



MONTHLY BUDGET STATEMENT – DECEMBER 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 Mayor, 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: 16 January 2023

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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 DECEMBER 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 municipality realises, 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 municipality is facing serious challenges pertaining to the debt owed to Eskom and the Department of Water and Sanitation. The municipality is in the process to finalise debt agreements with both institutions. The municipality had insufficient cash to settle the current accounts of both institutions in full. This does not bode well for the vulnerable position that the municipality is facing but we are committed to maintain an amicable relationship with these critical major creditors. And as a show of good faith, the municipality paid R20 million to ESKOM and R7.8 million to DWS in respect of available cash for operations.

Currently, the total debtors book is standing at R3,190,215 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. The municipality managed to collect R178,873 million for August 2022 since the inception of the collection drive. However the cash collection has been declining from September 2022 and this does not bode well for the municipality's financial position. *There needs to a major paradigm shift in the payment culture across all debtor groups. This can be achieved when the Credit Control and Debt Collection Policy is strictly, consistently and fairly applied to all customer groups.*

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 Customers that settle their outstanding accounts in full. The campaign will also educate Consumers

Sol Plaatje (NC091): Monthly Budget Statement: December 2022

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 December 2022**, the ten working day reporting limit expires on **16 January 2023**. 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 *mSCOA* data strings required for submission as prescribed and all publications will use the data collected from the *mSCOA* data strings" which must be submitted before or on **16 January 2023**, (ten working day limit).

3. Executive summary

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 December 2022	YTD Actual December 2022	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	1,243,604	1,199,427	(44,178)	96.4%	-3.6%
Total Revenue (including capital transfers and contributions)	1,310,773	1,230,030	(80,744)	93.8%	-6.2%
Total Operational Expenditure	1,232,569	1,061,289	(171,280)	86.1%	-13.9%

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

As indicated in Table 1 above, as at 31 December 2022, the billed revenue excluding capital grants amounted to R1,199,427 billion which resulted in a favourable variance of minus 3.6% when compared to the YTD Budget of R1,243,604 million. The billed revenue including capital grants resulted in a satisfactory variance of minus 6.2% when compared to the YTD budget of R1,310,773 million. Capital grants are recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant have been met. The Total Operational Expenditure resulted in an unsatisfactory variance of minus 13.9%.

Summary Statement of Financial Performance: Original Budget					
Description R thousand	Original Budget	YTD Actual December 2022	Variance Favourable (Unfavourable)	% YTD Actual vs Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 50.00%
Total Revenue (excluding capital transfers and contributions)	2,487,209	1,199,427	992,159	48.2%	-1.78%
Total Revenue (including capital transfers and contributions)	2,621,547	1,230,030	1,011,567	46.9%	-3.08%
Total Operational Expenditure	2,465,128	1,061,289	855,862	43.1%	-6.95%

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

Indicated in Table 2 above is the YTD actual compared to the Original Budget. When calculating the ideal In-Year-Monitoring percentage of 50.00% [calculated as follow: (100/12 months x 6 months of the year)] as at the end of December 2022, the Total operational revenue excluding capital grants versus the Original Budget resulted in a satisfactory variance of minus 1.78%. The Total operational revenue including capital grants versus the Original Budget resulted in a satisfactory variance of minus 3.08%. The Total Operational Expenditure resulted in a satisfactory variance of minus 6.95%.

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 to 10 percent 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
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Property rates	627,646	46,162	357,986	313,823	114.1%	44,163	14.1%	57.0%	44,163	7.0%
Service charges - electricity revenue	919,854	56,849	373,607	459,927	81.2%	(86,319)	-18.8%	40.6%	(86,319)	-9.4%
Service charges - water revenue	310,717	25,067	144,533	155,358	93.0%	(10,826)	-7.0%	46.5%	(10,826)	-3.5%
Service charges - sanitation revenue	81,700	7,800	46,735	40,850	114.4%	5,885	14.4%	57.2%	5,885	7.2%
Service charges - refuse revenue	60,940	5,767	34,538	30,470	113.3%	4,068	13.3%	56.7%	4,068	6.7%
Rental of facilities and equipment	13,010	2,138	12,825	6,505	197.1%	6,320	97.1%	98.6%	6,320	48.6%
Interest earned - external investments	6,000	256	872	3,000	29.1%	(2,128)	-70.9%	14.5%	(2,128)	-35.5%
Interest earned - outstanding debtors	156,500	17,020	89,456	78,250	114.3%	11,206	14.3%	57.2%	11,206	7.2%
Fines, penalties and forfeits	27,730	2,064	21,520	13,865	155.2%	7,655	55.2%	77.6%	7,655	27.6%
Licences and permits	6,850	895	5,419	3,425	158.2%	1,994	58.2%	79.1%	1,994	29.1%
Agency services	-	-	-	-						
Transfers and subsidies	258,117	189	97,620	129,058	75.6%	(31,439)	-24.4%	37.8%	(31,439)	-12.2%
Other revenue	18,145	1,050	11,448	9,072	126.2%	2,376	26.2%	63.1%	2,376	13.1%
Gains on disposal of PPE	-	-	2,868	-		2,868			2,868	
Total Revenue (excluding capital transfers and contributions)	2,487,209	165,257	1,199,427	1,243,604	96.4%	(44,178)	-3.6%	48.2%	(44,178)	-1.8%
Transfers and subsidies - capital	134,338	6,564	30,603	67,169	45.6%	(36,566)	-54.4%	22.8%	(36,566)	-27.2%
Total Revenue (including capital transfers and contributions)	2,621,547	171,821	1,230,030	1,310,773	93.8%	(80,744)	-6.2%	46.9%	(80,744)	-3.1%

Table 3: Table C4 Financial Performance (Revenue)

Comparison against the YTD Budget

- ❖ Property Rates is showing a positive YTD variance of 14.1%, due to the annual billing on Property Rates for predominantly Organs of State and businesses.
- ❖ Service charges - Electricity revenue is showing a serious under-recovery of 18.8%. A query was sent to the Billing section for the November 2022 reporting, regarding the lower than anticipated billing on conventional metering which includes Large Power Users. The response provided was that this was as a result of interim reversals and correction of errors. It is imperative that the Billing section does a proper investigation to ensure that all properties are billed accurately. The same applies to all other Service charges where the Original budget comparison is not satisfactory. Service charges Sanitation and Refuse is showing an over-recovery as a result of the YTD billing being higher than anticipated.
Another factor that is negatively influencing Electricity and Water sales is the fact that Council approved a lower tariff increase for Electricity 4.50% instead of 8.61% and for Water 4.00% instead of 5.68% as per the budget. These revenue sources will be adjusted downwards during the Adjustment budget.
- ❖ Rental of facilities and equipment is showing a positive variance of 97.1% as a result of the rental of the Lerato Park flats which was not budgeted for, as the municipality was busy with the finalisation of the asset transfer from COGHSTA. This will be corrected during the Adjustment Budget.
- ❖ Interest earned – External investments shows a negative variance of minus 70.9%, 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 that is 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 positive variance of 55.2% as a result of the actuals achieved on Penalties: Disconnection fees is satisfactory at 113.55% against an annual target of R17,500 million, due to the disconnection drive of the municipality.
- ❖ Licences and permits is showing a positive variance of 58.2%, however there are possible outstanding payments due to the Department of Transport, Safety and Liaison. Road & Trsp: Motor Vehicle Licenses, showing an actual achieved of 103.34% against an annual target of R3,950 million.
- ❖ Transfers and subsidies is showing a variance of minus 24.4%. The second tranche of the Equitable Share was received on 7 December 2022 but was not timeously allocated during December 2022. This was subsequently allocated on 5 January 2023.
- ❖ Other Revenue is higher than anticipated as a result of improved receipts on Building plan approvals with a 122.9% achievement versus a target of R4,700 million with the YTD actual amounting to R5,777 million.
- ❖ Capital grants is showing a negative variance of 54.4%, as a result of the lower than anticipated capital grant expenditure. 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 50.00%, the majority of revenue sources are performing satisfactorily.

- ❖ Property rates is performing satisfactorily and showing a satisfactory variance of 7%, due to the annual billing of Property Rates.
- ❖ Service charges is performing satisfactorily when compared to the Original budget, with the exception of Electricity sales is which is showing a negative variance of minus 9.4%. Same factors are applicable as described in the paragraph above.
- ❖ Rental of facilities and equipment is showing a positive variance of 48.6%. Same factors are applicable as described in the paragraph above.
- ❖ Interest from External Investments is showing an unsatisfactory variance of minus 35.5%. Same factors are applicable as described in the paragraph above.
- ❖ Fines, penalties and forfeits is showing a positive variance of minus 27.6%. Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits is showing a positive variance of 29.1%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies is satisfactory with a variance of 12.2%. Same factors are applicable as described in the paragraph above.
- ❖ Other Revenue is showing a positive variance of 13.1%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers – recognised capital is showing a negative variance of minus 27.2%. Same factors are applicable as described in the paragraph above.

Indicated in Chart 1 below is the weighting of the YTD Actual on billed Revenue per Source as a percentage of total operational revenue as at 31 December 2022. The main contributors of the municipality's revenue are Service Charges (50.0%), Property Rates (29.8%) and Transfers and subsidies (8.1%). The weighting is distorted due to the annual billing on Property Rates and the late allocation of the second tranche of the Equitable Share.

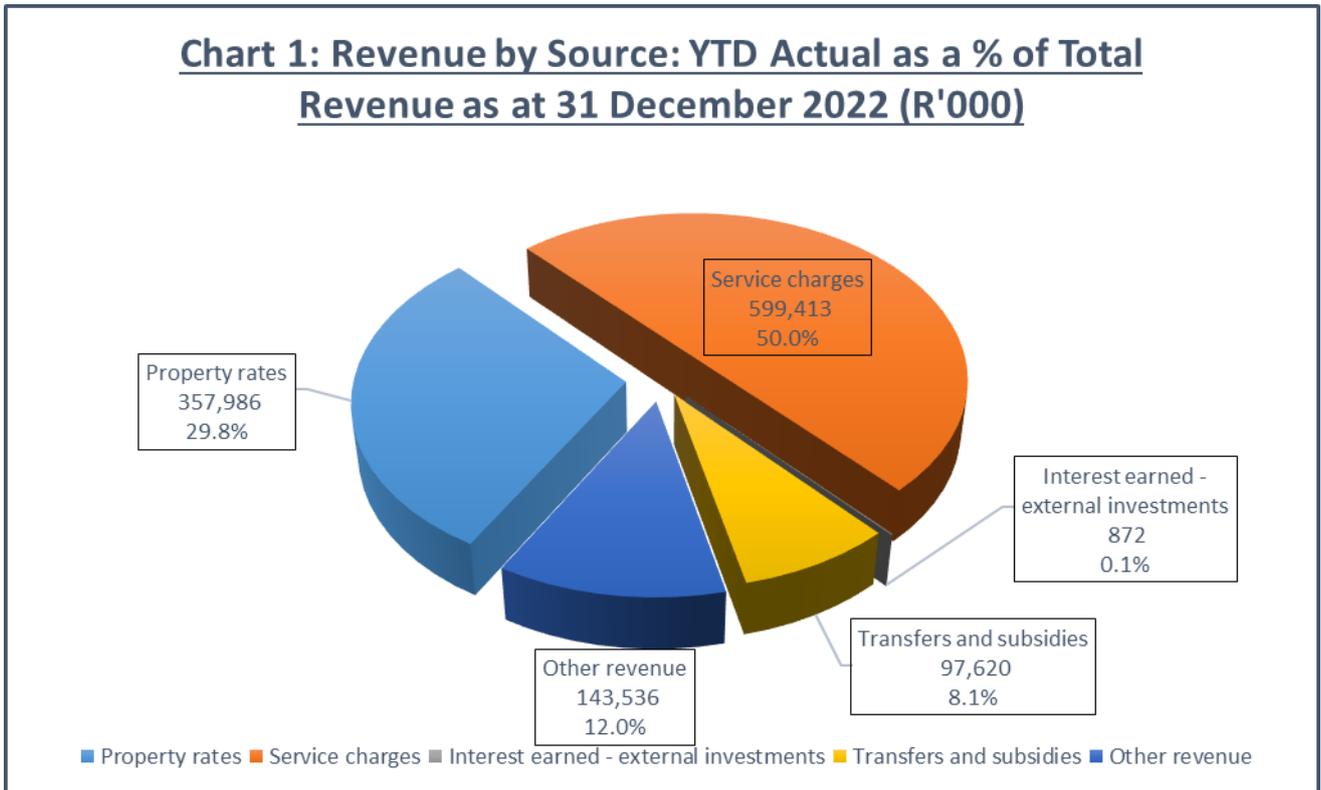


Chart 1: Revenue by Source: YTD Actual as a percentage of Total Revenue

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 % - 50%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Employee related costs	849,403	78,257	395,190	424,703	93.1%	(29,514)	-6.9%	46.5%	(29,512)	-3.5%
Remuneration of councillors	34,547	2,602	15,763	17,274	91.3%	(1,510)	-8.7%	45.6%	(1,510)	-4.4%
Debt impairment	297,000	-	148,504	148,500	100.0%	4	0.0%	50.0%	4	0.0%
Depreciation & asset impairment	81,050	-	-	40,525	0.0%	(40,525)	-100.0%	0.0%	(40,525)	-50.0%
Finance charges	38,960	10,749	23,820	19,480	122.3%	4,340	22.3%	61.1%	4,340	11.1%
Bulk purchases - electricity	682,000	(74,123)	207,037	341,000	60.7%	(133,963)	-39.3%	30.4%	(133,963)	-19.6%
Inventory consumed	236,627	18,978	149,742	118,319	126.6%	31,423	26.6%	63.3%	31,429	13.3%
Contracted services	46,437	(1,713)	9,669	23,219	41.6%	(13,550)	-58.4%	20.8%	(13,550)	-29.2%
Transfers and subsidies	4,460	144	2,446	2,230	109.7%	216	9.7%	54.8%	216	4.8%
Other expenditure	134,643	11,791	82,084	67,319	121.9%	14,766	21.9%	61.0%	14,763	11.0%
Losses	60,000	-	27,033	30,000	90.1%	(2,967)	-9.9%	45.1%	(2,967)	-4.9%
Total Expenditure	2,465,128	46,685	1,061,289	1,232,569	86.1%	(171,280)	-13.9%	43.1%	(171,275)	-6.9%

Table 4: Table C4 Financial Performance (Expenditure)

Comparison against YTD Budget

As indicated in the Table 4 above, as at 31 December 2022 current YTD expenditure shows an unsatisfactory variance of minus 13.9%. The YTD actual amounted to R1,061,289 million against the YTD Budget of R1,232,569 million.

- ❖ Employee related costs shows a satisfactory variance of minus 6.9%. Post-retirement benefit obligations are not factored in and will only be finalised as part of year-end procedures.
- ❖ Remuneration of councillors is showing a negative variance of minus 8.7%. 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.
- ❖ Debt impairment will be provided for on a quarterly basis. The journal for the first and second quarter was processed in November 2022.
- ❖ 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.”
- ❖ Finance charges is showing a negative variance of 22.3%. Interest on External borrowing is paid bi-annually and the first instalment for the current financial year was settled on 19 December 2022. The budgeted R12,000 million on Interest on overdue accounts for the ESKOM bulk account is fully spent, whilst the YTD actual interest charged amounts to R39,514 million. 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.
- ❖ Bulk purchases – Electricity is showing an unsatisfactory variance of 39.3%. This is a result of the partial payment of R20,000 million that was made on 30 December 2022. The Payment Section used the invoice of July 2022 amounting to R103,353 million to effect the payment and erroneously reversed the balance of R74,220 million which is exclusive of VAT. This outstanding balance was

re-captured and subsequently authorised on 3 January 2023. The invoice for November 2022 amounting to R59,087 was received late and subsequently authorised on 3 January 2023. These errors and delayed capturing resulted in an understatement of R126,523 million which directly contributes to the understatement of Bulk purchases – Electricity.

- ❖ Expenditure on Contracted services is lower than anticipated, pertaining to Prepaid Electricity Vendors which is 19.47% spent versus a budget of R29,500 million. The September 2022 invoice is unpaid due to a contractual matter that needs to be resolved between the municipality and the service provider. The December 2022 invoice will be settled during January 2023. The municipality awarded the contract to the same prepaid vendor but the new award is based on a significantly lower commission which will result in major savings on this line item. For example the monthly average budgeted cost of R2,4 million reduced to an average of R450 thousand excluding VAT. The budget will be adjusted downwards during the Adjustment budget.
- ❖ Bulk purchases Water is treated in line with GRAP 12. 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. This journal for July to October 2022 was processed timeously, whilst the November and December 2022 actuals will be finalised during January 2023. It should be noted that the municipality is awaiting the December 2022 invoice from DWS.
- ❖ Transfers and subsidies show a satisfactory variance of 9.7%. The grant funding of R2,300 due to the SPCA was released on 12 December 2022. Other grants also show minimal movement due to cash flow constraints.
- ❖ The expenditure on Inventory consumed is showing a negative variance of 26.6%. Water, Roads and Sewerage maintenance budget is under severe strain. 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.
- ❖ Other expenditure is showing an unsatisfactory variance of 21.9% as a result of the following line items under Operational Cost (OC)
 - Cost incurred of R19,817 million on OC: Cash Discount which is currently reflecting as an expense with a zero budget, but this cost will be transferred and debited against Revenue at year-end because it is considered Revenue foregone. The prorata split is done manually per Revenue source excluding Electricity Revenue because the system cannot handle the automated split per Revenue source. This will be discussed again with our service provider.
 - OC: Ext Com Serv Prov - S/Ware Licences is also overspent as a result of annual software licence fees. This expense line item is 73.34% spent versus a budget of R5,419 million.
 - OC: Professional Bodies M/Ship & Subs is 95% spent as a result of the annual membership fees paid to SALGA amounting to R8,197 million.
 - OC: Uniform & Protective Clothing is 68.16% spent, attributable to a material increase in the cost of uniforms, whilst sections also required more uniform and protective clothing. This line item will be reviewed per section during the Adjustment budget.
 - OC: Audit Cost: External is 97% spent against a budget of R6,200 million. This will be adjusted accordingly during the Adjustment budget.

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 December 2022 is 50.00%. The total operational expenditure against the Original Budget is 43.1% spent, resulting in a satisfactory variance of minus 6.9%.

- ❖ Employee costs and Councillors remuneration is satisfactory.
- ❖ Debt impairment will be provided for on a quarterly basis and the journal for the first and second quarter was processed during November 2022.
- ❖ Depreciation will be provided for at year-end. Same factors are applicable as explained above.

- ❖ Finance charges is showing an unsatisfactory variance of 11.1%. Same factors are applicable as explained above.
- ❖ Bulk Electricity is showing a negative variance of minus 19.6%. Same factors are applicable as explained above.
- ❖ Inventory consumed is showing an negative variance of 13.3%. Same factors are applicable as explained above
- ❖ Expenditure on Contracted services is lower than anticipated, same factors are applicable as explained above.
- ❖ Transfers and grants is satisfactory. The same factors are applicable as explained in the paragraph above.
- ❖ Other expenditure is showing an negative variance of 11%. Same factors are applicable as explained above
- ❖ Loss on disposal of PPE (Water losses), however a corrective journal must be passed for the actuals for November and December 2022.

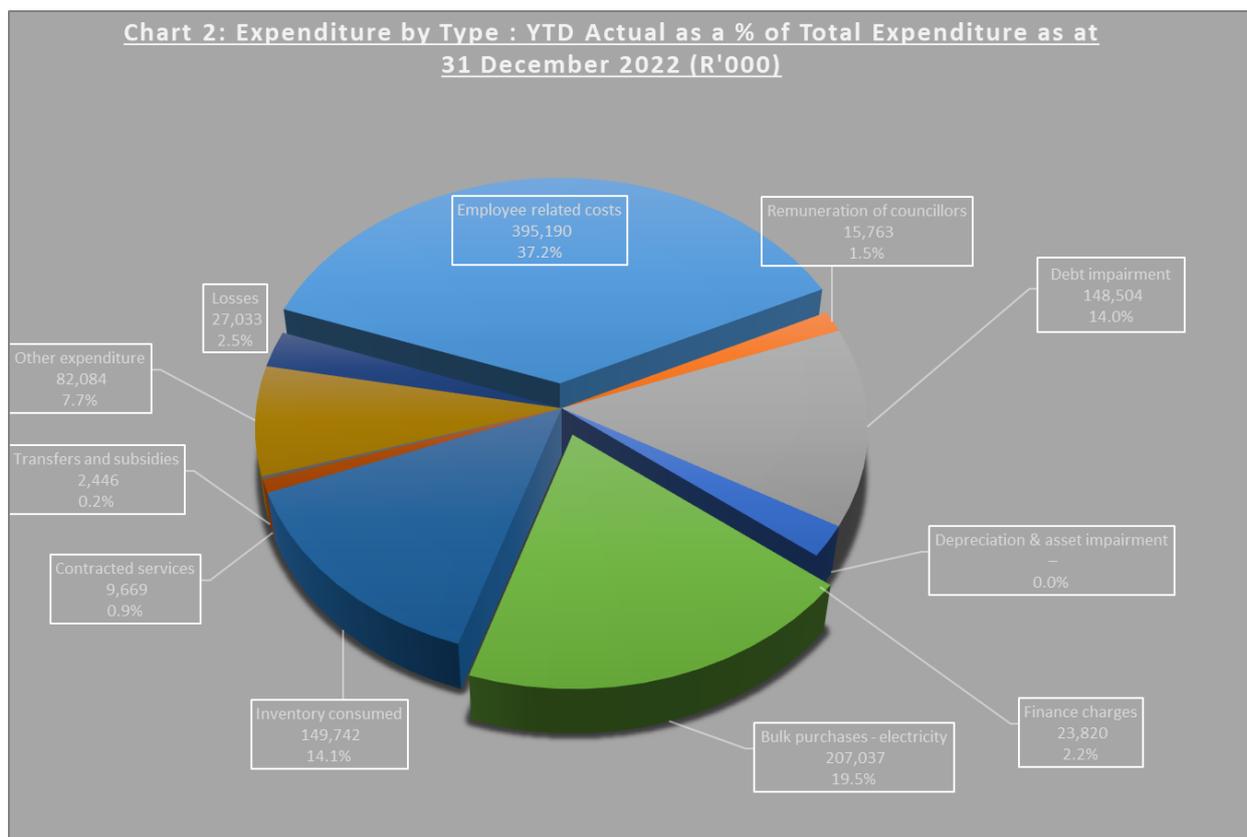


Chart 2: Expenditure by Type: YTD Actual as a percentage of Total Expenditure

Also indicated in Chart 2 above is the weighting of the YTD Actual on Expenditure by Type as a percentage of total operational expenditure as at 31 December 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 slightly distorted as a result of the following:

- ❖ The Post-retirement benefit obligations under Employee related costs will be finalized as part of the year-end procedures.
- ❖ Depreciation is not provided for and will only be finalized at year-end.
- ❖ Finance charges is paid bi-annually. Interest on overdue account needs to be corrected.
- ❖ Understatement of Bulk purchases: Electricity as per the explanatory note above.
- ❖ Outstanding recognition of Water inventory and Water losses in the Statement of Financial Performance for November and December 2022.

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 50.00% as at end of December 2022, Bulk Purchases Electricity is showing a unsatisfactory variance of minus 19.64%. This is as a result of the partial payment of R20,000 million that was made on 30 December 2022. The Payment section used the invoice of July 2022 amounting to R103,353 million to effect the payment and erroneously reversed the balance of R74,220 million which is exclusive of VAT. This outstanding balance was re-captured and subsequently authorised on 3 January 2023. The invoice for November 2022 amounting to R59,087 was received late and subsequently authorised on 3 January 2023. These errors and delayed capturing resulted in an understatement of R126,523 million which directly contributes to the understatement of Bulk purchases – Electricity.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 50%
BULK PURCHASES: ELECTRICITY	682,000,000	-74,122,923	207,036,846	30.36%	-19.64%
Total	682,000,000	-74,122,923	207,036,846	30.36%	-19.64%

Table 5.1: Summary of YTD Bulk Electricity expenditure

- ❖ Indicated in Table 5.2 below, is the Water inventory and Water losses which is showing a satisfactory variance of 5.1% when compared to the ideal percentage of 50.00%. During the Adjustment budget for 2021/22 and advised by NT, Bulk purchases Water was split between Inventory Water and Water losses in the Statement of Financial Performance aligned to GRAP 12. A corrective journal was done for July to October 2022. A corrective journal will be passed during January 2023 for the actuals of November and December 2022.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 50%
INVENTORY - WATER	60,000,000	-	26,943,522	44.9%	-5.1%
NON-REVENUE WATER LOSSES	60,000,000	-	26,943,522	44.9%	-5.1%
Total	120,000,000	-	53,887,043	44.9%	-5.1%

Table 5.2: Summary of YTD Bulk Water expenditure

Organ of state	Arrear debt of unpaid invoices	Current Account due (Dec 2022)	Total Outstanding Debt	YTD Interest charged 2022/23
ESKOM	668,250,042.08	58,648,907.34	726,898,949.42	39,513,591.92
DWS (Water boards)	142,832,170.35	11,036,330.96	153,868,501.31	-
Grand Total	811,082,212.43	69,685,238.30	880,767,450.73	39,513,591.92

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 R726,899 million. The debt for 2021/22 has not been settled in full. The municipality is in the process of concluding a payment arrangement for 2022/23 financial year. The current arrangement with ESKOM is that the municipality will at least settle the current account on a monthly basis, whilst the repayment proposal by the municipality must still be approved by ESKOM. The municipality did not

have sufficient cash available to settle the November 2022 invoice amounting to R59,087 million in full but managed to settle a partial payment of R20,000 million. The total year to date interest charged on overdue accounts due to ESKOM amounts to R39,514 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 R153,869 million. There are still outstanding invoices for 2021/22 financial year. The municipality opted to partake in the Department's Debt Incentive Scheme which constitutes of the following conditions:

- Settling 10% of the arrear debt (municipality complied)
- Settling the current account each month (municipality complied since inception of Incentive scheme but defaulted for December 2022)
- Settling the monthly debt instalment (municipality complied)
- Repayment of debt over 12 months (municipality requested 24-month repayment period)

Also included in the Incentive scheme, is the writing-off of all accrued interest and suppression of interest going forward, hence no interest was charged for the current financial year. The repayment proposal was submitted to the Department for approval. The municipality is still awaiting feedback in this regard.

For December 2022, the municipality could not settle the current account in full but managed to pay R7,836 million on the final outstanding balance of the July 2022 invoice which is inclusive of the R5.9 million debt repayment instalment.

Month	Outstanding Balance	Arrear Debt	Current Acc
Oct-21	51,027,860.62	51,027,860.62	
Nov-21	50,812,779.51	50,812,779.51	
Dec-21	51,379,198.31	51,379,198.31	
Jan-22	53,401,058.31	53,401,058.31	
Feb-22	51,445,498.50	51,445,498.50	
Mar-22	54,651,968.15	54,651,968.15	
Apr-22	51,834,528.52	51,834,528.52	
May-22	57,826,269.53	57,826,269.53	
Jun-22	101,431,456.54	101,431,456.54	
Jul-22	85,352,701.86	85,352,701.86	
Nov-22	59,086,722.23	59,086,722.23	
Dec-22	58,648,907.34		58,648,907.34
Total ESKOM	726,898,949.42	668,250,042.08	58,648,907.34

Table 6.2: Summary of outstanding ESKOM debt

Indicated in Table 6.2 above, is the detailed breakdown of outstanding balances per invoice, amounting to R726,899 million. The outstanding balance is then split into the arrear debt (R668,250 million) and the current account (R58,649 million).

Payments per fin period	Sum of VOTE AMOUNT	Payment date	Sum of VOTE AMOUNT
202108	18,165,402.07	20210811	6,000,000.00
202109	24,000,000.00	20210818	6,000,000.00
202110	21,954,439.94	20210825	4,000,000.00
202111	20,000,000.00	20210827	2,165,402.07
202112	30,000,000.00	20210907	6,000,000.00
202201	29,986,502.54	20210915	6,000,000.00
202202	19,000,000.00	20210916	6,000,000.00
202203	20,000,000.00	20210920	6,000,000.00
202204	30,000,000.00	20211005	6,000,000.00
202205	50,000,000.00	20211012	6,000,000.00
202206	53,019,940.09	20211019	9,954,439.94
202208	79,537,674.82	20211108	10,000,000.00
202209	109,064,695.35	20211115	10,000,000.00
202210	58,357,071.08	20211208	30,000,000.00
202211	59,750,383.02	20220104	83,198.46
202212	20,000,000.00	20220118	29,903,304.08
Grand Total	642,836,108.91	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
		20220815	40,000,000.00
		20220824	39,537,674.82
		20220919	109,064,695.35
		20221028	58,357,071.08
		20221130	59,750,383.02
		20221230	20,000,000.00
		Grand Total	642,836,108.91

Table 6.3: Summary of ESKOM payments

Indicated in Table 6.3 above, is the total amount paid to ESKOM per financial period and per payment date for the 2021/22 and 2022/23 financial year which amounted to R642,836 million. For the month of December 2022, the municipality could only settle R20,000 million of the current account for November 2022, amounting to R59,750 million.

Month	Outstanding Balance	Arrear Debt	Current Acc
INTEREST CHARGES - APR TO JUN 2021	6,191,399.16	6,191,399.16	
AUG 2021 BULK ACCOUNT	15,074,754.70	15,074,754.70	
SEP 2021 BULK ACCOUNT	15,794,682.80	15,794,682.80	
OCT 2021 BULK ACCOUNT	15,275,086.61	15,275,086.61	
NOV 2021 BULK ACCOUNT	14,522,530.48	14,522,530.48	
DEC 2021 BULK ACCOUNT	11,107,773.22	11,107,773.22	
JAN 2022 BULK ACCOUNT	17,098,078.18	17,098,078.18	
FEB 2022 BULK ACCOUNT	16,436,776.66	16,436,776.66	
MAR 2022 BULK ACCOUNT	14,930,212.48	14,930,212.48	
NOV 2022 BULK ACCOUNT	16,318,404.82	16,318,404.82	
DEC 2022 BULK ACCOUNT	10,953,859.72		10,953,859.72
WRM LEVIES NOV 2022	82,471.24	82,471.24	
WRM LEVIES DEC 2022	82,471.24		82,471.24
Total DWS	153,868,501.31	142,832,170.35	11,036,330.96

Table 6.4: Summary of outstanding DWS debt

Indicated in Table 6.4 above, is the detailed breakdown of outstanding balances per invoice amounting to R153,869 million. The outstanding balance is then split into the the arrear debt (R142,832 million) and the current account (R11,036 million). It should be noted that the total debt due to DWS must be concurred with the Department.

Payment date	Sum of VOTE AMOUNT
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
20220816	38,036,976.25
20220901	82,471.24
20220920	82,471.24
20221021	82,471.24
20221031	33,769,424.62
20221111	82,471.24
20221124	20,859,449.92
20221229	7,835,604.54
Grand Total	170,548,129.11

Payments per fin period	Sum of VOTE AMOUNT
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
202208	38,036,976.25
202209	164,942.48
202210	33,851,895.86
202211	20,941,921.16
202212	7,835,604.54
Grand Total	170,548,129.11

Table 6.5: Summary of DWS payments

Indicated in Table 6.5 above, is the total amount paid to DWS per financial period and per payment date for the 2021/22 and 2022/23 financial year amounting to R170,548 million. For the month of December 2022, the municipality settled an amount of R7,836 million on the final outstanding balance of the July 2022 invoice which is inclusive of the debt repayment instalment of R5.9 million. The municipality did not have sufficient cash available to settle the November 2022 account.

Monthly and YTD comparison of debt owed to Eskom and DWS

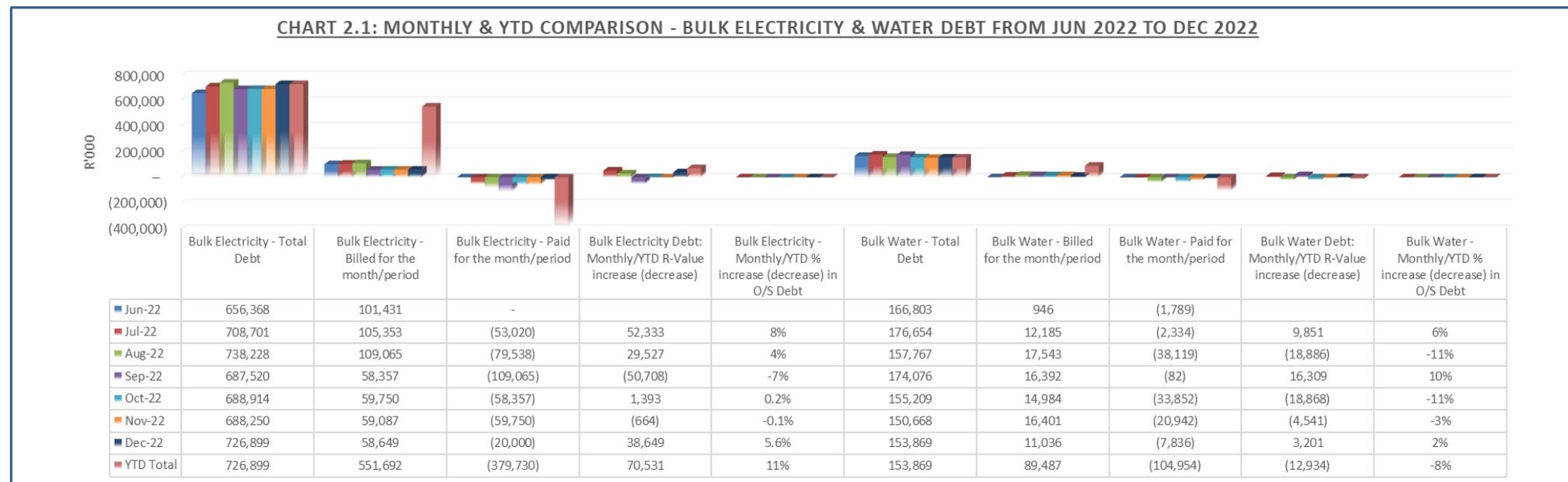


Chart 2.1: Monthly & YTD comparison - Bulk electricity & Water debt

Indicated in Chart 2.1, is the monthly and YTD comparison of Bulk electricity and Water debt. From November to December 2022, debt owed to ESKOM increased by R38,649 million or 5.6%, from R688,250 million to R726,899 million. When comparing the total outstanding debt to June 2022, the outstanding debt increased by R70,531 million or 11% from R656,368 million to R726,899 million. The total YTD billing from June to December 2022, amounts to R551,692 million, whilst the municipality settled an amount of R379,730 million for the same period.

From November to December 2022, debt owed to DWS increased by R3,201 million or 2%, from R150,668 million to R153,869 million. When comparing the total outstanding debt to June 2022, the outstanding debt decreased by R12,934 million or 8% from R166,803 million to R153,869 million. The total YTD billing from June to December 2022, amounts to R89,487 million, whilst the municipality settled an amount of R104,954 million for the same period.

4.3 Capital expenditure

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure - December 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 % - 50%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	190,043	13,922	37,995	95,022	40.0%	(57,026)	-60.0%	20.0%	(57,026)	-30.0%
Funded by										
Capital transfers recognised	134,338	6,985	31,024	67,169	46.2%	(36,145)	-53.8%	23.1%	(36,145)	-26.9%
Internally generated funds	55,705	6,937	6,971	27,853	25.0%	(20,882)	-75.0%	12.5%	(20,882)	-37.5%
Weighting Capital transfer recognised	70.7%	50.2%	81.7%	70.7%						
Weighting Internally generated funds	29.3%	49.8%	18.3%	29.3%						

Table 7: High level summary: Capital Expenditure

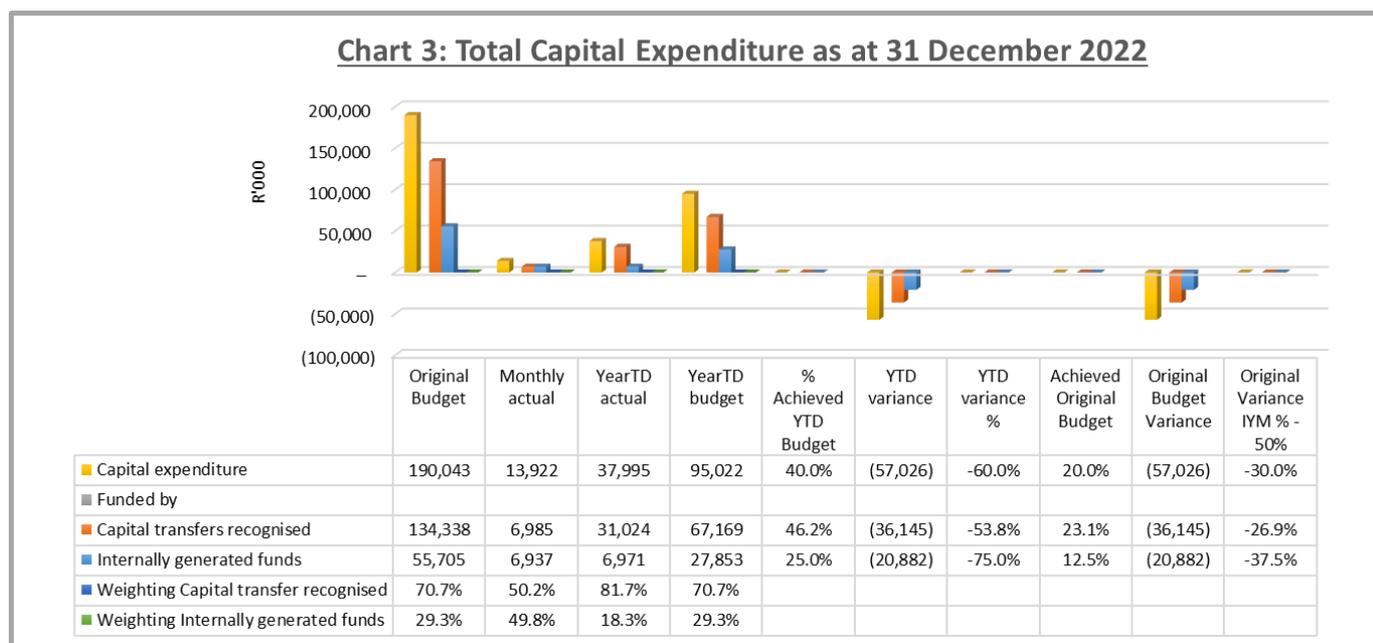


Chart 3: Total Capital expenditure

As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of December 2022 amounted to R37,995 million and 40% spent when compared to the YTD budget of R95,022 million and 20% spent when compared to the Original Budget of R190,043 million. The total YTD capex is funded from Capital grants R31,024 million (81.7%) and Internally generated funds R6,971 million (18.3%). Capex is extremely low and major intervention is required for the 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

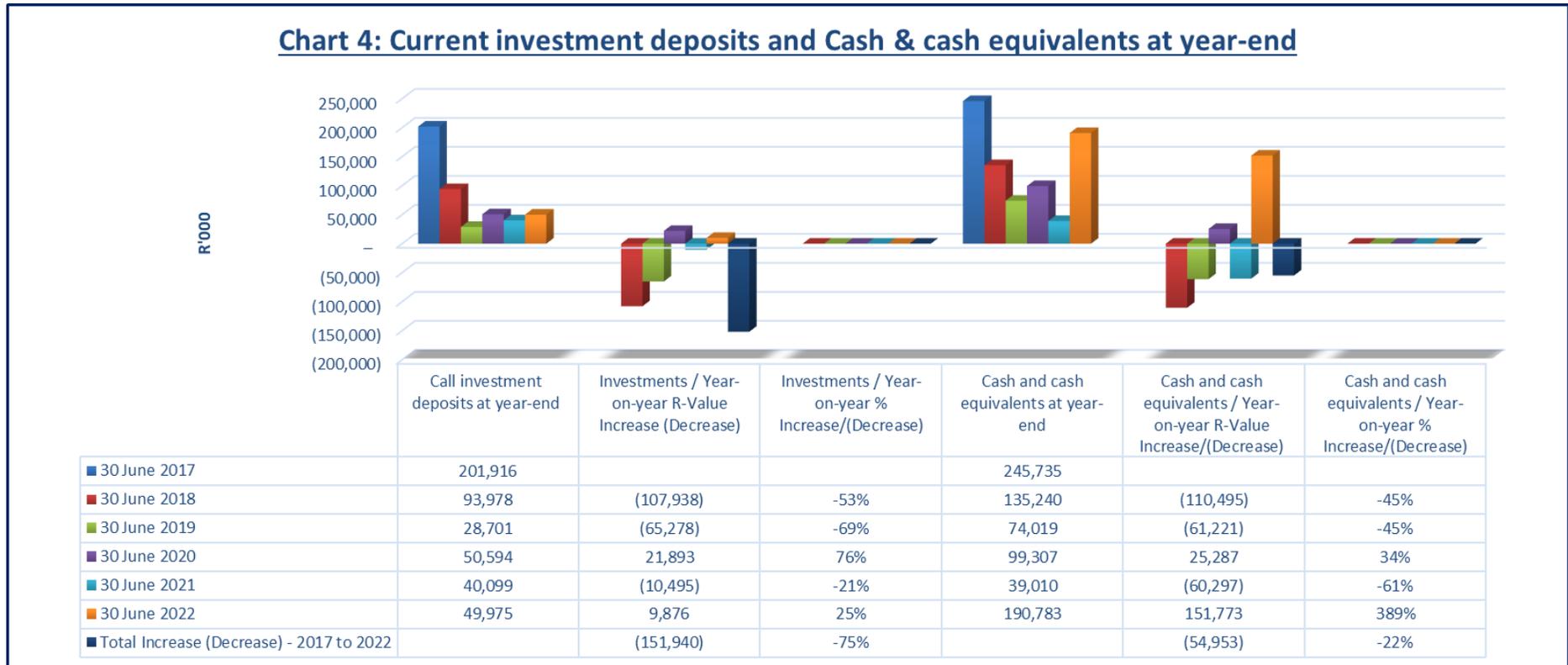


Chart 4: Call investment deposits and Cash & cash equivalents at year-end

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 R9,876 million or 25% from 2021 to 2022. From 2017 to 2022, the total investments decreased by R151,940 million. The same trend can be seen year-on-year, as indicated in the chart above in respect of the Cash and cash equivalents. There has been a substantial increase in the Cash and Cash equivalents for the year ended 30 June 2022, due to portion of the Equitable Share that was held as reserve, to avert a crisis situation, where the municipality cannot pay salaries. 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 December 2022

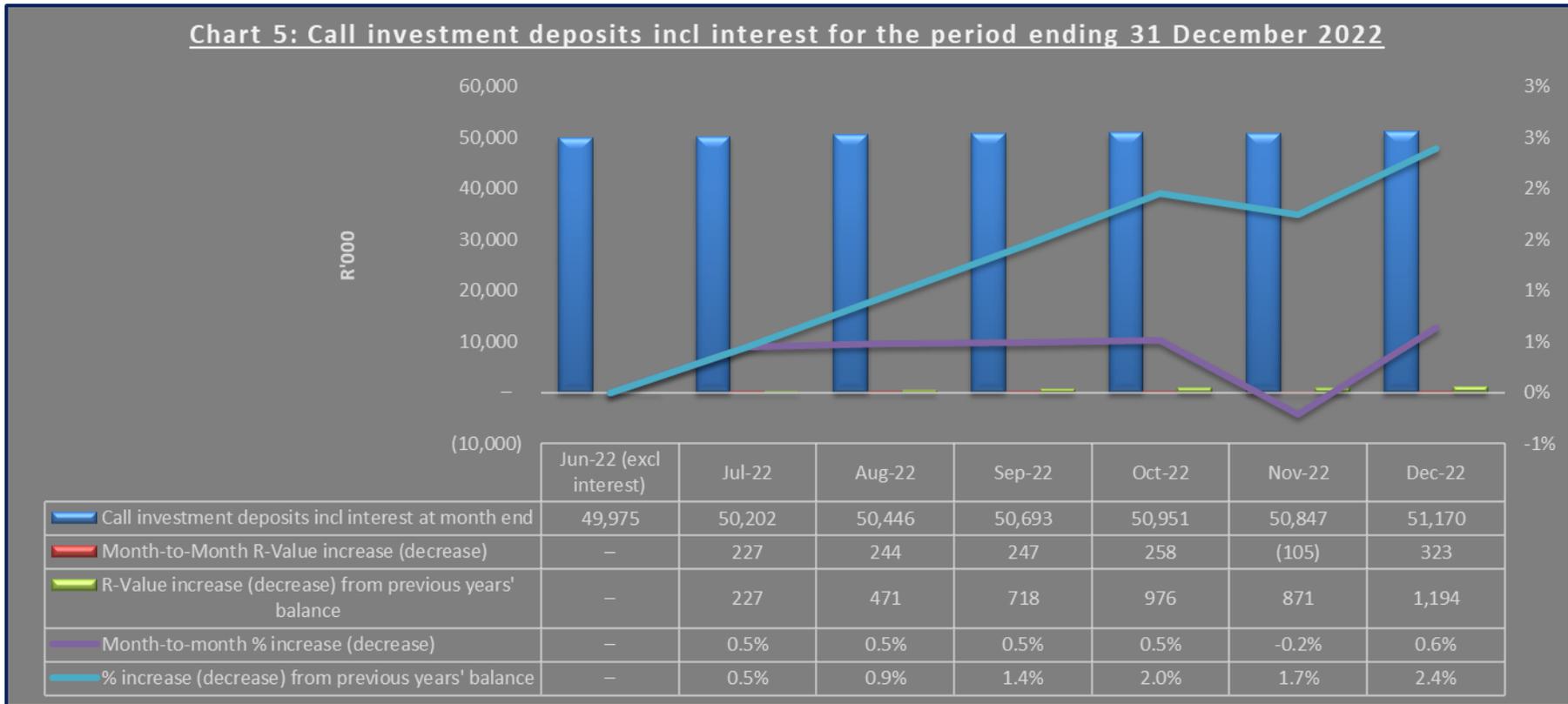


Chart 5: Call investment deposits at month-end

As indicated in the Chart 5 above from October to December 2022 investments incl interest increased by R323 thousand or 0.6%, in respect of the month-to-month comparison. Investments increased by R1,194 million or 2.4% when compared to the previous years' audited figure of R49,975 million. Various commitments must be met monthly including Salaries, Bulk Electricity, Bulk Water in the billing period and capital expenditure. The majority of staff receive their annual bonuses in December of each year. Bi-annual long-term loan repayments. The non-charging of the basic charge for the 2018/19 financial year for domestic consumers also had a negative impact on the income from Sale of Electricity and thus negatively affecting the municipality's cash flow. The movement on investments should be monitored going forward and a concerted effort should be done to collect current and long outstanding debt. Capital and Operational expenditure overall, also needs to be reviewed and prioritised.

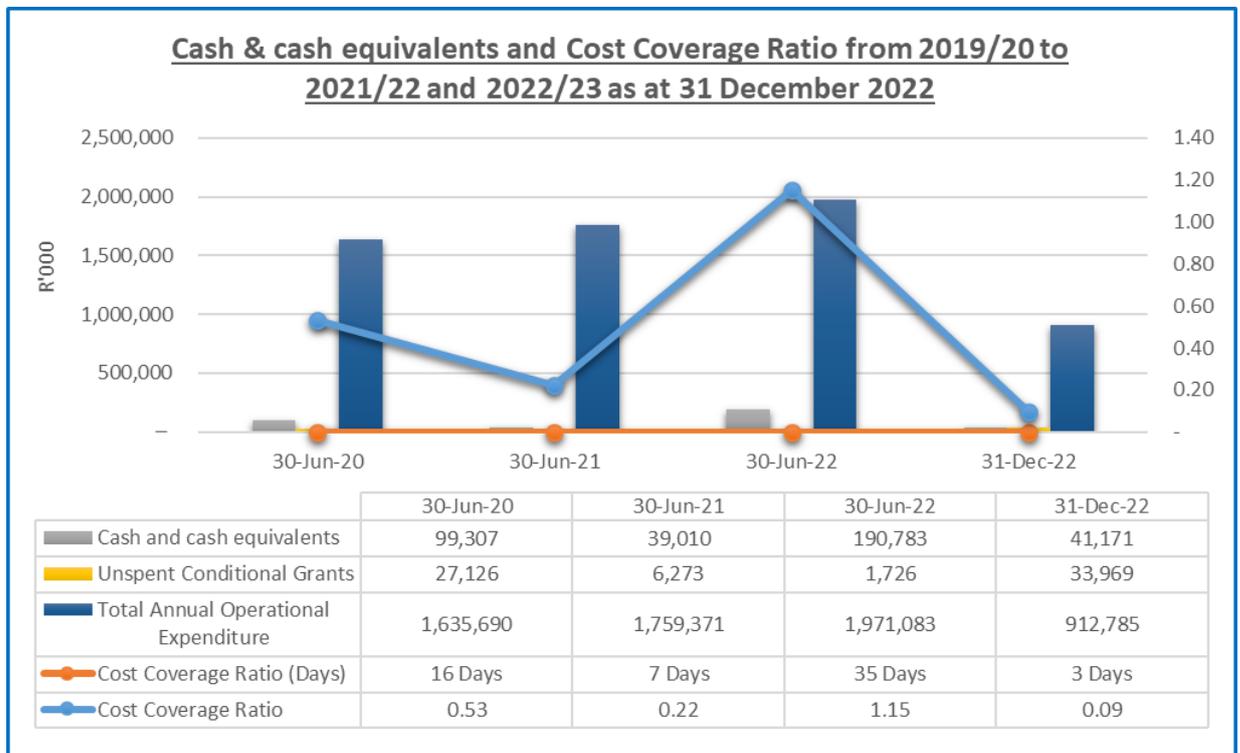


Chart 6: Cash & cash equivalents and Cost coverage ratio

Indicated in Chart 6 above, is the Cost coverage ratio and the Cash and cash equivalents for 2019/20 (0.53 or 16 days; R99,307m) and 2020/21 (0.22 or 7 days; R39,010m). There was a marginal improvement for 2021/22 (1.15 or 35 days; R190,783m), but this was as a result of increased Cash and cash equivalents, which was predominantly Equitable share funds that the municipality was saving to build up some kind of reserve. The Cost coverage ratio as at 31 December is currently less than one week, whilst the NT norm is 3 months. 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 escalation in debt owed to ESKOM and DWS. 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 diligently, 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 - M06 December

Description	NT Code	Budget Year 2022/23										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total				
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	28,520	19,055	18,151	14,805	15,613	12,688	83,155	459,383	651,371	585,644	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	42,005	15,032	11,121	12,693	12,219	11,169	39,170	143,152	286,560	218,402	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	37,014	15,956	13,740	12,403	11,794	85,059	65,475	608,924	850,365	783,654	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	7,541	5,361	4,935	4,678	4,520	4,432	23,273	146,876	201,618	183,779	-	-	
Receivables from Exchange Transactions - Waste Management	1600	6,088	4,036	3,685	3,522	3,423	3,329	17,458	113,652	155,193	141,384	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	1,614	1,570	1,540	1,525	1,505	1,563	5,944	42,264	57,525	52,801	-	-	
Interest on Arrear Debtor Accounts	1810	16,735	15,322	15,024	13,835	13,158	12,389	62,505	583,688	732,654	685,574	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	6,534	14,839	8,650	4,675	7,722	4,904	14,865	192,741	254,930	224,907	-	-	
Total By Income Source	2000	146,053	91,172	76,846	68,134	69,953	135,533	311,845	2,290,679	3,190,215	2,876,144	-	-	
2021/22 - totals only										-	-			
Debtors Age Analysis By Customer Group														
Organs of State	2200	22,157	11,652	10,900	12,003	15,210	83,573	46,447	632,263	834,206	789,496	-	-	
Commercial	2300	53,916	20,476	14,717	13,253	13,791	12,904	61,407	329,972	520,435	431,326	-	-	
Households	2400	68,302	57,342	49,905	41,179	39,826	38,018	197,586	1,279,709	1,771,867	1,596,318	-	-	
Other	2500	1,677	1,703	1,324	1,699	1,126	1,038	6,404	48,736	63,707	59,003	-	-	
Total By Customer Group	2600	146,053	91,172	76,846	68,134	69,953	135,533	311,845	2,290,679	3,190,215	2,876,144	-	-	

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 R3,190,215 billion as at the end of December 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).

Sol Plaatje (NC091): Monthly Budget Statement: December 2022

Chart 7 below, depicts the month-on-month summary of Debt over 90 days as a percentage of total O/S Debt which increased to 90% for the month under review. Debt over 90 days increased by R118,580 million in respect of the month-to-month comparison. The month-to-month increase on Total debt amounted to R44,366 million. It is concerning that total debt over 90 days is hovering at an average of 85 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. For the year ended 30 June 2022, the amounts written off as uncollectable amounted to R35,270 million. The total amounts written off as uncollectable for the past three financial years amounts to R768,740 million.

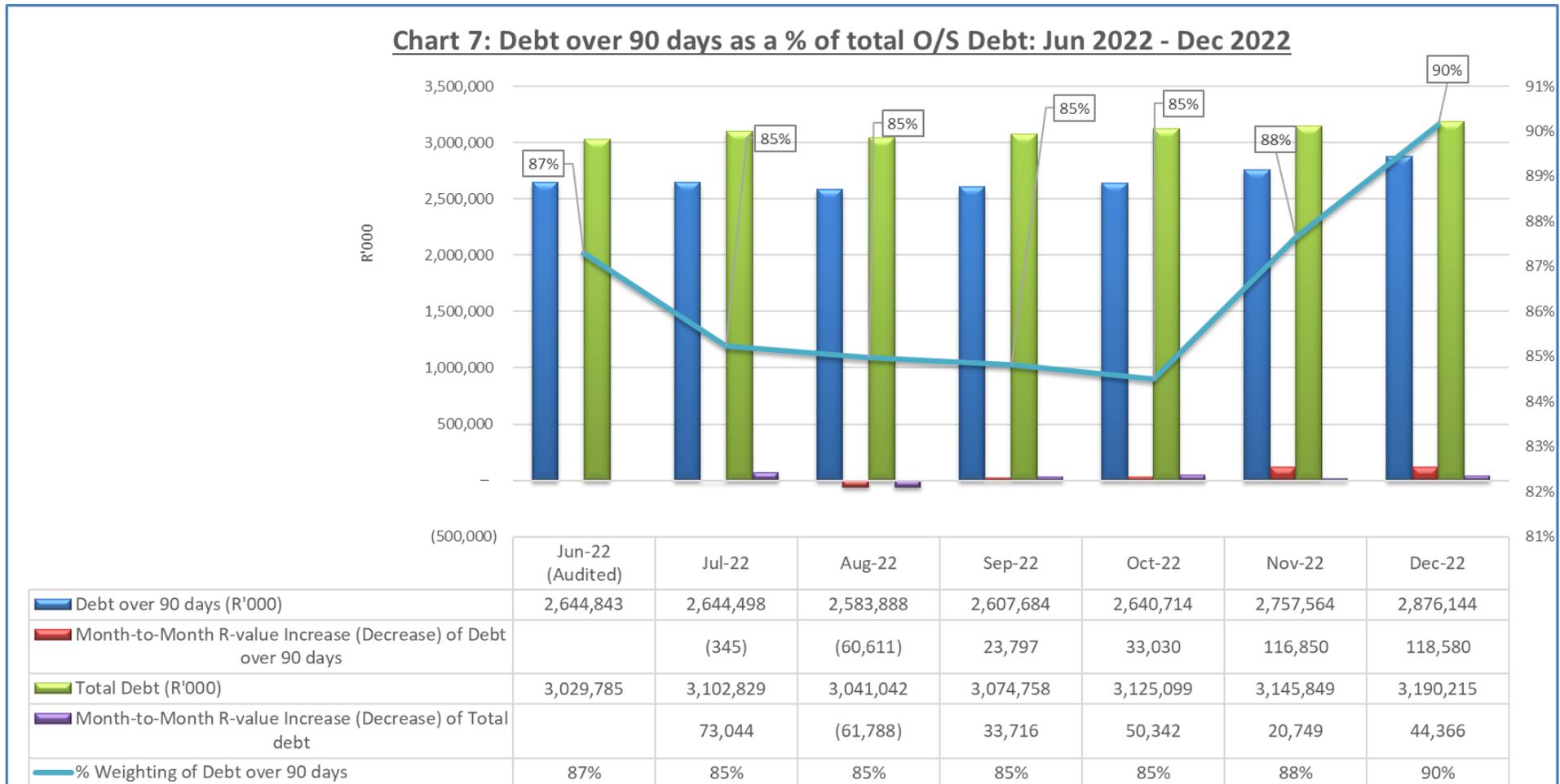


Chart 7: Debt over 90 days as a percentage of Total O/S Debt

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

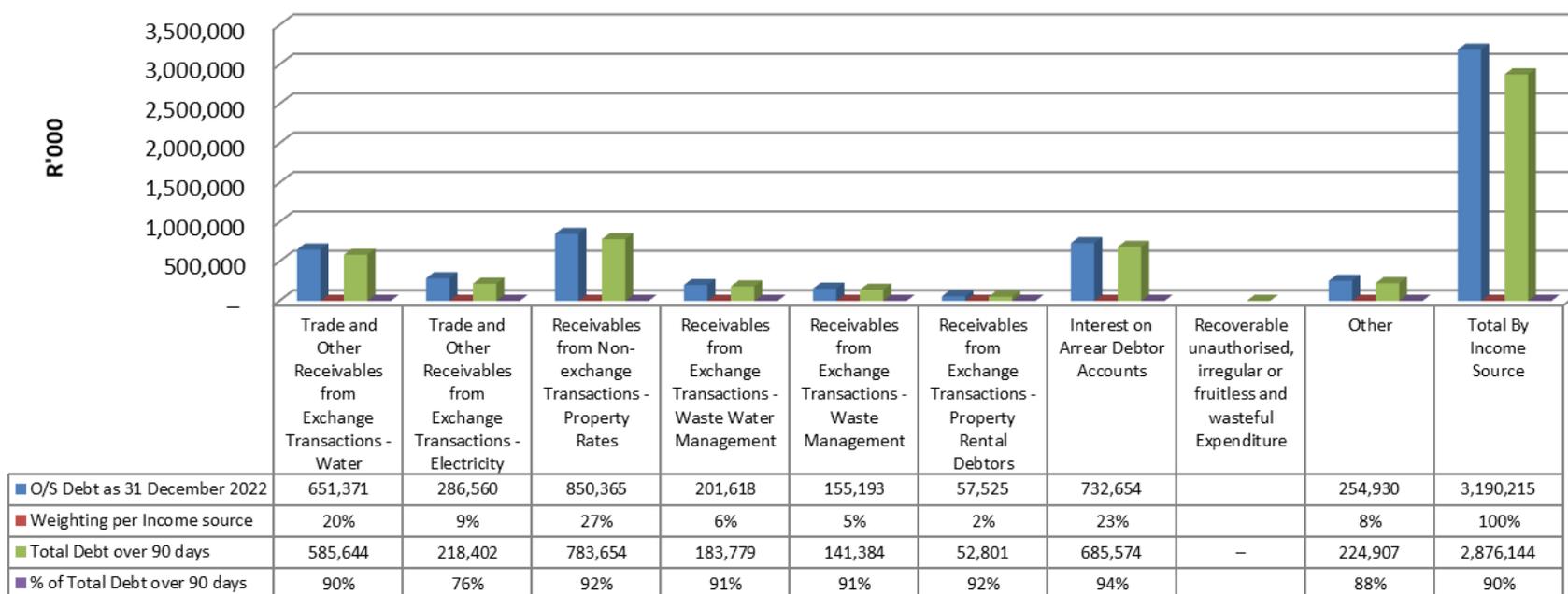


Chart 8: Outstanding Debt by Income Source

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 December 2022. The highest percentage weighting of debt owed is attributable to:

- ❖ Receivables from Non-exchange Transactions - Property Rates at 27%
- ❖ Interest on Arrear Debtor Accounts 23%, and
- ❖ Trade and Other Receivables from Exchange Transactions – Water at 20%

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

- ❖ Interest on Arrear Debtor Accounts and Other at 94%, respectively;
- ❖ Receivables from Exchange Transactions - Property Rental Debtors at 92%
- ❖ Receivables from Non-exchange Transactions - Property Rates at 92%

Debtors Age Analysis By Income Source	O/S Debt as 30 November 2022	O/S Debt as 31 December 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	642,404,455	651,370,615	1.4%	8,966,160	20%
Trade and Other Receivables from Exchange Transactions - Electricity	282,763,110	286,560,067	1.3%	3,796,957	9%
Receivables from Non-exchange Transactions - Property Rates	840,591,448	850,364,882	1.1%	9,773,434	27%
Receivables from Exchange Transactions - Waste Water Management	198,471,035	201,617,592	1.6%	3,146,557	6%
Receivables from Exchange Transactions - Waste Management	152,616,839	155,192,554	1.7%	2,575,715	5%
Receivables from Exchange Transactions - Property Rental Debtors	56,437,831	57,524,927	1.9%	1,087,096	2%
Interest on Arrear Debtor Accounts	717,311,637	732,654,068	2.1%	15,342,431	23%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-	-		-	
Other	255,252,347	254,929,803	-0.1%	-322,544	8%
Total By Income Source	3,145,848,702	3,190,214,508	1.4%	44,365,806	100%
Debtors Age Analysis By Customer Group					
Organs of State	825,622,131	834,205,657	1.0%	8,583,526	26%
Commercial	513,294,565	520,435,300	1.4%	7,140,735	16%
Households	1,741,134,686	1,771,866,746	1.7%	30,732,060	56%
Other	65,797,320	63,706,805	-3.3%	-2,090,515	2%
Total By Customer Group	3,145,848,702	3,190,214,508	1.4%	44,365,806	100%

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 November 2022 to December 2022, the municipality's total O/S debt increased by 1.4% or R44,366 million.

O/S debt per Income Source

- ❖ Trade and Other Receivables from Exchange Transactions - Water increased by 1.4%.
- ❖ Trade and Other Receivables from Exchange Transactions - Electricity increased by 1.3%.
- ❖ Receivables from Non-exchange Transactions - Property Rates increased by 1.1%.
- ❖ Receivables from Exchange Transactions - Waste Water Management increased by 1.6%;
- ❖ Receivables from Exchange Transactions - Waste Management increased by 1.7%.
- ❖ Receivables from Exchange Transactions - Property Rental Debtors increased by 1.9%.
- ❖ Interest on Arrear Debtor Accounts increased by 2.1%.
- ❖ Other decreased by 0.1%.

O/S debt per Customer Group

- ❖ Organs of State increased by 1.0%.
- ❖ Commercial debtors increased by 1.4%.
- ❖ Debt owed by Households increased by 1.7%.
- ❖ Other Debt decreased by 3.3%.

Weighting per Customer Group

- ❖ Government debt constitutes 26%, Businesses 16%, Households 56% 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. This error affects Chart C3 Aged Consumer Debtors Analysis. The problem was communicated to the financial system provider (BCX). They provided feedback and confirmed that the bug will be fixed and implemented in due course. The error on Chart C4 Consumer Debtors (total by Debtor Customer Category) must be communicated to NT as the 2021/22 audited actuals is not aligned to the AFS and is based on an erroneous formula which the municipality is strictly prohibited from fixing manually. The C-schedule for this reason, is completely password protected. The corrected charts are indicated below.

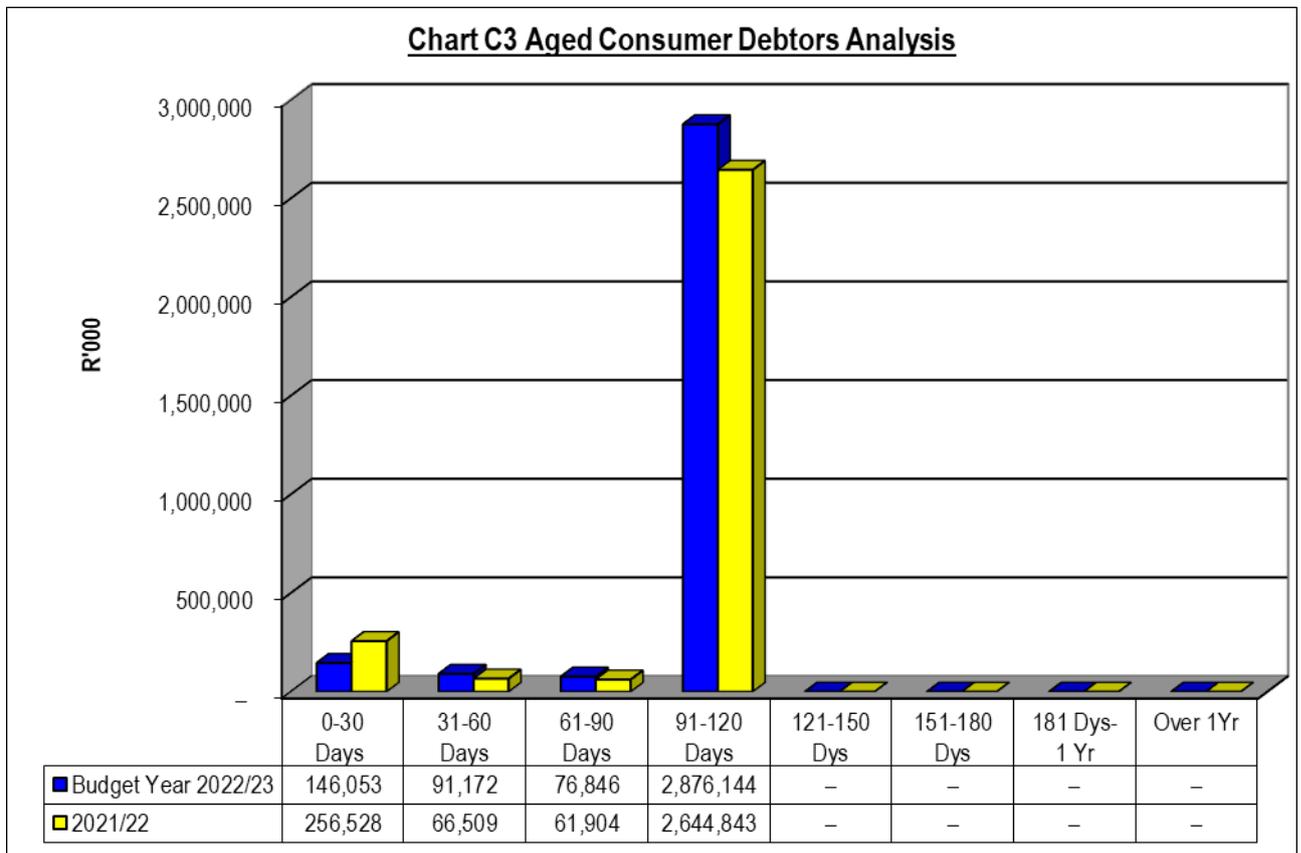


Chart 9: Aged Consumer Debtor Analysis

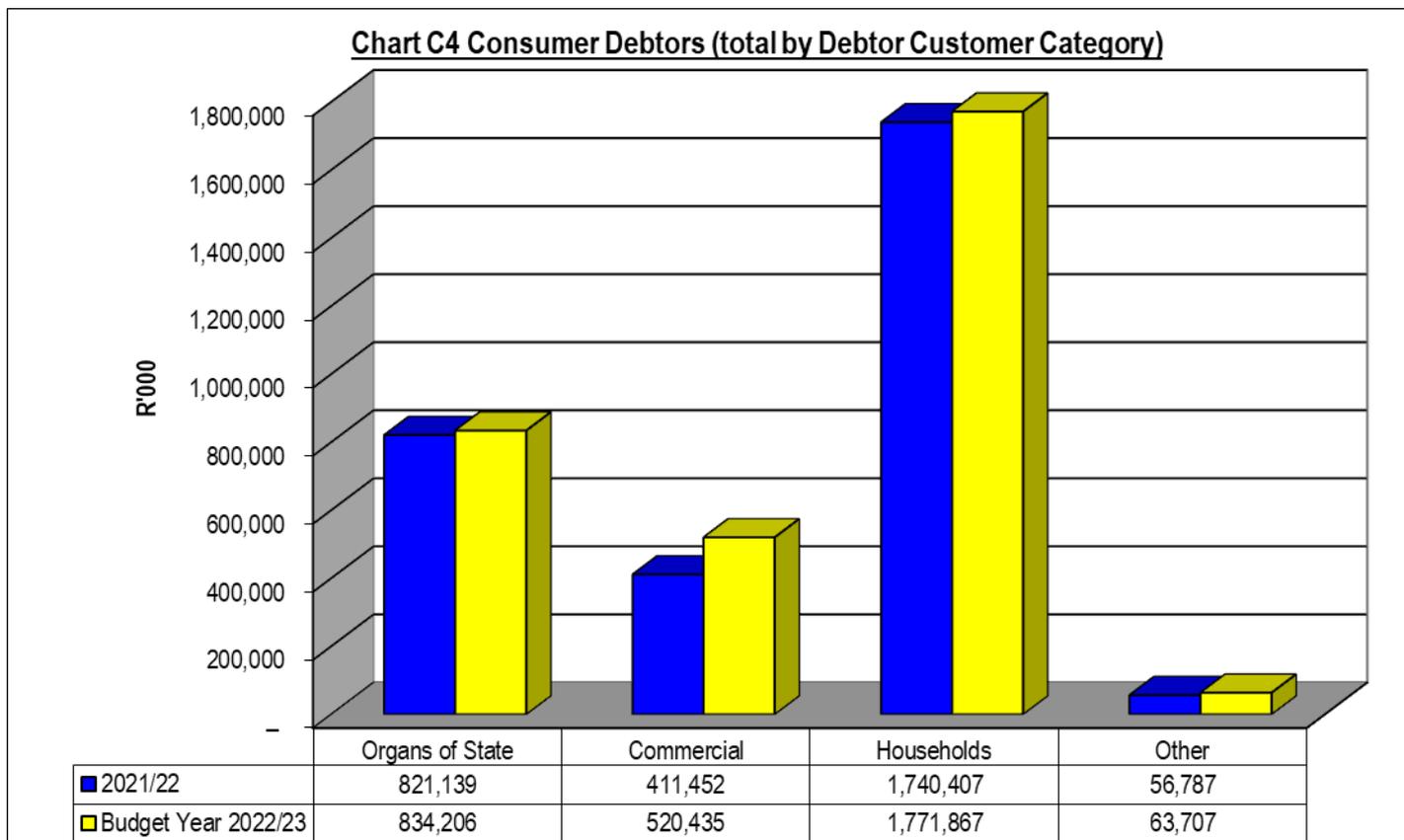


Chart 10: Consumer Debtors (total by Debtor Customer Category)

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

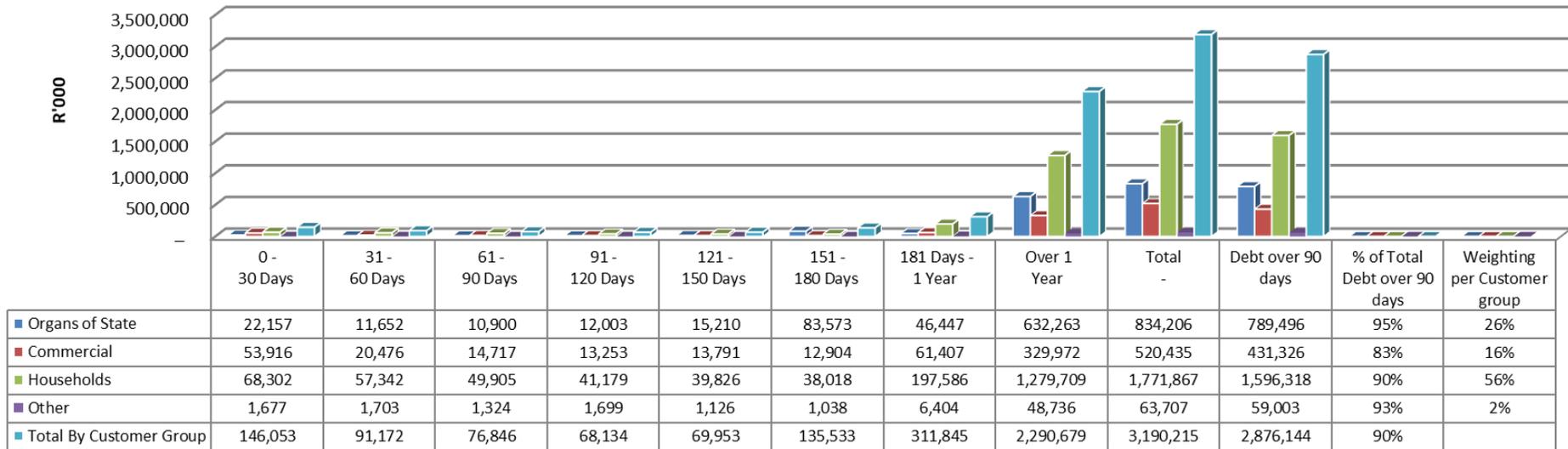


Chart 11: Debtor's Age Analysis per Customer Group

Chart 11 above, illustrates that the bulk of SPM debt is aged over 90 days with a total weighting of 90%. 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 76%. 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 November 2022 and received in December 2022, the monthly collection rate is 70%. The low collection rate is not an ideal situation and 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 during August 2022. Indicated in Table 11 below is the revised average collection of 78.1% for the period under review.

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 December to 31 December 2022. Unallocated credits are obtained from the cashbook. Government in particular and businesses/households that opt to get billed annually, had until the end of September/October 2022 to settle their outstanding accounts. However, this is not materializing for the current financial year.

Monthly Collection Rate	Debits (Billed Nov 2022)	Credits (Received Dec 2022)	% Collected
PROPERTY RATES	46,287,875	31,035,327	67%
ELECTRICITY	20,510,961	32,189,420	157%
WATER	30,679,903	15,412,252	50%
SEWERAGE	9,212,365	4,169,836	45%
REFUSE	7,073,438	3,282,605	46%
OTHER	29,096,165	14,454,706	50%
Total	142,860,708	100,544,146	70%

Monthly Billing	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Billed
	Debits	Debits	Debits	Debits	Debits	Debits	Revenue
Property Rates	45,526,179	130,973,036	46,224,330	46,225,925	46,225,999	46,287,875	361,463,343
Electricity excl Prepays	40,548,603	50,624,052	49,040,547	51,300,654	66,824,403	20,510,961	278,849,220
Water	19,401,745	21,444,989	24,919,395	28,165,473	35,157,571	30,679,903	159,769,077
Sewerage	8,793,144	9,145,610	9,143,232	9,170,776	9,187,128	9,212,365	54,652,255
Refuse	6,773,905	7,045,820	7,044,482	7,052,220	7,059,844	7,073,438	42,049,711
Other	15,751,369	16,061,277	17,221,887	18,403,082	21,341,222	29,096,165	117,875,001
Total	136,794,945	235,294,784	153,593,872	160,318,131	185,796,167	142,860,708	1,014,658,607
Monthly Collection	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	YTD Collection
	Credits	Credits	Credits	Credits	Credits	Credits	
Property Rates	45,912,631	60,651,706	32,790,850	32,927,529	30,410,572	31,035,327	233,728,615
Electricity excl Prepays	32,131,979	43,563,694	55,757,478	40,763,524	57,356,024	32,189,420	261,762,119
Water	15,395,920	12,001,612	15,264,991	11,149,911	18,294,509	15,412,252	87,519,195
Sewerage	3,847,874	4,131,416	3,908,580	3,951,661	4,218,136	4,169,836	24,227,503
Refuse	3,072,385	3,314,668	3,120,984	3,101,829	3,268,335	3,282,605	19,160,806
Other	15,390,967	15,121,715	17,121,702	13,481,518	12,938,365	14,454,706	88,508,973
Total	115,751,755	138,784,810	127,964,584	105,375,972	126,485,941	100,544,146	714,907,209
Monthly Collection	85%	59%	83%	66%	68%	70%	70%
Monthly collection rate per service							
Revenue source	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Average
Property Rates	101%	46%	71%	71%	66%	67%	65%
Electricity excl Prepays	79%	86%	114%	79%	86%	157%	94%
Water	79%	56%	61%	40%	52%	50%	55%
Sewerage	44%	45%	43%	43%	46%	45%	44%
Refuse	45%	47%	44%	44%	46%	46%	46%
Other	98%	94%	99%	73%	61%	50%	75%
Monthly collection rate	85%	59%	83%	66%	68%	70%	70%
Average monthly collection rate as at 31 December 2022							72%

Table 10: Monthly collection rate

REVENUE BY SOURCE	YTD ACTUAL DEC 2022		YTD RECEIPTS	Rate
PROPERTY RATES	R	357,985,854	R 216,966,700	60.6%
SERVICE CHARGE ELECTRICITY	R	231,544,157	R 260,319,153	112.4%
SERVICE CHARGE ELECTRICITY - PREPAIDS	R	142,063,328	R 142,063,328	100.0%
SERVICE CHARGE WATER	R	144,532,728	R 86,444,185	59.8%
SERVICE CHARGE SANITATION	R	46,734,953	R 24,179,705	51.7%
SERVICE CHARGE REFUSE	R	34,537,757	R 19,187,393	55.6%
OTHER	R	117,875,001	R 83,339,269	70.7%
UNALLOCATED CREDITS			R 7,716,169	
REVISED AVERAGE COLLECTION RATE - DECEMBER 2022	R	1,075,273,778	R 840,215,900	78.1%

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

BS566 Payments per Service per Day/Period - Service								
Per Service	Tariff Code	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	TOTAL
PROPERTY RATES	VA	-	-	60.36	400.00	-	-	460.36
PROPERTY RATES	VA2010	-	1,849.29	-	465.29	3.28	82.57	2,400.43
PROPERTY RATES	VARESD	11,554,158.61	17,670,066.22	12,208,358.82	14,335,666.41	13,401,856.55	12,649,633.80	81,819,740.41
PROPERTY RATES	VASRA	52,536.92	54,152.01	769,061.35	284,846.81	207,468.32	500,750.19	1,868,815.60
PROPERTY RATES	VABCOM	14,239,294.76	21,846,957.19	12,270,773.22	15,392,575.58	13,132,889.99	14,505,036.18	91,387,526.92
PROPERTY RATES	VAIND	1,456,382.45	1,878,851.67	1,742,027.75	1,844,963.60	1,421,384.40	1,670,098.14	10,013,708.01
PROPERTY RATES	VAFAAG	78,107.79	185,427.86	123,573.26	127,936.22	78,944.20	129,991.54	723,980.87
PROPERTY RATES	VAFARE	15,683.92	14,676.48	33,053.52	16,538.55	19,362.01	11,530.66	110,845.14
PROPERTY RATES	VAMUN	199.46	-	-	-	1,062.67	-	1,262.13
PROPERTY RATES	VAGOVN	296,275.54	23,880,726.22	280,487.89	2,835,598.37	1,185,280.23	454,836.04	28,933,204.29
PROPERTY RATES	VARESV	174,601.31	231,176.12	153,641.62	178,155.13	157,086.39	137,832.88	1,032,493.45
PROPERTY RATES	VAGOVN	-	434,078.55	-	-	-	-	434,078.55
PROPERTY RATES	VAPBO	-	-	-	-	1,021.64	2,141.92	3,163.56
PROPERTY RATES	VAFABC	358,956.69	35,270.09	45,033.07	118,322.67	37,699.57	39,737.90	635,019.99
TOTAL PROPERTY RATES		28,226,197.45	66,233,231.70	27,626,070.86	35,135,468.63	29,644,059.25	30,101,671.82	216,966,699.71
BASIC ELECTRICITY	BE	494,200.67	545,453.29	489,992.75	537,039.22	487,294.81	500,612.01	3,054,592.75
ELECTRICITY	EL	32,497,782.86	48,611,370.59	47,585,554.73	44,670,767.80	53,505,090.62	30,393,993.19	257,264,559.79
PREPAID ELECTRICITY		25,829,774.07	25,632,451.85	22,249,757.55	22,882,980.11	22,350,166.95	23,118,197.21	142,063,327.74
TOTAL ELECTRICITY		58,821,757.60	74,789,275.73	70,325,305.03	68,090,787.13	76,342,552.38	54,012,802.41	402,382,480.28
BASIC WATER	BW	101,803.68	55,922.48	64,206.98	70,825.99	41,189.81	63,736.17	397,685.11
WATER CONSUMPTION	WA	13,941,872.36	12,400,373.56	14,717,126.02	12,195,251.89	18,082,021.88	14,709,853.90	86,046,499.61
TOTAL WATER		14,043,676.04	12,456,296.04	14,781,333.00	12,266,077.88	18,123,211.69	14,773,590.07	86,444,184.72
BASIC SEWERAGE	BS	342,863.46	302,922.72	235,156.10	281,603.65	260,050.02	246,188.11	1,668,784.06
SANITATION	SE	3,328,774.23	4,065,980.24	3,428,966.01	4,035,967.62	4,023,272.13	3,627,960.55	22,510,920.78
TOTAL SANITATION		3,671,637.69	4,368,902.96	3,664,122.11	4,317,571.27	4,283,322.15	3,874,148.66	24,179,704.84
REFUSE	BR	2,688,210.78	3,131,446.45	2,710,585.87	3,108,569.57	3,045,428.17	2,819,991.86	17,504,232.70
ADD REFUSE	RF	318,771.58	326,586.51	245,012.08	266,253.60	249,901.54	276,635.00	1,683,160.31
TOTAL REFUSE		3,006,982.36	3,458,032.96	2,955,597.95	3,374,823.17	3,295,329.71	3,096,626.86	19,187,393.01
INTEREST ON ARREARS	IN0001	14,837.31	3,640.45	2,470.57	16.68	1,068.96	1,221.54	23,255.51
INTEREST ON ARREARS	INBR	110,061.36	64,483.08	54,660.69	69,001.79	77,903.59	63,344.69	439,455.20
INTEREST ON ARREARS	INSE	82,526.81	94,674.13	81,504.57	97,432.46	107,665.78	94,424.97	558,228.72
INTEREST ON ARREARS	INWA	246,746.07	290,224.03	220,163.16	319,086.20	316,341.30	264,977.03	1,657,537.79
INTEREST ON ARREARS	INSU	35,590.37	57,346.76	28,269.57	45,406.60	32,745.01	36,601.13	235,959.44
INTEREST ON ARREARS	INBS	34,685.00	4,845.76	2,532.27	7,869.47	7,136.62	6,632.41	63,701.53
INTEREST ON ARREARS	INEL	326,560.38	2,724,558.14	359,027.60	1,124,794.17	210,379.34	230,348.94	4,975,668.57
INTEREST ON ARREARS	INBE	38,137.40	6,483.64	14,212.25	16,840.83	6,038.95	9,031.39	90,744.46
INTEREST ON ARREARS	INBW	37,732.01	3,096.67	10,653.57	16,023.45	4,224.75	4,494.71	76,225.16
INTEREST ON ARREARS	INRF	21,990.58	1,154.84	1,620.18	5,838.20	1,818.87	1,762.24	34,184.91
INTEREST ON ARREARS	INVA	706,259.98	646,360.93	452,995.24	409,305.74	343,658.90	537,831.91	3,096,412.70
TOTAL INTEREST ON ARREARS		1,655,127.27	3,896,868.43	1,228,109.67	2,111,615.59	1,108,982.07	1,250,670.96	11,251,373.99
DEPOSITS	DEWE	365,159.66	381,981.42	451,824.84	217,638.65	258,271.01	205,457.02	1,880,332.60
CREDITS NOT YET ALLOCATED	EX	7,627,503.75	11,554,653.70	11,726,210.01	9,708,655.48	9,857,353.70	10,530,848.50	61,005,225.14
SUNDRY DEBTORS	SU	512,870.99	1,466,084.21	1,030,213.47	1,362,847.09	1,320,298.13	1,458,063.96	7,150,377.85
HOUSE RENTALS	SU10	73,465.93	94,208.22	87,329.14	99,936.22	176,515.18	103,096.90	634,551.59
MISC 1	SU50	94,739.60	72,875.12	59,570.95	71,858.85	97,938.38	164,708.19	561,691.09
MISC 2	SU11	99,481.13	76,357.05	172,970.34	135,231.57	146,582.91	116,081.47	746,704.47
MISC 3	SU15	-	4,220.39	-	-	-	-	4,220.39
INFORMAL HOUSING	SU60	4,474.71	8,391.05	5,083.64	8,219.13	5,915.08	25,846.82	57,930.43
ARREARS MAGIC	SU70	1,695.42	172.83	2,433.38	2,180.77	1,292.90	1,108.19	8,883.49
SUNDRY COMMISSION	SUCOMM	991.09	1,278.14	857.69	1,542.45	2,545.43	1,250.33	8,465.13
COMM ON PNP	SUEASY	2,109.35	9,765.07	1,743.88	11,178.26	2,352.24	2,363.56	29,512.36
OTHER		8,782,491.63	13,669,987.20	13,538,237.34	11,619,288.47	11,869,064.96	12,608,824.94	72,087,894.54
VAT	VAT	8,089,456.63	10,488,292.57	10,479,872.63	9,921,109.36	12,096,375.59	8,036,363.35	59,111,470.13
TOTAL RECEIPTS		100,467,552.60	163,728,435.74	122,348,891.04	123,953,761.39	134,412,730.85	104,636,501.86	749,547,873.48
TOTAL RECEIPTS LESS VAT		92,378,095.97	153,240,143.17	111,869,018.41	114,032,652.03	122,316,355.26	96,600,138.51	690,436,403.35
TOTAL RECEIPTS INCL PREPAIDS		118,207,870.04	178,872,595.02	134,118,775.96	136,915,632.14	144,666,522.21	119,718,335.72	832,499,731.09

Table 12.1: BS566 report on receipts per service

Sol Plaatje (NC091): Monthly Budget Statement: December 2022

BS566 Payments per Service per Day/Period - Debtor type								
Debtor Type Description	Debtor Type	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	TOTAL
BUSINESS KVA	BK	11,547,917.82	14,327,185.00	15,546,638.79	14,461,607.72	11,902,866.97	12,799,536.24	80,585,752.54
BUSINESS RESIDENTIAL	BR	835,840.27	1,188,696.75	844,809.17	914,624.49	837,863.57	724,823.80	5,346,658.05
BUSINESS	BU	29,968,288.25	46,819,684.30	26,846,493.36	32,149,999.11	25,207,570.93	25,818,817.76	186,810,853.71
CHURCHES	CH	91,275.28	130,874.41	110,856.66	139,916.33	94,664.01	143,824.54	711,411.23
COUNCILLOR	CL	56,270.39	66,802.86	65,584.34	65,092.22	61,244.18	60,145.81	375,139.80
COMMERCIAL	CO	2,729,940.06	2,029,891.91	2,222,372.44	1,748,928.79	1,348,308.72	1,771,073.86	11,850,515.78
DECEASED ESTATE	DE	-	-	-	-	792.17	-	792.17
GOVERNMENT - OTHER	GO	-	-	-	-	747.29	549.89	1,297.18
SCHOOLS	GS	1,197,867.47	2,510,094.10	2,088,529.90	2,605,982.52	2,422,792.15	2,136,737.87	12,962,004.01
INDIGENTS CANCELLED	IC	633,036.38	694,958.83	703,191.21	1,049,527.72	1,062,810.80	938,189.10	5,081,714.04
INDIGENTS	ID	1,054,344.19	1,232,590.33	1,170,301.88	1,568,054.33	1,687,299.37	1,576,919.26	8,289,509.36
INDIGENTS INFORMAL SETTLEMENT	IF	59,443.39	99,438.29	63,222.06	141,768.39	80,338.35	233,398.50	677,608.98
INDIGENT - LATE ESTATE	IL	397.93	949.84	1,636.11	514.63	-	1,241.13	4,739.64
INDIGENT PENDING	IP	204,417.84	277,024.23	272,465.26	423,645.19	490,741.99	432,553.01	2,100,847.52
INDUSTRIAL	IN	993,734.63	771,133.73	1,014,654.37	1,735,505.25	850,475.70	816,430.94	6,181,934.62
MUNICIPAL	MU	685,302.78	288,808.18	272,173.18	689,600.78	706,567.78	952,266.16	3,594,718.86
NAT: POLICE	N3	15,038.78	7,595.82	17,291.00	16,471.65	7,891.88	11,618.12	75,907.25
NAT: DEFENCE AND MILITARY VETERA	ND	1,234.35	-	3,957.78	1,319.26	1,319.26	1,319.26	9,149.91
NAT: CORRECTIONAL SERVICES	NN	361,328.89	552,271.73	575,333.24	-	859,898.98	383,053.80	2,731,886.64
NAT: PUBLIC WORKS	NP	7,455,421.23	11,602,897.77	13,187,350.50	5,483,030.35	13,541,933.87	9,870,539.44	61,141,173.16
NON-STAFF ACCOUNTS PAID BY STAFF	NS	323,835.66	363,831.38	379,090.26	488,910.83	379,582.58	363,257.20	2,298,507.91
OPEN SPACE	OP	8,441.61	13,611.51	12,379.18	12,372.62	28,098.28	7,986.37	82,889.57
OTHER	OT	301,386.25	348,571.12	259,916.13	339,425.63	201,522.44	428,340.23	1,879,161.80
PUBLIC: OTHER: PROV PUBLIC ENTIT	P0	5,393.39	5,632.91	5,608.96	5,608.96	5,608.96	5,608.96	33,462.14
PROV: SOCIAL DEVELOPMENT	P1	27,059.98	935,367.98	1,862.97	16,856.78	15,054.97	778,145.20	1,774,347.88
PROV: HOUSING AND LOCAL GOVERNME	P2	443.02	86,726.36	216,372.43	150,780.84	239,207.68	35,843.42	729,373.75
PROV: OFFICE OF THE PREMIER	P3	5,276.35	517,708.11	164,295.23	173,336.09	113,903.28	111,421.10	1,085,940.16
PROV: OTHER DEPARTMENTS	P4	76,653.78	590,854.62	168,816.57	168,905.12	114,858.77	23,677.65	1,143,766.51
PROV: AGRICULTURE	PA	27,510.91	265,913.95	-	30,609.82	151,878.78	-	475,913.46
PROV: EDUCATION	PE	2,211,381.44	1,664,978.34	2,723,448.95	4,694,497.57	24,505,666.72	1,148,821.92	36,948,794.94
PROV: HEALTH	PH	1,536,941.61	3,760,019.48	10,263,121.69	6,230,753.95	250,312.78	388,112.12	22,429,261.63
PROV: PUBLIC WORKS, ROADS & TRAN	PP	1,503,563.87	27,462,755.50	2,431,526.60	2,955,952.69	2,177,560.76	1,492,645.12	38,024,004.54
PROV: SPORT, ARTS & CULTURE	PS	671,444.11	261,735.11	176,788.68	289,399.16	34,061.62	310,733.30	1,744,161.98
RESIDENTIAL	RE	27,147,522.41	33,352,093.54	28,899,699.89	34,219,143.42	31,802,668.19	30,025,005.75	185,446,133.20
SUNDRY DEBTOR	SD	2,076.14	282.08	7,932.78	57,393.21	359.47	2,432.90	70,476.58
STALE REFUNDS	SR	-	-	-	300.00	-	-	300.00
STAFF	ST	627,487.30	641,627.83	760,157.42	616,392.10	805,157.38	708,122.69	4,158,944.72
UNKNOWN	UN	245.23	356,558.99	381,414.28	368,738.87	313,913.94	2,084,337.80	3,505,209.11
EXCEPTIONAL CIRCUMSTANCES	IE	10,332.98	10,976.28	9,725.14	17,685.64	10,810.69	12,608.29	72,139.02
VAT	VAT	8,089,456.63	10,488,292.57	10,479,872.63	9,921,109.36	12,096,375.59	8,036,363.35	59,111,470.13
TOTAL RECEIPTS		100,467,552.60	163,728,435.74	122,348,891.04	123,953,761.39	134,412,730.85	104,636,501.86	749,547,873.48
TOTAL RECEIPTS LESS VAT		92,378,095.97	153,240,143.17	111,869,018.41	114,032,652.03	122,316,355.26	96,600,138.51	690,436,403.35

Table 12.2: BS566 report on receipts per debtor type

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



	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Billing Receipts excl VAT (R'000)	107,365	92,378	153,240	111,869	114,033	122,316	96,600
Prepaid Electricity Sales excl VAT (R'000)	25,935	25,830	25,632	22,250	22,883	22,350	23,118
Total Billing Receipts incl Prepaid Electricity (R'000)	133,300	118,208	178,873	134,119	136,916	144,667	119,718
Billing Receipts (R'000 increase (decrease))		(14,987)	60,862	(41,371)	2,164	8,284	(25,716)
Prepaid Electricity Sales (R'000 increase (decrease))		(105)	(197)	(3,383)	633	(533)	768
Total Billing Receipts incl Prepaid Electricity (R'000 increase (decrease))		(15,092)	60,665	(44,754)	2,797	7,751	(24,948)
Total Billing Receipts incl Prepaid Electricity (% increase (decrease))		-11%	51%	-25%	2%	6%	-17%

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 R119,718 million which resulted in a decrease of R24,948 million or 17% in respect of the month-to-month comparison. This does not bode well for the municipality’s cash flow. Unallocated billing receipts at month end amounted to R7,716 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 - Dec 2022

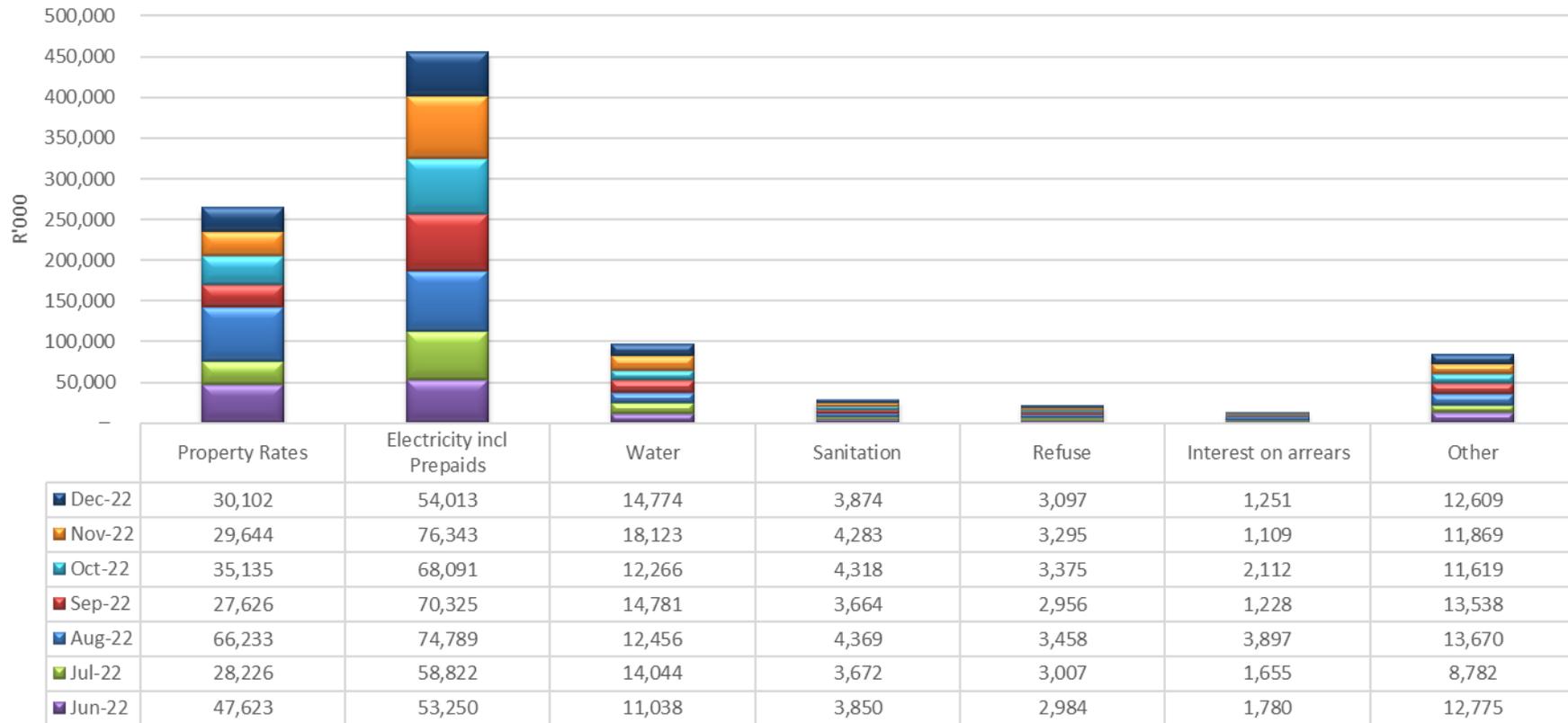


Chart 12.2: Monthly billing receipts per revenue source

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 upward trend for August 2022 was significant and indicative of the fact that the municipality can collect its outstanding debt, provided that the Credit Control and Debt Collection Policy is strictly, consistently and fairly applied. Unfortunately, there has been a sharp decline in cash collected compared to August 2022 with the biggest impact being the collection on Property rates. The Revenue streams that is showing improvement in relation to the monthly comparison is Property Rates, Interest on arrears and Other.

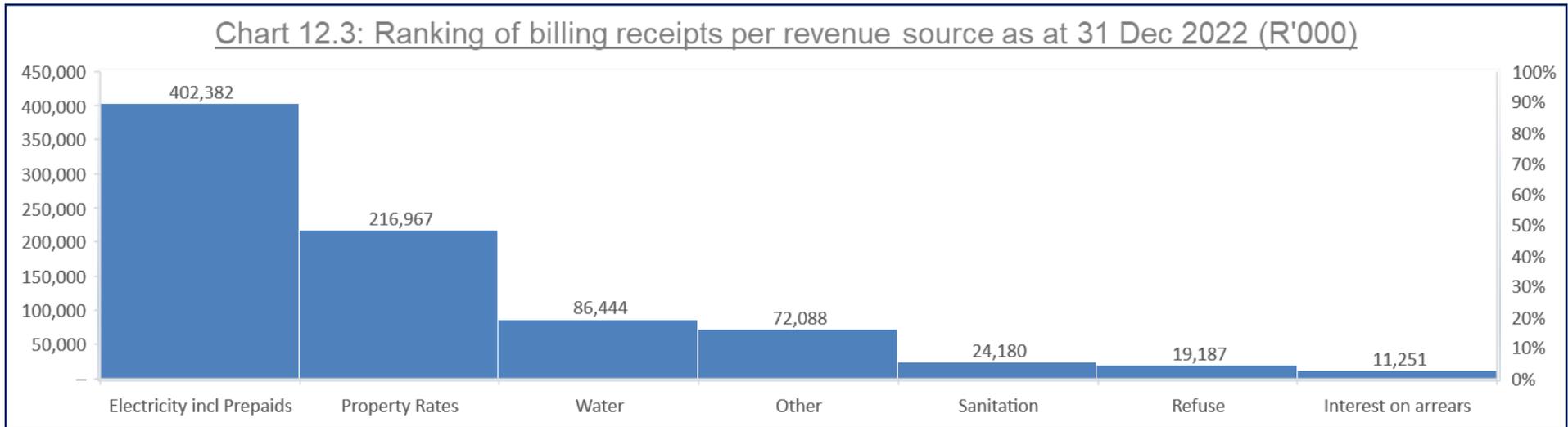


Chart 12.3: Ranking of billing receipts per revenue source

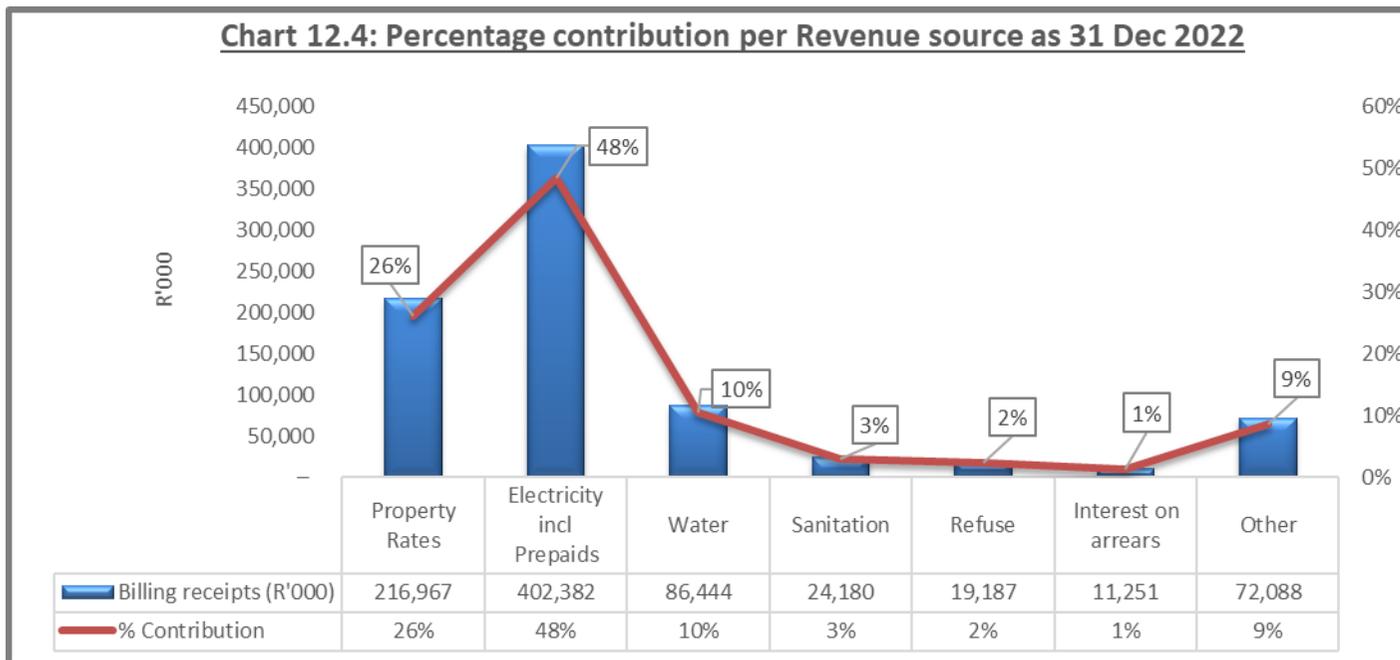


Chart 12.4: Percentage contribution of billing receipts per revenue source

Indicated in Chart 12.3 and 12.4 above, is the ranking and percentage contribution of receipts per revenue source as 31 December 2022. Data from the above pareto chart, clearly indicates that Electricity incl Prepays is the highest contributor at R402,382 million (48%) 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 R216,967 million (26%), however more measures should be implemented to ensure that receipts from annual Property rates billing materialises. Receipts from Water constitutes 10% and Other 9% 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 R11,251 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.

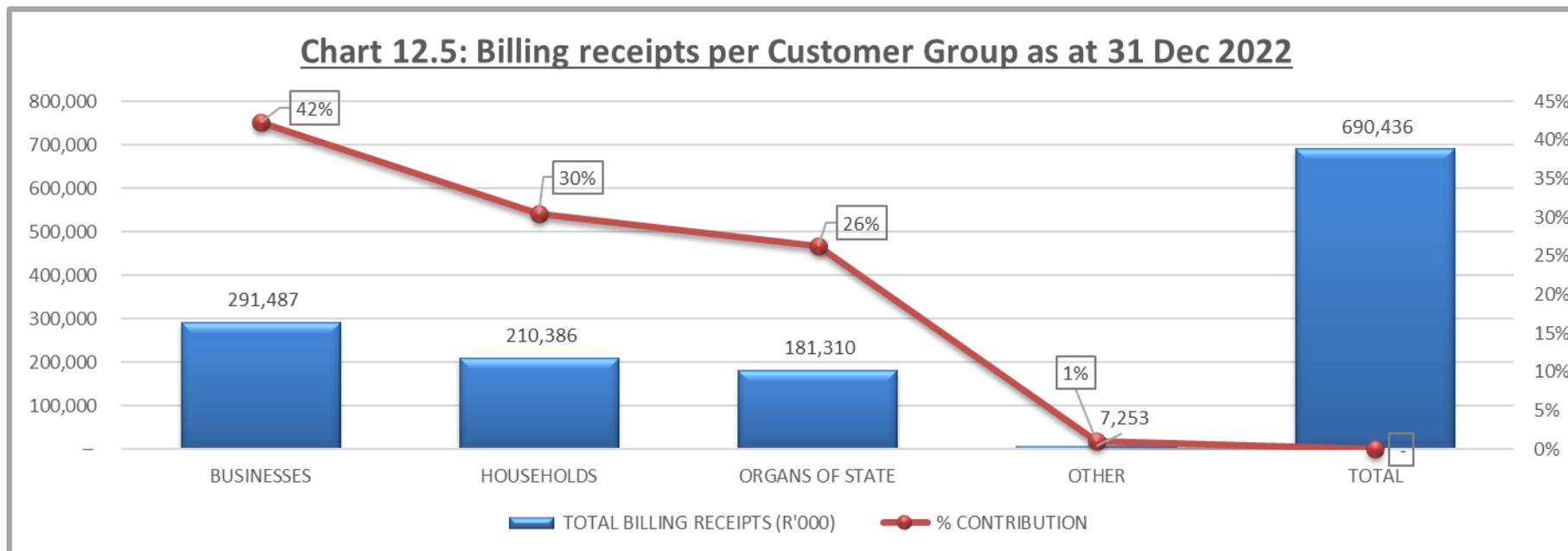


Chart 12.5: Billing receipts per Customer Group

MONTHLY BILLING RECEIPTS PER DEBTOR GROUP (R'000)	Sum of Jul-22	Sum of Aug-22	Sum of Sep-22	Sum of Oct-22	Sum of Nov-22	Sum of Dec-22	Sum of TOTAL
BUSINESSES	46,167	65,267	46,586	51,151	40,242	42,075	291,487
HOUSEHOLDS	30,418	37,089	32,585	38,930	36,583	34,780	210,386
ORGANS OF STATE	15,097	50,225	32,024	22,824	44,443	16,699	181,310
OTHER	696	659	674	1,128	1,049	3,047	7,253
Grand Total	92,378	153,240	111,869	114,033	122,316	96,600	690,436

Table 12.3: Monthly Billing Receipts Per Debtor Group

Indicated in Chart 12.5 above, is the billing receipts and percentage contribution per major Customer group as at 31 December 2022. The municipality received R291,487 million (42%) from Businessesses, Households R210,386 million (30%), Organs of State R181,310 million (26%) and Other R7,253 million (1%). Indicated in Table 12.3, is the monthly billing receipts per Debtor Group.

6. Creditors' Analysis

NC091 Sol Plaatje - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

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			
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	58,649	59,087	-	-	-	85,353	370,591	153,220	726,899	434,764	
Bulk Water	0200	11,036	16,401	-	-	-	-	54,656	71,775	153,869	102,389	
PAYE deductions	0300	10,885	-	-	-	-	-	-	-	10,885	11,815	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	7,824	-	-	-	-	-	-	-	7,824	7,426	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	2,206	28	-	-	-	-	-	-	2,234	9,419	
Auditor General	0800	-	-	-	-	-	-	-	-	-	777	
Other	0900	16,562	-	-	4,599	749	1,122	-	-	23,032	2,799	
Total By Customer Type	1000	107,161	75,516	-	4,599	749	86,474	425,247	224,995	924,742	569,389	

Table 14: Supporting Table SC4: Aged Creditors

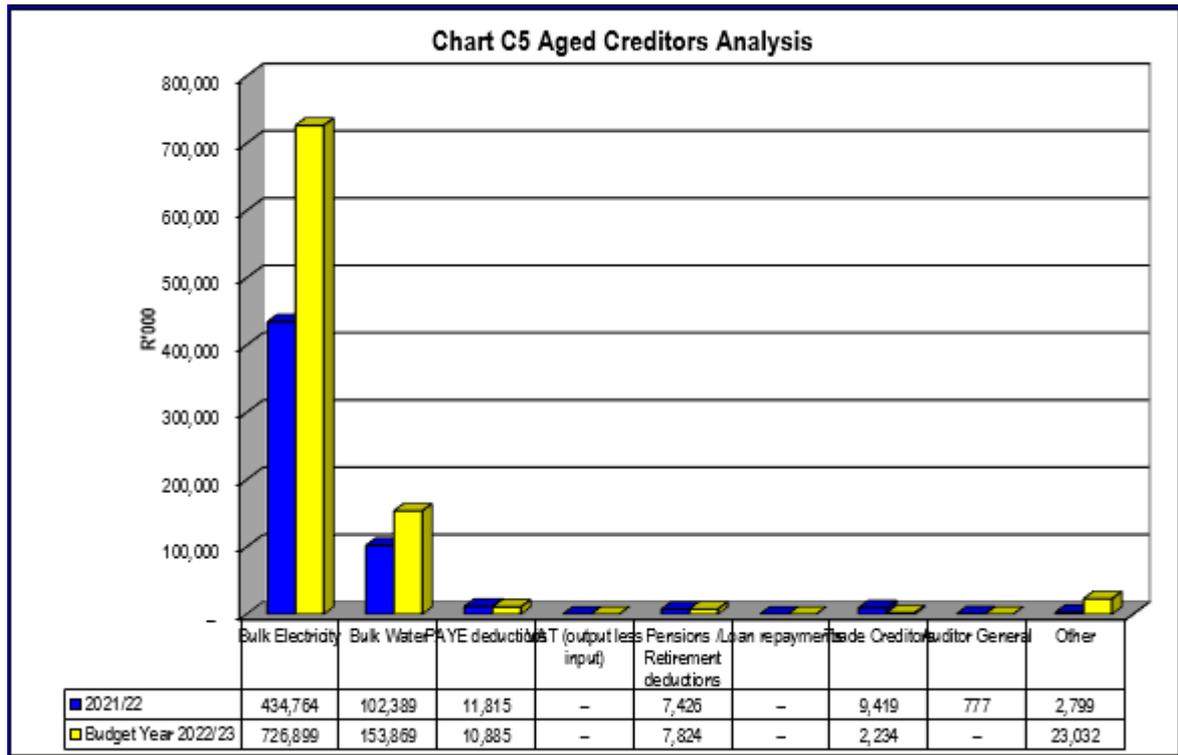


Chart 13: Aged Creditors Analysis

It should be noted that comparative figure for 2021/22 is based on the outstanding creditors as at 31 December 2021 (prior year totals for the same period).

Bulk Electricity – As at the 31 December 2022, the outstanding debt owed to ESKOM amounted to R726,899 million. The municipality is in the process to conclude a payment agreement with ESKOM for the 2022/23 financial year.

Bulk Water – As at the 31 December 2022, the outstanding debt owed to DWS is R153,869 million. The municipality is in the process to conclude a payment agreement with DWS for the 2022/23 financial year and is participating in the Incentive scheme that the Department is providing to municipalities.

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, we claimed an amount of R1,487 million 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 was not yet received by the reportind date.

Other creditors – includes Sundry creditors which were unpaid as at 31 December 2022 of which the biggest contributor is third party salary payments amounting to R16,028 million which was paid by 7 January 2023.

7. Investment portfolio analysis

The market value of the investment portfolio has been utilized and for the period ending 31 December 2022, the value of total investments made was R51,170 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 - M06 December

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
R thousands														
Municipality														
First National Bank 62776321293		6 months	Call a/c	No	Variable	5.2	0			5,626	35	-	-	5,661
Absa Bank 9286041059		6 months	Call a/c	No	Variable	0	0			-	-	-	-	-
Investec 1400093272500		6 months	Call a/c	No	Variable	5.35	0			614	3	-	-	618
Standard Bank 04846627-014		6 months	Call a/c	No	Variable	5.5	0			5,143	35	-	-	5,177
Absa Bank 92 7195 3033		6 months	Call a/c	No	Variable	4.3	0			5,605	21	-	-	5,626
Nedbank 9002324052		6 months	Call a/c	Yes	Variable	5.25	0		2019/06/06	5,134	22	-	-	5,157
Standard Bank 048466271-085		12 months	Notice	No	Fixed	585.00%	0		2022/11/10	0	-	-	-	0
Absa Bank 20-6295-4443		12 months	Notice	Yes	Fixed	740.00%	0		2023/06/28	7,647	49	-	-	7,696
Standard Bank 048466271-086		12 months	Notice	No	Fixed	902.50%	0		2023/11/10	21,077	159	-	-	21,235
Municipality sub-total										50,847		-	-	51,170

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 - M06 December

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										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		223,255	250,317	250,317	-	93,271	125,158	(31,887)	-25.5%	250,317
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		212,328	239,158	239,158	-	93,271	119,579	(26,308)	-22.0%	239,158
Expanded Public Works Programme Integrated Grant		3,362	3,959	3,959	-	-	1,979	(1,979)	-100.0%	3,959
Infrastructure Skills Development Grant		4,901	5,500	5,500	-	-	2,750	(2,750)	-100.0%	5,500
Local Government Financial Management Grant		1,650	1,700	1,700	-	-	850	(850)	-100.0%	1,700
Municipal Disaster Relief Grant	3	1,015	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		12,731	7,800	7,800	189	4,349	3,900	449	11.5%	7,800
Capacity Building and Other Grants		8,561	7,800	7,800	-	-	3,900	(3,900)	-100.0%	7,800
Infrastructure Grant		4,170	-	-	189	4,349	-	4,349	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Higher Education SA (HESA)		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	235,986	258,117	258,117	189	97,620	129,058	(31,439)	-24.4%	258,117
Capital Transfers and Grants										
National Government:		105,767	134,338	134,338	6,564	30,603	67,169	(36,566)	-54.4%	134,338
Energy Efficiency and Demand Side Management Grant		-	4,000	4,000	162	2,305	2,000	305	15.3%	4,000
Integrated National Electrification Programme Grant		35,458	40,000	40,000	-	2,716	20,000	(17,284)	-86.4%	40,000
Integrated Urban Development Grant		54,266	70,390	70,390	6,402	25,582	35,195	(9,613)	-27.3%	70,390
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		16,043	19,948	19,948	-	-	9,974	(9,974)	-100.0%	19,948
Provincial Government:		76,850	-	-	-	-	-	-	-	-
Infrastructure Grant		76,850	-	-	-	-	-	-	-	-
District Municipality:		3,500	-	-	-	-	-	-	-	-
Specify (Add grant description)		3,500	-	-	-	-	-	-	-	-
Other grant providers:		14,400	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
European Union		14,400	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	200,517	134,338	134,338	6,564	30,603	67,169	(36,566)	-54.4%	134,338
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	436,504	392,455	392,455	6,753	128,223	196,227	(68,004)	-34.7%	392,455

Table 16: Supporting Table SC6: Transfers and grant receipts

Operational grant monies received for the month under review.

Equitable share R72,324 million which was not allocated timeously but was subsequently allocated on 5 January 2023.

Capital grant monies received for the month under review.

IUDG – R14,078 million which was not allocated timeously but was subsequently allocated on 5 January 2023.

There are some mapping errors pertaining to operational and capital grants. This was brought under attention of our financial system vendor and the matter is being investigated 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 in the Statement of Financial Performance, once all conditions of the grant have been met.

Operational and Capital Grants: Expenditure

NC091 Sol Plaatje - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

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										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		109,818	116,565	116,565	10,120	66,188	58,283	7,905	13.6%	116,565
Equitable Share		99,625	105,406	105,406	9,682	63,280	52,703	10,577	20.1%	105,406
Expanded Public Works Programme Integrated Grant		3,362	3,959	3,959	-	3	1,980	(1,977)	-99.9%	3,959
Infrastructure Skills Development Grant		4,920	5,500	5,500	281	1,952	2,750	(798)	-29.0%	5,500
Local Government Financial Management Grant		1,650	1,700	1,700	157	954	850	104	12.2%	1,700
Municipal Disaster Relief Grant		261	-	-	-	-	-	-	-	-
Provincial Government:		8,275	7,800	9,411	98	558	4,303	(3,745)	-87.0%	9,411
Capacity Building and Other Grants		6,795	7,800	7,800	28	225	3,900	(3,675)	-94.2%	7,800
Infrastructure Grant		1,480	-	1,611	71	333	403	(70)	-17.4%	1,611
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		118,093	124,365	125,976	10,219	66,746	62,585	4,161	6.6%	125,976
Capital expenditure of Transfers and Grants										
National Government:		95,428	134,338	134,338	6,985	31,024	67,169	(36,145)	-53.8%	134,338
Energy Efficiency and Demand Side Management Grant		-	4,000	4,000	188	2,331	2,000	331	16.5%	4,000
Integrated National Electrification Programme Grant		30,833	40,000	40,000	-	2,716	20,000	(17,284)	-86.4%	40,000
Integrated Urban Development Grant		48,552	70,390	70,390	6,797	25,978	35,195	(9,217)	-26.2%	70,390
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		16,043	19,948	19,948	-	-	9,974	(9,974)	-100.0%	19,948
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		3,500	-	-	-	-	-	-	-	-
Specify (Add grant description)		3,500	-	-	-	-	-	-	-	-
Other grant providers:		13,891	-	-	-	-	-	-	-	-
European Union		13,891	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		112,818	134,338	134,338	6,985	31,024	67,169	(36,145)	-53.8%	134,338
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		230,912	258,703	260,314	17,204	97,771	129,754	(31,984)	-24.6%	260,314

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 R11,685 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 R10,000 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	-	2,715,883	16,141,370	6.8%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	70,390,000	6,797,369	25,977,959	23,870,378	36.9%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	19,948,000	-	-	538,915	0.0%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	187,963	2,330,618	-	58.3%
Grand Total	134,338,000	6,985,332	31,024,459	40,550,663	23.1%

Table 18: Summary of expenditure per grant

As indicated in Table 18 above, the YTD grant expenditure amounts to R31,024 million or 23.1% 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 capital expenditure is so low, as we are already at the end of the second quarter. 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. Capex also excludes Commitments. 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 submitted the rollover request on 31 August 2022. Indicated below is an extract of the feedback received from NT.

“Your request to roll over the unspent amount of R1.6 million into the 2022/23 financial year by your municipality is not approved in terms of 21(2) of the 2021 Division of Revenue Amendment Act, (Act No. 17 of 2021) (DoRAA). The rejection is with respect to the Infrastructure Skills Development Grant (R599 thousand) (ISDG) and the Integrated National Electrification Programme (R1 million) (INEP).

The National Treasury in assessing your roll over request used the criteria set out in Circular No. 115 of the Municipal Finance Management Act, 2003 (Act No.56 of 2003) as a guide for the consideration of the roll over submission by your municipality.

The decision to reject your roll over request is based on the following reasons:

- In terms of the ISDG, no supporting documents submitted, i.e., a list of graduates benefiting from the program;
- The Department of Mineral Resources and Energy is not in support of the INEP rollover request because, the municipality advances INEP funds without obtaining prior approval from the department; and
- No reasons were provided as to why INEP was not fully spent during the year of original allocation.

Your municipality is reminded that the Municipal Council does not have the legal authority to decide on the use of Conditional Grant transfers from National Government outside of the legal framework set out in the annual Division of Revenue Act and its various gazettes. This process only covers the 2021 DoRA allocated amounts.”

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

Table 19 is not populated due to the fact that the rollover was declined.

9. Councillor and board member allowances and employee benefits

NC091 Sol Plaatje - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

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
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages										
Pension and UIF Contributions		496	-	-	64	423	-	423	#DIV/0!	-
Medical Aid Contributions		267	-	-	32	184	-	184	#DIV/0!	-
Motor Vehicle Allowance										
Cellphone Allowance		2,845	3,243	3,243	217	1,324	1,621	(298)	-18%	3,243
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		27,129	31,305	31,305	2,289	13,832	15,652	(1,820)	-12%	31,305
Sub Total - Councillors		30,737	34,547	34,547	2,602	15,763	17,274	(1,510)	-9%	34,547
% increase	4		12.4%	12.4%						12.4%
Senior Managers of the Municipality										
Basic Salaries and Wages		8,265	8,853	8,853	408	3,287	4,426	(1,140)	-26%	8,853
Pension and UIF Contributions		1,068	1,209	1,209	75	522	604	(82)	-14%	1,209
Medical Aid Contributions		222	253	253	17	120	127	(6)	-5%	253
Overtime										
Performance Bonus										
Motor Vehicle Allowance		1,849	1,939	1,939	109	815	969	(154)	-16%	1,939
Cellphone Allowance		157	202	202	8	64	101	(36)	-36%	202
Housing Allowances		26	42	42	2	12	21	(9)	-42%	42
Other benefits and allowances		17	77	77	2	10	39	(29)	-75%	77
Payments in lieu of leave										
Long service awards		67	65	65	4	38	32	5	16%	65
Post-retirement benefit obligations										
Sub Total - Senior Managers of Municipality		11,671	12,640	12,640	625	4,869	6,320	(1,451)	-23%	12,640
% increase	4		8.3%	8.3%						8.3%
Other Municipal Staff										
Basic Salaries and Wages		417,872	464,246	461,599	36,893	217,910	231,074	(13,164)	-6%	461,599
Pension and UIF Contributions		64,301	77,509	77,509	5,588	33,379	38,755	(5,376)	-14%	77,509
Medical Aid Contributions		49,309	58,279	58,279	4,467	29,723	29,140	583	2%	58,279
Overtime		52,688	39,796	39,796	6,131	30,766	19,898	10,868	55%	39,796
Performance Bonus		28,946	36,221	36,221	14,578	20,500	18,111	2,389	13%	36,221
Motor Vehicle Allowance		42,071	51,296	51,296	3,652	20,914	25,648	(4,734)	-18%	51,296
Cellphone Allowance		1,401	1,415	1,415	172	740	707	32	5%	1,415
Housing Allowances		2,636	2,895	2,895	224	1,383	1,448	(65)	-4%	2,895
Other benefits and allowances		30,433	28,018	30,664	2,652	15,803	15,058	744	5%	30,664
Payments in lieu of leave		10,507	15,000	15,000	869	5,829	7,500	(1,671)	-22%	15,000
Long service awards		24,418	23,189	23,189	2,405	13,376	11,595	1,781	15%	23,189
Post-retirement benefit obligations		36,522	38,900	38,900	-	-	19,450	(19,450)	-100%	38,900
Sub Total - Other Municipal Staff		761,106	836,763	836,763	77,632	390,321	418,383	(28,062)	-7%	836,763
% increase	4		9.9%	9.9%						9.9%
Total Parent Municipality		803,514	883,950	883,950	80,858	410,953	441,977	(31,024)	-7%	883,950
TOTAL SALARY, ALLOWANCES & BENEFITS		803,514	883,950	883,950	80,858	410,953	441,977	(31,024)	-7%	883,950
% increase	4		10.0%	10.0%						10.0%
TOTAL MANAGERS AND STAFF		772,777	849,403	849,403	78,257	395,190	424,703	(29,514)	-7%	849,403

Table 20: Supporting Table SC8: Councillor and staff benefits

As depicted in Table 20 above, Employee related costs is satisfactory and showing a variance of minus 7%. This is attributable to Post-retirement benefit obligations that will be finalized as part of the year-end procedures. It should be noted that the disclosure under Performance bonus, is the annual bonuses or 13th cheques that is budgeted for and paid out to employees. This is not subject to any performance appraisal. Councillors Remuneration is showing a negative variance of minus 9% when compared to the YTD Budget. 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 50%, at 81.8% 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 transpire for the current 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.

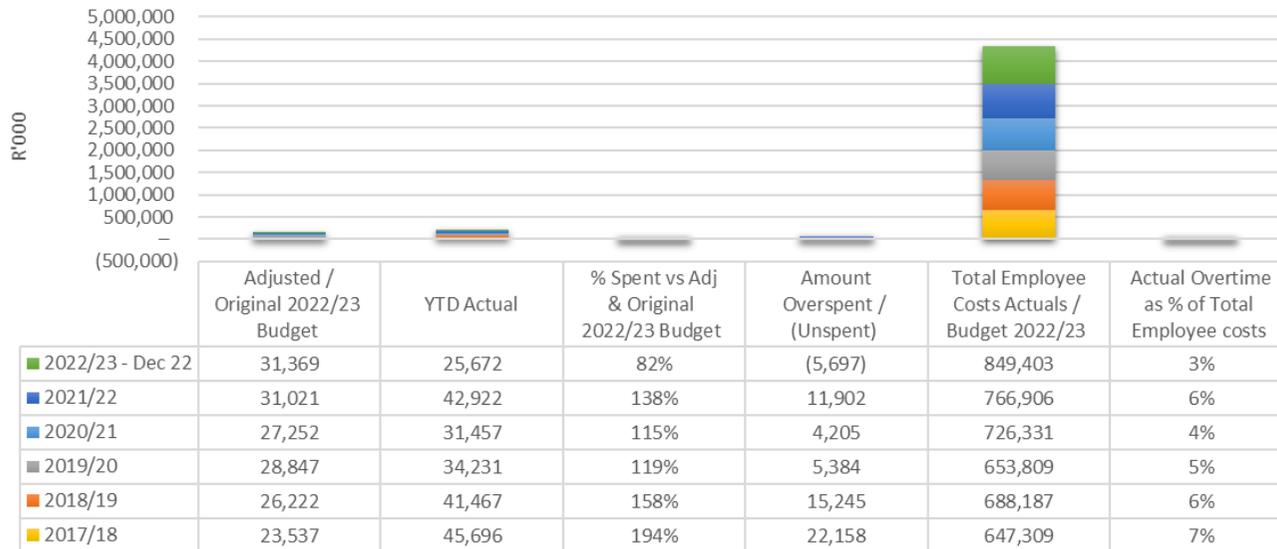
And indicated in Table 21 below, is the YTD Overtime expenditure excluding Night-shift allowance per line item and also per Directorate as at end of December 2022.

Description per line item (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	% Variance (Favourable) Unfavourable Ideal IYM % - 50.00%
MS: OVERTIME - NON STRUCTURED	22,392,000	4,619,628	23,601,464	105.4%	55.4%
MS: OVERTIME - STRUCTURED	8,976,841	715,825	2,070,729	23.1%	-26.9%
Overtime as at 31 December 2022	31,368,841	5,335,453	25,672,193	81.8%	31.8%
Directorate (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	% Variance (Favourable) Unfavourable Ideal IYM % - 50.00%
20-EXECUTIVE AND COUNCIL	175,000	97,605	325,645	186.1%	136.1%
21-MUNICIPAL AND GENERAL	-	-	-	-	
22-MUNICIPAL MANAGER	-	11,751	13,683	-	
23-CORPORATE SERVICES	1,650,000	178,219	1,073,976	65.1%	15.1%
24-COMMUNITY SERVICES	13,167,441	2,079,380	8,379,860	63.6%	13.6%
26-FINANCIAL SERVICES	459,000	173,533	1,166,712	254.2%	204.2%
27-STRATEGY, ECONOMIC DEVELOPMENT & PLANNING	330,000	135,986	674,726	204.5%	154.5%
28-INFRASTRUCTURE SERVICES	15,587,400	2,658,978	14,037,592	90.1%	40.1%
Overtime as at 31 December 2022	31,368,841	5,335,453	25,672,193	81.8%	31.8%

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 R25,672 million and 81.8% spent, resulting in a negative variance of 31.8%, when compared to the ideal percentage of 50% for the period under review.

Chart 14.1: Overtime Actual vs Budget - 2017/18 to 2022/23



Indicated in Chart 14.1, is the actual Overtime versus Budget from 2017/18 to 2022/23 financial year, disclosing the percentage spent and the amount overspent/unspent per financial year. The chart also articulates the actual Overtime as a percentage of Total Employee costs for the same period.

Indicated in Chart 14.2, is the monthly and annual Overtime comparison from July 2018 to December 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.

Chart 14.1: Overtime Actual vs Budget

Chart 14.2: Monthly and Annual Overtime Comparison - Jul 2018 to Dec 2022

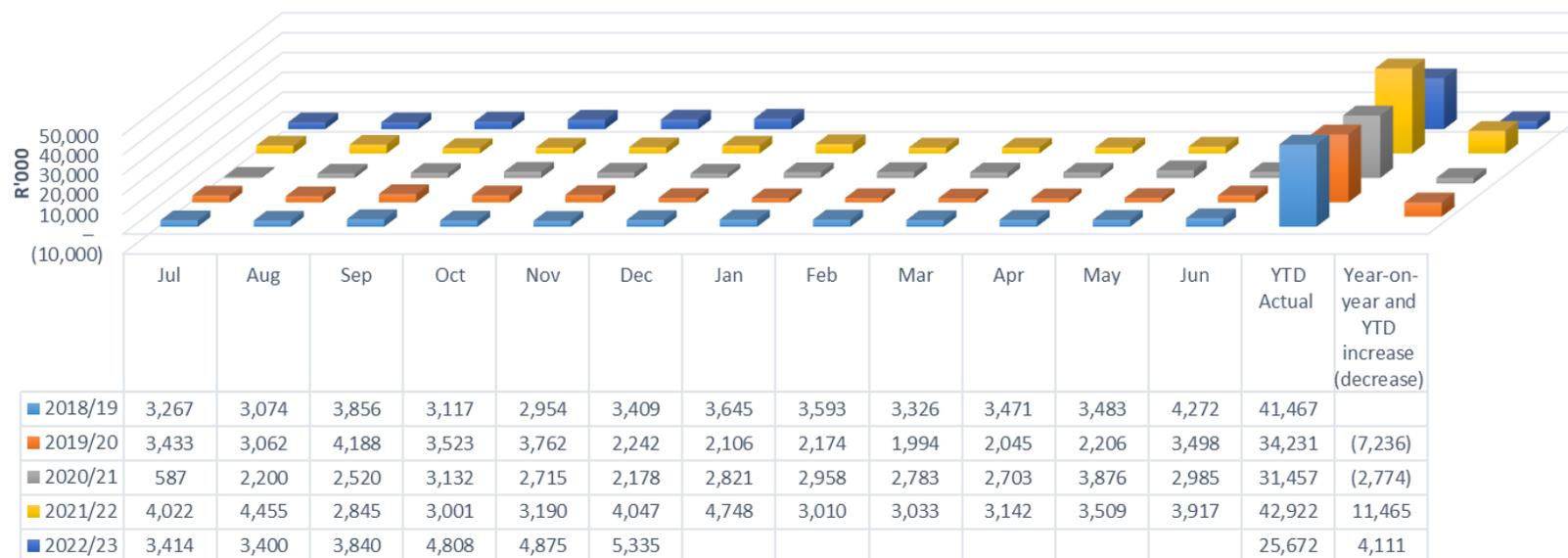


Chart 14.2: Monthly and Annual Overtime Comparison

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 pertaining to financial performance 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 31 December 2022.

11. Capital programme performance

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

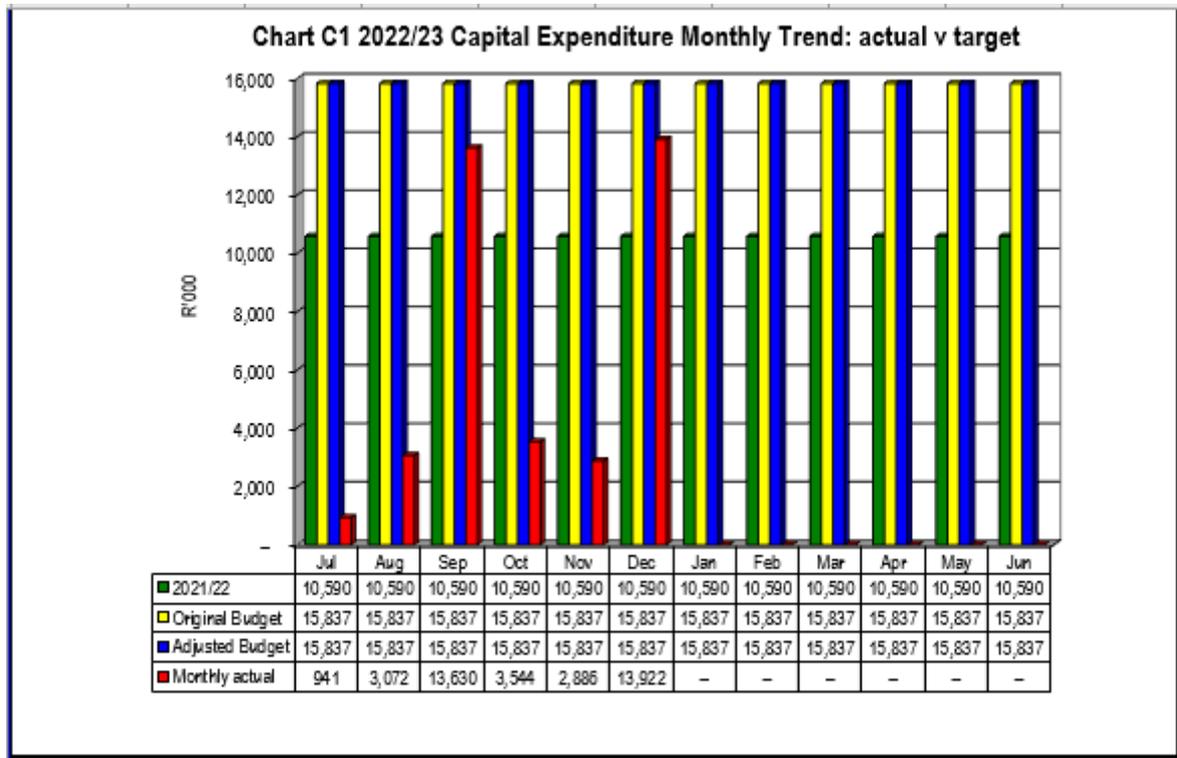


Chart 15: Capital Expenditure Monthly Trend: actual v target

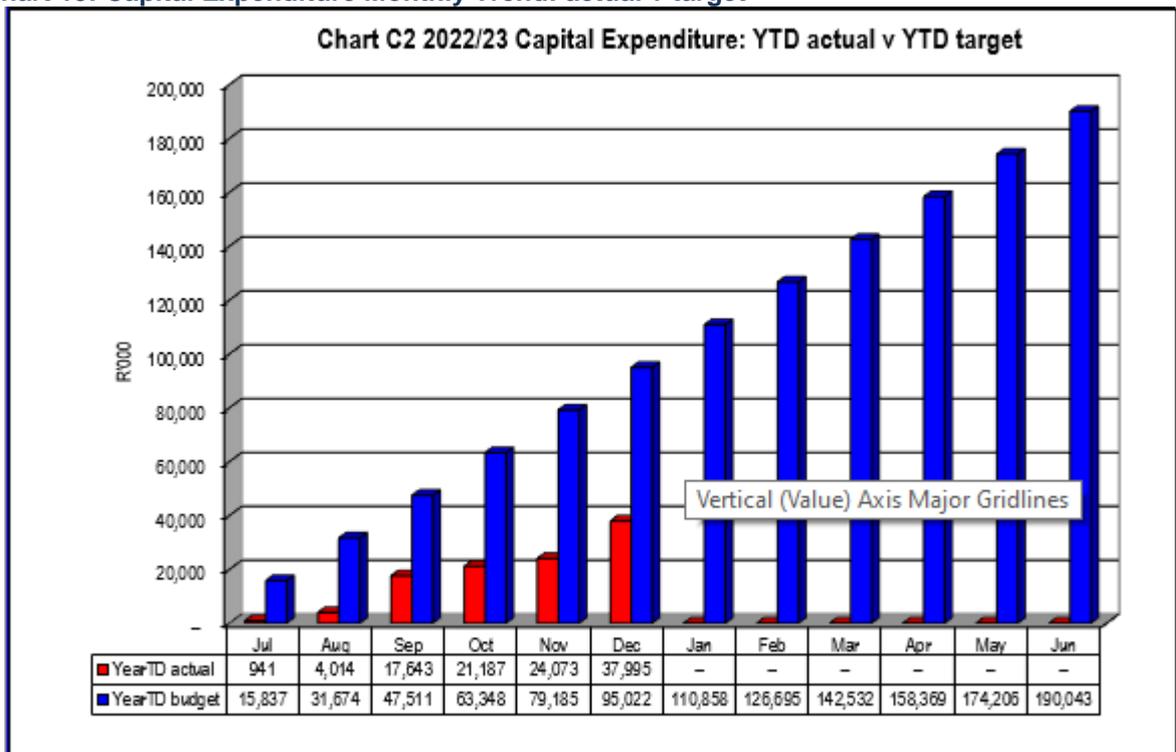


Chart 16: Capital Expenditure: YTD actual vs YTD target

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 December 2022 amounted to R13,922 million. The total YTD Capex amounts to R37,995 million. Please note that Commitments amounting to R49,316 million is excluded from the YTD movement. Capital expenditure is also exclusive of VAT.

Project Description	Original Budget	Curr Mth Exp	Commitment	YTD Movement	Unspend Budget	% Original	Funding source
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	2,000,000	-	-	-	2,000,000	0.0%	INTERNALLY GENERATED FUNDS
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	3,000,000	823,875	-	823,875	2,176,125	27.5%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ-FLEET REPLACEMENT	35,405,000	6,206,411	8,658,880	6,206,411	16,198,589	17.5%	INTERNALLY GENERATED FUNDS
ACQ-FURNITURE AND OFFICE EQUIP REPLACEM	2,000,000	-	-	-	2,000,000	0.0%	INTERNALLY GENERATED FUNDS
ACQ-COMPUTER EQUIPMENT REPLACEMENT	11,300,000	-	105,000	16,087	11,283,913	0.1%	INTERNALLY GENERATED FUNDS
CRAVEN STREET TRADE CENTRE	8,300,000	2,541,573	-	2,895,192	5,404,808	34.9%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
P-CIER RDS ROADS	15,000,000	-	1,685,855	13,290,906	1,709,094	88.6%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
UPGRADE GRAVEL ROADS WARDS VARIOUS	12,000,000	2,811,921	2,009,296	8,053,213	3,946,787	-	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
RECONSTRUCTION OLD SINK TOILETS PHASE 1	1,000,000	-	-	-	1,000,000	-	INTERNALLY GENERATED FUNDS
LERATOPARK SEWER UPGRAD DOWNSTREAM INFRA	21,090,000	620,000	20,175,227	914,773	20,175,227	4.3%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ - CARTERS GLEN SEWER PUMP STATION	19,948,000	-	538,915	-	19,948,000	-	WSIG (WATER SERVICES INFRASTRUCTURE GRANT)
DSITRBUTION-ACQ-WAT METER REPLACEME	2,000,000	-	1,903	-	2,000,000	-	INTERNALLY GENERATED FUNDS
ELEVATED WATER TANKS DISTRIBUTION	1,000,000	-	-	-	1,000,000	-	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
WATER PIPES REFURB PROG VARIOUS WARDS	10,000,000	-	-	-	10,000,000	-	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
HV SUB ACQ-CARTGLEN TRANSF/GALASH SUBS	7,000,000	-	-	1,773,415	5,226,585	-	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
ELECTRIFICATION LERATO PARK	-	730,115	-	730,115	12,269,885	-	INTERNALLY GENERATED FUNDS
STREET LIGHTS REPLACE 125W MV with 36W L	3,000,000	187,963	-	2,330,618	669,382	77.7%	EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)
INSTALL VSD'S AT NEWTON RESEVIOR	1,000,000	-	-	-	1,000,000	0.0%	EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)
NW ACQ - ELE CTR LERATO PARK	33,000,000	-	16,141,370	942,467	32,057,533	-	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
CAPITAL SPARES-ACQ-PREPAID METERS	2,000,000	-	-	18,149	1,981,851	-	INTERNALLY GENERATED FUNDS
TOTAL	190,043,000	13,921,857	49,316,445	37,995,221	152,047,779	20.0%	

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	-	2,715,883	16,141,370	6.8%
INTERNALLY GENERATED FUNDS	55,705,000	6,936,526	6,970,762	8,765,783	12.5%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	70,390,000	6,797,369	25,977,959	23,870,378	36.9%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	19,948,000	-	-	538,915	0.0%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	187,963	2,330,618	-	58.3%
Grand Total	190,043,000	13,921,857	37,995,221	49,316,445	20.0%

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 low, whilst spending on IUDG and EEDSM is showing improvement. The expenditure on IUDG (36.9%), INEP (6.8%), WSIG (0%) and EEDSM (58.3%). Spending on Internally generated funds is also 12.5% 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 December 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 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 - M06 December

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
R thousands									
Financial Performance									
Property rates	599,898	627,646	627,646	46,162	357,986	313,823	44,163	14%	627,646
Service charges	1,145,790	1,373,211	1,373,211	95,483	599,413	686,606	(87,193)	-13%	1,373,211
Investment revenue	3,124	6,000	6,000	256	872	3,000	(2,128)	-71%	6,000
Transfers and subsidies	235,986	258,117	258,117	189	97,620	129,058	(31,439)	-24%	258,117
Other own revenue	193,499	222,235	222,235	23,168	143,536	111,117	32,419	29%	222,235
Total Revenue (excluding capital transfers and contributions)	2,178,297	2,487,209	2,487,209	165,257	1,199,427	1,243,604	(44,178)	-4%	2,487,209
Employee costs	772,777	849,403	849,403	78,257	395,190	424,703	(29,514)	-7%	849,403
Remuneration of Councillors	30,737	34,547	34,547	2,602	15,763	17,274	(1,510)	-9%	34,547
Depreciation & asset impairment	70,060	81,050	81,050	-	-	40,525	(40,525)	-100%	81,050
Finance charges	72,909	38,960	38,960	10,749	23,820	19,480	4,340	22%	38,960
Inventory consumed and bulk purchases	872,964	918,627	918,642	(55,145)	356,779	459,319	(102,540)	-22%	918,642
Transfers and subsidies	2,546	4,460	4,460	144	2,446	2,230	216	10%	4,460
Other expenditure	492,665	538,080	538,065	10,078	267,290	269,037	(1,747)	-1%	538,065
Total Expenditure	2,314,658	2,465,128	2,465,128	46,685	1,061,289	1,232,569	(171,280)	-14%	2,465,128
Surplus/(Deficit)	(136,361)	22,081	22,081	118,572	138,138	11,036	127,102	1152%	22,081
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	109,267	134,338	134,338	6,564	30,603	67,169	###	-54%	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	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	64,157	156,419	156,419	125,136	168,741	78,205	90,536	116%	156,419
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	64,157	156,419	156,419	125,136	168,741	78,205	90,536	116%	156,419
Capital expenditure & funds sources									
Capital expenditure	127,081	190,043	190,043	13,922	37,995	95,022	(57,026)	-60%	190,043
Capital transfers recognised	112,818	134,338	134,338	6,985	31,024	67,169	(36,145)	-54%	134,338
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	14,263	55,705	55,705	6,937	6,971	27,853	(20,882)	-75%	55,705
Total sources of capital funds	127,081	190,043	190,043	13,922	37,995	95,022	(57,026)	-60%	190,043
Financial position									
Total current assets	2,396,615	2,701,046	2,701,046		2,364,907				2,701,046
Total non current assets	2,245,857	2,052,265	2,052,265		2,283,852				2,052,265
Total current liabilities	1,249,270	1,050,980	1,050,980		1,092,605				1,050,980
Total non current liabilities	437,303	408,150	408,150		431,514				408,150
Community wealth/Equity	2,955,900	3,294,182	3,294,182		3,118,197				3,294,182
Cash flows									
Net cash from (used) operating	(584,356)	106,800	106,800	(243,487)	697,005	53,400	(643,605)	-1205%	106,800
Net cash from (used) investing	(127,081)	(154,327)	(190,043)	(13,922)	(37,995)	(77,163)	(39,168)	51%	(154,327)
Net cash from (used) financing	-	(9,390)	(9,390)	-	-	(4,695)	(4,695)	100%	(9,390)
Cash/cash equivalents at the month/year end	(668,430)	116,006	80,289	-	862,316	144,464	(717,852)	-497%	146,389
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	146,053	91,172	76,846	68,134	69,953	135,533	311,845	#####	3,190,215
Creditors Age Analysis									
Total Creditors	107,161	75,516	-	4,599	749	86,474	425,247	224,995	924,742

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

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	1									
Revenue - Functional										
Governance and administration		1,098,135	1,126,167	1,126,167	64,476	557,412	563,083	(5,672)	-1%	1,126,167
Executive and council		480,231	470,256	470,256	15,271	171,773	235,128	(63,354)	-27%	470,256
Finance and administration		617,905	655,911	655,911	49,204	385,638	327,955	57,683	18%	655,911
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		28,981	26,474	26,474	1,586	13,131	13,237	(106)	-1%	26,474
Community and social services		11,158	11,348	11,348	189	1,646	5,674	(4,028)	-71%	11,348
Sport and recreation		1,889	1,905	1,905	343	1,299	953	346	36%	1,905
Public safety		720	340	340	7	296	170	126	74%	340
Housing		12,192	12,801	12,801	1,043	6,361	6,400	(39)	-1%	12,801
Health		3,023	80	80	3	3,529	40	3,489	8723%	80
Economic and environmental services		28,997	16,015	16,015	595	8,156	8,007	148	2%	16,015
Planning and development		15,823	5,525	5,525	262	6,042	2,762	3,280	119%	5,525
Road transport		13,174	10,490	10,490	333	2,113	5,245	(3,132)	-60%	10,490
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		1,212,755	1,444,171	1,444,171	104,242	645,713	722,086	(76,372)	-11%	1,444,171
Energy sources		742,172	935,854	935,854	58,314	381,801	467,927	(86,126)	-18%	935,854
Water management		307,957	345,167	345,167	29,729	168,955	172,583	(3,629)	-2%	345,167
Waste water management		93,896	92,200	92,200	9,288	54,473	46,100	8,373	18%	92,200
Waste management		68,729	70,950	70,950	6,912	40,485	35,475	5,009	14%	70,950
Other	4	9,946	8,720	8,720	923	5,618	4,360	1,258	29%	8,720
Total Revenue - Functional	2	2,378,815	2,621,547	2,621,547	171,821	1,230,030	1,310,773	(80,744)	-6%	2,621,547
Expenditure - Functional										
Governance and administration		616,540	712,851	712,851	38,835	323,426	356,428	(33,002)	-9%	712,851
Executive and council		374,197	428,654	428,654	14,912	194,236	214,328	(20,092)	-9%	428,654
Finance and administration		235,566	277,659	277,659	23,414	126,673	138,831	(12,158)	-9%	277,659
Internal audit		6,778	6,538	6,538	509	2,518	3,269	(752)	-23%	6,538
Community and public safety		176,753	181,961	181,961	18,180	93,249	90,981	2,268	2%	181,961
Community and social services		42,959	43,119	43,119	4,766	23,800	21,560	2,240	10%	43,119
Sport and recreation		53,032	53,283	53,283	5,735	28,793	26,642	2,151	8%	53,283
Public safety		42,229	43,948	43,948	3,722	20,321	21,974	(1,654)	-8%	43,948
Housing		19,874	22,768	22,768	2,111	10,588	11,384	(796)	-7%	22,768
Health		18,659	18,842	18,842	1,845	9,748	9,421	327	3%	18,842
Economic and environmental services		124,668	141,936	141,936	12,665	71,859	70,969	890	1%	141,936
Planning and development		39,022	47,872	47,872	3,979	20,987	23,937	(2,949)	-12%	47,872
Road transport		84,946	93,326	93,326	8,582	50,434	46,663	3,771	8%	93,326
Environmental protection		700	737	737	105	437	369	69	19%	737
Trading services		1,373,647	1,402,477	1,402,477	(25,514)	560,936	701,239	(140,303)	-20%	1,402,477
Energy sources		882,510	915,683	915,683	(57,035)	318,215	457,842	(139,627)	-30%	915,683
Water management		326,816	322,469	322,469	15,130	162,378	161,235	1,143	1%	322,469
Waste water management		92,343	93,375	93,375	10,526	46,040	46,688	(648)	-1%	93,375
Waste management		71,978	70,950	70,950	5,866	34,304	35,475	(1,172)	-3%	70,950
Other		23,049	25,903	25,903	2,519	11,819	12,952	(1,133)	-9%	25,903
Total Expenditure - Functional	3	2,314,658	2,465,128	2,465,128	46,685	1,061,289	1,232,569	(171,280)	-14%	2,465,128
Surplus/ (Deficit) for the year		64,157	156,419	156,419	125,136	168,741	78,205	90,536	116%	156,419

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

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
R thousands										
Revenue by Vote	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		480,231	470,256	470,256	15,271	171,773	235,128	(63,354)	-26.9%	470,256
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		6,869	6,873	6,873	5	246	3,436	(3,191)	-92.9%	6,873
Vote 05 - Community Services		106,478	101,913	101,913	8,622	54,462	50,957	3,506	6.9%	101,913
Vote 06 - Financial Services		610,429	648,238	648,238	49,130	385,013	324,119	60,894	18.8%	648,238
Vote 07 - Strategy Econ Development And Planning		17,626	7,945	7,945	342	6,476	3,972	2,504	63.0%	7,945
Vote 08 - Infrastructure And Services		1,157,181	1,386,322	1,386,322	98,451	612,059	693,161	(81,101)	-11.7%	1,386,322
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	2,378,815	2,621,547	2,621,547	171,821	1,230,030	1,310,773	(80,744)	-6.2%	2,621,547
Expenditure by Vote	1									
Vote 01 - Executive & Council		53,270	58,915	58,915	4,796	29,353	29,458	(104)	-0.4%	58,915
Vote 02 - Municipal And General		309,950	357,885	357,885	10,970	159,612	178,943	(19,331)	-10.8%	357,885
Vote 03 - Municipal Manager		20,618	23,528	23,528	30	9,912	11,764	(1,852)	-15.7%	23,528
Vote 04 - Corporate Services		64,274	74,419	74,419	6,618	35,181	37,210	(2,029)	-5.5%	74,419
Vote 05 - Community Services		286,713	297,675	297,675	28,488	149,239	148,839	400	0.3%	297,675
Vote 06 - Financial Services		126,129	157,404	157,404	11,488	65,869	78,703	(12,834)	-16.3%	157,404
Vote 07 - Strategy Econ Development And Planning		54,596	61,468	61,468	6,202	29,645	30,734	(1,090)	-3.5%	61,468
Vote 08 - Infrastructure And Services		1,399,107	1,433,833	1,433,833	(21,907)	582,478	716,918	(134,440)	-18.8%	1,433,833
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	2,314,658	2,465,128	2,465,128	46,685	1,061,289	1,232,569	(171,280)	-13.9%	2,465,128
Surplus/ (Deficit) for the year	2	64,157	156,419	156,419	125,136	168,741	78,205	90,536	115.8%	156,419

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

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										
Revenue By Source										
Property rates		599,898	627,646	627,646	46,162	357,986	313,823	44,163	14%	627,646
Service charges - electricity revenue		728,486	919,854	919,854	56,849	373,607	459,927	(86,319)	-19%	919,854
Service charges - water revenue		273,280	310,717	310,717	25,067	144,533	155,358	(10,826)	-7%	310,717
Service charges - sanitation revenue		83,392	81,700	81,700	7,800	46,735	40,850	5,885	14%	81,700
Service charges - refuse revenue		60,632	60,940	60,940	5,767	34,538	30,470	4,068	13%	60,940
Rental of facilities and equipment		16,755	13,010	13,010	2,138	12,825	6,505	6,320	97%	13,010
Interest earned - external investments		3,124	6,000	6,000	256	872	3,000	(2,128)	-71%	6,000
Interest earned - outstanding debtors		131,160	156,500	156,500	17,020	89,456	78,250	11,206	14%	156,500
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		15,405	27,730	27,730	2,064	21,520	13,865	7,655	55%	27,730
Licences and permits		8,532	6,850	6,850	895	5,419	3,425	1,994	58%	6,850
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		235,986	258,117	258,117	189	97,620	129,058	(31,439)	-24%	258,117
Other revenue		14,517	18,145	18,145	1,050	11,448	9,072	2,376	26%	18,145
Gains		7,130	-	-	-	2,868	-	2,868	#DIV/0!	-
Total Revenue (excluding capital transfers and contributions)		2,178,297	2,487,209	2,487,209	165,257	1,199,427	1,243,604	(44,178)	-4%	2,487,209
Expenditure By Type										
Employee related costs		772,777	849,403	849,403	78,257	395,190	424,703	(29,514)	-7%	849,403
Remuneration of councillors		30,737	34,547	34,547	2,602	15,763	17,274	(1,510)	-9%	34,547
Debt impairment		267,518	297,000	297,000	-	148,504	148,500	4	0%	297,000
Depreciation & asset impairment		70,060	81,050	81,050	-	-	40,525	(40,525)	-100%	81,050
Finance charges		72,909	38,960	38,960	10,749	23,820	19,480	4,340	22%	38,960
Bulk purchases - electricity		639,689	682,000	682,000	(74,123)	207,037	341,000	(133,963)	-39%	682,000
Inventory consumed		233,275	236,627	236,642	18,978	149,742	118,319	31,423	27%	236,642
Contracted services		38,163	46,437	46,437	(1,713)	9,669	23,219	(13,550)	-58%	46,437
Transfers and subsidies		2,546	4,460	4,460	144	2,446	2,230	216	10%	4,460
Other expenditure		110,302	134,643	134,628	11,791	82,084	67,319	14,766	22%	134,628
Losses		76,681	60,000	60,000	-	27,033	30,000	(2,967)	-10%	60,000
Total Expenditure		2,314,658	2,465,128	2,465,128	46,685	1,061,289	1,232,569	(171,280)	-14%	2,465,128
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(136,361)	22,081	22,081	118,572	138,138	11,036	127,102	0	22,081
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		109,267	134,338	134,338	6,564	30,603	67,169	(36,566)	(0)	134,338
Transfers and subsidies - capital (in-kind - all)		14,400	-	-	-	-	-	-	-	-
		76,850	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		64,157	156,419	156,419	125,136	168,741	78,205			156,419
Taxation								-		
Surplus/(Deficit) after taxation		64,157	156,419	156,419	125,136	168,741	78,205			156,419
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		64,157	156,419	156,419	125,136	168,741	78,205			156,419
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		64,157	156,419	156,419	125,136	168,741	78,205			156,419

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

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
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		7,197	40,405	27,405	7,030	7,030	18,345	(11,315)	-62%	27,405
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	2,542	2,895	4,150	(1,255)	-30%	8,300
Vote 08 - Infrastructure And Services		88,488	79,038	92,038	4,162	22,989	41,376	(18,387)	-44%	92,038
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	113,924	127,743	127,743	13,734	32,914	63,872	(30,957)	-48%	127,743
Single Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		4,041	13,300	13,300	-	16	6,650	(6,634)	-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		9,116	49,000	49,000	188	5,065	24,500	(19,435)	-79%	49,000
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	13,157	62,300	62,300	188	5,081	31,150	(26,069)	-84%	62,300
Total Capital Expenditure		127,081	190,043	190,043	13,922	37,995	95,022	(57,026)	-60%	190,043
Capital Expenditure - Functional Classification										
Governance and administration		11,238	53,705	40,705	7,030	7,046	24,995	(17,949)	-72%	40,705
Executive and council		11,238	53,705	40,705	7,030	7,046	24,995	(17,949)	-72%	40,705
Finance and administration		-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		52,457	35,300	35,300	5,353	24,239	17,650	6,589	37%	35,300
Planning and development		18,239	8,300	8,300	2,542	2,895	4,150	(1,255)	-30%	8,300
Road transport		34,218	27,000	27,000	2,812	21,344	13,500	7,844	58%	27,000
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		63,386	101,038	114,038	1,538	6,710	52,376	(45,667)	-87%	114,038
Energy sources		34,548	46,000	59,000	918	5,795	24,857	(19,062)	-77%	59,000
Water management		624	13,000	13,000	-	-	6,500	(6,500)	-100%	13,000
Waste water management		28,214	42,038	42,038	620	915	21,019	(20,104)	-96%	42,038
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	127,081	190,043	190,043	13,922	37,995	95,022	(57,026)	-60%	190,043
Funded by:										
National Government		95,428	134,338	134,338	6,985	31,024	67,169	(36,145)	-54%	134,338
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		3,500	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private		13,891	-	-	-	-	-	-	-	-
Transfers recognised - capital		112,818	134,338	134,338	6,985	31,024	67,169	(36,145)	-54%	134,338
Borrowing		-	-	-	-	-	-	-	-	-
Internally generated funds	6	14,263	55,705	55,705	6,937	6,971	27,853	(20,882)	-75%	55,705
Total Capital Funding		127,081	190,043	190,043	13,922	37,995	95,022	(57,026)	-60%	190,043

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

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	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		438,882	533,499	533,499	30,102	216,663	266,750	(50,086)	-19%	533,499
Service charges		1,146,393	1,093,079	1,093,079	76,826	542,048	546,540	(4,491)	-1%	1,093,079
Other revenue		288,367	403,395	403,395	26,683	494,829	201,697	293,132	145%	403,395
Transfers and Subsidies - Operational		31,741	18,959	18,959	4,450	9,780	9,480	300	3%	18,959
Transfers and Subsidies - Capital		100,630	134,338	134,338	22,000	63,530	67,169	(3,639)	-5%	134,338
Interest		-	6,000	6,000	-	-	3,000	(3,000)	-100%	6,000
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(2,589,329)	(2,039,050)	(2,039,050)	(403,547)	(629,846)	(1,019,525)	(389,679)	38%	(2,039,050)
Finance charges		(1,039)	(38,960)	(38,960)	-	-	(19,480)	(19,480)	100%	(38,960)
Transfers and Grants		-	(4,460)	(4,460)	-	-	(2,230)	(2,230)	100%	(4,460)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(584,356)	106,800	106,800	(243,487)	697,005	53,400	(643,605)	-1205%	106,800
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	35,716	-	-	-	17,858	(17,858)	-100%	35,716
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		(127,081)	(190,043)	(190,043)	(13,922)	(37,995)	(95,022)	(57,026)	60%	(190,043)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(127,081)	(154,327)	(190,043)	(13,922)	(37,995)	(77,163)	(39,168)	51%	(154,327)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	(9,390)	(9,390)	-	-	(4,695)	(4,695)	100%	(9,390)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(9,390)	(9,390)	-	-	(4,695)	(4,695)	100%	(9,390)
NET INCREASE/ (DECREASE) IN CASH HELD		(711,437)	(56,917)	(92,633)	(257,409)	659,010	(28,458)			(56,917)
Cash/cash equivalents at beginning:		43,007	172,922	172,922	(162,135)	203,306	172,922			203,306
Cash/cash equivalents at month/year end:		(668,430)	116,006	80,289		862,316	144,464			146,389

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, however we need the assistance of our service provider.

As per C6, the Cash and cash equivalents is R41,171 million as per the Cash book balance.

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 **December 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: 11 /01/2023