moment at the SPU. (October 2021) [D372] Manager: LED: As it was stated previous this KPI is complete because the NCIF is already operating. (November 2021)	

Local Economic Development

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL8	To ensure effective spatial planning and development in order to establish a competitive economic position	To improve the SCM turnaround time to 12 weeks for annual contracts from closing date to date of award by June 2022	Average time in weeks to award tender	12	8	B	12	8	12	8	B	[D161] Manager : SCM: INFRA/CEE02/2021 & INFRA/CEE08/2021 had 8 & 7 weeks respectively in terms of turnaround date from closing date to award. The SCM will continue to maintain competitive economic position in this KPI. (December 2021)	[D161] Manager : SCM: After the close off the tender SCM will inform Line Manager about the 12 weeks turnaround time for submission of the technical report but Line Manager must submit in 6 weeks earlier in order to achieve the set time. At the same time to inform the MM and relevant ED in order to hold Line Manager accountable who submit

Local Economic Development

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
													their technical report late. (December 2021)
TL9	To ensure effective spatial planning and development in order to establish a competitive economic position	To improve the SCM turnaround time to 6 weeks for once off contracts from closing date to date of award by June 2022	Average time in weeks to award tender	6	6	G	6	6	6	6	G	[D162] Manager : SCM: In this quarter there were no once off contracts awarded and there no target but will have achieved the set target as we not exceeded the set target for this quarter. The SCM will continue to maintain competitive economic position in this KPI. (December 2021)	

Summary of Results: Local Economic Development

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	3
R	KPI Not Met	0% <= Actual/Target <= 74.999%	2
O	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	1
G	KPI Met	Actual meets Target (Actual/Target = 100%)	1
G2	KPI Well Met	100.001% <= Actual/Target <= 149.999%	0
B	KPI Extremely Well Met	150.000% <= Actual/Target	6

	Total KPIs:	13
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Municipal Financial Viability and Management

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL12	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	% Collection rate	85.00%	73.66%	O	85.00%	0.00%	85.00%	36.83%	R		
TL13	Promote sound financial management and financial sustainability of Sol Plaatje Municipality through prudent fiscal management	To spend at least 85% of the Capital Budget (including VAT) on capital projects identified in terms of the IDP by 30 June 2022	Percentage capital spending	20.00%	0.00%	R	40.00%	15.12%	40.00%	15.12%	R	[D166] ED: Financial Services: Capital spending has been very low of the first 6 months of the financial year due to SCM procedures being initiated late as well as the low level of funding which have been received during this period. (December 2021)	[D166] ED: Financial Services: Management should ensure that SCM procedures are completed and project management progress schedules need to be maintained. (December 2021)
TL14	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)	Percentage operational spending	20.00%	0.00%	R	40.00%	45.60%	40.00%	45.60%	G2	[D167] ED: Financial Services: The target have been achieved as more than 40% but less than 50% of the operational	[D167] ED: Financial Services: No corrective measures are required due to the indicator being achieved.

Municipal Financial Viability and Management

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
												budget of the municipality have been spent as at 31 December 2021. (December 2021)	Management should keep monitoring this progress for the remainder of the financial year. (December 2021)
TL15	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	Debt coverage ratio	2.1	0	R	2.1	2.48	2.1	1.24	R	[D168] ED: Financial Services: The municipality maintain a debt coverage ratio of more than 2 to 1 due to the high amount of outstanding debtors and a reasonably low amount of long term debt. The financial health of the municipality is however not good as a result of serious cash flow issues. (December 2021)	[D168] ED: Financial Services: Management need to implement debtors recovery measure and ensure that consumers pay for the services they have been provided with. (December 2021)

Municipal Financial Viability and Management

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL16	Promote sound financial management and financial sustainability of Sol Plaatje Municipality through prudent fiscal management	Reduce net debtor days to 300 days by 30 June 2022	Net debtor days	300	0	R	300	518	300	259	O	[D169] ED: Financial Services: Management has not been able to reduce the net debtors days to 300 during the first 6 months of the financial period, this is mainly due to the economic conditions as well as political interference and a change in political leadership. (December 2021)	[D169] ED: Financial Services: Management is planning to implement the debt collection policy during the second 6 months of the financial period to recover not only current debt but also long outstanding amounts. (December 2021)
TL17	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)	Cost coverage ratio	1	0	R	1	-0.06	1	-0.03	R	[D170] ED: Financial Services: Due to cash flow issues which have been experienced by the municipality for the last 2 years. The municipality is not able to maintain a cost coverage ratio of 1 month during the first 6 months of the	[D170] ED: Financial Services: Management is planning to implement the debtors collection policy and enter into a repayment agreements with ESKOM and Department of water if possible to reduce the

Municipal Financial Viability and Management

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
												financial period. (December 2021)	amount of interest charged and pressure on the cash flow. (December 2021)
TL18	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	Employee cost as a percentage of total operating cost	0.00%	0.00%	N/A	0.00%	36.98%	0.00%	36.98%	R	[D171] ED: Financial Services: Management have managed to keep employee related cost under 37%, however the cost is alarmingly close to the maximum level. (December 2021)	[D171] ED: Financial Services: Management need to implement monitoring measures on budget spending as well as variable costs like overtime to prevent the over spending on employee related costs for the second half of the financial period. (December 2021)

Summary of Results: Municipal Financial Viability and Management

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0
R	KPI Not Met	0% <= Actual/Target <= 74.999%	5
O	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	1
G	KPI Met	Actual meets Target (Actual/Target = 100%)	0
G2	KPI Well Met	100.001% <= Actual/Target <= 149.999%	1
B	KPI Extremely Well Met	150.000% <= Actual/Target	0
	Total KPIs:		7

Municipal Transformation and Institutional Development

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL2	To provide a basis for sustainable municipal performance improvement	Monitor the implementation of the Integrated Performance Management Policy by conducting at least one review meeting annually	Minutes of meeting conducted. Item on policy review tabled to council	0	0	N/A	0	0	0	0	N/A	No target set for this period	
TL21	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	Number of interventions performed	0	0	N/A	1	1	1	1	G	[D232] Manager : Training and Organisational Development: Business Plan for the ISDG submitted to National Treasury in August. (December 2021)	[D232] Manager : Training and Organisational Development: None. (December 2021)

Municipal Transformation and Institutional Development

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL22	To improve effective human resource development to staff and councillors	Review the organisational structure of the municipality on an annual basis with the aim of optimising efficiency and make recommendations by 30 June 2022	Record of review and recommendations made and review performed	0.00%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	N/A	No target set for this period	
TL23	To improve effective human resource development to staff and councillors	Monitor the implementation of the Human Resource Management Plan through conducting at least one review meeting annually	Number of review meetings held	0	0	N/A	0	0	0	0	N/A	No target set for this period	
TL24	To improve effective human resource development to staff and councillors	Achieve 72% compliance with the EAP plan of the municipality by ensuring representation of the racial profile of the local authority on municipal level by 30 June 2022	% compliance to the EAP	0.00%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	N/A	No target set for this period	
TL25	To provide a basis for sustainable municipal performance improvement	On a quarterly basis communicate the funded vacant positions in each directorate to the relevant Executive Director	Number of communications provided	1	1	G	1	0	2	1	R		
TL26	To provide a basis for sustainable municipal performance improvement	Co-ordinate bi-annual performance assessments of the municipal manager and managers reporting directly to the municipal manager by 30 June 2022	Number of assessments conducted	1	1	G	0	0	1	1	G		

Municipal Transformation and Institutional Development

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
TL3	To provide a basis for sustainable municipal performance improvement	Submit quarterly organisational performance reports to the Executive Mayor by the 20th of the month following the end of each Quarter for 2021/22	No of reports submitted	1	1	G	1	1	2	2	G	[D59] IDP Manager: The 1st Quarter report for the FY 2021/22 was submitted to the Executive Mayor on 25 October 2021. (November 2021)	
TL4	To provide a basis for sustainable municipal performance improvement	Submit the Final IDP document for adoption to Council by 31 May annually	Tabled IDP for Council adoption	0	0	N/A	0	0	0	0	N/A	No target set for this period	
TL5	To provide a basis for sustainable municipal performance improvement	Submit the Final SDBIP document to the Executive Mayor by 30 June annually	SDBIP approved by Executive Mayor	0	0	N/A	0	0	0	0	N/A	No target set for this period	
TL7	To ensure continuous maintenance and replacement of furniture, office and computer equipment and create a secure environment	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	Percentage of ICT Projects successfully completed	0.00%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	N/A	No target set for this period	

Municipal Transformation and Institutional Development

Ref	Strategic Objective	KPI	Unit of Measurement	Quarter ending September 2021			Quarter ending December 2021		Overall Performance for July to December 2021				
				Target	Actual	R	Target	Actual	Target	Actual	R	KPI: Performance Comment	KPI: Corrective Measures
	within the municipality												

Summary of Results: Municipal Transformation and Institutional Development

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	7
R	KPI Not Met	0% <= Actual/Target <= 74.999%	1
O	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	3
G2	KPI Well Met	100.001% <= Actual/Target <= 149.999%	0
B	KPI Extremely Well Met	150.000% <= Actual/Target	0
	Total KPIs:		11

Municipal Manager's quality certification

I, **GH Akharwaray**, the Municipal Manager of Sol Plaatje Municipality, hereby certify that—
(mark as appropriate)

- ☐ the Monthly Budget Statement
- ☒ Quarterly Report on the implementation of the budget and financial state affairs of the municipality
- ☒ Mid-year Budget and Performance Assessment

For the period ended **31 December 2020 which is also the end of Quarter 2 period** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: GH Akharwaray

Municipal Manager of Sol Plaatje Local Municipality (NC091)

Signature: _____

Date: 24 /01/2022

Annexure A – C-schedule Prescribed Tables in terms of GG 32141 of 17 April 2009

NC091 Sol Plaatje - Table C1 Monthly Budget Statement Summary - M06 December

Description	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									
Financial Performance									
Property rates	571,075	603,707	603,707	45,372	350,029	301,853	48,176	16%	603,707
Service charges	1,053,050	1,291,383	1,291,383	65,785	580,234	645,692	(65,457)	-10%	1,291,383
Investment revenue	2,835	9,000	9,000	19	454	4,500	(4,046)	-90%	9,000
Transfers and subsidies	260,426	230,640	230,640	65,464	159,099	115,320	43,779	38%	230,640
Other own revenue	176,950	230,981	230,981	14,160	86,197	115,491	(29,293)	-25%	230,981
Total Revenue (excluding capital transfers and contributions)	2,064,336	2,365,711	2,365,711	190,800	1,176,014	1,182,856	(6,842)	-1%	2,365,711
Employee costs	726,219	836,388	836,388	79,375	380,982	418,196	(37,214)	-9%	836,388
Remuneration of Councillors	30,260	34,547	34,547	3,779	14,459	17,274	(2,815)	-16%	34,547
Depreciation & asset impairment	63,881	79,150	79,150	–	–	39,575	(39,575)	-100%	79,150
Finance charges	36,467	22,261	22,261	11,529	11,529	11,130	399	4%	22,261
Inventory consumed and bulk purchases	819,353	926,331	926,331	76,544	432,189	463,166	(30,977)	-7%	926,331
Transfers and subsidies	2,528	4,850	4,850	20	894	2,425	(1,531)	-63%	4,850
Other expenditure	487,650	441,457	441,457	80,346	229,156	220,731	8,425	4%	441,457
Total Expenditure	2,166,359	2,344,984	2,344,984	251,593	1,069,209	1,172,497	(103,288)	-9%	2,344,984
Surplus/(Deficit)	(102,023)	20,727	20,727	(60,793)	106,804	10,359	96,446	931%	20,727
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	109,706	167,766	167,766	–	20,091	83,883	###	-76%	167,766
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)	2,856	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	10,539	188,493	188,493	(60,793)	126,896	94,242	32,654	35%	188,493
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	10,539	188,493	188,493	(60,793)	126,896	94,242	32,654	35%	188,493
Capital expenditure & funds sources									
Capital expenditure	119,502	179,266	179,266	5,566	27,097	89,633	(62,536)	-70%	179,266
Capital transfers recognised	104,315	167,766	167,766	5,507	25,599	83,883	(58,284)	-69%	167,766
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	15,186	11,500	11,500	59	1,498	5,750	(4,252)	-74%	11,500
Total sources of capital funds	119,502	179,266	179,266	5,566	27,097	89,633	(62,536)	-70%	179,266
Financial position									
Total current assets	2,622,936	2,242,830	2,242,830		2,185,881				2,242,830
Total non current assets	2,097,228	2,225,894	2,225,894		2,124,325				2,225,894
Total current liabilities	1,037,922	725,335	725,335		880,915				725,335
Total non current liabilities	436,934	417,829	417,829		422,006				417,829
Community wealth/Equity	2,881,935	3,325,560	3,325,560		3,008,817				3,325,560
Cash flows									
Net cash from (used) operating	53,113	265,277	265,277	–	475,803	132,638	(343,165)	-259%	265,277
Net cash from (used) investing	(116,394)	(142,399)	(179,266)	–	(21,531)	(71,199)	(49,668)	70%	(142,399)
Net cash from (used) financing	(2,980)	(16,583)	(10,734)	183	(40,228)	(28,178)	12,050	-43%	(56,357)
Cash/cash equivalents at the month/year end	30,272	200,186	169,168	–	457,051	33,261	(423,790)	-1274%	66,521
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	206,768	67,789	66,518	2,437,661	–	–	–	–	2,778,736
Creditors Age Analysis									
Total Creditors	93,761	65,428	66,303	54,396	107,705	104,400	75,539	1,080	568,612

NC091 Sol Plaatje - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	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	1									
Revenue - Functional										
<i>Governance and administration</i>		1,020,773	1,109,592	1,109,592	116,393	562,261	554,796	7,465	1%	1,109,592
Executive and council		419,084	478,759	478,759	70,882	208,308	239,379	(31,071)	-13%	478,759
Finance and administration		601,689	630,833	630,833	45,512	353,952	315,416	38,536	12%	630,833
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		24,102	27,556	27,556	1,244	12,720	13,778	(1,058)	-8%	27,556
Community and social services		10,785	10,980	10,980	134	5,664	5,490	174	3%	10,980
Sport and recreation		1,131	3,315	3,315	86	612	1,658	(1,046)	-63%	3,315
Public safety		150	760	760	3	368	380	(12)	-3%	760
Housing		11,967	12,401	12,401	1,021	6,054	6,200	(147)	-2%	12,401
Health		69	100	100	—	23	50	(27)	-55%	100
<i>Economic and environmental services</i>		17,700	23,286	23,286	423	2,963	11,643	(8,680)	-75%	23,286
Planning and development		7,783	5,166	5,166	187	1,857	2,583	(726)	-28%	5,166
Road transport		9,917	18,120	18,120	236	1,106	9,060	(7,954)	-88%	18,120
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		1,106,680	1,363,208	1,363,208	71,186	612,658	681,604	(68,946)	-10%	1,363,208
Energy sources		671,706	877,157	877,157	32,112	366,189	438,578	(72,390)	-17%	877,157
Water management		286,254	328,612	328,612	25,484	163,815	164,306	(491)	0%	328,612
Waste water management		86,142	86,848	86,848	8,144	47,788	43,424	4,364	10%	86,848
Waste management		62,577	70,592	70,592	5,446	34,867	35,296	(429)	-1%	70,592
<i>Other</i>	4	7,644	9,835	9,835	1,554	5,503	4,917	585	12%	9,835
Total Revenue - Functional	2	2,176,898	2,533,477	2,533,477	190,800	1,196,105	1,266,738	(70,634)	-6%	2,533,477
Expenditure - Functional										
<i>Governance and administration</i>		640,979	683,100	683,100	78,878	300,692	341,552	(40,860)	-12%	683,100
Executive and council		400,365	405,549	405,549	54,723	176,647	202,775	(26,128)	-13%	405,549
Finance and administration		234,323	270,570	270,570	23,483	120,774	135,287	(14,513)	-11%	270,570
Internal audit		6,291	6,982	6,982	672	3,272	3,491	(219)	-6%	6,982
<i>Community and public safety</i>		166,029	183,469	183,469	15,128	84,406	91,736	(7,329)	-8%	183,469
Community and social services		40,133	42,230	42,230	4,200	21,566	21,115	451	2%	42,230
Sport and recreation		47,702	55,822	55,822	4,276	24,359	27,912	(3,553)	-13%	55,822
Public safety		38,887	43,502	43,502	3,804	21,947	21,751	196	1%	43,502
Housing		21,940	23,480	23,480	1,181	10,225	11,740	(1,515)	-13%	23,480
Health		17,367	18,435	18,435	1,668	6,310	9,218	(2,908)	-32%	18,435
<i>Economic and environmental services</i>		123,036	139,819	139,819	15,185	65,700	69,910	(4,211)	-6%	139,819
Planning and development		39,994	48,172	48,172	3,748	19,670	24,087	(4,416)	-18%	48,172
Road transport		82,378	90,936	90,936	11,346	45,667	45,468	199	0%	90,936
Environmental protection		665	711	711	92	362	355	7	2%	711
<i>Trading services</i>		1,214,239	1,313,216	1,313,216	140,149	606,934	656,609	(49,674)	-8%	1,313,216
Energy sources		749,833	857,928	857,928	79,530	419,988	428,964	(8,976)	-2%	857,928
Water management		314,140	296,663	296,663	40,172	112,630	148,332	(35,701)	-24%	296,663
Waste water management		91,753	88,033	88,033	12,067	41,358	44,017	(2,658)	-6%	88,033
Waste management		58,513	70,592	70,592	8,379	32,958	35,296	(2,338)	-7%	70,592
<i>Other</i>		22,076	25,380	25,380	2,253	11,477	12,690	(1,214)	-10%	25,380
Total Expenditure - Functional	3	2,166,359	2,344,984	2,344,984	251,593	1,069,209	1,172,497	(103,288)	-9%	2,344,984
Surplus/ (Deficit) for the year		10,539	188,493	188,493	(60,793)	126,896	94,242	32,654	35%	188,493

NC091 Sol Plaatje - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	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										
Revenue by Vote	1									
Vote 01 - Executive & Council		–	–	–	–	–	–	–		–
Vote 02 - Municipal And General		419,084	478,759	478,759	70,882	208,308	239,379	(31,071)	-13.0%	478,759
Vote 03 - Municipal Manager		–	–	–	–	–	–	–		–
Vote 04 - Corporate Services		6,247	6,804	6,804	5	1,120	3,402	(2,282)	-67.1%	6,804
Vote 05 - Community Services		90,521	110,627	110,627	7,387	47,692	55,313	(7,621)	-13.8%	110,627
Vote 06 - Financial Services		594,906	623,229	623,229	45,457	352,563	311,614	40,948	13.1%	623,229
Vote 07 - Strategy Econ Development And Planning		9,357	9,041	9,041	248	2,174	4,520	(2,346)	-51.9%	9,041
Vote 08 - Infrastructure And Services		1,056,784	1,305,018	1,305,018	66,822	584,248	652,509	(68,261)	-10.5%	1,305,018
Vote 09 -		–	–	–	–	–	–	–		–
Vote 10 -		–	–	–	–	–	–	–		–
Vote 11 -		–	–	–	–	–	–	–		–
Vote 12 -		–	–	–	–	–	–	–		–
Vote 13 -		–	–	–	–	–	–	–		–
Vote 14 -		–	–	–	–	–	–	–		–
Vote 15 - Other		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	2,176,898	2,533,477	2,533,477	190,800	1,196,105	1,266,738	(70,634)	-5.6%	2,533,477
Expenditure by Vote	1									
Vote 01 - Executive & Council		53,090	57,883	57,883	5,708	25,856	28,942	(3,085)	-10.7%	57,883
Vote 02 - Municipal And General		335,678	335,456	335,456	47,938	145,654	167,728	(22,074)	-13.2%	335,456
Vote 03 - Municipal Manager		22,272	25,025	25,025	1,917	10,100	12,513	(2,413)	-19.3%	25,025
Vote 04 - Corporate Services		63,012	73,211	73,211	6,098	32,851	36,606	(3,755)	-10.3%	73,211
Vote 05 - Community Services		259,526	297,403	297,403	28,519	136,187	148,703	(12,515)	-8.4%	297,403
Vote 06 - Financial Services		126,380	152,611	152,611	12,600	65,686	76,306	(10,620)	-13.9%	152,611
Vote 07 - Strategy Econ Development And Planning		53,419	59,374	59,374	5,417	27,775	29,688	(1,913)	-6.4%	59,374
Vote 08 - Infrastructure And Services		1,252,983	1,344,020	1,344,020	143,396	625,099	672,011	(46,912)	-7.0%	1,344,020
Vote 09 -		–	–	–	–	–	–	–		–
Vote 10 -		–	–	–	–	–	–	–		–
Vote 11 -		–	–	–	–	–	–	–		–
Vote 12 -		–	–	–	–	–	–	–		–
Vote 13 -		–	–	–	–	–	–	–		–
Vote 14 -		–	–	–	–	–	–	–		–
Vote 15 - Other		–	–	–	–	–	–	–		–
Total Expenditure by Vote	2	2,166,359	2,344,984	2,344,984	251,593	1,069,209	1,172,497	(103,288)	-8.8%	2,344,984
Surplus/ (Deficit) for the year	2	10,539	188,493	188,493	(60,793)	126,896	94,242	32,654	34.6%	188,493

NC091 Sol Plaatje - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	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										
Revenue By Source										
Property rates		571,075	603,707	603,707	45,372	350,029	301,853	48,176	16%	603,707
Service charges - electricity revenue		659,307	861,157	861,157	30,988	359,689	430,578	(70,890)	-16%	861,157
Service charges - water revenue		259,156	294,012	294,012	22,712	146,810	147,006	(196)	0%	294,012
Service charges - sanitation revenue		78,186	76,648	76,648	7,295	42,757	38,324	4,432	12%	76,648
Service charges - refuse revenue		56,401	59,567	59,567	4,790	30,979	29,783	1,196	4%	59,567
Rental of facilities and equipment		12,018	13,145	13,145	1,033	6,121	6,572	(451)	-7%	13,145
Interest earned - external investments		2,835	9,000	9,000	19	454	4,500	(4,046)	-90%	9,000
Interest earned - outstanding debtors		105,983	157,200	157,200	10,774	63,650	78,600	(14,950)	-19%	157,200
Dividends received		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		29,477	34,725	34,725	188	2,802	17,362	(14,561)	-84%	34,725
Licences and permits		6,383	6,500	6,500	1,518	5,347	3,250	2,097	65%	6,500
Agency services		–	–	–	–	–	–	–		–
Transfers and subsidies		260,426	230,640	230,640	65,464	159,099	115,320	43,779	38%	230,640
Other revenue		17,354	19,411	19,411	646	7,303	9,706	(2,402)	-25%	19,411
Gains		5,736	–	–	–	974	–	974	#DIV/0!	–
Total Revenue (excluding capital transfers and contributions)		2,064,336	2,365,711	2,365,711	190,800	1,176,014	1,182,856	(6,842)	-1%	2,365,711
Expenditure By Type										
Employee related costs		726,219	836,388	836,388	79,375	380,982	418,196	(37,214)	-9%	836,388
Remuneration of councillors		30,260	34,547	34,547	3,779	14,459	17,274	(2,815)	-16%	34,547
Debt impairment		344,346	275,000	275,000	68,750	137,504	137,500	4	0%	275,000
Depreciation & asset impairment		63,881	79,150	79,150	–	–	39,575	(39,575)	-100%	79,150
Finance charges		36,467	22,261	22,261	11,529	11,529	11,130	399	4%	22,261
Bulk purchases - electricity		540,953	647,000	647,000	44,636	323,386	323,500	(114)	0%	647,000
Inventory consumed		278,400	279,331	279,331	31,908	108,803	139,666	(30,863)	-22%	279,331
Contracted services		40,651	46,687	46,687	2,559	13,884	23,344	(9,460)	-41%	46,687
Transfers and subsidies		2,528	4,850	4,850	20	894	2,425	(1,531)	-63%	4,850
Other expenditure		102,187	119,770	119,770	9,038	77,768	59,887	17,881	30%	119,770
Losses		467	–	–	–	–	–	–		–
Total Expenditure		2,166,359	2,344,984	2,344,984	251,593	1,069,209	1,172,497	(103,288)	-9%	2,344,984
Surplus/(Deficit)		(102,023)	20,727	20,727	(60,793)	106,804	10,359	96,446	0	20,727
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		109,706	167,766	167,766	–	20,091	83,883	(63,792)	(0)	167,766
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		2,856	–	–	–	–	–	–		–
Transfers and subsidies - capital (in-kind - all)								–		
Surplus/(Deficit) after capital transfers & contributions		10,539	188,493	188,493	(60,793)	126,896	94,242			188,493
Taxation								–		
Surplus/(Deficit) after taxation		10,539	188,493	188,493	(60,793)	126,896	94,242			188,493
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		10,539	188,493	188,493	(60,793)	126,896	94,242			188,493
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		10,539	188,493	188,493	(60,793)	126,896	94,242			188,493

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	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	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-		-
Vote 02 - Municipal And General		26,692	33,000	32,000	2,096	14,716	16,045	(1,330)	-8%	32,000
Vote 03 - Municipal Manager		-	-	-	-	-	-	-		-
Vote 04 - Corporate Services		-	-	-	-	-	-	-		-
Vote 05 - Community Services		-	-	-	-	-	-	-		-
Vote 06 - Financial Services		-	-	-	-	-	-	-		-
Vote 07 - Strategy Econ Development And Planning		3,126	8,000	8,000	-	-	4,000	(4,000)	-100%	8,000
Vote 08 - Infrastructure And Services		64,887	81,266	81,266	1,503	9,059	40,633	(31,574)	-78%	81,266
Vote 09 -		-	-	-	-	-	-	-		-
Vote 10 -		-	-	-	-	-	-	-		-
Vote 11 -		-	-	-	-	-	-	-		-
Vote 12 -		-	-	-	-	-	-	-		-
Vote 13 -		-	-	-	-	-	-	-		-
Vote 14 -		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Capital Multi-year expenditure	4,7	94,705	122,266	121,266	3,599	23,775	60,678	(36,904)	-61%	121,266
Single Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-		-
Vote 02 - Municipal And General		23,485	22,500	22,500	16	1,081	11,250	(10,169)	-90%	22,500
Vote 03 - Municipal Manager		-	-	-	-	-	-	-		-
Vote 04 - Corporate Services		-	-	-	-	-	-	-		-
Vote 05 - Community Services		-	-	-	-	-	-	-		-
Vote 06 - Financial Services		-	-	-	-	-	-	-		-
Vote 07 - Strategy Econ Development And Planning		-	-	-	-	-	-	-		-
Vote 08 - Infrastructure And Services		1,312	34,500	35,500	1,951	2,242	17,705	(15,463)	-87%	35,500
Vote 09 -		-	-	-	-	-	-	-		-
Vote 10 -		-	-	-	-	-	-	-		-
Vote 11 -		-	-	-	-	-	-	-		-
Vote 12 -		-	-	-	-	-	-	-		-
Vote 13 -		-	-	-	-	-	-	-		-
Vote 14 -		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Capital single-year expenditure	4	24,797	57,000	58,000	1,966	3,323	28,955	(25,632)	-89%	58,000
Total Capital Expenditure		119,502	179,266	179,266	5,566	27,097	89,633	(62,536)	-70%	179,266
Capital Expenditure - Functional Classification										
Governance and administration		50,177	55,500	54,500	2,112	15,796	27,295	(11,499)	-42%	54,500
Executive and council		50,177	55,500	54,500	2,112	15,796	27,295	(11,499)	-42%	54,500
Finance and administration		-	-	-	-	-	-	-		-
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		-	-	-	-	-	-	-		-
Community and social services		-	-	-	-	-	-	-		-
Sport and recreation		-	-	-	-	-	-	-		-
Public safety		-	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		3,126	8,000	8,000	-	-	4,000	(4,000)	-100%	8,000
Planning and development		3,126	8,000	8,000	-	-	4,000	(4,000)	-100%	8,000
Road transport		-	-	-	-	-	-	-		-
Environmental protection		-	-	-	-	-	-	-		-
Trading services		66,199	115,766	116,766	3,454	11,301	58,338	(47,037)	-81%	116,766
Energy sources		16,469	67,500	67,500	1,977	3,029	33,750	(30,721)	-91%	67,500
Water management		1,312	1,000	2,000	43	319	955	(635)	-67%	2,000
Waste water management		48,418	47,266	47,266	1,434	7,953	23,633	(15,680)	-66%	47,266
Waste management		-	-	-	-	-	-	-		-
Other		-	-	-	-	-	-	-		-
Total Capital Expenditure - Functional Classification	3	119,502	179,266	179,266	5,566	27,097	89,633	(62,536)	-70%	179,266
Funded by:										
National Government		101,832	167,766	167,766	5,507	25,599	83,883	(58,284)	-69%	167,766
Provincial Government		-	-	-	-	-	-	-		-
District Municipality		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private		2,483	-	-	-	-	-	-		-
Transfers recognised - capital		104,315	167,766	167,766	5,507	25,599	83,883	(58,284)	-69%	167,766
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		15,186	11,500	11,500	59	1,498	5,750	(4,252)	-74%	11,500
Total Capital Funding		119,502	179,266	179,266	5,566	27,097	89,633	(62,536)	-70%	179,266

NC091 Sol Plaatje - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		772,920	172,968	172,968	99,785	172,968
Call investment deposits		–	–	–	–	–
Consumer debtors		1,712,601	1,475,363	1,475,363	1,901,789	1,475,363
Other debtors		98,092	547,474	547,474	122,901	547,474
Current portion of long-term receivables		–	–	–	–	–
Inventory		39,323	47,025	47,025	61,407	47,025
Total current assets		2,622,936	2,242,830	2,242,830	2,185,881	2,242,830
Non current assets						
Long-term receivables		–	36,867	36,867	–	36,867
Investments						
Investment property		209,057	205,486	205,486	209,907	205,486
Investments in Associate						
Property, plant and equipment		1,865,761	1,964,370	1,964,370	1,892,008	1,964,370
Biological						
Intangible		10,339	7,307	7,307	10,339	7,307
Other non-current assets		12,071	11,864	11,864	12,071	11,864
Total non current assets		2,097,228	2,225,894	2,225,894	2,124,325	2,225,894
TOTAL ASSETS		4,720,164	4,468,724	4,468,724	4,310,206	4,468,724
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		39,774	45,623	45,623	40,228	45,623
Trade and other payables		998,149	590,399	590,399	840,687	590,399
Provisions		–	89,313	89,313	–	89,313
Total current liabilities		1,037,922	725,335	725,335	880,915	725,335
Non current liabilities						
Borrowing		182,267	172,829	172,829	177,258	172,829
Provisions		254,667	245,000	245,000	244,748	245,000
Total non current liabilities		436,934	417,829	417,829	422,006	417,829
TOTAL LIABILITIES		1,474,856	1,143,164	1,143,164	1,302,922	1,143,164
NET ASSETS	2	3,245,308	3,325,560	3,325,560	3,007,284	3,325,560
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2,824,731	3,246,167	3,246,167	2,951,613	3,246,167
Reserves		57,205	79,393	79,393	57,205	79,393
TOTAL COMMUNITY WEALTH/EQUITY	2	2,881,935	3,325,560	3,325,560	3,008,817	3,325,560

C6 is not balancing. Total community wealth/equity is either under or overstated by R1,533 million. This was taken with BCX and they will investigate the matter.

NC091 Sol Plaatje - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	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	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		561,377	537,299	537,299	–	174,560	268,649	(94,089)	-35%	537,299
Service charges		1,857,261	901,622	901,622	–	511,178	450,811	60,367	13%	901,622
Other revenue		(872,756)	339,839	339,839	–	140,088	169,919	(29,831)	-18%	339,839
Transfers and Subsidies - Operational		23,639	230,640	230,640	–	7,189	115,320	(108,131)	-94%	230,640
Transfers and Subsidies - Capital		33,560	149,809	149,809	–	20,753	74,904	(54,151)	-72%	149,809
Interest		3,829	9,000	9,000	–	–	4,500	(4,500)	-100%	9,000
Dividends								–		
Payments										
Suppliers and employees		(1,553,798)	(1,875,821)	(1,875,821)	–	(377,965)	(937,911)	(559,945)	60%	(1,875,821)
Finance charges		–	(22,261)	(22,261)	–	–	(11,130)	(11,130)	100%	(22,261)
Transfers and Grants		–	(4,850)	(4,850)	–	–	(2,425)	(2,425)	100%	(4,850)
NET CASH FROM/(USED) OPERATING ACTIVITIES		53,113	265,277	265,277	–	475,803	132,638	(343,165)	-259%	265,277
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								–		
Decrease (increase) in non-current receivables		–	36,867	–	–	–	18,434	(18,434)	-100%	36,867
Decrease (increase) in non-current investments								–		
Payments										
Capital assets		(116,394)	(179,266)	(179,266)	–	(21,531)	(89,633)	(68,102)	76%	(179,266)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(116,394)	(142,399)	(179,266)	–	(21,531)	(71,199)	(49,668)	70%	(142,399)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–		
Borrowing long term/refinancing								–		
Increase (decrease) in consumer deposits		(2,980)	(5,849)	–	183	(40,228)	(22,811)	(17,417)	76%	(45,623)
Payments										
Repayment of borrowing		–	(10,734)	(10,734)	–	–	(5,367)	(5,367)	100%	(10,734)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2,980)	(16,583)	(10,734)	183	(40,228)	(28,178)	12,050	-43%	(56,357)
NET INCREASE/ (DECREASE) IN CASH HELD		(66,262)	106,295	75,277	183	414,044	33,261			66,521
Cash/cash equivalents at beginning:		96,534	93,891	93,891	–	43,007				
Cash/cash equivalents at month/year end:		30,272	200,186	169,168		457,051	33,261			66,521

System error to be resolved so that Adjusted budget, monthly and YTD actuals populate correctly. The Cash and Cash equivalents is also overstated. Serious intervention is required to correct these discrepancies.