



## **MONTHLY BUDGET STATEMENT – JULY 2022**

To comply with section 71 of the MFMA and the requirements as promulgated in the MBRR Government Gazette No 32141 of 17 April 2009 by submitting the Monthly Budget Statement to the Executive Julyor, National and Provincial Treasury within 10 working days after the end of each month, containing prescribed financial performance particulars for that reporting month and for the financial year up to the end of that month.

## **SOL PLAATJE LOCAL MUNICIPALITY**

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**Due date: 15 August 2022**

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## **List of Abbreviations and Acronyms used in the MBS**

AFS – Annual Financial Statements  
AGSA - Auditor-General of South Africa  
BTO - Budget and Treasury Office  
CAPEX – Capital Expenditure  
CFO - Chief Financial Officer  
COGHSTA - Department of Co-operative Governance, Human Settlement and Traditional Affairs  
DBSA - Development Bank of South Africa  
DoRA - Division of Revenue Act  
DPW – Department of Public Works  
DSAC – Department of Sports, Arts and Culture  
DWS - Department of Water and Sanitation  
ED - Executive Director  
EEDG - Energy Efficiency and Demand Side Management Grant  
EPWP - Expanded Public Works Programme  
FMG – Financial Management Grant  
FY – Financial Year  
GG – Government Gazette  
GRAP - Generally Recognised Accounting Practices  
GURP - Galeshewe Urban Renewal Programme  
IDP - Integrated Development Plan  
INEP - Integrated National Electrification Programme  
ISDG - Infrastructure Skills Development Grant  
IT - Information Technology  
IUDG –Integrated Urban Development Grant  
IYM – In-year Monitoring  
KPA or KPI - Key Performance Area or Indicator  
MBRR - Municipal Budget and Reporting Regulations (GG 32141 of 17 April 2009)  
MBS – Monthly Budget Statement  
MFMA - Municipal Finance Management Act (Act 56 of 2003)  
MIG - Municipal Infrastructure Grant  
MM - Municipal Manager  
MSA - Municipal Systems Act  
MSIG - Municipal Systems Improvement Grant  
MTREF - Medium Term Revenue and Expenditure Framework  
NDPG - Neighbourhood Development Partnership Grant  
NERSA - National Energy Regulator of South Africa (“the Regulator”)  
NT - National Treasury  
OPEX – Operational Expenditure  
O/S - Outstanding  
PPE - Property, Plant and Equipment  
R&M - Repairs and Maintenance  
SALGA - South African Local Government Association  
SCM - Supply Chain Management  
SCOA – Standard Chart of Accounts  
SDBIP - Service Delivery and Budget Implementation Plan  
SEDP - Strategic Economic Development and Planning  
SLA -Service Level Agreement  
SMME - Small, Medium and Micro Enterprises  
SPCA - Society For The Prevention Of Cruelty To Animals  
SPLM - Sol Plaatje Local Municipality  
VAT – Value Added Tax  
YTD – Year to date  
WRM - Water Resource Management  
WRL - Water Research Levy  
WSIG – Water Services Infrastructure Grant

## PART 1: IN-YEAR REPORT

TO: THE EXECUTIVE MAYOR

**DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): SECTION 71: IN-YEAR MONTHLY BUDGET STATEMENT FOR THE PERIOD ENDING 31 JULY 2022**

### 1. Purpose

The purpose of this report is to comply with section 71 of the MFMA and the requirements as promulgated in the Government Gazette No 32141 of 17 April 2009 by the submission of a monthly budget statement to the Executive Mayor, National and Provincial Treasury containing prescribed financial performance particulars for that reporting month and for the financial year up to the end of that month, as legislated.

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 would like to thank all our clients who still continued to settle their outstanding municipal accounts during this difficult period. 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 appointment of the new Municipal Manager, will positively contribute to the stabilisation of the municipality and improve accountability. The municipality is facing serious challenges pertaining to the debt owed to Eskom and Department of Water and Sanitation, which is escalating on a monthly basis. The ESKOM debt is exacerbated with the billing of the high months from June to August 2022 with an average monthly billing of R100 million. The municipality had an engagement with National and Provincial Treasury as well as Eskom representatives during July 2022 to discuss the Eskom challenges pertaining to the unacceptable escalation in our outstanding debt and to find meaningful solutions.

Currently the total debtors book is standing at R3.1 billion and the municipality is urging government, businesses and households to meet their obligation to the municipality or make payment arrangements with the municipality. In light of this, the municipality has been disconnecting non-paying customers commencing from 8 August 2022 which included government and then moving onto businesses and households. Sometimes tough decisions have to be taken to have a meaningful impact and produce positive results. This action is long overdue, especially in light of the municipality's financial crisis and major threat to its financial viability and sustainability. The municipality also envisage to implement our Revenue Collection Action Plan ("**RCA Plan**"), prioritizing the collection of overdue Municipal debt from all our Customer Groups that are in arrears and *are able* to pay their accounts, but are unwilling to make payment or make a payment arrangement..

The Plan further provides for a Credit Control, Indigent Assistance Awareness and Account Payment Campaign. We believe that this campaign will be informative and create an awareness to Customers as to the assistance provided by the Municipality in relation to the payment of accounts and the social package offered to indigents (including child headed households). The Municipality will offer its Customers payment discounts for accounts settled before the due date and discount incentives to all

***Sol Plaatje (NC091): Monthly Budget Statement: July 2022***

Customers that settle their outstanding accounts in full. The campaign will also educate Consumers on the importance of the payment of accounts and the detrimental effect non-payment has on service delivery

In order for the municipality to thrive, overall performance must improve, the quality of services rendered must improve, accountability must be enforced which must be complimented by strict consequence management. Serious consideration should be given to the service delivery and financial implications of all decisions taken. Ensure that acts, regulations and policies are adhered to diligently, consistently and fairly. Enhance revenue collection and ensure that operational and capital funds are spent effectively with good value for money.

Improving on preventative maintenance and spending funds cost-effectively and efficiently to address service delivery challenges can no longer be delayed, we have noted an increase in emergency maintenance which seems excessive as no competitive bidding is taking as a result of the impact of asset failure on service delivery. We are striving to ensure assets are maintained at desired levels and are being utilised optimally. The spending of funds will have to be prioritised, wastage be curbed and overall personnel performance and productivity be monitored and improved. Municipal officials should also take all reasonable steps to prevent unauthorised, irregular and fruitless and wasteful expenditure. Refrain from committing acts of financial misconduct and/or criminal offences as per Chapter 15 of the MFMA.

***It is imperative that all municipal officials must have the inherent desire to do their job to the best of their ability, take pride and ownership in their work, take accountability for their job functions, doing the right thing consistently and work as a collective, cohesive team to achieve the municipality's strategic objectives. Foremost to all of these, have the community's best interest at heart.***

## 2. Background

Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 April 2009, regarding the "Local Government: Municipal Finance Management Act 2003 and the Municipal Budget and Reporting Regulations" necessitates that specific financial particulars be reported on and in the format prescribed, hence this report to meet legislative compliance. "The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required Tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act."

Further, Section 71 of the MFMA requires that, "the accounting officer of a municipality must by no later than **10 working days** after the end of each month submit to the Mayor of the municipality, and the relevant national and provincial treasury, a statement in the prescribed format on the state of the municipality's budget reflecting certain particulars for that month and for the financial year up to the end of that month." For the reporting period ending **31 July 2022**, the ten working day reporting limit expires on **15 August 2022**.

As per MFMA Budget Circular No. 94 "from 2019/20 onwards, municipalities will no longer be required to continue with the use of the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. The National Treasury will use only the *m*SCOA data strings required for submission as prescribed and all publications will use the data collected from the *m*SCOA data strings" which must be submitted before or on **15 August 2022**, (ten working day limit).

## 3. Executive summary

***Sol Plaatje (NC091): Monthly Budget Statement: July 2022***

The Statement of Financial Performance shown in Annexure A, Table C4, is prepared on the prescribed monthly C-schedules, detailing Revenue by source and Expenditure by type. The consolidated summary of the financial performance is indicated in Table 1 and Table 2 below:

Summary Statement of Financial Performance: YTD Budget					
Description R thousand (R'000)	YTD Budget July 2022	YTD Actual July 2022	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	207,267	332,556	125,288	160.4%	60.4%
Total Revenue (including capital transfers and contributions)	218,462	332,556	114,094	152.2%	52.2%
Total Operational Expenditure	205,428	91,823	(113,605)	44.7%	-55.3%

Table 1: Consolidated summary: Statement of Financial Performance: YTD Budget

As indicated in Table 1 above, as at 31 July 2022, the billed revenue excluding capital grants amounted to R332,556 million which resulted in a favourable variance of 60.4% when compared to the YTD Budget of R125,288 million. The billed revenue including capital grants resulted in a satisfactory variance of 52.2% when compared to the YTD budget of R218,462 million. Going forward, Capital grants will be recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant has been met. The Total Operational Expenditure resulted in a negative variance of minus 55.3%.

Summary Statement of Financial Performance: Original Budget					
Description R thousand	Original Budget	YTD Actual July 2022	Variance Favourable (Unfavourable)	% YTD Actual vs Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % -8.33%
Total Revenue (excluding capital transfers and contributions)	2,487,209	332,556	125,288	13.4%	5.04%
Total Revenue (including capital transfers and contributions)	2,621,547	332,556	114,093	12.7%	4.35%
Total Operational Expenditure	2,465,128	91,823	(113,604)	3.7%	-4.61%

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 8.33% [calculated as follow: (100/12 months x 1 month of the year)] as at the end of July 2022, the Total operational revenue excluding capital grants versus the Original Budget resulted in a positive variance of 5.04%. The Total operational revenue including capital grants versus the Original Budget resulted in a satisfactory variance of 4.35%. The Total Operational Expenditure resulted in a negative satisfactory variance of minus 4.61%.

**Please note that certain Revenue by source and Expenditure by type categories are showing excessive negative and/or positive variances. This is due to fact that the YTD budgets were all systematically determined on a straight-line basis by dividing the total budget per category per line item by 12. The capital projections were also done in the same fashion. Please note that variances within a 5% range, as prescribed by National Treasury are acceptable and need not necessarily be explained.**

## 4.1 Operating Revenue by Source

Revenue by Source	Original Budget	Monthly actual	YearTD actual	YearTD budget	Achieved YTD Budget	YTD variance	YTD variance %	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 8.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Property rates	627,646	130,943	130,943	52,304	250.4%	78,640	150.4%	20.9%	78,640	12.5%
Service charges - electricity revenue	919,854	56,146	56,146	76,654	73.2%	(20,509)	-26.8%	6.1%	(20,509)	-2.2%
Service charges - water revenue	310,717	20,546	20,546	25,893	79.3%	(5,347)	-20.7%	6.6%	(5,347)	-1.7%
Service charges - sanitation revenue	81,700	7,835	7,835	6,808	115.1%	1,027	15.1%	9.6%	1,027	1.3%
Service charges - refuse revenue	60,940	5,853	5,853	5,078	115.2%	774	15.2%	9.6%	774	1.3%
Rental of facilities and equipment	13,010	2,284	2,284	1,084	210.7%	1,200	110.7%	17.6%	1,200	9.2%
Interest earned - external investments	6,000	207	207	500	41.5%	(293)	-58.5%	3.5%	(293)	-4.9%
Interest earned - outstanding debtors	156,500	13,009	13,009	13,042	99.8%	(33)	-0.2%	8.3%	(33)	0.0%
Fines, penalties and forfeits	27,730	252	252	2,311	10.9%	(2,059)	-89.1%	0.9%	(2,059)	-7.4%
Licences and permits	6,850	1,275	1,275	571	223.4%	705	123.4%	18.6%	705	10.3%
Agency services	-	-	-	-						
Transfers and subsidies	258,117	93,271	93,271	21,510	433.6%	71,761	333.6%	36.1%	71,761	27.8%
Other revenue	18,145	934	934	1,512	61.8%	(578)	-38.2%	5.1%	(578)	-3.2%
Gains on disposal of PPE	-	-	-	-						
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,487,209</b>	<b>332,556</b>	<b>332,556</b>	<b>207,267</b>	<b>160.4%</b>	<b>125,288</b>	<b>60.4%</b>	<b>13.4%</b>	<b>125,288</b>	<b>5.0%</b>
Transfers and subsidies - capital	134,338	-	-	11,195	0.0%	(11,195)	-100.0%	0.0%	(11,195)	-8.3%
<b>Total Revenue (including capital transfers and contributions)</b>	<b>2,621,547</b>	<b>332,556</b>	<b>332,556</b>	<b>218,462</b>	<b>152.2%</b>	<b>114,094</b>	<b>52.2%</b>	<b>12.7%</b>	<b>114,093</b>	<b>4.4%</b>

Table 3: Table C4 Financial Performance (Revenue)

### Comparison against the YTD Budget

- ❖ Property Rates is showing a positive YTD variance of 150.4%, due to the annual billing on Property Rates for predominantly Organs of State and businesses.
- ❖ Service charges - Electricity revenue is showing a very concerning under-recovery of minus 26.8%, attributable to the billing being lower than anticipated. The Billing section to investigate the anomaly and determine the impact of the KVA meters that are now being read since June 2022. Any interim readings must also be investigated by the Billing section and remedial action be taken. Water is lower than anticipated and this should be investigated by the Billing section as well as it is showing a negative variance of 20.7% Sanitation and Refuse service charges is showing an over-recovery of 15.1% and 15.2%, respectively as a result of the actuals billed being higher than the YTD budget.
- ❖ Interest earned – External investments shows a negative variance of minus 58.5%, as a result of accrued interest revenue that was recognised for the 2021/22 financial year. It should be noted that investments have been declining year-on-year but have remained relatively constant for the period under review. This however, also served as a major impediment preventing the municipality from actually earning more interest. 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 hikes, also had a negative impact on Interest earned. The bulk of the interest earned normally gets recognised at year-end.
- ❖ Fines, penalties and forfeits is showing a negative variance of 89.1% as a result of the under-recovery of Law enforcements fines with a 1.69% achieved versus a target of R10,000 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 had 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 0.36% against an annual target of R17,500 million. The bulk blocking of prepaid meters could not materialise but Credit Control is embarking on a campaign for debt collection efforts. The municipality also implemented disconnection of customers commencing from 8 August 2022.
- ❖ Licences and permits is showing a positive variance of 123.4%, 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. It appears there is improvement compared to the prior months.

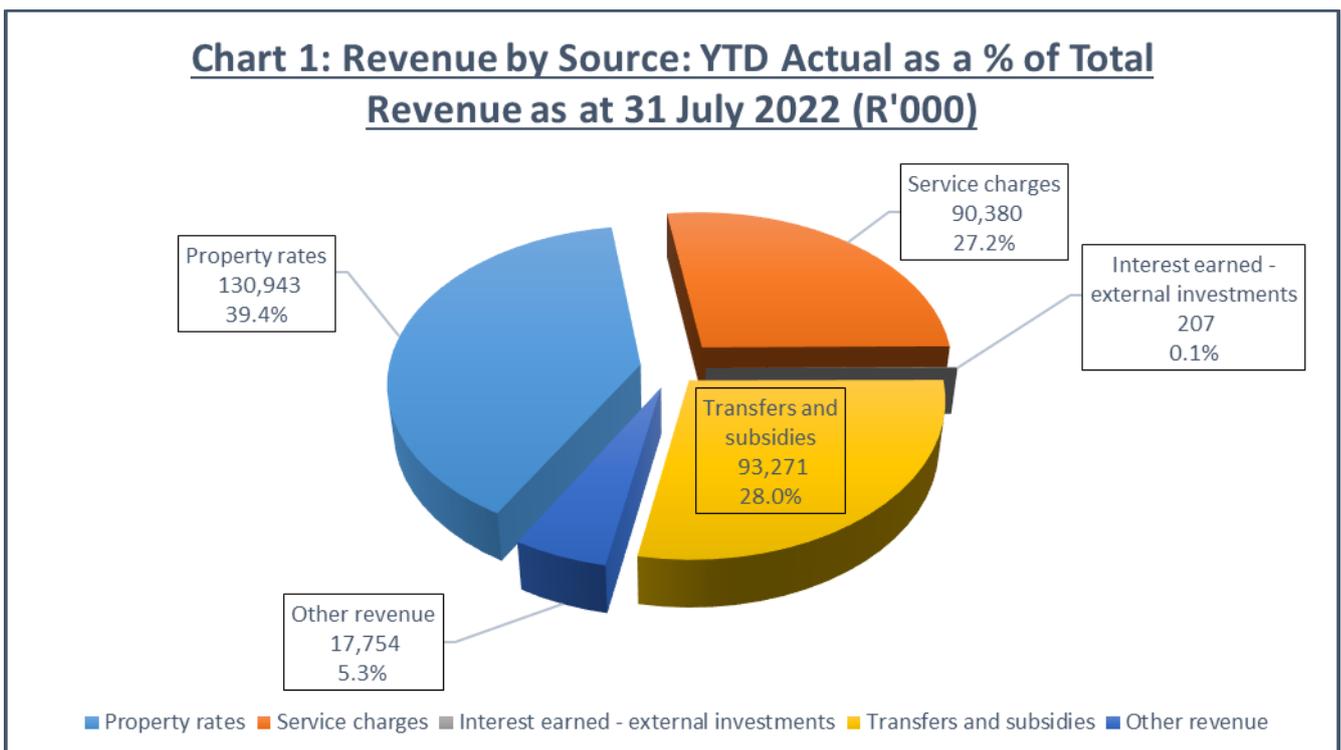
- ❖ Transfers and subsidies is showing a positive variance of 333.6% due to the recognition of the first tranche of the Equitable Share that was received in July 2022.
- ❖ Capital grants is showing a negative variance of 100%, as a result of the lower than anticipated capital grant expenditure and the journal not being processed timeously. Serious intervention will have to be taken by Management to improve on monthly capital grant expenditure and capital expenditure overall.

### **Comparison against Original Budget**

Based on the IYM percentage of 8.33%, the majority of revenue sources are performing satisfactorily.

- ❖ Property rates is performing satisfactorily and showing a positive variance of 12.5%, due to the annual billing of Property Rates.
- ❖ Service charges is performing satisfactorily when compared to the Original budget.
- ❖ Interest from External Investments and outstanding debtors is performing satisfactory.
- ❖ Fines, penalties and forfeits is showing a negative variance of 7.4%. Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits is showing a positive variance of 10.3%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies is showing a positive variance of 27.3%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers – recognised capital is showing a negative variance of 8.3%. Same factors are applicable as described in the paragraph above.

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 July 2022. The main contributors of the municipality's revenue are Service Charges (53.1%), Property Rates (28.5%) and Transfers and subsidies (10.1%). The weighting is distorted due to the annual billing on Property Rates and the receipt of the first tranche of the Equitable Share allocation.



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

**Sol Plaatje (NC091): Monthly Budget Statement: July 2022**

## 4.2 Operating Expenditure by Type

Expenditure By Type	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance %	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 8.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Employee related costs	849,403	59,990	59,990	70,784	84.8%	(10,793)	-15.2%	7.1%	(10,793)	-1.3%
Remuneration of councillors	34,547	3,032	3,032	2,879	105.3%	153	5.3%	8.8%	153	0.4%
Debt impairment	297,000	0	0	24,750	0.0%	(24,750)	-100.0%	0.0%	(24,750)	-8.3%
Depreciation & asset impairment	81,050	-	-	6,754	0.0%	(6,754)	-100.0%	0.0%	(6,754)	-8.3%
Finance charges	38,960	-	-	3,247	0.0%	(3,247)	-100.0%	0.0%	(3,247)	-8.3%
Bulk purchases - electricity	682,000	-	-	56,833	0.0%	(56,833)	-100.0%	0.0%	(56,833)	-8.3%
Inventory consumed	236,627	11,469	11,469	19,719	58.2%	(8,250)	-41.8%	4.8%	(8,250)	-3.5%
Contracted services	46,437	655	655	3,870	16.9%	(3,215)	-83.1%	1.4%	(3,215)	-6.9%
Transfers and subsidies	4,460	-	-	372	0.0%	(372)	-100.0%	0.0%	(372)	-8.3%
Other expenditure	134,643	16,677	16,677	11,221	148.6%	5,456	48.6%	12.4%	5,456	4.1%
Loss on disposal of PPE	60,000	-	-	5,000	0.0%	(5,000)	-100.0%	0.0%	(5,000)	-8.3%
<b>Total Expenditure</b>	<b>2,465,128</b>	<b>91,823</b>	<b>91,823</b>	<b>205,428</b>	<b>44.7%</b>	<b>(113,605)</b>	<b>-55.3%</b>	<b>3.7%</b>	<b>(113,604)</b>	<b>-4.6%</b>

Table 4: Table C4 Financial Performance (Expenditure)

### Comparison against YTD Budget

As indicated in the Table 4 above, as at 31 July 2022 current YTD expenditure shows an unsatisfactory variance of minus 55.3%. The YTD actual amounted to R91,823 million against the YTD Budget of R205,428 million.

- ❖ Employee related costs shows an unsatisfactory variance of minus 15.2%. 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 non-critical vacancies for the past few months.
- ❖ Remuneration of councillors is performing satisfactorily
- ❖ 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 will be provided for on a quarterly basis.
- ❖ Expenditure on Contracted services is lower than anticipated, especially pertaining to Legal Cost Advice & Litigation which is 0.03% spent versus an Original budget of R5,965 million. Prepaid Electricity Vendors is 0% spent versus a budget of R29,500 million, due to the fact that the July 2022 account for Ontec is on due at the end of August 2022.
- ❖ Bulk purchases – Electricity is unsatisfactory and based on accrual accounting principles, the June 2022 ESKOM invoice was captured on the system in the old year. The July 2022 invoice is not yet reflected on the system but will be captured during August 2022.
- ❖ Bulk purchases Water is treated in line with GRAP 12. Actuals are understated because the municipality must still capture the July 2022 invoice on the system. It should be noted that the billing for July 2022 was based on the incorrect volume and must be corrected by the Department. The invoices are captured on the balance sheet under WATER:INPUT VOL: BULK PURCHASES and then journalized to the Income Statement and is simultaneously split between Water Inventory and Water losses.

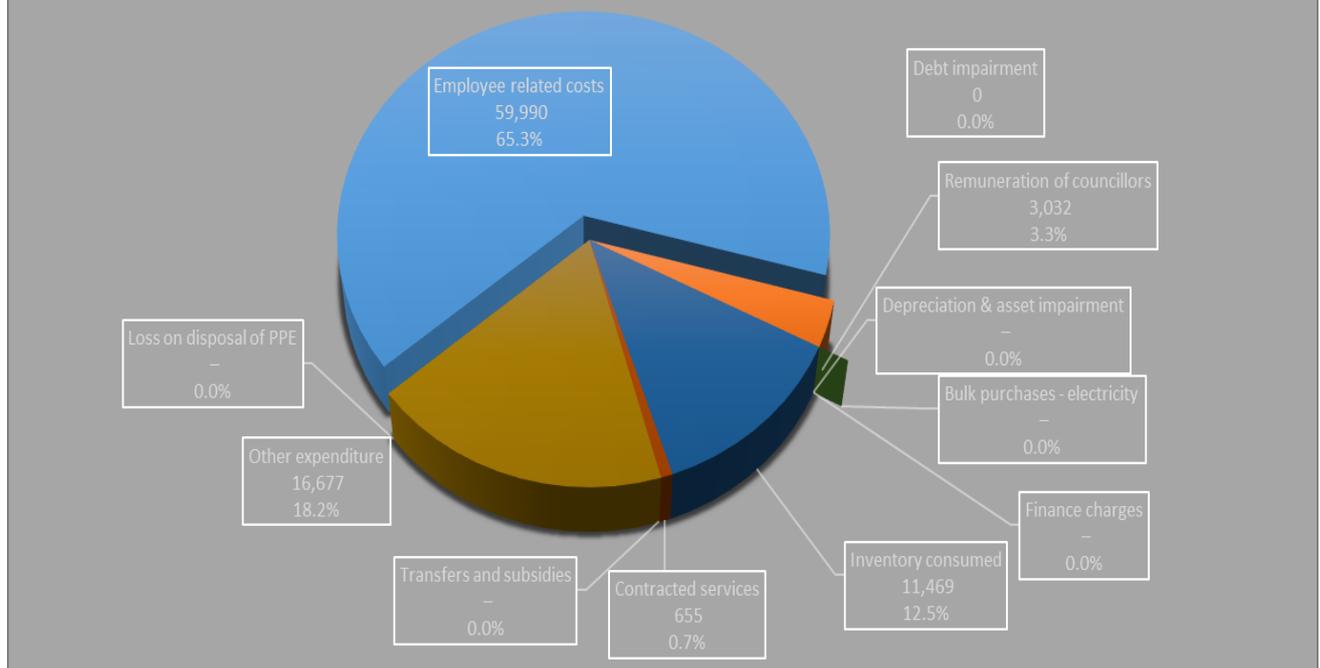
- ❖ Transfers and subsidies show a negative variance of 100%. The grant funding of R2,300 is still due to the SPCA. Other grants also show minimal movement due to cash flow constraints.
- ❖ Finance charges is showing a negative variance of 100%. Interest on External borrowing is paid bi-annually and the first instalment for the current financial year is due at the end of December 2022. Interest on overdue accounts will be adjusted upwards during 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 41.8%. 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.
- ❖ During the 2019/20 Mid-year Budget Assessment the following factors were identified by the municipality that negatively affects the expenditure on Inventory consumed:  
The possible root causes can vary from poor preventative maintenance strategies, poor planning, vehicles being at the Workshop for longer periods which is hampered by the availability of suitable parts, procurement processes exacerbated by a lack of valid tenders being in place for which the user departments are responsible for, clamping down on deviations and major works still outstanding for which proper procurement processes need to be adhered to, and then prioritisation as a result of the cash flow constraints. It is advised that management finalise maintenance plans and implement these plans within the current financial constraints, ensure that remedial action be taken to improve on preventative maintenance and spend funds cost-effectively and efficiently to address service delivery issues and ensure assets are maintained at desired levels and are being utilised optimally. The spending of funds will have to be prioritised, wastage be curbed, overall personnel performance and productivity be monitored and improved.

#### **Operating Expenditure by Type: Comparison against Original Budget**

Indicated in Table 4 above, is the YTD actual compared to the Original Budget. The ideal In-Year-Monitoring percentage as at the end of July 2022 is 8.33%. The total operational expenditure against the Original Budget is 67.8% spent, resulting in a unsatisfactory variance of minus 15.5%.

- ❖ Employee costs is showing a negative variance of minus 15%. Same factors are applicable as explained above. Councillors remuneration is satisfactory.
- ❖ Depreciation will be provided for at year-end. Same factors are applicable as explained above.
- ❖ Finance charges are paid bi-annually and show an unsatisfactory variance of 8.3%. Same factors are applicable as explained above.
- ❖ Debt impairment will be provided for on a quarterly basis. However, the municipality has been treating debt write-offs erroneously and all write-offs must be done directly against the expenditure vote and not against the Statement of Financial Position. This will be corrected during the financial year as and when write-offs are done.
- ❖ Expenditure on Contracted services is lower than anticipated, same factors are applicable as explained above.
- ❖ Transfers and grants is unsatisfactory with a variance of minus 8.3%. The same factors are applicable as explained in the paragraph above.
- ❖ Water inventory under Inventory consumed and Loss on disposal of PPE (Water losses), corrective journals will be passed but the actuals are understated, due to the issue described above.

**Chart 2: Expenditure by Type : YTD Actual as a % of Total Expenditure as at 31 July 2022 (R'000)**



**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 July 2022. The main cost drivers of the municipality are Employee Related Costs, Debt Impairment and Bulk Purchases – Electricity. It should be noted that these percentages are 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 will be done on a quarterly basis and the journal for the first quarter must still be processed.
- ❖ Finance charges is paid bi-annually. Interest on overdue account needs to be corrected.
- ❖ Corrective journals for Water inventory and Loss on disposal of PPE (Water losses) must still be processed, still understated due to the issues raised above.

**Bulk Purchases: Electricity, Water inventory and Water losses**

- ❖ Indicated in Table 5.1 below, is the YTD expenditure on Bulk Purchases: Electricity. When compared to the IYM percentage of 8.33% as at end of July 2022, Bulk Purchases Electricity is showing an unsatisfactory variance of minus 8.33%. The June 2022 invoice was captured in the 2021/22 financial year based on the accrual accounting principle. The July 2022 invoice will be captured in August 2022.

Description	Original Budget	Adjusted Budget	Monthly Actual	YTD Actual	% Spent Adjusted Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 8.33%
BULK PURCHASES: ELECTRICITY	682,000,000	682,000,000	-	-	0.00%	-8.33%
<b>Total</b>	<b>682,000,000</b>	<b>682,000,000</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-8.33%</b>

Table 5.1: Summary of YTD Bulk Electricity expenditure

- ❖ Indicated in Table 5.2 below, is the Water inventory which is showing a negative variance of minus 8.3% when compared to the ideal percentage of 8.33%. During the Adjustment budget for 2021/22 and advised by NT, Bulk purchases water will be split between Inventory Water and Water losses in the Statement of Financial Performance aligned to GRAP 12. A corrective journal will be done to correct the year-to-date actuals.

Description	Original Budget	Adjusted budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 8.33%
INVENTORY - WATER	60,000,000	60,000,000	-	-	0.0%	-8.3%
NON-REVENUE WATER LOSSES	60,000,000	60,000,000	-	-	0.0%	-8.3%
<b>Total</b>	<b>120,000,000</b>	<b>120,000,000</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-8.3%</b>

Table 5.2: Summary of YTD Bulk Water expenditure

Organ of state	Arrear debt of unpaid invoices	Current Account due (July 2022)	Total Outstanding Debt	YTD Interest charged 2022/23
ESKOM	603,348,292.81	105,352,701.86	708,700,994.67	4,393,081.09
DWS (Water boards)	164,468,270.54	12,185,255.00	176,653,525.54	-
<b>Grand Total</b>	<b>767,816,563.35</b>	<b>117,537,956.86</b>	<b>885,354,520.21</b>	<b>4,393,081.09</b>

Table 6.1: Summary of outstanding Bulk costs debt

Indicated in Table 6.1 above, is the total outstanding debt owed to ESKOM amounting to R708,701 million. The debt for 2021/22 has not been settled in full. Due to the severe financial constraints the municipality could not enter into a payment agreement with ESKOM. At this stage after careful consideration of the cash position, the municipality pays what it can afford for the month in terms of available cash. The total year to date interest charged on overdue accounts due to ESKOM amounts to R4,393 million which must be disclosed as Fruitless and Wasteful Expenditure for the year under review.

Also, indicated in Table 6.1 above, is the total outstanding debt owed to DWS which amounts to R176,654 million. The total year to date interest charged on overdue accounts to DWS is not disclosed as the municipality is still awaiting the outstanding interest document from the Department. Interest on overdue accounts incurred must be disclosed as Fruitless and Wasteful Expenditure for the year under review. The debt for 2020/21 and 2021/22 has not been settled in full. To date, the municipality could not enter into a payment agreement with DWS due to severe financial constraints.

Month	Invoice amount	Paid to date on O/S invoices	Outstanding Balance	Arrear Debt	Current Acc
Aug-21	93,019,940.09	67,620,276.22	25,399,663.87	25,399,663.87	
Sep-21	54,138,006.95	-	54,138,006.95	54,138,006.95	
Oct-21	51,027,860.62	-	51,027,860.62	51,027,860.62	
Nov-21	50,812,779.51	-	50,812,779.51	50,812,779.51	
Dec-21	51,379,198.31	-	51,379,198.31	51,379,198.31	
Jan-22	53,401,058.31	-	53,401,058.31	53,401,058.31	
Feb-22	51,445,498.50	-	51,445,498.50	51,445,498.50	
Mar-22	54,651,968.15	-	54,651,968.15	54,651,968.15	
Apr-22	51,834,528.52	-	51,834,528.52	51,834,528.52	
May-22	57,826,269.53	-	57,826,269.53	57,826,269.53	
Jun-22	101,431,456.54	-	101,431,456.54	101,431,456.54	
Jul-22	105,352,701.86	-	105,352,701.86		105,352,701.86
<b>Total ESKOM</b>	<b>776,321,266.89</b>	<b>67,620,276.22</b>	<b>708,700,990.67</b>	<b>603,348,288.81</b>	<b>105,352,701.86</b>

Table 6.2: Summary of outstanding ESKOM debt

*Sol Plaatje (NC091): Monthly Budget Statement: July 2022*

Indicated in Table 6.2 is the detailed breakdown of billed charges, amounts paid on the outstanding invoices and the outstanding balances per invoice. The outstanding balance is then split into the arrear debt (R603,348m) and the current account (R105,353m).

Payment date	Sum of VOTE AMOUNT
20210811	6,000,000.00
20210818	6,000,000.00
20210825	4,000,000.00
20210827	2,165,402.07
20210907	6,000,000.00
20210915	6,000,000.00
20210916	6,000,000.00
20210920	6,000,000.00
20211005	6,000,000.00
20211012	6,000,000.00
20211019	9,954,439.94
20211108	10,000,000.00
20211115	10,000,000.00
20211208	30,000,000.00
20220104	83,198.46
20220118	29,903,304.08
20220225	19,000,000.00
20220316	20,000,000.00
20220413	30,000,000.00
20220512	20,000,000.00
20220531	30,000,000.00
20220713	53,019,940.09
<b>Grand Total</b>	<b>316,126,284.64</b>

Payments per fin period	Sum of VOTE AMOUNT
202108	18,165,402.07
202109	24,000,000.00
202110	21,954,439.94
202111	20,000,000.00
202112	30,000,000.00
202201	29,986,502.54
202202	19,000,000.00
202203	20,000,000.00
202204	30,000,000.00
202205	50,000,000.00
202206	53,019,940.09
<b>Grand Total</b>	<b>316,126,284.64</b>

Table 6.3: Summary of ESKOM payments

Indicated in Table 6.3 is the total amount paid to ESKOM per financial period and per payment date for the 2021/22 and 2022/23 financial year. For the month of July 2022, the municipality settled an amount of R53,020 million on the outstanding invoices. The municipality does not have sufficient cash to settle the monthly current account.

Month	Invoice amount	Paid to date on O/S invoices	Outstanding Balance	Arrear Debt	Current Acc
INTEREST CHARGES - APR TO JUN 2022	6,191,399.16	-	6,191,399.16	6,191,399.16	
FEB 2021 BULK ACCOUNT	15,328,510.40	4,700,000.00	10,628,510.40	10,628,510.40	
MAR 2021 BULK ACCOUNT	13,223,916.36	-	13,223,916.36	13,223,916.36	
JUL 2021 BULK ACCOUNT	14,184,549.49	-	14,184,549.49	14,184,549.49	
AUG 2021 BULK ACCOUNT	15,074,754.70	-	15,074,754.70	15,074,754.70	
SEP 2021 BULK ACCOUNT	15,794,682.80	-	15,794,682.80	15,794,682.80	
OCT 2021 BULK ACCOUNT	15,275,086.61	-	15,275,086.61	15,275,086.61	
NOV 2021 BULK ACCOUNT	14,522,530.48	-	14,522,530.48	14,522,530.48	
DEC 2021 BULK ACCOUNT	11,107,773.22	-	11,107,773.22	11,107,773.22	
JAN 2022 BULK ACCOUNT	17,098,078.18	-	17,098,078.18	17,098,078.18	
FEB 2022 BULK ACCOUNT	16,436,776.66	-	16,436,776.66	16,436,776.66	
MAR 2022 BULK ACCOUNT	14,930,212.48	-	14,930,212.48	14,930,212.48	
JUL 2022 BULK ACCOUNT	12,102,783.76	-	12,102,783.76		12,102,783.76
WRM LEVIES JUL 2022	82,471.24	-	82,471.24		82,471.24
<b>Total DWS</b>	<b>181,353,525.54</b>	<b>4,700,000.00</b>	<b>176,653,525.54</b>	<b>164,468,270.54</b>	<b>12,185,255.00</b>

Table 6.4: Summary of outstanding DWS debt

Indicated in Table 6.4 above, is the detailed breakdown of billed charges, amounts paid on outstanding invoices and the outstanding balances per invoice. The outstanding balance is then split into the the arrear debt (R164,468m) and the current account (R12,185). It should be noted that the total debt due to DWS needs to concurred with the Department. The Department also erroneously billed the municipality for July 2022 and this must be corrected by the Department. The municipality also submitted a request to have interest written off, due to billing errors and late billing on their side.

		<b>Payment date</b>	<b>Sum of VOTE AMOUNT</b>
		20210811	4,000,000.00
		20210817	2,000,000.00
		20210825	1,000,000.00
		20210831	589,628.61
		20210908	4,000,000.00
		20210915	2,000,000.00
		20210916	2,082,471.24
		20210920	2,000,000.00
		20211020	5,726,867.12
		20211022	82,471.24
		20211108	8,000,000.00
		20211116	8,732,805.33
		20211202	82,471.24
		20211230	82,471.24
		20220203	627,775.68
		20220225	164,942.48
		20220301	4,000,000.00
		20220311	1,937,789.26
		20220316	7,500,000.00
		20220413	6,645,945.63
		20220425	164,942.48
		20220601	4,173,087.07
		20220614	1,788,876.63
		20220714	82,471.24
		20220728	1,388,435.69
		20220802	863,336.64
		<b>Grand Total</b>	<b>69,716,788.82</b>
<b>Payments per fin period</b>	<b>Sum of VOTE AMOUNT</b>		
202108	7,589,628.61		
202109	10,082,471.24		
202110	5,809,338.36		
202111	16,732,805.33		
202112	164,942.48		
202202	792,718.16		
202203	13,437,789.26		
202204	6,810,888.11		
202205	3,637,789.26		
202206	4,658,418.01		
<b>Grand Total</b>	<b>69,716,788.82</b>		

Table 6.5: Summary of DWS payments

Indicated in Table 6.5 is the total amount paid to DWS per financial period and per payment date for the 2021/22 financial year. For the month of July 2022, the municipality settled an amount of R1,471 million on outstanding invoices and settled an amount of R863 thousand on 2 August 2022. The municipality does not have sufficient cash to settle the current account due to DWS but make payments as cash becomes available.

### 4.3 Capital expenditure

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure - July 2022										
Capital expenditure	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance %	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 8.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	190,043	941	941	15,837	5.9%	(14,895)	-94.1%	0.5%	(14,895)	-7.8%
Funded by										
Capital transfers recognised	134,338	941	941	11,195	8.4%	(10,253)	-91.6%	0.7%	(10,253)	-7.6%
Internally generated funds	55,705	-	-	4,642	0.0%	(4,642)	-100.0%	0.0%	(4,642)	-8.3%
Weighting Capital transfer recognised	71%	100%	100%	71%						
Weighting Internally generated funds	29%	0%	0%	29%						

Table 7: High level summary: Capital Expenditure

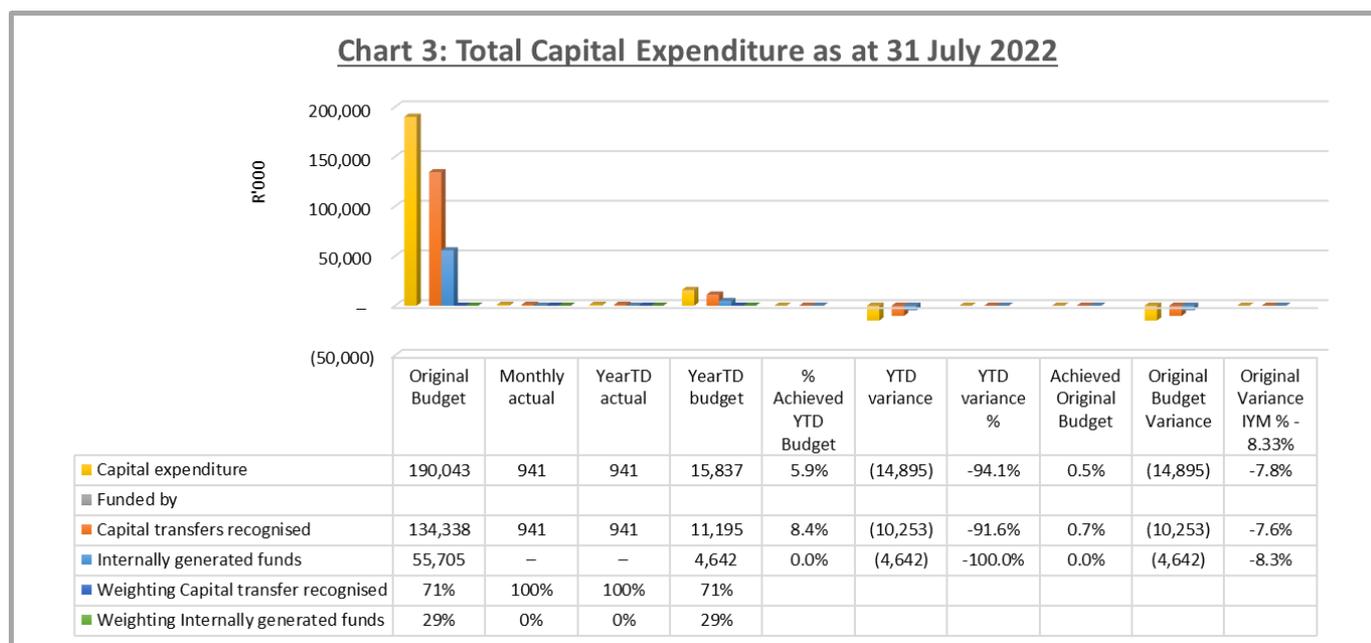


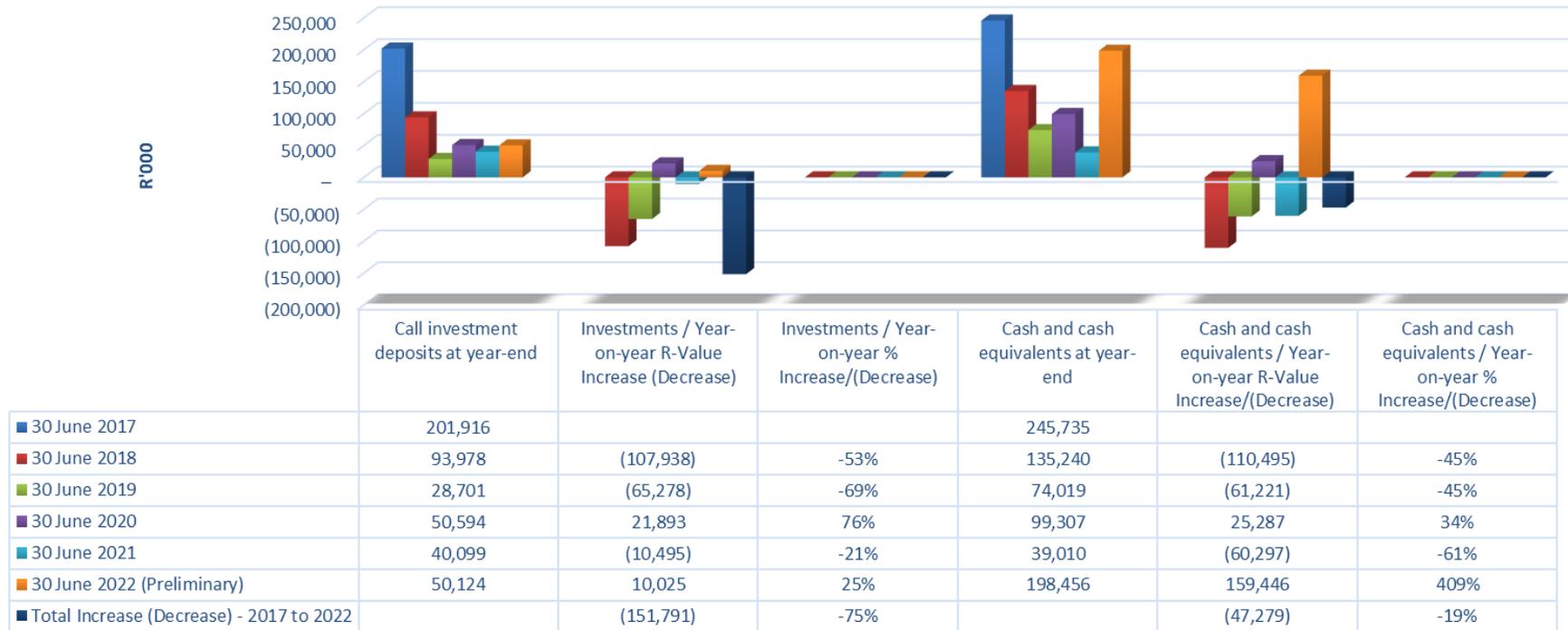
Chart 3: Total Capital expenditure

As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of July 2022 amounted to R941 thousand and 5.9% spent when compared to the YTD budget of R15,837 million and 0.5% spent when compared to the Original Budget of R190,043 million. The total YTD capex is funded from Capital grants R941 thousand (100%) and Internally generated funds zero rand (0%). Capex is extremely low and major intervention is required for the new financial year. Planning of project managers also needs to improve going forward. One of the major challenges that the municipality is experiencing is in respect of tendering processes.

The majority of capital projects are based on a functionality criteria. Bidders either do not meet the functionality criteria or submit incomplete tender documents resulting in bidders being non-responsive. And due to the non-responsiveness of bidders, these bids unfortunately have to be re-advertised. The municipality has been implementing more compulsory site meetings to sensitise service providers on the compliance issues pertaining to bid documents. Secondly, project managers need to realistically anticipate challenges and immediately address delays in order to ensure that projects are completed within the specified timeframe. Contract management also needs to be monitored more closely, placing emphasis on the performance of appointed service providers and addressing issues of non-performance immediately. The Project Management Unit (PMU) is not adequately staffed, resulting in a lack of qualified permanently appointed project managers. Lastly, it is advised that disputes, if any are addressed and resolved expeditiously. The capital expenditure is slow and overall capital expenditure remains a major concern. Remedial action will have to be taken going forward to ensure improvement on capex. It should be noted that capital expenditure excludes VAT and commitments. The capital expenditure report shown in Annexure A, Table C5 has been prepared on the prescribed monthly C-schedule, and is categorised by municipal vote and functional classification.

#### 4.4 Cash flows

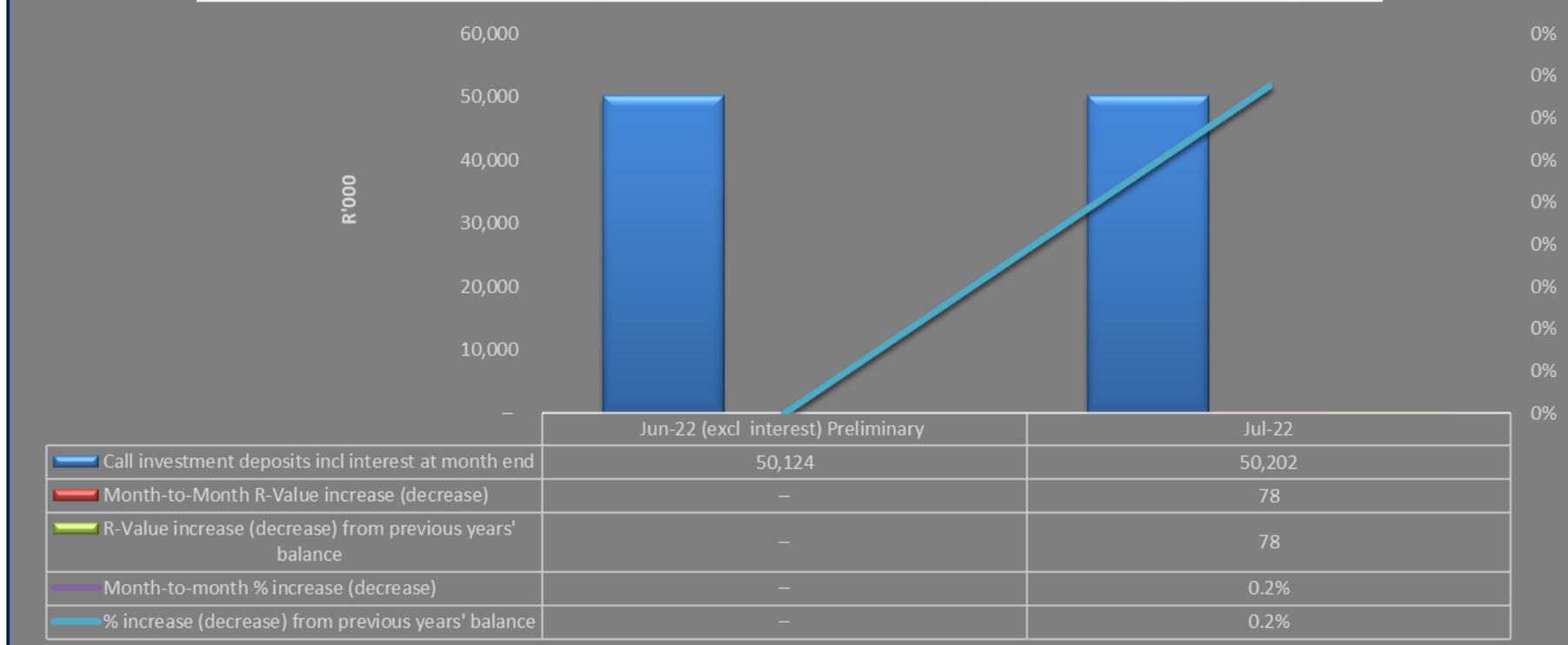
**Chart 4: Current investment deposits and Cash & cash equivalents at year-end**



**Chart 4: Call investment deposits and Cash & cash equivalents at year-end**

Investments decreased by R107,938 million or 53% from 2017 to 2018. Investments decreased by R65,278 million or 69% from 2018 to 2019. Investments increased by R21,893 million or 76% from 2019 to 2020. Investments decreased by R10,495 million or 21% from 2020 to 2021. Investments increased by R10,025 million or 25% from 2021 to 2022. From 2017 to 2022, the total investments decreased by R151,791 million. The same trend can be seen year-on-year, as indicated in the chart above in respect of the Cash and cash equivalents. This is attributable to various factors inter alia, the lower collection rate, increased capital expenditure, especially increase on CRR funding year-on-year, the non-implementation of the basic charge for the 2018/19 financial year, increase in bulk purchases, operational expenditure, including excessive expenditure on Overtime and EPWP, variation orders on contracts, excessive water and electricity losses. And the servicing of the long-term loan. The decline in investments and Cash & cash equivalents is concerning and must be addressed by management.

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



**Chart 5: Call investment deposits at month-end**

As indicated in the Chart 5 above from June to July 2022 investments incl interest increased by R78 thousand or 0.2%, in respect of the month-to-month comparison. Investments increased by R78 thousand or 0.2% when compared to the previous years' preliminary result of R50,124 million. Various commitments must be met monthly including Salaries, Bulk Electricity, Bulk Water in the billing period and capital expenditure. The majority of staff receive their annual bonuses in December of each year. Bi-annual long-term loan repayments. The non-charging of the basic charge for the 2018/19 financial year for domestic consumers also had a negative impact on the income from Sale of Electricity and thus negatively affecting the municipality's cash flow. The movement on investments should be monitored going forward and a concerted effort should be done to collect current and long outstanding debt. Capital and Operational expenditure overall, also needs to be reviewed and prioritised.

This chart could not be populated due to errors on the system pertaining to C6 (Statement of Financial Position) and C7 (Cash flow) that could not be resolved timeously.

**Chart 6.1: Cash & cash equivalents at month-end**

This chart could not be populated due to errors on the system pertaining to C6 (Statement of Financial Position) and C7 (Cash flow) that could not be resolved timeously.

**Chart 6.2: Cost coverage ratio**

The estimated average Cost coverage ratio is currently less than one week. Cash at this stage is monitored on a daily basis. The Cost coverage ratio is a critical indicator that the municipality is in a severe cash flow crisis and not in the conducive position to settle short-term commitments. This is a critical threat to the municipality's ability to pay salaries, bulk accounts and day-to-day operations which can have a detrimental effect on service delivery and irrevocably damage the municipality's relationship with its service providers and further tarnishing the municipality's reputation. This is also evident by the debt owed to ESKOM and DWS skyrocketing. The only way to address these issues, is to work as a collective team, enforce accountability within all departments and to collect outstanding debt and improve the collection rate. Therefore, the municipality must apply the Credit Control Policy consistently and fairly to ensure the credibility of the municipality. Generally the payment culture of all consumers and stakeholders must improve. The municipality also needs to spend funds effectively and efficiently with good value for money. Cost containment measures must be stringently applied.

#### **4. In-year budget statement tables**

The financial results for the period under review are attached consisting of the following Tables, in Annexure A

- (a) Table C1: Summary
- (b) Table C2: Financial Performance (Functional Classification)
- (c) Table C3: Financial Performance (Revenue and Expenditure by Municipal vote)
- (d) Table C4: Financial Performance (Revenue and Expenditure)
- (e) Table C5: Capital Expenditure by vote, functional classification and funding
- (f) Table C6: Statement of Financial Position
- (g) Table C7: Cash Flow

## PART 2: SUPPORTING DOCUMENTATION

### 5. Debtors' Analysis

NC091 Sol Plaatje - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

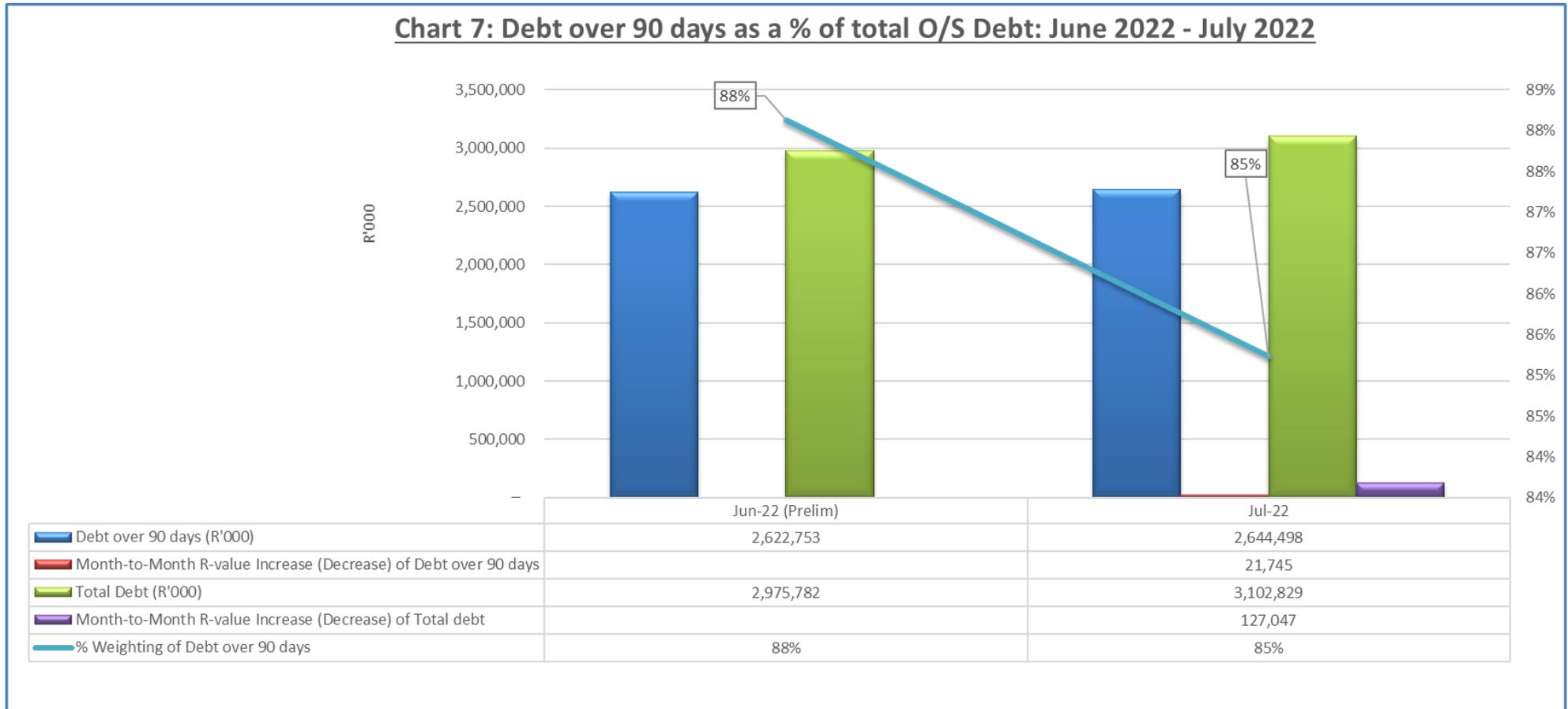
Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	42,637	15,128	15,854	529,197	-	-	-	-	602,817	529,197	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	86,687	10,289	9,124	204,595	-	-	-	-	310,694	204,595	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	141,569	14,525	13,224	720,709	-	-	-	-	890,028	720,709	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	13,213	4,645	4,298	164,615	-	-	-	-	186,771	164,615	-	-
Receivables from Exchange Transactions - Waste Management	1600	10,285	3,520	3,229	126,318	-	-	-	-	143,353	126,318	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	1,685	2,232	1,475	45,667	-	-	-	-	51,059	45,667	-	-
Interest on Arrear Debtor Accounts	1810	25,715	12,079	11,677	648,684	-	-	-	-	698,155	648,684	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	11,107	2,178	1,956	204,712	-	-	-	-	219,952	204,712	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>332,898</b>	<b>64,596</b>	<b>60,837</b>	<b>2,644,498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,102,829</b>	<b>2,644,498</b>	<b>-</b>	<b>-</b>
<b>2021/22 - totals only</b>													
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	127,920	10,690	9,530	757,666	-	-	-	-	905,807	757,666	-	-
Commercial	2300	93,070	15,638	14,000	397,851	-	-	-	-	520,559	397,851	-	-
Households	2400	109,225	37,064	36,066	1,436,209	-	-	-	-	1,618,564	1,436,209	-	-
Other	2500	2,682	1,203	1,241	52,773	-	-	-	-	57,900	52,773	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>332,898</b>	<b>64,596</b>	<b>60,837</b>	<b>2,644,498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,102,829</b>	<b>2,644,498</b>	<b>-</b>	<b>-</b>

Table 8: Supporting Table SC3: Aged Debtors

Indicated in Table 8 above, is the total outstanding debt by Income Source and Customer Group, with the total O/S Debt amounting to R3,102,829 billion as at the end of July 2022. The Credit control office implemented the following contingencies. In the light of current cash flow and very low cashier collection at points, disconnection and blocking of institutions, businesses and Government Departments without valid arrangements or not in discussions with the municipality, should be done with immediate effect. On 8 August 2022 and going forward defaulting debtors were disconnected, starting with government and businesses and then moving onto households.

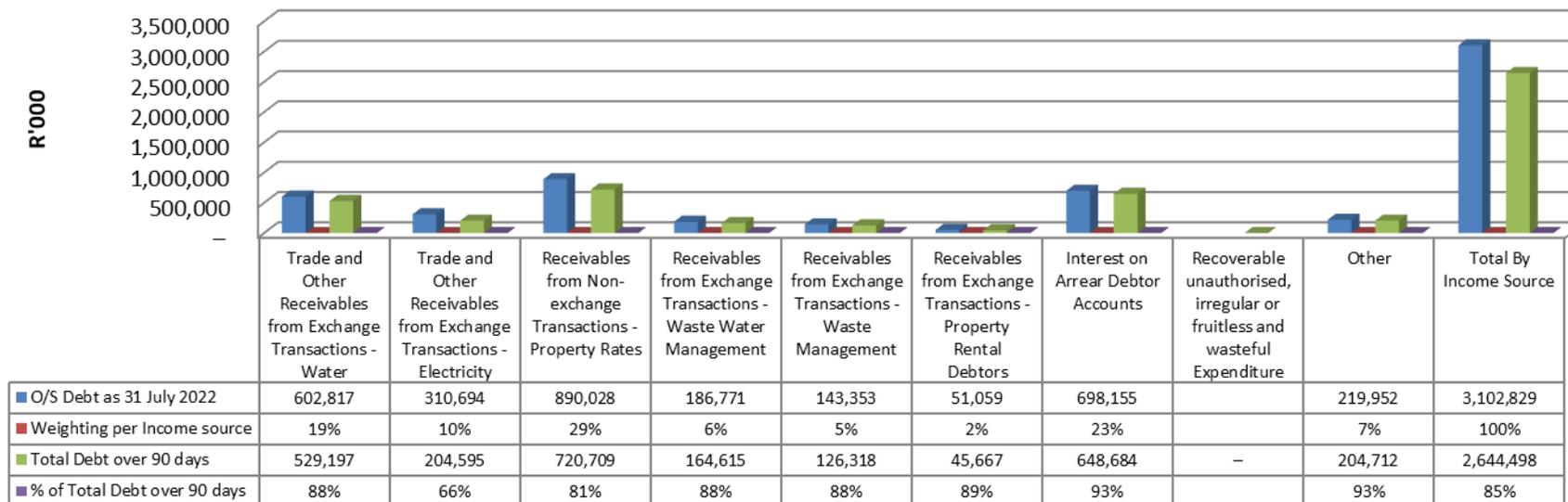
The municipality will be embarking on Credit Control And Indigent Assistance Awareness Campaign. Through this campaign we seek to educate Consumers on the importance of the payment of accounts and the detrimental effect non-payment has on service delivery. We aim to have our Customers (from all our Customer Groups) that are in arrears and are able to pay their accounts, to make payment or make a payment arrangement on their account. The campaign will also inform and create an awareness to Customers as to the assistance provided by the Municipality in relation to the payment of accounts (our social package, discounts and incentives).

Chart 7 below, depicts the month-on-month summary of Debt over 90 days as a percentage of total O/S Debt which decreased from 88% to 85% for the month under review. Debt over 90 days increased by R21,745 million in respect of the month-to-month comparison. The month-to-month increase on Total debt amounted to R127,047 million. It is concerning that total debt over 90 days is hovering at an average of 87 percent. During the Adjustment Budget funding assessment for 2019/20, NT advised that the municipality should consider writing off debtors that we know we are not realistically going to collect. To this end, the amounts written off as uncollectable amounted to R403,262 million for the year ended 30 June 2020. For the year ended 30 June 2021, the amounts written off as uncollectable amounted to R330,209 million. The total amounts written off as uncollectable for the two financial years amounts to R733,470 million.



**Chart 7: Debt over 90 days as a percentage of Total O/S Debt**

**Chart 8: Outstanding Debt by Income Source as at 31 July 2022**



**Chart 8: Outstanding Debt by Income Source**

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

- ❖ Receivables from Non-exchange Transactions - Property Rates at 29%
- ❖ Interest on Arrear Debtor Accounts 23%, and
- ❖ Trade and Other Receivables from Exchange Transactions – Water at 19%

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

- ❖ Interest on Arrear Debtor Accounts and Other at 93%, respectively;
- ❖ Receivables from Exchange Transactions - Property Rental Debtors at 89%

Debtors Age Analysis By Income Source	O/S Debt as 30 June 2022	O/S Debt as 31 July 2022	Percentage month-on-month Increase/ (Decrease) in Debtors	R-Value Increase/(Decrease)	Weighting of Debt per Category as a % of Total O/S
Trade and Other Receivables from Exchange Transactions - Water	595,502,425	602,816,908	1.2%	7,314,483	19%
Trade and Other Receivables from Exchange Transactions - Electricity	309,310,287	310,694,486	0.4%	1,384,199	10%
Receivables from Non-exchange Transactions - Property Rates	793,000,117	890,027,669	10.9%	97,027,552	29%
Receivables from Exchange Transactions - Waste Water Management	182,742,552	186,770,620	2.2%	4,028,068	6%
Receivables from Exchange Transactions - Waste Management	140,197,875	143,352,861	2.2%	3,154,986	5%
Receivables from Exchange Transactions - Property Rental Debtors	40,762,907	51,059,258	20.2%	10,296,351	2%
Interest on Arrear Debtor Accounts	687,305,736	698,155,382	1.6%	10,849,646	23%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-	-	-	-	-
Other	226,960,104	219,952,098	-3.2%	-7,008,006	7%
<b>Total By Income Source</b>	<b>2,975,782,003</b>	<b>3,102,829,282</b>	<b>4.1%</b>	<b>127,047,279</b>	<b>100%</b>
<b>Debtors Age Analysis By Customer Group</b>					
Organs of State	819,775,187	905,806,500	9.5%	86,031,313	29%
Commercial	515,025,786	520,559,318	1.1%	5,533,532	17%
Households	1,584,193,696	1,618,563,882	2.1%	34,370,186	52%
Other	56,787,334	57,899,582	1.9%	1,112,248	2%
<b>Total By Customer Group</b>	<b>2,975,782,003</b>	<b>3,102,829,282</b>	<b>4.1%</b>	<b>127,047,279</b>	<b>100%</b>

Table 9: Month-on-month growth in outstanding debtors

Indicated in Table 9 above is the month-on-month growth in outstanding debt, per Income Source and per Customer Group, from June 2022 to July 2022, the municipality's total O/S debt increased by 4.1% or R127,047 million.

#### O/S debt per Income Source

- ❖ Trade and Other Receivables from Exchange Transactions - Water increased by 1.2%.
- ❖ Trade and Other Receivables from Exchange Transactions - Electricity increased by 0.4%.
- ❖ Receivables from Non-exchange Transactions - Property Rates decreased by 10.9%, due to the annual billing on Property Rates for government, and businesses and households who opt to be billed annually
- ❖ Receivables from Exchange Transactions - Waste Water Management increased by 2.2%;
- ❖ Receivables from Exchange Transactions - Waste Management increased by 2.2%.
- ❖ Receivables from Exchange Transactions - Property Rental Debtors decreased by 20.2%.
- ❖ Interest on Arrear Debtor Accounts increased by 1.6%.
- ❖ Other decreased by 3.2%.

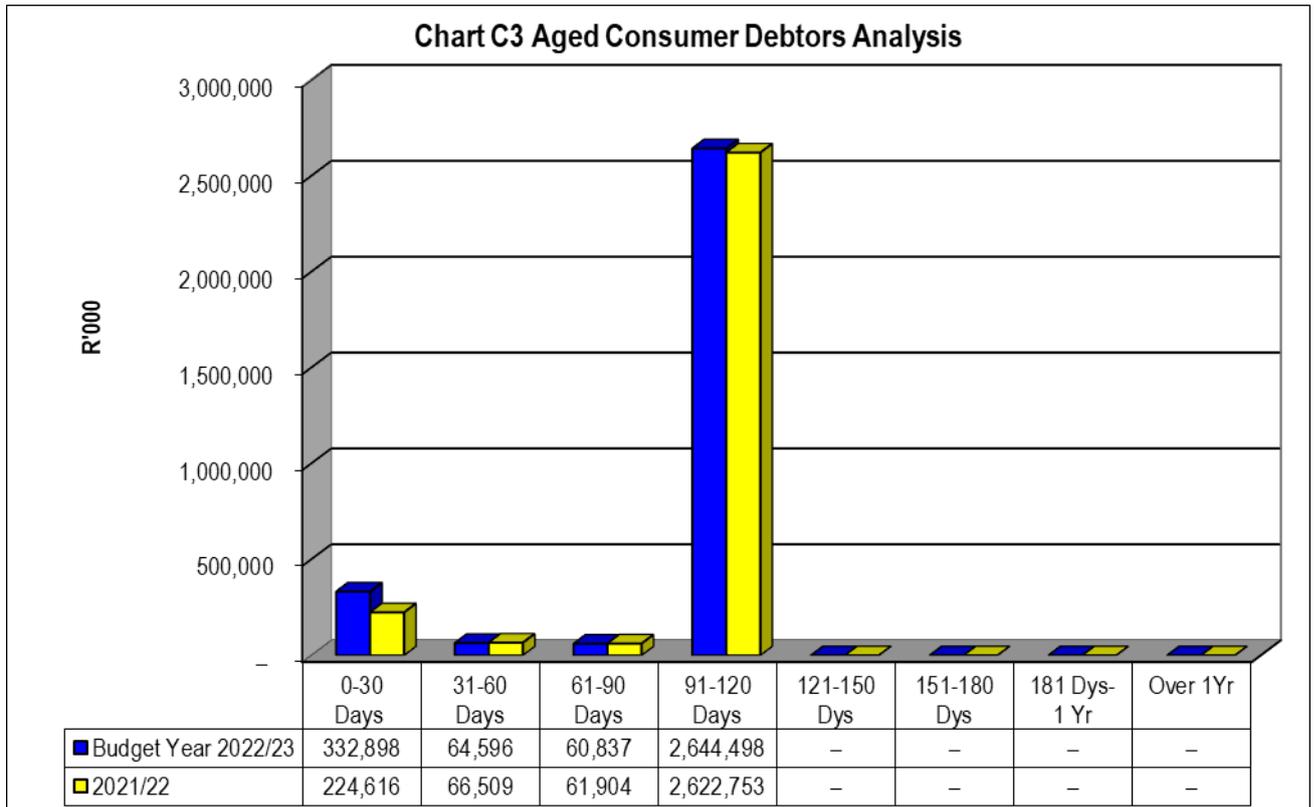
#### O/S debt per Customer Group

- ❖ Organs of State increased by 9.5%.
- ❖ Commercial debtors increased by 1.1%.
- ❖ Debt owed by Households increased by 2.1%.
- ❖ Other Debt increased by 1.9%.

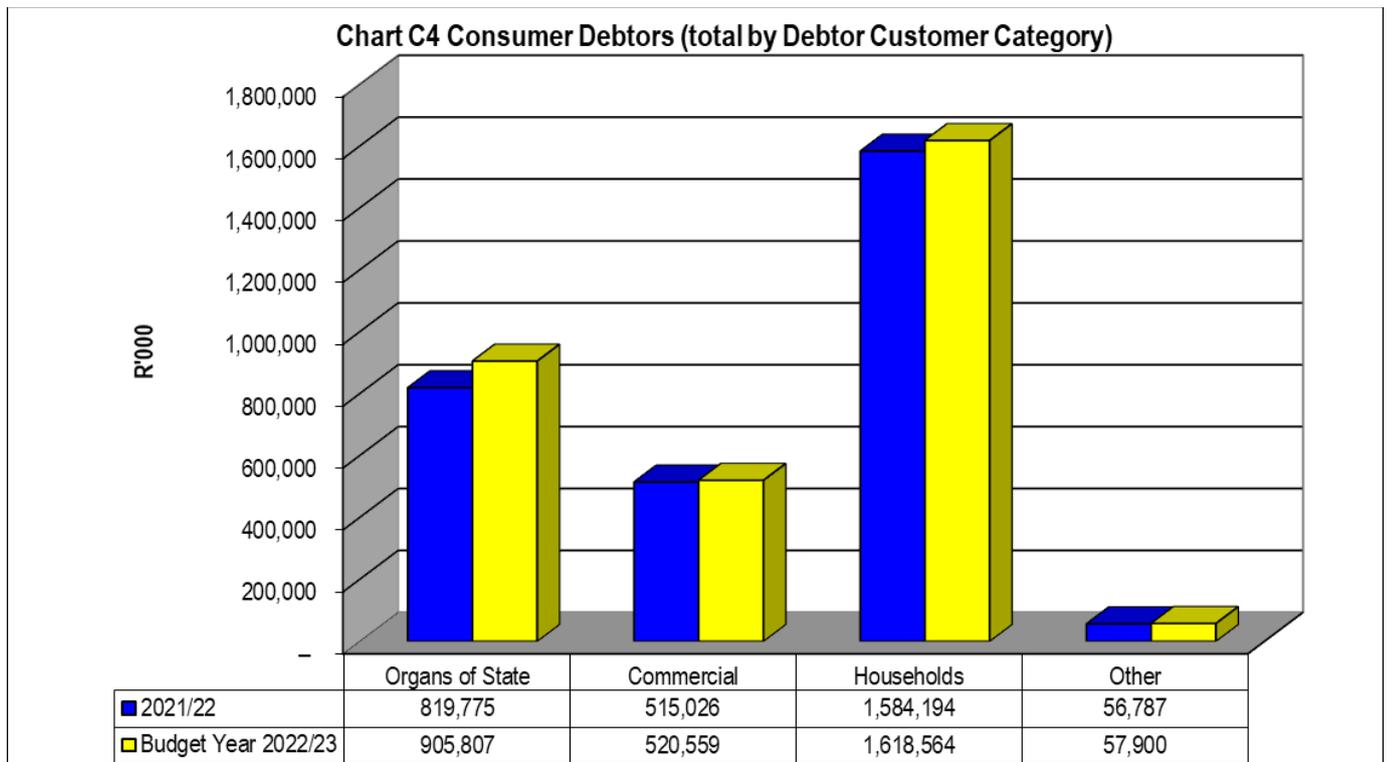
#### Weighting per Customer Group

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

There is an error on the C-schedules, supporting schedule SC3 – Aged Debtors for the audited outcome for 2021/22, the corrected charts are indicated below, the problem was communicated to the financial system provider (BCX). Awaiting feedback in this regard.

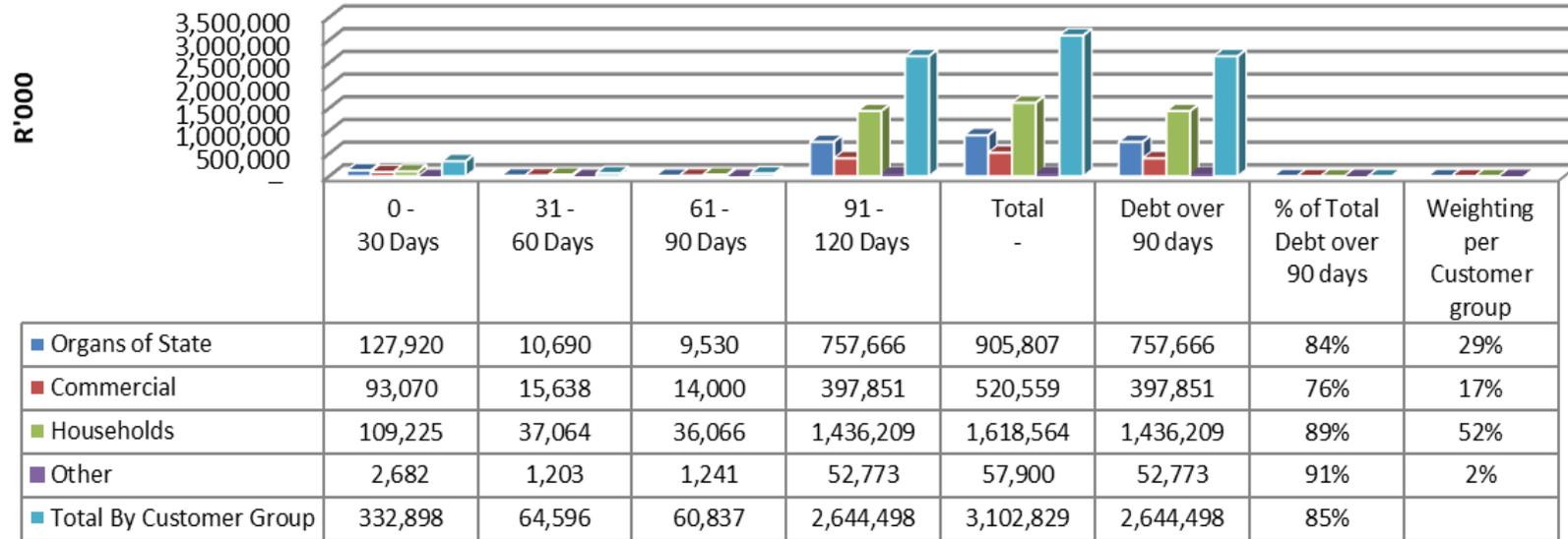


**Chart 9: Aged Consumer Debtor Analysis**



**Chart 10: Consumer Debtors (total by Debtor Customer Category)**

**Chart 11: Debtor's Age Analysis per Customer Group as at 31 July 2022**



**Chart 11: Debtor's Age Analysis per Customer Group**

Chart 11 above, illustrates that the bulk of SPM debt is aged over 90 days with a total weighting of 85%. 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. The payment culture of consumers needs to improve across all areas.

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

- 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 6%
- Introduce automated metering for bulk consumers
- Electricity Cost of Supply Study was finalised
- 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

## Revised collection rate

As per Table 10 below, when taking into consideration what was billed in June 2022 and received in July 2022, the monthly collection rate is 85%. This is a significant improvement compared to the previous month's. The average monthly collection rate was 69% for the 2021/22 financial year. This was not an ideal situation and the lower collection rate is having a dire impact on the cash flow of the municipality. The current status quo cannot continue and drastic action will have to be taken to address this critical issue, hence the disconnection drive implemented by the Executive Mayor and the Municipal Manager. Indicated in Table 11 below is the revised average collection of 52% for the period under review. The average collection rate is distorted due to the annual billing on Property Rates. When considering the average collection rate, various factors are taken into account, like the receipts on Prepaid Electricity, unallocated credits, etc. The YTD billing on Property Rates and Service Charges are obtained from the general ledger. Billing on Other is obtained from the BS902 report (Debits Raised Versus Payments). The BS566 report (Payments per Service per Day/Period) includes all monies received from 1 July to 31 July 2022. Unallocated credits are obtained from the cashbook. Government in particular and businesses/households that opt to get billed annually, have until the end of September/October 2021 to settle their outstanding accounts. However, this was not materializing during the 2021/22 financial year.

Monthly Collection Rate	Debits (Billed June 2022)	Credits (Received July 2022)	% Collected
PROPERTY RATES	45,526,179	45,912,631	101%
ELECTRICITY	40,548,603	32,131,979	79%
WATER	19,401,745	15,395,920	79%
SEWERAGE	8,793,144	3,847,874	44%
REFUSE	6,773,905	3,072,385	45%
OTHER	15,751,369	15,390,967	98%
<b>Total</b>	<b>136,794,945</b>	<b>115,751,755</b>	<b>85%</b>

<u>Monthly collection rate per service</u>		
Revenue source	Jul-22	Average
Property Rates	101%	101%
Electricity excl Prepays	79%	79%
Water	79%	79%
Sewerage	44%	44%
Refuse	45%	45%
Other	98%	98%
<b>Monthly collection rate</b>	<b>85%</b>	<b>85%</b>
<b>Average monthly collection rate for Jul 2022</b>		<b>85%</b>

Table 10: Monthly collection rate

REVENUE BY SOURCE	YTD ACTUAL JULY 2022		YTD RECEIPTS	Rate
PROPERTY RATES	R	130,943,440	R 28,226,197	<b>21.6%</b>
SERVICE CHARGE ELECTRICITY	R	30,316,117	R 32,991,984	<b>108.8%</b>
SERVICE CHARGE ELECTRICITY - PREPAIDS	R	25,829,774	R 25,829,774	<b>100.0%</b>
SERVICE CHARGE WATER	R	20,545,959	R 14,043,676	<b>68.4%</b>
SERVICE CHARGE SANITATION	R	7,835,252	R 3,671,638	<b>46.9%</b>
SERVICE CHARGE REFUSE	R	5,852,602	R 3,006,982	<b>51.4%</b>
OTHER	R	15,751,369	R 10,437,619	<b>66.3%</b>
UNALLOCATED CREDITS			R 5,965,054	
<b>REVISED AVERAGE COLLECTION RATE - JULY 2022</b>	<b>R</b>	<b>237,074,512</b>	<b>R 124,172,924</b>	<b>52.4%</b>

Table 11: Revised Average collection rate

Indicated in the Tables 12 and 13 below, are the receipts per Service and per Debtor type as per the BS566 report

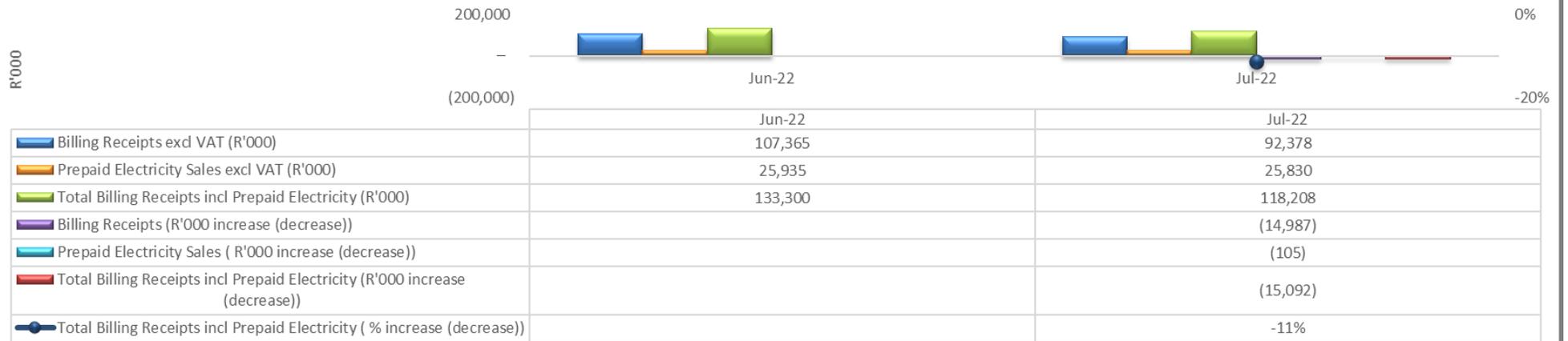
<b>BS566 Payments per Service per Day/Period - Service</b>			
<b>Per Service</b>	<b>Tariff Code</b>	<b>Jul-22</b>	<b>TOTAL</b>
PROPERTY RATES	VARESD	11,554,158.61	<b>11,554,158.61</b>
PROPERTY RATES	VASRA	52,536.92	<b>52,536.92</b>
PROPERTY RATES	VABCOM	14,239,294.76	<b>14,239,294.76</b>
PROPERTY RATES	VAIND	1,456,382.45	<b>1,456,382.45</b>
PROPERTY RATES	VAFAAG	78,107.79	<b>78,107.79</b>
PROPERTY RATES	VAFARE	15,683.92	<b>15,683.92</b>
PROPERTY RATES	VAMUN	199.46	<b>199.46</b>
PROPERTY RATES	VAGOVN	296,275.54	<b>296,275.54</b>
PROPERTY RATES	VARESV	174,601.31	<b>174,601.31</b>
PROPERTY RATES	VAFABC	358,956.69	<b>358,956.69</b>
<b>TOTAL PROPERTY RATES</b>		<b>28,226,197.45</b>	<b>28,226,197.45</b>
BASIC ELECTRICITY	BE	494,200.67	<b>494,200.67</b>
ELECTRICITY	EL	32,497,782.86	<b>32,497,782.86</b>
PREPAID ELECTRICITY		25,829,774.07	<b>25,829,774.07</b>
<b>TOTAL ELECTRICITY</b>		<b>58,821,757.60</b>	<b>58,821,757.60</b>
BASIC WATER	BW	101,803.68	<b>101,803.68</b>
WATER CONSUMPTION	WA	13,941,872.36	<b>13,941,872.36</b>
<b>TOTAL WATER</b>		<b>14,043,676.04</b>	<b>14,043,676.04</b>
BASIC SEWERAGE	BS	342,863.46	<b>342,863.46</b>
SANITATION	SE	3,328,774.23	<b>3,328,774.23</b>
<b>TOTAL SANITATION</b>		<b>3,671,637.69</b>	<b>3,671,637.69</b>
REFUSE	BR	2,688,210.78	<b>2,688,210.78</b>
ADD REFUSE	RF	318,771.58	<b>318,771.58</b>
<b>TOTAL REFUSE</b>		<b>3,006,982.36</b>	<b>3,006,982.36</b>
INTEREST ON ARREARS	IN0001	14,837.31	<b>14,837.31</b>
INTEREST ON ARREARS	INBR	110,061.36	<b>110,061.36</b>
INTEREST ON ARREARS	INSE	82,526.81	<b>82,526.81</b>
INTEREST ON ARREARS	INWA	246,746.07	<b>246,746.07</b>
INTEREST ON ARREARS	INSU	35,590.37	<b>35,590.37</b>
INTEREST ON ARREARS	INBS	34,685.00	<b>34,685.00</b>
INTEREST ON ARREARS	INEL	326,560.38	<b>326,560.38</b>
INTEREST ON ARREARS	INBE	38,137.40	<b>38,137.40</b>
INTEREST ON ARREARS	INBW	37,732.01	<b>37,732.01</b>
INTEREST ON ARREARS	INRF	21,990.58	<b>21,990.58</b>
INTEREST ON ARREARS	INVA	706,259.98	<b>706,259.98</b>
<b>TOTAL INTEREST ON ARREARS</b>		<b>1,655,127.27</b>	<b>1,655,127.27</b>
DEPOSITS	DEWE	365,159.66	<b>365,159.66</b>
CREDITS NOT YET ALLOCATED	EX	7,627,503.75	<b>7,627,503.75</b>
SUNDRY DEBTORS	SU	512,870.99	<b>512,870.99</b>
HOUSE RENTALS	SU10	73,465.93	<b>73,465.93</b>
MISC 1	SU50	94,739.60	<b>94,739.60</b>
MISC 2	SU11	99,481.13	<b>99,481.13</b>
INFORMAL HOUSING	SU60	4,474.71	<b>4,474.71</b>
ARREARS MAGIC	SU70	1,695.42	<b>1,695.42</b>
SUNDRY COMMISSION	SUCOMM	991.09	<b>991.09</b>
COMM ON PNP	SUEASY	2,109.35	<b>2,109.35</b>
<b>OTHER</b>		<b>8,782,491.63</b>	<b>8,782,491.63</b>
VAT	VAT	8,089,456.63	<b>8,089,456.63</b>
<b>TOTAL RECEIPTS</b>		<b>100,467,552.60</b>	<b>100,467,552.60</b>
<b>TOTAL RECEIPTS LESS VAT</b>		<b>92,378,095.97</b>	<b>92,378,095.97</b>
<b>TOTAL RECEIPTS INCL PREPAIDS</b>		<b>118,207,870.04</b>	<b>118,207,870.04</b>

Table 12: BS566 report on receipts per service

BS566 Payments per Service per Day/Period - Debtor type			
Debtor Type Description	Debtor Type	Jul-22	TOTAL
BUSINESS KVA	BK	11,547,917.82	11,547,917.82
BUSINESS RESIDENTIAL	BR	835,840.27	835,840.27
BUSINESS	BU	29,968,288.25	29,968,288.25
CHURCHES	CH	91,275.28	91,275.28
COUNCILLOR	CL	56,270.39	56,270.39
COMMERCIAL	CO	2,729,940.06	2,729,940.06
SCHOOLS	GS	1,197,867.47	1,197,867.47
INDIGENTS CANCELLED	IC	633,036.38	633,036.38
INDIGENTS	ID	1,054,344.19	1,054,344.19
INDIGENTS INFORMAL SETTLEMENT	IF	59,443.39	59,443.39
INDIGENT - LATE ESTATE	IL	397.93	397.93
INDIGENT PENDING	IP	204,417.84	204,417.84
INDUSTRIAL	IN	993,734.63	993,734.63
MUNICIPAL	MU	685,302.78	685,302.78
NAT: POLICE	N3	15,038.78	15,038.78
NAT: DEFENCE AND MILITARY VETERA	ND	1,234.35	1,234.35
NAT: CORRECTIONAL SERVICES	NN	361,328.89	361,328.89
NAT: PUBLIC WORKS	NP	7,455,421.23	7,455,421.23
NON-STAFF ACCOUNTS PAID BY STAFF	NS	323,835.66	323,835.66
OPEN SPACE	OP	8,441.61	8,441.61
OTHER	OT	301,386.25	301,386.25
PUBLIC: OTHER: PROV PUBLIC ENTIT	P0	5,393.39	5,393.39
PROV: SOCIAL DEVELOPMENT	P1	27,059.98	27,059.98
PROV: HOUSING AND LOCAL GOVERNME	P2	443.02	443.02
PROV: OFFICE OF THE PREMIER	P3	5,276.35	5,276.35
PROV: OTHER DEPARTMENTS	P4	76,653.78	76,653.78
PROV: AGRICULTURE	PA	27,510.91	27,510.91
PROV: EDUCATION	PE	2,211,381.44	2,211,381.44
PROV: HEALTH	PH	1,536,941.61	1,536,941.61
PROV: PUBLIC WORKS, ROADS & TRAN	PP	1,503,563.87	1,503,563.87
PROV: SPORT, ARTS & CULTURE	PS	671,444.11	671,444.11
RESIDENTIAL	RE	27,147,522.41	27,147,522.41
SUNDRY DEBTOR	SD	2,076.14	2,076.14
STAFF	ST	627,487.30	627,487.30
UNKNOWN	UN	245.23	245.23
EXCEPTIONAL CIRCUMSTANCES	IE	10,332.98	10,332.98
VAT	VAT	8,089,456.63	8,089,456.63
<b>TOTAL RECEIPTS</b>		<b>100,467,552.60</b>	<b>100,467,552.60</b>
<b>TOTAL RECEIPTS LESS VAT</b>		<b>92,378,095.97</b>	<b>92,378,095.97</b>

Table 13: BS566 report on receipts per debtor type

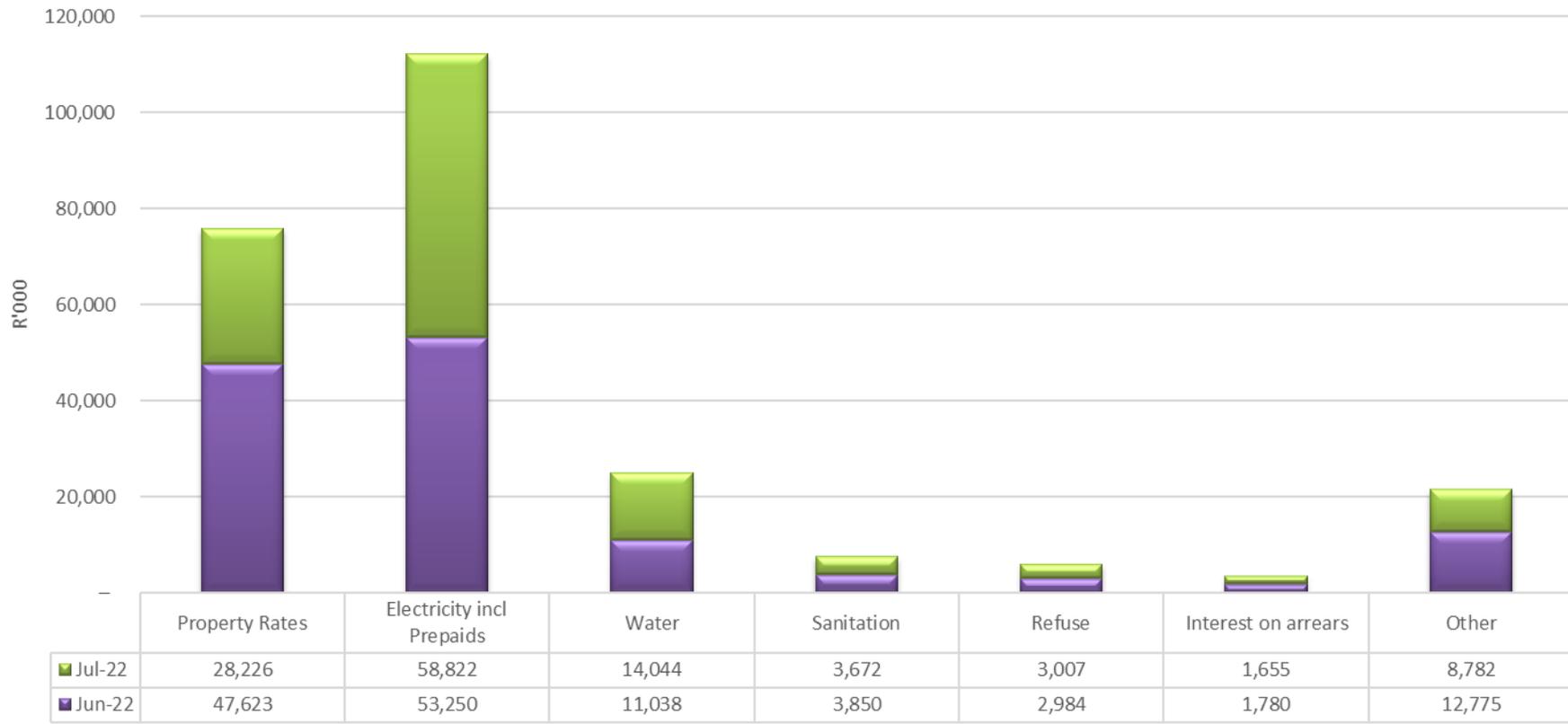
**Chart 12.1: Month-to-month - Total Billing Receipts incl Prepaid Electricity from Jun 2022 to Jul 2022**



**Chart 12.1: Month-to-month - Total Billing Receipts incl Prepaid Electricity**

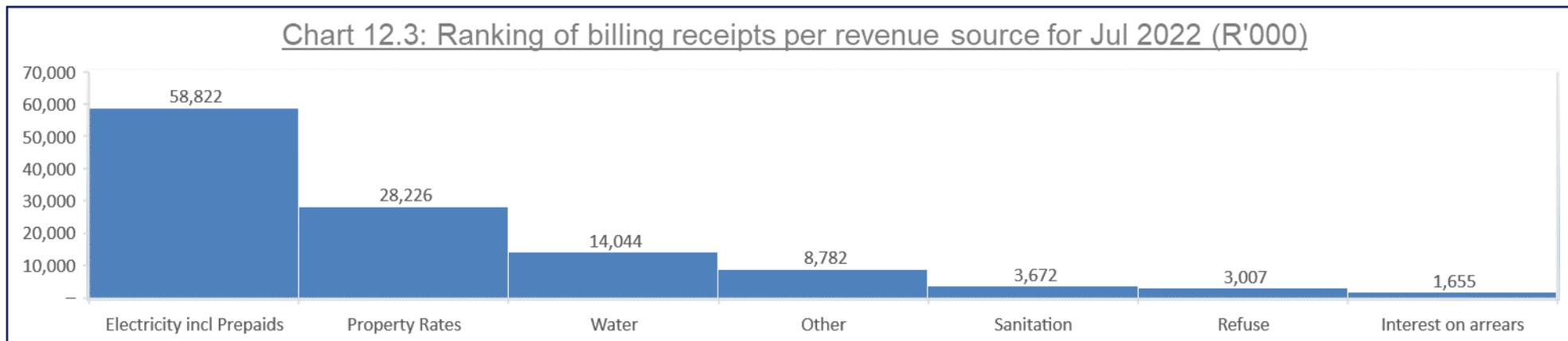
As indicated in Chart 12.1 above, the Total Billing Receipts including Prepaid Electricity amounted to R118,208 million which resulted in a decrease of R15,092 million or 11% in respect of the month-to-month comparison. Unallocated billing receipts at month end amounted to R5,965 million. Unallocated receipts are not factored into the actual receipts as per the chart above.

**Chart 12.2: Monthly billing receipts per revenue source from Jun 2022 - Jul 2022**

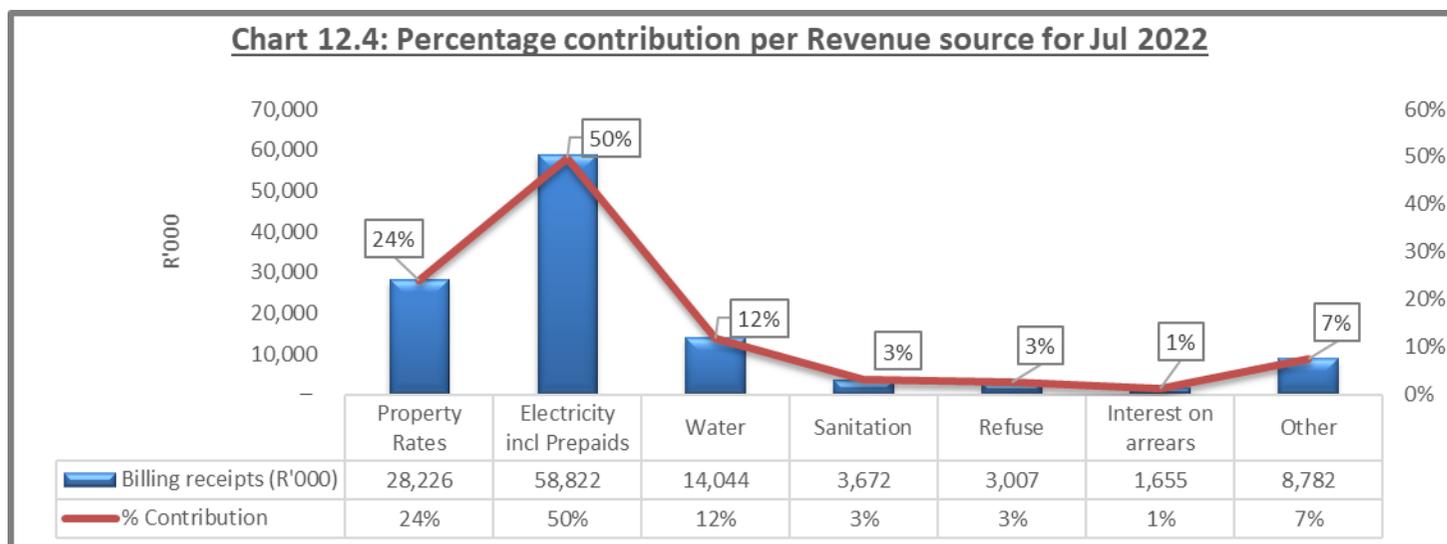


**Chart 12.2: Monthly billing receipts per revenue source**

Indicated in Chart 12.2 above, is the month-to-month receipts per Revenue source. Receipts are relatively constant based on the month-to-month comparison. The downward trend is concerning and indicative of the fact that the municipality is battling to collect its outstanding debt and more needs to be done to improve on its revenue collection. Revenue sources showing improvement when compared to the previous month is only Electricity, Water and Refuse, whilst all other revenue sources declined when compared to the previous month.



**Chart 12.3: Ranking of billing receipts per revenue source**



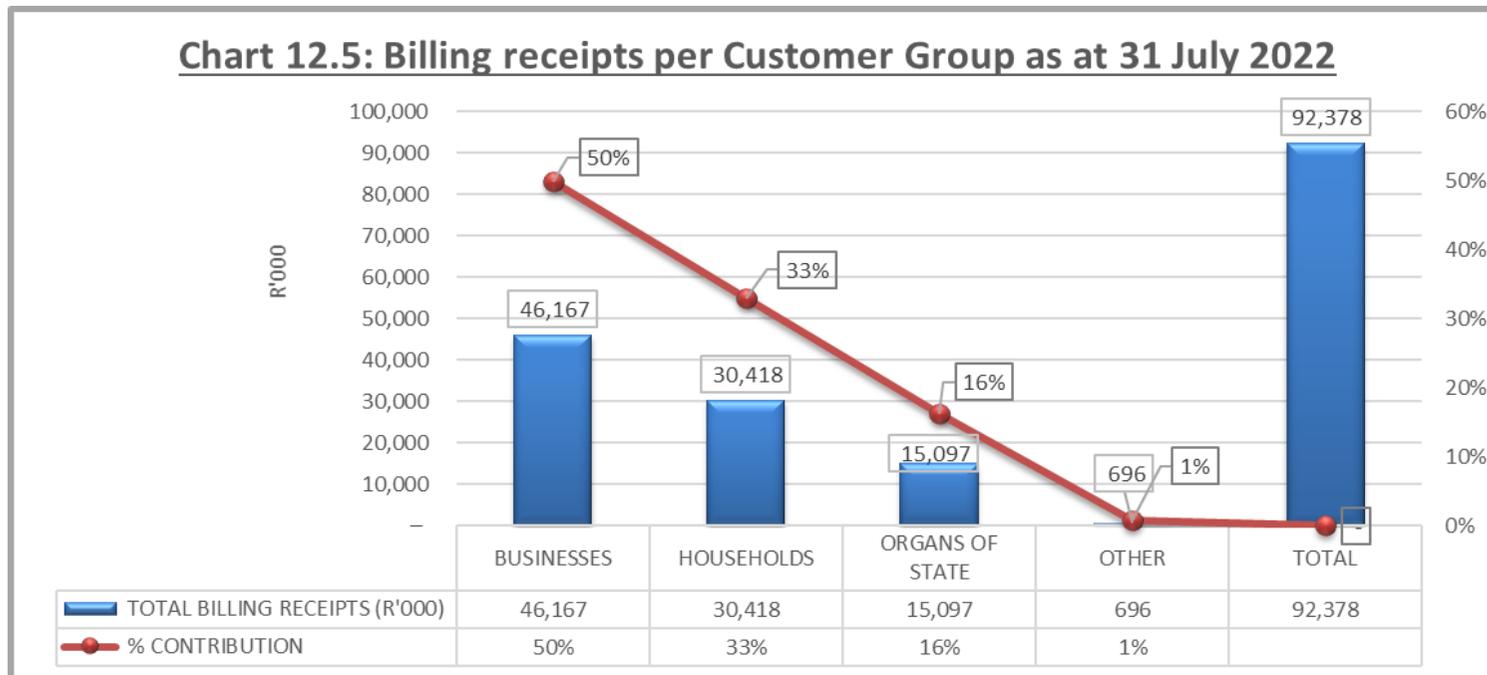
**Chart 12.4: Percentage contribution of billing receipts per revenue source**

Indicated in Chart 12.3 and 12.4 above, is the ranking and percentage contribution of receipts per revenue source for July 2022. Data from the above pareto chart, clearly indicates that Electricity incl Prepays is the highest contributor at R58,822 million (50%) being received. This illustrates the sensitivity and vulnerability in respect of Electricity sales that the municipality is facing. Any major reductions in this revenue source can severely affect the municipality's financial position and this was clearly demonstrated when the municipality had to abolish the implementation of the basic charge in 2018/19 financial year. The second highest contributor is Property Rates at R28,226 million (24%), however more measures should be implemented to ensure that receipts from annual Property rates billing materialises. Receipts from Water constitutes 12% and Other 7% overall.

Receipts from Sanitation and Refuse is extremely low and on average the municipality collects approximately 54% from these revenue sources. The lowest contributor in respect of actual receipts, is Interest on arrears at R1,655 million. This demonstrates the fact that the municipality is facing challenges in collecting long outstanding debt. It should be noted that in terms of the approved Customer Care, Credit Control and Debt Collection Policy, it outlines that “the municipality shall implement an incentive for settlement of arrears accounts as illustrated below:

- a) 100 % of all interest charges and penalties not yet paid and still reflecting on the consumer’s most recent account may be written off if such account is settled in full prior to the next billing run of such account.
- b) 85 % of all interest charges and penalties not yet paid and still reflecting on the consumer’s most recent account may be written off if such account is settled in full over a period of two consecutive months.
- c) 50 % of all interest charges and penalties not yet paid and still reflecting on the consumer’s most recent account will be written off if such account is settled in full over a period of three consecutive months.”

The above incentives then negatively influence the collectability of this revenue source, but positively influences the collection of other services.



**Chart 12.5: Billing receipts per Customer Group**

Indicated in Chart 12.5 above, is the billing receipts and percentage contribution per major Customer group for July 2022. The municipality received R46,164 million (50%) from Businesses, Households R30,418 million (33%) and Organs of State R15,097 million (16%).

## 6. Creditors' Analysis

NC091 Sol Plaatje - Supporting Table SC4 Monthly Budget Statement - aged creditors - M01 July

Description	NT Code	Budget Year 2022/23									Total	Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year			
<b>Creditors Age Analysis By Customer Type</b>												
Bulk Electricity	0100	105,353	101,431	57,826	51,835	54,652	51,445	286,159	-	708,701	248,423	
Bulk Water	0200	12,185	6,191	-	-	14,930	16,437	88,873	38,037	176,654	85,394	
PAYE deductions	0300	9,306	-	-	-	-	-	-	-	9,306	9,391	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	7,779	-	-	-	-	-	-	-	7,779	7,371	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	1,875	-	-	-	-	-	-	-	1,875	2,579	
Auditor General	0800	57	-	-	-	-	-	-	-	57	-	
Other	0900	15,054	26,943	15,805	9,281	-	-	-	-	67,083	6,447	
<b>Total By Customer Type</b>	<b>1000</b>	<b>151,609</b>	<b>134,566</b>	<b>73,631</b>	<b>61,115</b>	<b>69,582</b>	<b>67,882</b>	<b>375,031</b>	<b>38,037</b>	<b>971,455</b>	<b>359,605</b>	

Table 14: Supporting Table SC4: Aged Creditors

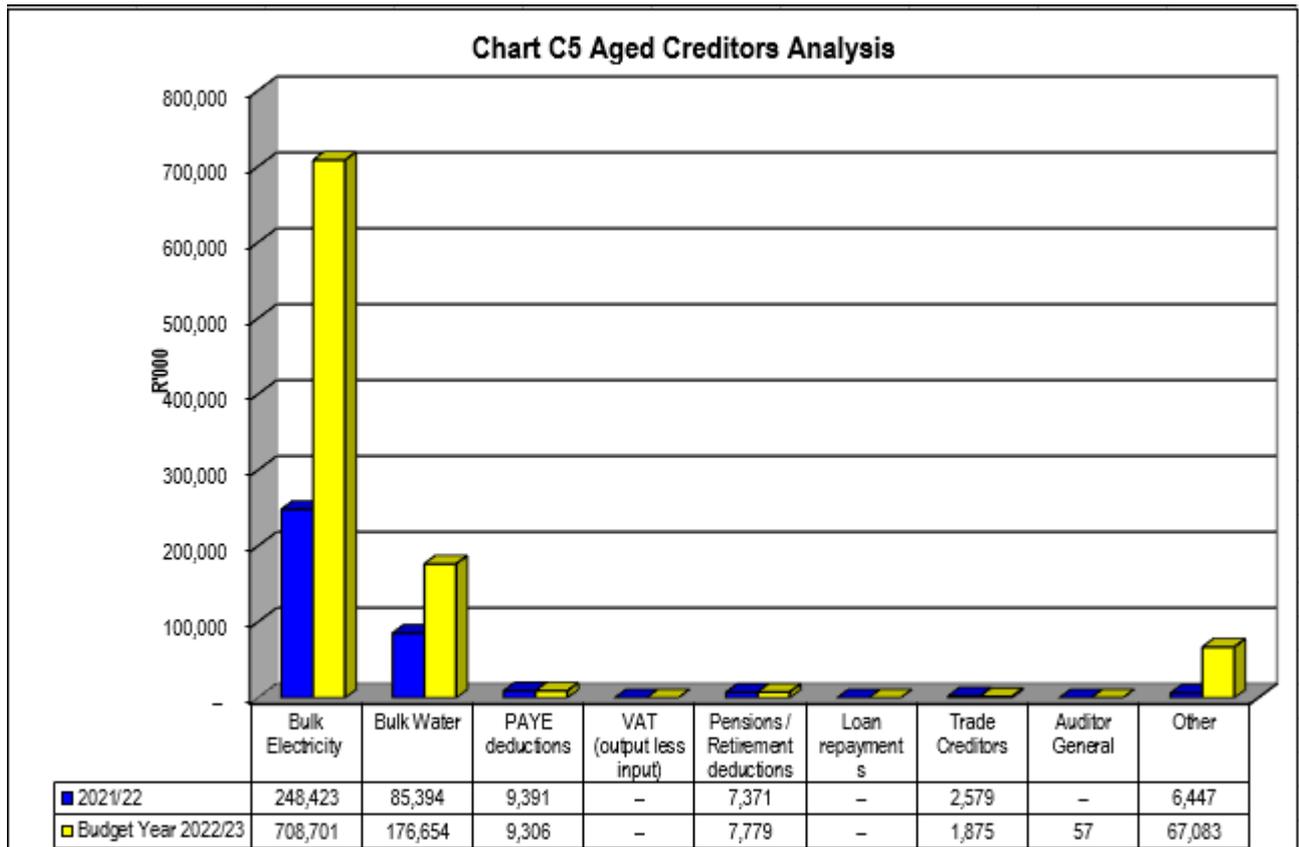


Chart 13: Aged Creditors Analysis

**Bulk Electricity** – As at the 31 July 2022, the outstanding debt owed to ESKOM amounted to R708,701 million. The municipality could not conclude a payment agreement with ESKOM for the 2021/22 financial year, due to cash flow constraints.

**Bulk Water** – As at the 31 July 2022, the outstanding debt owed to DWS is R176,654 million. The municipality could not conclude a payment agreement with DWS for the 2021/22 financial year, due to cash flow constraints.

**PAYE and Pension** statutory deductions are paid over monthly to the relevant institutions on or before seventh of the new month.

**VAT** – after the monthly VAT reconciliation, an amount of R10,318 million was claimed from SARS.

**Trade creditors** are all suppliers registered on the municipality's database and it is a prerequisite for these suppliers to be registered on the Central Supplier Database (CSD).

**Auditor General** – the current account due to the AGSA is R57 thousand.

**Other creditors** – includes Sundry creditors which were unpaid as at 31 July 2022 of which the biggest contributor is third party salary payments amounting to R15,054 million which was paid by 7 August 2022.

## 7. Investment portfolio analysis

The market value of the investment portfolio has been utilized and for the period ending 31 July 2022, the value of total investments made was R50,202 million including interest. Investments excluding interest amounted to R49,975 million. Part of investments made during the month where interest accrued which reflected an increase in investment and not as a result of increased revenue collection.

NC091 Sol Plaatje - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M01 July

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commissio n Paid (Rands)	Commissio n Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
<b>R thousands</b>														
<b>Municipality</b>														
First National Bank 62776321293		6 months	Call a/c	No	Variable	4.7	0			5,500	22	-	-	5,522
Absa Bank 9286041059		6 months	Call a/c	No	Variable	3.7	0			5,500	11	-	-	5,511
Investec 1400093272500		6 months	Call a/c	No	Variable	5.35	0			600	2	-	-	602
Standard Bank 04846627-014		6 months	Call a/c	No	Variable	5.5	0			5,000	23	-	-	5,023
Nedbank 9002324052		6 months	Call a/c	Yes	Variable	5.25	0		2019/06/06	5,001	20	-	-	5,021
Standard Bank 048466271-085		12 months	Notice	No	Fixed	585.00%	0		2022/11/10	20,970	104	-	-	21,074
Absa Bank 20-6295-4443		12 months	Notice	Yes	Fixed	740.00%	0		2023/06/28	7,401	47	-	-	7,448
<b>Municipality sub-total</b>										<b>49,972</b>		<b>-</b>	<b>-</b>	<b>50,202</b>

Table 15: Supporting Table SC5: Investment portfolio

## 8. Allocation and grant receipts and expenditure

### Operational and Capital Grants: Receipts

NC091 Sol Plaatje - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M01 July

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		214,713	250,317	250,317	93,271	93,271	20,860	72,411	347.1%	250,317
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		212,048	239,158	239,158	93,271	93,271	19,930	73,341	368.0%	239,158
Expanded Public Works Programme Integrated Grant		-	3,959	3,959	-	-	330	(330)	-100.0%	3,959
Infrastructure Skills Development Grant		-	5,500	5,500	-	-	458	(458)	-100.0%	5,500
Local Government Financial Management Grant		1,650	1,700	1,700	-	-	142	(142)	-100.0%	1,700
Municipal Disaster Relief Grant	3	1,015	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		11,910	7,800	7,800	-	-	650	(650)	-100.0%	7,800
Capacity Building and Other Grants		8,518	7,800	7,800	-	-	650	(650)	-100.0%	7,800
Infrastructure Grant		3,393	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Higher Education SA (HESA)		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	226,623	258,117	258,117	93,271	93,271	21,510	71,761	333.6%	258,117
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		67,797	134,338	134,338	-	-	11,195	(11,195)	-100.0%	134,338
Energy Efficiency and Demand Side Management Grant		-	4,000	4,000	-	-	333	(333)	-100.0%	4,000
Integrated National Electrification Programme Grant		11,321	40,000	40,000	-	-	3,333	(3,333)	-100.0%	40,000
Integrated Urban Development Grant		42,673	70,390	70,390	-	-	5,866	(5,866)	-100.0%	70,390
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		13,803	19,948	19,948	-	-	1,662	(1,662)	-100.0%	19,948
<b>Provincial Government:</b>		76,850	-	-	-	-	-	-	-	-
Infrastructure Grant		76,850	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		14,400	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
European Union		14,400	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	159,047	134,338	134,338	-	-	11,195	(11,195)	-100.0%	134,338
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	385,670	392,455	392,455	93,271	93,271	32,705	60,566	185.2%	392,455

Table 16: Supporting Table SC6: Transfers and grant receipts

Operational grant monies received for the month under review.

Equitable Share - R93,271 million

ISDG – R3,000 million

Capital grant monies received for the month under review.

IUDG – R28,156 million

There are some mapping errors pertaining to operational and capital grants. This will be investigated by our financial system vendor, to find a solution. Capital grants specifically is allocated to the Statement of Financial Position as receipts and is not mapped to the C-schedule. However on a monthly basis journals are processed to recognize capital grant receipts once conditions have been met. Some of highlighted issues must also be discussed with our service provider.

## Operational and Capital Grants: Expenditure

NC091 Sol Plaatje - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M01 July

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		108,694	116,565	116,565	7,801	7,801	9,714	(1,913)	-19.7%	116,565
Equitable Share		98,586	105,406	105,406	7,455	7,455	8,784	(1,329)	-15.1%	105,406
Expanded Public Works Programme Integrated Grant		3,362	3,959	3,959	-	-	330	(330)	-100.0%	3,959
Infrastructure Skills Development Grant		4,851	5,500	5,500	315	315	458	(143)	-31.2%	5,500
Local Government Financial Management Grant		1,635	1,700	1,700	31	31	142	(111)	-78.3%	1,700
Municipal Disaster Relief Grant		261	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		8,275	7,800	7,800	52	52	650	(598)	-92.0%	7,800
Capacity Building and Other Grants		6,795	7,800	7,800	12	12	650	(638)	-98.1%	7,800
Infrastructure Grant		1,480	-	-	40	40	-	40	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		116,969	124,365	124,365	7,853	7,853	10,364	(2,511)	-24.2%	124,365
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		95,428	134,338	134,338	941	941	11,195	(10,253)	-91.6%	134,338
Energy Efficiency and Demand Side Management Grant		-	4,000	4,000	-	-	333	(333)	-100.0%	4,000
Integrated National Electrification Programme Grant		30,833	40,000	40,000	-	-	3,333	(3,333)	-100.0%	40,000
Integrated Urban Development Grant		48,552	70,390	70,390	937	937	5,866	(4,928)	-84.0%	70,390
Municipal Infrastructure Grant		-	-	-	4	4	-	4	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		16,043	19,948	19,948	-	-	1,662	(1,662)	-100.0%	19,948
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		3,629	-	-	-	-	-	-	-	-
Specify (Add grant description)		3,629	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		13,891	-	-	-	-	-	-	-	-
European Union		13,891	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		112,947	134,338	134,338	941	941	11,195	(10,253)	-91.6%	134,338
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		229,917	258,703	258,703	8,794	8,794	21,559	(12,765)	-59.2%	258,703

Table 17: Supporting Table SC7(1): Transfers and grant expenditure

The municipality is experiencing huge challenges in respect of funding for the EPWP which is not sufficient and this is putting strain on the municipality's finances. The total YTD expenditure is standing at R1,451 million. For reporting purposes to NT and the Dept of Public Works, the municipality is only expected to report up until the allocation amount. The current years' gazetted allocation for the EPWP is R3,959 million. In addition to this, the municipality budgeted R6,000 million for this programme. Management has been in a process of reviewing this programme.

Description	Original Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	40,000,000	-	-	-	0.0%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	70,390,000	941,441	941,441	34,393,976	1.3%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	19,948,000	-	-	538,915	0.0%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	-	-	-	0.0%
<b>Grand Total</b>	<b>134,338,000</b>	<b>941,441</b>	<b>941,441</b>	<b>34,932,890</b>	<b>0.7%</b>

Table 18: Summary of expenditure per grant

As indicated in Table 18 above, the YTD grant expenditure amounts to R941 thousand or 0.7% spent against the Original capital grant allocation of R134,338 million. Capex is usually slow for the first quarter mainly as a result of finalization of procurement processes and/or work still in progress. It remains concerning that YTD expenditure is so low. It should be noted that grant expenditure excludes VAT which will be recognized at year-end in the Statement of Financial performance, when

all conditions of the grant have been met. Please refer to Section 4.3 in the Executive Summary which highlights some of the factors that negatively influences the delay in grant expenditure.

### **Rollover Grants: Expenditure**

The municipality must submit a rollover request on or before 31 August 2022.

[Table 19: Supporting Table SC7\(2\) - Expenditure against approved rollovers](#)

Table 19 cannot be populated as yet, pending the finalization of the rollover procedure.

## 9. Councillor and board member allowances and employee benefits

NC091 Sol Plaatje - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M01 July

Summary of Employee and Councillor remuneration	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages										
Pension and UIF Contributions		572	-	-	91	91	-	91	#DIV/0!	-
Medical Aid Contributions		272	-	-	32	32	-	32	#DIV/0!	-
Motor Vehicle Allowance										
Cellphone Allowance		2,814	3,243	3,243	233	233	270	(37)	-14%	3,243
Housing Allowances		31	-	-	4	4	-	4	#DIV/0!	-
Other benefits and allowances		26,015	31,305	31,305	2,672	2,672	2,609	63	2%	31,305
<b>Sub Total - Councillors</b>		<b>29,703</b>	<b>34,547</b>	<b>34,547</b>	<b>3,032</b>	<b>3,032</b>	<b>2,879</b>	<b>153</b>	<b>5%</b>	<b>34,547</b>
<b>% increase</b>	4		<b>16.3%</b>	<b>16.3%</b>						<b>16.3%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages		8,369	8,853	8,853	513	513	738	(225)	-31%	8,853
Pension and UIF Contributions		1,075	1,209	1,209	91	91	101	(10)	-10%	1,209
Medical Aid Contributions		222	253	253	21	21	21	(0)	-2%	253
Overtime										
Performance Bonus										
Motor Vehicle Allowance		1,820	1,939	1,939	141	141	162	(20)	-13%	1,939
Cellphone Allowance		158	202	202	11	11	17	(6)	-33%	202
Housing Allowances		26	42	42	2	2	4	(1)	-42%	42
Other benefits and allowances		17	77	77	2	2	6	(5)	-75%	77
Payments in lieu of leave										
Long service awards		67	65	65	6	6	5	0	8%	65
Post-retirement benefit obligations										
<b>Sub Total - Senior Managers of Municipality</b>		<b>11,753</b>	<b>12,640</b>	<b>12,640</b>	<b>786</b>	<b>786</b>	<b>1,053</b>	<b>(267)</b>	<b>-25%</b>	<b>12,640</b>
<b>% increase</b>	4		<b>7.5%</b>	<b>7.5%</b>						<b>7.5%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		418,108	464,246	463,395	35,205	35,205	38,616	(3,411)	-9%	463,395
Pension and UIF Contributions		64,295	77,509	77,509	5,493	5,493	6,459	(966)	-15%	77,509
Medical Aid Contributions		59,038	58,279	58,279	4,990	4,990	4,857	134	3%	58,279
Overtime		52,688	39,796	39,796	4,245	4,245	3,316	929	28%	39,796
Performance Bonus		28,946	36,221	36,221	942	942	3,018	(2,076)	-69%	36,221
Motor Vehicle Allowance		42,100	51,296	51,296	3,435	3,435	4,275	(840)	-20%	51,296
Cellphone Allowance		1,401	1,415	1,415	106	106	118	(12)	-10%	1,415
Housing Allowances		2,636	2,895	2,895	228	228	241	(13)	-5%	2,895
Other benefits and allowances		30,292	28,018	28,869	1,952	1,952	2,406	(454)	-19%	28,869
Payments in lieu of leave		12,567	15,000	15,000	359	359	1,250	(891)	-71%	15,000
Long service awards		24,418	23,189	23,189	2,249	2,249	1,932	316	16%	23,189
Post-retirement benefit obligations		-	38,900	38,900	-	-	3,242	(3,242)	-100%	38,900
<b>Sub Total - Other Municipal Staff</b>		<b>736,489</b>	<b>836,763</b>	<b>836,763</b>	<b>59,205</b>	<b>59,205</b>	<b>69,731</b>	<b>(10,526)</b>	<b>-15%</b>	<b>836,763</b>
<b>% increase</b>	4		<b>13.6%</b>	<b>13.6%</b>						<b>13.6%</b>
<b>Total Parent Municipality</b>		<b>777,945</b>	<b>883,950</b>	<b>883,950</b>	<b>63,022</b>	<b>63,022</b>	<b>73,663</b>	<b>(10,641)</b>	<b>-14%</b>	<b>883,950</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>777,945</b>	<b>883,950</b>	<b>883,950</b>	<b>63,022</b>	<b>63,022</b>	<b>73,663</b>	<b>(10,641)</b>	<b>-14%</b>	<b>883,950</b>
<b>% increase</b>	4		<b>13.6%</b>	<b>13.6%</b>						<b>13.6%</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>748,242</b>	<b>849,403</b>	<b>849,403</b>	<b>59,990</b>	<b>59,990</b>	<b>70,784</b>	<b>(10,793)</b>	<b>-15%</b>	<b>849,403</b>

Table 20: Supporting Table SC8: Councillor and staff benefits

As depicted in Table 20 above, Employee related costs is underspent and showing a variance of minus 15%. This is attributable to Post-retirement benefit obligations that will be finalized as part of the year-end procedures and the soft lock on the filling of non-critical vacancies. It should be noted that the disclosure under Performance bonus, is the annual bonuses or 13<sup>th</sup> cheques that is budgeted for and paid out to employees. This is not subject to any performance appraisal.

Councillors Remuneration is performing satisfactorily with a variance of 5%. The gazette on the Determination of Upper limits of salaries, allowances and benefits of different members of municipal councils will be issued later in the current financial year. Management started to address the issues on Overtime which is higher than the ideal IYM percentage of 8.33%, at 10.9% spent.

For reporting purposes on Overtime, the municipality is only concentrating on (Overtime Structured and Non-structured). However, as per NT mapping Night-shift allowance and Payments - Shift Add Remuneration is also mapped to Overtime.

The Overtime controls is no longer as effective and the desired outcome to remain within budget, was not achieved for 2021/22 financial year. The same trend will probably transpire for the current **Sol Plaatje (NC091): Monthly Budget Statement: July 2022**

year, unless more stringent control measures are put in place. The municipality should also ensure that critical positions to compliment capacity on the ground is expedited and filled with qualified personnel. The lack of capacity in certain departments, like Water services and the severe service delivery challenges is negatively impacting on the management of Overtime expenditure. Overtime hours are limited to 30 hours per month within most departments. The Overtime policy was developed and approved by Council. There are some challenges with the implementation, especially pertaining to time-off in lieu of Overtime remuneration.

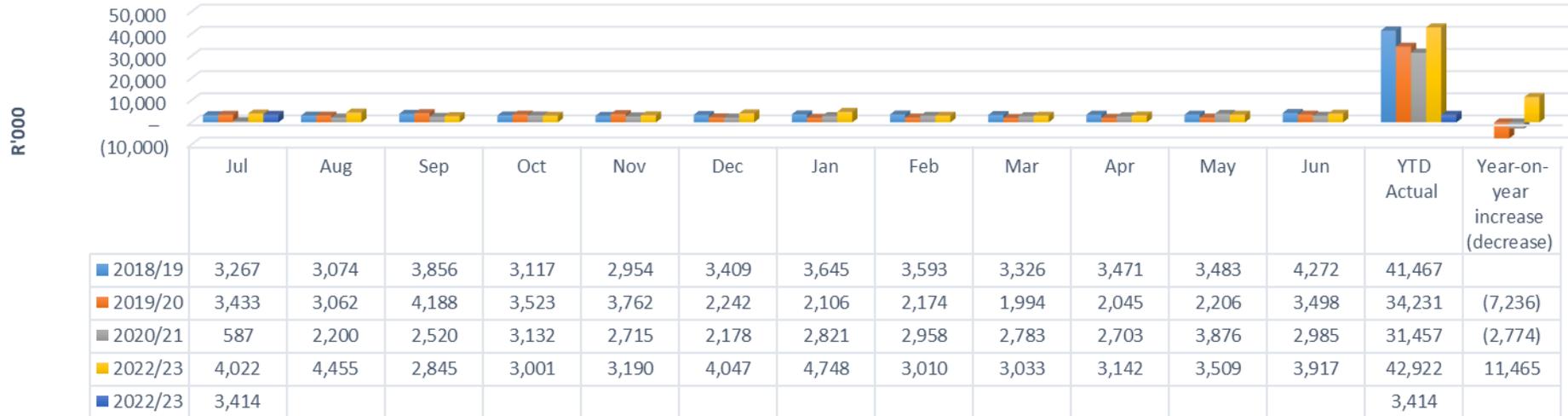
And indicated in Table 21 below, is the YTD Overtime expenditure excluding Night-shift allowance per line item and also per Directorate as at end of July 2022.

Description per line item (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	% Variance vs ideal of 8.33%
MS: OVERTIME - NON STRUCTURED	22,392,000	3,242,279	3,242,279	14.5%	6.1%
MS: OVERTIME - STRUCTURED	8,976,841	171,802	171,802	1.9%	-6.4%
<b>Overtime as at 31 July 2022</b>	<b>31,368,841</b>	<b>3,414,081</b>	<b>3,414,081</b>	<b>10.9%</b>	<b>2.6%</b>
Directorate (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	% Variance vs ideal of 8.33%
20-EXECUTIVE AND COUNCIL	175,000	42,818	42,818	24.5%	16.1%
21-MUNICIPAL AND GENERAL	-	-	-	-	
22-MUNICIPAL MANAGER	-	-	-	-	
23-CORPORATE SERVICES	1,650,000	188,016	188,016	11.4%	3.1%
24-COMMUNITY SERVICES	13,167,441	1,337,737	1,337,737	10.2%	1.8%
26-FINANCIAL SERVICES	459,000	167,596	167,596	36.5%	28.2%
27-STRATEGY, ECONOMIC DEVELOPMENT & PLANNING	330,000	125,226	125,226	37.9%	29.6%
28-INFRASTRUCTURE SERVICES	15,587,400	1,552,688	1,552,688	10.0%	1.6%
<b>Overtime as at 30 May 2022</b>	<b>31,368,841</b>	<b>3,414,081</b>	<b>3,414,081</b>	<b>10.9%</b>	<b>2.6%</b>

Table 21: Current YTD Overtime expenditure excl Night-shift allowance

Overtime has been capped at 30 hours across most units within the municipality. The YTD Overtime expenditure is R3,414 million and 10.9% spent, resulting in a negative variance of 2.6%, when compared to the ideal percentage of 8.33% for the period under review.

**Chart 14: Monthly and Annual Overtime Comparison - Jul 2018 to Jul 2022**



**Chart 14: Monthly and Annual Overtime Comparison**

Indicated in Chart 14 above, is the monthly and annual Overtime comparison from July 2018 to July 2022. There has been a substantial decrease in Overtime expenditure from 2018/19 to 2020/21. As reiterated, controls to curb Overtime is no longer as effective and the YTD actual for 2021/22 financial year amounted to R42,922 million. Serious remedial action will have to be implemented to reduce overtime expenditure.

The BTO office recommended the following precautionary measures.

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

Listed below are the challenges with regard to Overtime which was identified during the 2012/13 MTREF

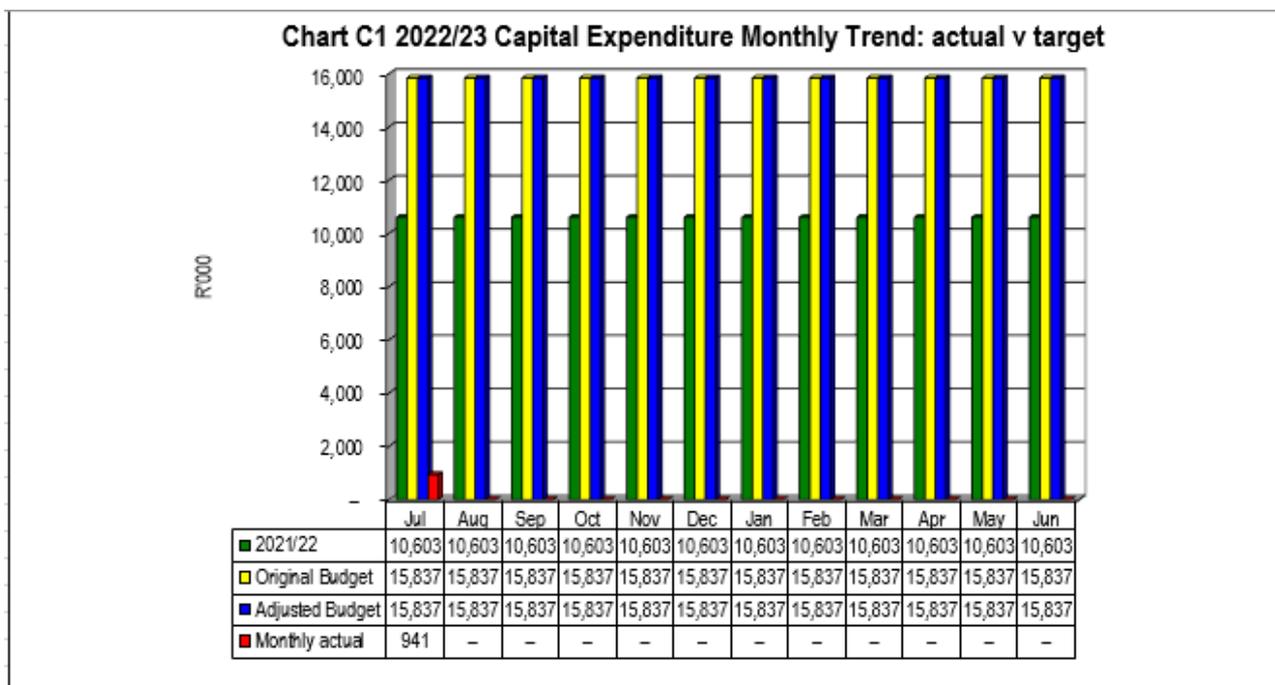
- Ensuring accountability across all directorates and ensuring that Executive directors, Line Managers and Supervisors take full responsibility
- Identify and investigate possible abuse and alleged fraudulent allegations and taking disciplinary action, where applicable
- Ensuring the compliance and adherence to applicable laws and regulations and internal policies
- Approval of Overtime prior to it being incurred
- Inability to manage overtime proactively
- To remain within the budgeted Overtime
- Curbing / Limiting / Curtailing expenditure on Overtime
- Monitoring expenditure on Overtime
- Utilizing the available workforce optimally
- Unduly compromising or hampering service delivery, which basically means that work that could have been done during normal hours is deliberately delayed so that work can be finalized after hours
- Implementing an alternative method of compensation
- Addressing the immediate infrastructure maintenance requirements, specifically addressing preventative maintenance
- Ensuring and enhancing the lifespan of Property, plant and equipment
- Improve both the personal productivity of individual employees and the overall productivity of departments and the entire municipal system
- Difficult to track departmental overtime on more than a monthly or even quarterly basis, by then it's too late to take meaningful action to minimize overtime costs

## 10. Material variances to the service delivery and budget implementation plan

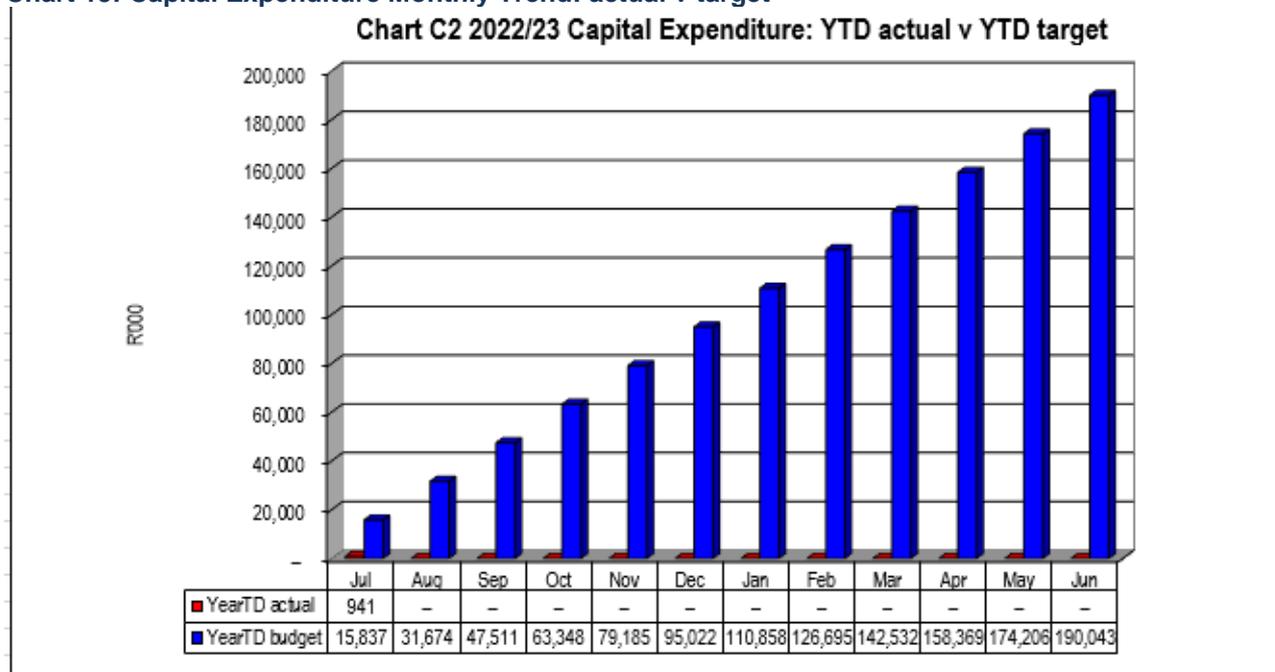
Material variances are primarily addressed in the Executive summary under Sections 4.1 to 4.3 or emphasised elsewhere in this Monthly Budget Statement. Any other material variances to the SDBIP will be included in the quarterly Section 52 (d) report for the period ending 30 September 2022.

## 11. Capital programme performance

Please refer to notes on Capital Expenditure in the Executive Summary. Section 4.3.



**Chart 15: Capital Expenditure Monthly Trend: actual v target**



**Chart 16: Capital Expenditure: YTD actual vs YTD target**

Indicated in Table 22 below, is a list of projects with the applicable funding source. The total capex is normally slow during the start of the financial year. However, capital expenditure is extremely poor compared to prior years for the same period. Urgent intervention from management is required to remedy the situation. The actual monthly expenditure for July 2022 amounted to R941 thousand. The total YTD Capex amounts to R941 thousand. Please note that Commitments amounting to R36,126 million is excluded from the YTD movement. Capital expenditure is also exclusive of VAT.

Project Description	Original Budget	Adj Budget	Curr Mth Exp	Commitment	YTD Movement	Unspend Budget	% Original	% Adj Budget	Funding source
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	2,000,000	2,000,000	-	-	-	2,000,000	0.0%	0.0%	INTERNALLY GENERATED FUNDS
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	3,000,000	3,000,000	-	-	-	3,000,000	0.0%	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ-FLEET REPLACEMENT	35,405,000	35,405,000	-	1,157,391	-	35,405,000	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	11,300,000	11,300,000	-	16,087	-	11,300,000	0.0%	-	INTERNALLY GENERATED FUNDS
UPGRADE GRAVEL ROADS WARDS 6;7;9;10;15	-	-	4,050	-	4,050	-4,050	#DIV/0!	-	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
CRAVEN STREET TRADE CENTRE	8,300,000	8,300,000	-	-	-	8,300,000	0.0%	-	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
P-CIER RDS ROADS	15,000,000	15,000,000	937,391	12,086,957	937,391	14,062,609	6.2%	-	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
UPGRADE GRAVEL ROADS WARDS VARIOUS	12,000,000	12,000,000	-	1,217,019	-	12,000,000	-	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
RECONSTRUCTION OLD SINK TOILETS PHASE 1	1,000,000	1,000,000	-	-	-	1,000,000	-	0.0%	INTERNALLY GENERATED FUNDS
LERATOPARK SEWER UPGRAD DOWNSTREAM INFRA	21,090,000	21,090,000	-	21,090,000	-	21,090,000	0.0%	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ - CARTERS GLEN SEWER PUMP STATION	19,948,000	19,948,000	-	538,915	-	19,948,000	-	0.0%	WSIG (WATER SERVICES INFRASTRUCTURE GRANT)
DSITRBUTION-ACQ-WAT METER REPLACEME	2,000,000	2,000,000	-	1,903	-	2,000,000	-	0.0%	INTERNALLY GENERATED FUNDS
ELEVATED WATER TANKS DISTRIBUTION	1,000,000	1,000,000	-	-	-	1,000,000	-	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
WATER PIPES REFURB PROG VARIOUS WARDS	10,000,000	10,000,000	-	-	-	10,000,000	-	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
HV SUB ACQ-CARTGLEN TRANSF/GALASH SUBS	7,000,000	7,000,000	-	-	-	7,000,000	-	0.0%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
STREET LIGHTS REPLACE 125W MV with 36W L	3,000,000	3,000,000	-	-	-	3,000,000	0.0%	0.0%	EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)
INSTALL VSD'S AT NEWTON RESEVIOR	1,000,000	1,000,000	-	-	-	1,000,000	0.0%	0.0%	EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)
NW ACQ - ELE CTR LERATO PARK	33,000,000	33,000,000	-	-	-	33,000,000	0.0%	0.0%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
CAPITAL SPARES-ACQ-PREPAID METERS	2,000,000	2,000,000	-	18,149	-	2,000,000	-	0.0%	INTERNALLY GENERATED FUNDS
<b>TOTAL</b>	<b>190,043,000</b>	<b>190,043,000</b>	<b>941,441</b>	<b>36,126,421</b>	<b>941,441</b>	<b>189,101,559</b>	<b>0.5%</b>	<b>0.5%</b>	

Table 22: Detailed capital expenditure report

Description	Original Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original Budget
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	40,000,000	-	-	-	0.0%
INTERNALLY GENERATED FUNDS	55,705,000	-	-	1,193,530	0.0%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	70,390,000	941,441	941,441	34,393,976	1.3%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	19,948,000	-	-	538,915	0.0%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	-	-	-	0.0%
<b>Grand Total</b>	<b>190,043,000</b>	<b>941,441</b>	<b>941,441</b>	<b>36,126,421</b>	<b>0.5%</b>

Table 23: Summary of capital expenditure per funding source

Indicated in Table 23 above, is a summary of the capital expenditure per funding source compared to the Original budget. Overall spending on grants is extremely slow. The expenditure on IUDG (1.3%), INEP (0%), WSIG (0%) and EEDSM (0%). Spending on Internally generated funds is also 0% spent. Implementation of projects normally delayed due to the finalization of procurement processes. Payment certificates are settled once work is completed. Capex for the first quarter is normally slow for this reason, in that commencement procurement processes is not aligned to the budget approval and not advertised timeously.

## 12. Other supporting documents

There is no additional information or supporting documentation for July 2022.

All YTD actuals are based on preliminary figures/results for the year ended 30 June 2022 as the municipality is busy finalizing year-end procedures for the compilation of the Annual Financial Statements for the year ended 30 June 2022.

## 13. Conclusion

This report meets the MFMA requirement for the Executive Mayor to receive the Section 71 'Monthly Budget Statement' within 10 working days after the end of the month.

### Communication

In compliance to legislative requirements (Section 71 of the MFMA), this document is provided to all stakeholders by placing it on the Sol Plaatje municipal website: [www.solplaatje.org.za](http://www.solplaatje.org.za) or can be viewed or downloaded from the following link: <http://www.solplaatje.org.za/Aboutus/Pages/Documents.aspx>

## 14. Annexures

## Annexure A – Prescribed Tables in terms of GG 32141 of 17 April 2009

NC091 Sol Plaatje - Table C1 Monthly Budget Statement Summary - M01 July

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	599,898	627,646	627,646	130,943	130,943	52,304	78,640	150%	627,646
Service charges	1,146,774	1,373,211	1,373,211	90,380	90,380	114,434	(24,055)	-21%	1,373,211
Investment revenue	2,234	6,000	6,000	207	207	500	(293)	-59%	6,000
Transfers and subsidies	226,623	258,117	258,117	93,271	93,271	21,510	71,761	334%	258,117
Other own revenue	179,625	222,235	222,235	17,754	17,754	18,520	(765)	-4%	222,235
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,155,154</b>	<b>2,487,209</b>	<b>2,487,209</b>	<b>332,556</b>	<b>332,556</b>	<b>207,267</b>	<b>125,288</b>	<b>60%</b>	<b>2,487,209</b>
Employee costs	748,242	849,403	849,403	59,990	59,990	70,784	(10,793)	-15%	849,403
Remuneration of Councillors	29,703	34,547	34,547	3,032	3,032	2,879	153	5%	34,547
Depreciation & asset impairment	-	81,050	81,050	-	-	6,754	(6,754)	-100%	81,050
Finance charges	72,644	38,960	38,960	-	-	3,247	(3,247)	-100%	38,960
Inventory consumed and bulk purchases	876,531	918,627	918,627	11,469	11,469	76,552	(65,083)	-85%	918,627
Transfers and subsidies	2,546	4,460	4,460	-	-	372	(372)	-100%	4,460
Other expenditure	495,447	538,080	538,080	17,332	17,332	44,840	(27,508)	-61%	538,080
<b>Total Expenditure</b>	<b>2,225,113</b>	<b>2,465,128</b>	<b>2,465,128</b>	<b>91,823</b>	<b>91,823</b>	<b>205,428</b>	<b>(113,605)</b>	<b>-55%</b>	<b>2,465,128</b>
<b>Surplus/(Deficit)</b>	<b>(69,959)</b>	<b>22,081</b>	<b>22,081</b>	<b>240,732</b>	<b>240,732</b>	<b>1,839</b>	<b>238,893</b>	<b>12988%</b>	<b>22,081</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	67,797	134,338	134,338	-	-	11,195	###	-100%	134,338
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)	91,250	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>89,088</b>	<b>156,419</b>	<b>156,419</b>	<b>240,732</b>	<b>240,732</b>	<b>13,034</b>	<b>227,698</b>	<b>1747%</b>	<b>156,419</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>89,088</b>	<b>156,419</b>	<b>156,419</b>	<b>240,732</b>	<b>240,732</b>	<b>13,034</b>	<b>227,698</b>	<b>1747%</b>	<b>156,419</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>127,233</b>	<b>190,043</b>	<b>190,043</b>	<b>941</b>	<b>941</b>	<b>15,837</b>	<b>(14,895)</b>	<b>-94%</b>	<b>190,043</b>
Capital transfers recognised	112,947	134,338	134,338	941	941	11,195	(10,253)	-92%	134,338
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	14,286	55,705	55,705	-	-	4,642	(4,642)	-100%	55,705
<b>Total sources of capital funds</b>	<b>127,233</b>	<b>190,043</b>	<b>190,043</b>	<b>941</b>	<b>941</b>	<b>15,837</b>	<b>(14,895)</b>	<b>-94%</b>	<b>190,043</b>
<b>Financial position</b>									
Total current assets	2,392,481	2,701,046	2,701,046		2,596,016				2,701,046
Total non current assets	2,302,300	2,052,265	2,052,265		2,303,241				2,052,265
Total current liabilities	1,308,159	1,050,980	1,050,980		1,272,060				1,050,980
Total non current liabilities	416,266	408,150	408,150		416,266				408,150
Community wealth/Equity	2,970,200	3,294,182	3,294,182		3,209,852				3,294,182
<b>Cash flows</b>									
Net cash from (used) operating	(583,058)	106,800	106,800	10,398	146,490	8,900	(137,591)	-1546%	106,800
Net cash from (used) investing	(93,074)	(154,327)	(190,043)	(941)	(941)	(12,861)	(11,919)	93%	(154,327)
Net cash from (used) financing	-	(9,390)	(9,390)	-	-	(782)	(782)	100%	(9,390)
<b>Cash/cash equivalents at the month/year end</b>	<b>(633,124)</b>	<b>116,006</b>	<b>80,289</b>	<b>-</b>	<b>344,005</b>	<b>168,179</b>	<b>(175,826)</b>	<b>-105%</b>	<b>141,539</b>
<b>Debtors &amp; creditors analysis</b>									
	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
<b>Debtors Age Analysis</b>									
Total By Income Source	332,898	64,596	60,837	2,644,498	-	-	-	-	3,102,829
<b>Creditors Age Analysis</b>									
Total Creditors	151,609	134,566	73,631	61,115	69,582	67,882	375,031	38,037	971,455

NC091 Sol Plaatje - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M01 July

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		1,040,417	1,126,167	1,126,167	231,965	231,965	93,847	138,117	147%	1,126,167
Executive and council		427,413	470,256	470,256	99,790	99,790	39,188	60,602	155%	470,256
Finance and administration		613,004	655,911	655,911	132,175	132,175	54,659	77,515	142%	655,911
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		29,004	26,474	26,474	1,571	1,571	2,206	(636)	-29%	26,474
Community and social services		11,180	11,348	11,348	188	188	946	(758)	-80%	11,348
Sport and recreation		1,889	1,905	1,905	173	173	159	14	9%	1,905
Public safety		720	340	340	22	22	28	(6)	-22%	340
Housing		12,192	12,801	12,801	1,186	1,186	1,067	119	11%	12,801
Health		3,023	80	80	2	2	7	(4)	-64%	80
<b>Economic and environmental services</b>		21,097	16,015	16,015	580	580	1,335	(755)	-57%	16,015
Planning and development		18,487	5,525	5,525	303	303	460	(157)	-34%	5,525
Road transport		2,610	10,490	10,490	277	277	874	(597)	-68%	10,490
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		1,213,738	1,444,171	1,444,171	97,143	97,143	120,348	(23,204)	-19%	1,444,171
Energy sources		743,517	935,854	935,854	57,428	57,428	77,988	(20,560)	-26%	935,854
Water management		307,596	345,167	345,167	24,082	24,082	28,764	(4,682)	-16%	345,167
Waste water management		93,896	92,200	92,200	8,936	8,936	7,683	1,252	16%	92,200
Waste management		68,729	70,950	70,950	6,698	6,698	5,913	785	13%	70,950
<b>Other</b>	4	9,946	8,720	8,720	1,298	1,298	727	571	79%	8,720
<b>Total Revenue - Functional</b>	2	2,314,201	2,621,547	2,621,547	332,556	332,556	218,462	114,094	52%	2,621,547
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		558,906	712,851	712,851	43,139	43,139	59,405	(16,266)	-27%	712,851
Executive and council		316,409	428,654	428,654	21,158	21,158	35,721	(14,563)	-41%	428,654
Finance and administration		235,731	277,659	277,659	21,545	21,545	23,139	(1,593)	-7%	277,659
Internal audit		6,765	6,538	6,538	436	436	545	(109)	-20%	6,538
<b>Community and public safety</b>		176,122	181,961	181,961	13,849	13,849	15,164	(1,315)	-9%	181,961
Community and social services		42,871	43,119	43,119	3,526	3,526	3,593	(67)	-2%	43,119
Sport and recreation		52,994	53,283	53,283	4,130	4,130	4,440	(310)	-7%	53,283
Public safety		42,018	43,948	43,948	3,109	3,109	3,662	(554)	-15%	43,948
Housing		19,699	22,768	22,768	1,495	1,495	1,897	(402)	-21%	22,768
Health		18,540	18,842	18,842	1,588	1,588	1,570	18	1%	18,842
<b>Economic and environmental services</b>		124,247	141,936	141,936	9,190	9,190	11,828	(2,638)	-22%	141,936
Planning and development		38,830	47,872	47,872	2,929	2,929	3,989	(1,060)	-27%	47,872
Road transport		84,719	93,326	93,326	6,194	6,194	7,777	(1,583)	-20%	93,326
Environmental protection		699	737	737	66	66	61	5	8%	737
<b>Trading services</b>		1,342,841	1,402,477	1,402,477	23,902	23,902	116,873	(92,972)	-80%	1,402,477
Energy sources		872,674	915,683	915,683	7,648	7,648	76,307	(68,659)	-90%	915,683
Water management		319,081	322,469	322,469	5,166	5,166	26,872	(21,706)	-81%	322,469
Waste water management		80,162	93,375	93,375	6,777	6,777	7,781	(1,004)	-13%	93,375
Waste management		70,924	70,950	70,950	4,311	4,311	5,913	(1,602)	-27%	70,950
<b>Other</b>		22,998	25,903	25,903	1,744	1,744	2,159	(414)	-19%	25,903
<b>Total Expenditure - Functional</b>	3	2,225,113	2,465,128	2,465,128	91,823	91,823	205,428	(113,605)	-55%	2,465,128
<b>Surplus/ (Deficit) for the year</b>		89,088	156,419	156,419	240,732	240,732	13,034	227,698	1747%	156,419

**NC091 Sol Plaatje - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01 July**

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		427,413	470,256	470,256	99,790	99,790	39,188	60,602	154.6%	470,256
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		1,968	6,873	6,873	5	5	573	(568)	-99.2%	6,873
Vote 05 - Community Services		95,936	101,913	101,913	8,553	8,553	8,493	60	0.7%	101,913
Vote 06 - Financial Services		610,429	648,238	648,238	132,145	132,145	54,020	78,125	144.6%	648,238
Vote 07 - Strategy Econ Development And Planning		20,290	7,945	7,945	335	335	662	(327)	-49.4%	7,945
Vote 08 - Infrastructure And Services		1,158,165	1,386,322	1,386,322	91,729	91,729	115,527	(23,798)	-20.6%	1,386,322
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>2,314,201</b>	<b>2,621,547</b>	<b>2,621,547</b>	<b>332,556</b>	<b>332,556</b>	<b>218,462</b>	<b>114,094</b>	<b>52.2%</b>	<b>2,621,547</b>
<b>Expenditure by Vote</b>	1									
Vote 01 - Executive & Council		52,194	58,915	58,915	5,135	5,135	4,910	226	4.6%	58,915
Vote 02 - Municipal And General		253,004	357,885	357,885	15,391	15,391	29,824	(14,433)	-48.4%	357,885
Vote 03 - Municipal Manager		20,746	23,528	23,528	1,304	1,304	1,961	(657)	-33.5%	23,528
Vote 04 - Corporate Services		64,022	74,419	74,419	5,504	5,504	6,202	(698)	-11.2%	74,419
Vote 05 - Community Services		285,081	297,675	297,675	21,503	21,503	24,806	(3,304)	-13.3%	297,675
Vote 06 - Financial Services		126,696	157,404	157,404	12,486	12,486	13,117	(631)	-4.8%	157,404
Vote 07 - Strategy Econ Development And Planning		54,475	61,468	61,468	4,092	4,092	5,122	(1,030)	-20.1%	61,468
Vote 08 - Infrastructure And Services		1,368,894	1,433,833	1,433,833	26,408	26,408	119,486	(93,078)	-77.9%	1,433,833
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>2,225,113</b>	<b>2,465,128</b>	<b>2,465,128</b>	<b>91,823</b>	<b>91,823</b>	<b>205,428</b>	<b>(113,605)</b>	<b>-55.3%</b>	<b>2,465,128</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>89,088</b>	<b>156,419</b>	<b>156,419</b>	<b>240,732</b>	<b>240,732</b>	<b>13,034</b>	<b>227,698</b>	<b>1746.9%</b>	<b>156,419</b>

**NC091 Sol Plaatje - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July**

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		599,898	627,646	627,646	130,943	130,943	52,304	78,640	150%	627,646
Service charges - electricity revenue		729,831	919,854	919,854	56,146	56,146	76,654	(20,509)	-27%	919,854
Service charges - water revenue		272,919	310,717	310,717	20,546	20,546	25,893	(5,347)	-21%	310,717
Service charges - sanitation revenue		83,392	81,700	81,700	7,835	7,835	6,808	1,027	15%	81,700
Service charges - refuse revenue		60,632	60,940	60,940	5,853	5,853	5,078	774	15%	60,940
Rental of facilities and equipment		16,755	13,010	13,010	2,284	2,284	1,084	1,200	111%	13,010
Interest earned - external investments		2,234	6,000	6,000	207	207	500	(293)	-59%	6,000
Interest earned - outstanding debtors		131,160	156,500	156,500	13,009	13,009	13,042	(33)	0%	156,500
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4,841	27,730	27,730	252	252	2,311	(2,059)	-89%	27,730
Licences and permits		8,532	6,850	6,850	1,275	1,275	571	705	123%	6,850
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		226,623	258,117	258,117	93,271	93,271	21,510	71,761	334%	258,117
Other revenue		17,203	18,145	18,145	934	934	1,512	(578)	-38%	18,145
Gains		1,134	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>2,155,154</b>	<b>2,487,209</b>	<b>2,487,209</b>	<b>332,556</b>	<b>332,556</b>	<b>207,267</b>	<b>125,288</b>	<b>60%</b>	<b>2,487,209</b>
<b>Expenditure By Type</b>										
Employee related costs		748,242	849,403	849,403	59,990	59,990	70,784	(10,793)	-15%	849,403
Remuneration of councillors		29,703	34,547	34,547	3,032	3,032	2,879	153	5%	34,547
Debt impairment		275,530	297,000	297,000	0	0	24,750	(24,750)	-100%	297,000
Depreciation & asset impairment		-	81,050	81,050	-	-	6,754	(6,754)	-100%	81,050
Finance charges		72,644	38,960	38,960	-	-	3,247	(3,247)	-100%	38,960
Bulk purchases - electricity		639,689	682,000	682,000	-	-	56,833	(56,833)	-100%	682,000
Inventory consumed		236,842	236,627	236,627	11,469	11,469	19,719	(8,250)	-42%	236,627
Contracted services		35,758	46,437	46,437	655	655	3,870	(3,215)	-83%	46,437
Transfers and subsidies		2,546	4,460	4,460	-	-	372	(372)	-100%	4,460
Other expenditure		112,786	134,643	134,643	16,677	16,677	11,221	5,456	49%	134,643
Losses		71,375	60,000	60,000	-	-	5,000	(5,000)	-100%	60,000
<b>Total Expenditure</b>		<b>2,225,113</b>	<b>2,465,128</b>	<b>2,465,128</b>	<b>91,823</b>	<b>91,823</b>	<b>205,428</b>	<b>(113,605)</b>	<b>-55%</b>	<b>2,465,128</b>
<b>Surplus/(Deficit)</b>		<b>(69,959)</b>	<b>22,081</b>	<b>22,081</b>	<b>240,732</b>	<b>240,732</b>	<b>1,839</b>	<b>238,893</b>	<b>0</b>	<b>22,081</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		67,797	134,338	134,338	-	-	11,195	(11,195)	(0)	134,338
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		14,400	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		76,850	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>89,088</b>	<b>156,419</b>	<b>156,419</b>	<b>240,732</b>	<b>240,732</b>	<b>13,034</b>			<b>156,419</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>89,088</b>	<b>156,419</b>	<b>156,419</b>	<b>240,732</b>	<b>240,732</b>	<b>13,034</b>			<b>156,419</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>89,088</b>	<b>156,419</b>	<b>156,419</b>	<b>240,732</b>	<b>240,732</b>	<b>13,034</b>			<b>156,419</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>89,088</b>	<b>156,419</b>	<b>156,419</b>	<b>240,732</b>	<b>240,732</b>	<b>13,034</b>			<b>156,419</b>

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M01 July

Vote Description	Ref	2021/22		Budget Year 2022/23						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		7,197	40,405	40,405	4	4	3,367	(3,363)	-100%	40,405
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	-	-	-	-	-	-	-
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Strategy Econ Development And Planning		18,239	8,300	8,300	-	-	692	(692)	-100%	8,300
Vote 08 - Infrastructure And Services		88,488	79,038	79,038	937	937	6,587	(5,649)	-86%	79,038
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4.7	<b>113,924</b>	<b>127,743</b>	<b>127,743</b>	<b>941</b>	<b>941</b>	<b>10,645</b>	<b>(9,704)</b>	<b>-91%</b>	<b>127,743</b>
<b>Single Year expenditure appropriation</b>	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		4,065	13,300	13,300	-	-	1,108	(1,108)	-100%	13,300
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		9,245	49,000	49,000	-	-	4,083	(4,083)	-100%	49,000
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	<b>13,309</b>	<b>62,300</b>	<b>62,300</b>	<b>-</b>	<b>-</b>	<b>5,192</b>	<b>(5,192)</b>	<b>-100%</b>	<b>62,300</b>
<b>Total Capital Expenditure</b>		<b>127,233</b>	<b>190,043</b>	<b>190,043</b>	<b>941</b>	<b>941</b>	<b>15,837</b>	<b>(14,895)</b>	<b>-94%</b>	<b>190,043</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>11,261</b>	<b>53,705</b>	<b>53,705</b>	<b>4</b>	<b>4</b>	<b>4,475</b>	<b>(4,471)</b>	<b>-100%</b>	<b>53,705</b>
Executive and council		11,261	53,705	53,705	4	4	4,475	(4,471)	-100%	53,705
Finance and administration		-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>52,586</b>	<b>35,300</b>	<b>35,300</b>	<b>937</b>	<b>937</b>	<b>2,942</b>	<b>(2,004)</b>	<b>-68%</b>	<b>35,300</b>
Planning and development		18,239	8,300	8,300	-	-	692	(692)	-100%	8,300
Road transport		34,347	27,000	27,000	937	937	2,250	(1,313)	-58%	27,000
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>63,386</b>	<b>101,038</b>	<b>101,038</b>	<b>-</b>	<b>-</b>	<b>8,420</b>	<b>(8,420)</b>	<b>-100%</b>	<b>101,038</b>
Energy sources		34,548	46,000	46,000	-	-	3,833	(3,833)	-100%	46,000
Water management		624	13,000	13,000	-	-	1,083	(1,083)	-100%	13,000
Waste water management		28,214	42,038	42,038	-	-	3,503	(3,503)	-100%	42,038
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>127,233</b>	<b>190,043</b>	<b>190,043</b>	<b>941</b>	<b>941</b>	<b>15,837</b>	<b>(14,895)</b>	<b>-94%</b>	<b>190,043</b>
<b>Funded by:</b>										
National Government		95,428	134,338	134,338	941	941	11,195	(10,253)	-92%	134,338
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		3,629	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		13,891	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		<b>112,947</b>	<b>134,338</b>	<b>134,338</b>	<b>941</b>	<b>941</b>	<b>11,195</b>	<b>(10,253)</b>	<b>-92%</b>	<b>134,338</b>
<b>Borrowing</b>	6	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>14,286</b>	<b>55,705</b>	<b>55,705</b>	<b>-</b>	<b>-</b>	<b>4,642</b>	<b>(4,642)</b>	<b>-100%</b>	<b>55,705</b>
<b>Total Capital Funding</b>		<b>127,233</b>	<b>190,043</b>	<b>190,043</b>	<b>941</b>	<b>941</b>	<b>15,837</b>	<b>(14,895)</b>	<b>-94%</b>	<b>190,043</b>

**NC091 Sol Plaatje - Table C6 Monthly Budget Statement - Financial Position - M01 July**

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		198,456	(1,939)	(1,939)	272,911	(1,939)
Call investment deposits		–	–	–	–	–
Consumer debtors		1,985,904	2,244,736	2,244,736	2,115,019	2,244,736
Other debtors		158,309	418,926	418,926	159,992	418,926
Current portion of long-term receivables		–	–	–	–	–
Inventory		49,811	39,322	39,322	48,095	39,322
<b>Total current assets</b>		<b>2,392,481</b>	<b>2,701,046</b>	<b>2,701,046</b>	<b>2,596,016</b>	<b>2,701,046</b>
<b>Non current assets</b>						
Long-term receivables		–	35,716	35,716	–	35,716
Investments						
Investment property		211,274	208,312	208,312	211,274	208,312
Investments in Associate						
Property, plant and equipment		2,054,724	1,795,402	1,795,402	2,055,666	1,795,402
Biological						
Intangible		24,230	2,908	2,908	24,230	2,908
Other non-current assets		12,071	9,926	9,926	12,071	9,926
<b>Total non current assets</b>		<b>2,302,300</b>	<b>2,052,265</b>	<b>2,052,265</b>	<b>2,303,241</b>	<b>2,052,265</b>
<b>TOTAL ASSETS</b>		<b>4,694,781</b>	<b>4,753,311</b>	<b>4,753,311</b>	<b>4,899,258</b>	<b>4,753,311</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		43,176	49,224	49,224	43,481	49,224
Trade and other payables		1,264,983	907,727	907,727	1,228,578	907,727
Provisions		–	94,029	94,029	–	94,029
<b>Total current liabilities</b>		<b>1,308,159</b>	<b>1,050,980</b>	<b>1,050,980</b>	<b>1,272,060</b>	<b>1,050,980</b>
<b>Non current liabilities</b>						
Borrowing		171,517	148,630	148,630	171,517	148,630
Provisions		244,748	259,520	259,520	244,748	259,520
<b>Total non current liabilities</b>		<b>416,266</b>	<b>408,150</b>	<b>408,150</b>	<b>416,266</b>	<b>408,150</b>
<b>TOTAL LIABILITIES</b>		<b>1,724,424</b>	<b>1,459,129</b>	<b>1,459,129</b>	<b>1,688,325</b>	<b>1,459,129</b>
<b>NET ASSETS</b>	2	<b>2,970,357</b>	<b>3,294,182</b>	<b>3,294,182</b>	<b>3,210,932</b>	<b>3,294,182</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		2,912,995	3,213,305	3,213,305	3,152,647	3,213,305
Reserves		57,205	80,876	80,876	57,205	80,876
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>2,970,200</b>	<b>3,294,182</b>	<b>3,294,182</b>	<b>3,209,852</b>	<b>3,294,182</b>

NC091 Sol Plaatje - Table C7 Monthly Budget Statement - Cash Flow - M01 July

Description	Ref	2021/22		Budget Year 2022/23						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		439,122	533,499	533,499	25,248	25,248	44,458	(19,211)	-43%	533,499
Service charges		1,133,877	1,093,079	1,093,079	74,878	74,878	91,090	(16,212)	-18%	1,093,079
Other revenue		306,115	403,395	403,395	114,985	114,985	33,616	81,369	242%	403,395
Transfers and Subsidies - Operational		28,348	18,959	18,959	-	-	1,580	(1,580)	-100%	18,959
Transfers and Subsidies - Capital		99,266	134,338	134,338	28,156	28,156	11,195	16,961	152%	134,338
Interest		-	6,000	6,000	-	-	500	(500)	-100%	6,000
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		(2,589,785)	(2,039,050)	(2,039,050)	(232,869)	(96,776)	(169,921)	(73,145)	43%	(2,039,050)
Finance charges		-	(38,960)	(38,960)	-	-	(3,247)	(3,247)	100%	(38,960)
Transfers and Grants		-	(4,460)	(4,460)	-	-	(372)	(372)	100%	(4,460)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(583,058)</b>	<b>106,800</b>	<b>106,800</b>	<b>10,398</b>	<b>146,490</b>	<b>8,900</b>	<b>(137,591)</b>	<b>-1546%</b>	<b>106,800</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	35,716	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	2,976	(2,976)	-100%	35,716
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets		(93,074)	(190,043)	(190,043)	(941)	(941)	(15,837)	(14,895)	94%	(190,043)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(93,074)</b>	<b>(154,327)</b>	<b>(190,043)</b>	<b>(941)</b>	<b>(941)</b>	<b>(12,861)</b>	<b>(11,919)</b>	<b>93%</b>	<b>(154,327)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowing		-	(9,390)	(9,390)	-	-	(782)	(782)	100%	(9,390)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>(9,390)</b>	<b>(9,390)</b>	<b>-</b>	<b>-</b>	<b>(782)</b>	<b>(782)</b>	<b>100%</b>	<b>(9,390)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(676,131)</b>	<b>(56,917)</b>	<b>(92,633)</b>	<b>9,456</b>	<b>145,549</b>	<b>(4,743)</b>			<b>(56,917)</b>
Cash/cash equivalents at beginning:		43,007	172,922	172,922	74,455	198,456	172,922			198,456
Cash/cash equivalents at month/year end:		(633,124)	116,006	80,289		344,005	168,179			141,539

System error to be resolved so that Original budget, monthly and YTD actuals populate correctly. The Cash and Cash equivalents is also severely overstated. Serious intervention is required to correct these discrepancies and to this end training was provided by NT to provide guidance on how to disclose the cash flow actuals. The BTO will endeavor to address all issues raised by NT in terms of the correct mapping of the cash flow.

## 15. Municipal Manager's quality certification

### Quality Certificate

I, BS Matlala, the Municipal Manager of Sol Plaatje Local 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 month of **July 2022** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

**Print name: Mr. BS Matlala**

**Municipal Manager of Sol Plaatje Local Municipality (NC091)**

Signature: 

Date: 12 /08/2022