



MONTHLY BUDGET STATEMENT – FEBRUARY 2023

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.

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Due date: 14 March 2023

Table of Contents

PART 1: IN-YEAR REPORT

- 1. Purpose..... 2
- 2. Background..... 3
- 3. Executive summary 4
- 4.1 Operating Revenue by Source 5
- 4.2 Operating Expenditure by Type 8
- 4.3 Capital expenditure 19
- 4.4 Cash flows..... 20
- 4. In-year budget statement tables 22

PART 2: SUPPORTING DOCUMENTATION

- 5. Debtors' Analysis 23
- 6. Creditors' Analysis..... 38
- 7. Investment portfolio analysis 39
- 8. Allocation and grant receipts and expenditure 40
- 9. Councillor and board member allowances and employee benefits 43
- 10. Material variances to the service delivery and budget implementation plan 47
- 11. Capital programme performance 47
- 12. Other supporting documents 49
- 13. Conclusion 49
- 14. Annexures..... 49
- 15. Municipal Manager's quality certification 57

List of Tables

Table 1: Consolidated summary: Statement of Financial Performance: YTD Budget.....	4
Table 2: Consolidated summary: Statement of Financial Performance: Adjusted Budget.....	4
Table 3: Table C4 Financial Performance (Revenue).....	5
Table 4: Table C4 Financial Performance (Expenditure).....	8
Table 4.1 R&M Expenditure per Directorate per inventory type.....	10
Table 4.2 R&M Expenditure per Service per inventory type.....	11
Table 5.1: Summary of YTD Bulk Electricity expenditure.....	13
Table 5.2: Summary of YTD Bulk Water expenditure.....	13
Table 6.1: Summary of outstanding Bulk costs debt.....	13
Table 6.2: Summary of outstanding ESKOM debt.....	14
Table 6.3: Summary of ESKOM payments.....	15
Table 6.4: Summary of outstanding DWS debt.....	16
Table 6.5: Summary of DWS payments.....	17
Table 7: High level summary: Capital Expenditure.....	19
Table 8: Supporting Table SC3: Aged Debtors.....	23
Table 9: Month-on-month growth in outstanding debtors.....	26
Table 10: Monthly collection rate.....	30
Table 11: Revised Average collection rate.....	30
Table 12.1: BS566 report on receipts per service.....	31
Table 12.2: BS566 report on receipts per debtor type.....	32
Table 12.3: Monthly Billing Receipts Per Debtor Group.....	37
Table 14: Supporting Table SC4: Aged Creditors.....	38
Table 15: Supporting Table SC5: Investment portfolio.....	39
Table 16: Supporting Table SC6: Transfers and grant receipts.....	40
Table 17: Supporting Table SC7(1): Transfers and grant expenditure.....	41
Table 18: Summary of expenditure per grant.....	41
Table 19: Supporting Table SC7(2) - Expenditure against approved rollovers.....	42
Table 20: Supporting Table SC8: Councillor and staff benefits.....	43
Table 21: Current YTD Overtime expenditure excl Night-shift allowance.....	44
Table 22: Detailed capital expenditure report.....	48
Table 23: Summary of capital expenditure per funding source.....	49

List of Charts

Chart 1: Revenue by Source: YTD Actual as a percentage of Total Revenue.....	7
Chart 2: Expenditure by Type: YTD Actual as a percentage of Total Expenditure.....	12
Chart 2.1: Monthly & YTD comparison - Bulk electricity & Water debt.....	18
Chart 3: Total Capital expenditure.....	19
Chart 4: Call investment deposits and Cash & cash equivalents at year-end.....	20
Chart 5: Call investment deposits at month-end.....	21
Chart 6: Cash & cash equivalents and Cost coverage ratio.....	22
Chart 7: Debt over 90 days as a percentage of Total O/S Debt.....	24
Chart 8: Outstanding Debt by Income Source.....	25
Chart 9: Aged Consumer Debtor Analysis.....	27
Chart 10: Consumer Debtors (total by Debtor Customer Category).....	27
Chart 11: Debtor's Age Analysis per Customer Group.....	28
Chart 12.1: Month-to-month - Total Billing Receipts incl Prepaid Electricity.....	33
Chart 12.2: Monthly billing receipts per revenue source.....	34
Chart 12.3: Ranking of billing receipts per revenue source.....	35
Chart 12.4: Percentage contribution of billing receipts per revenue source.....	36
Chart 12.5: Billing receipts per Customer Group.....	37
Chart 13: Aged Creditors Analysis.....	38
Chart 14.1: Overtime Actual vs Budget.....	45
Chart 14.2: Monthly and Annual Overtime Comparison.....	45
Chart 15: Capital Expenditure Monthly Trend: actual v target.....	47
Chart 16: Capital Expenditure: YTD actual vs YTD target.....	47

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 28 FEBRUARY 2023

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 R45 million to ESKOM in respect of available cash for operations for the month of February 2023. The municipality unfortunately could not settle the bulk account due to DWS, but envisage to settle it later in the current month, once the municipality receives the commitment made by the Department of Public Works.

Currently, the total debtors book is standing at R3,280,421 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 only be achieved when the Credit Control and Debt Collection Policy is strictly, consistently and fairly applied to all customer groups.* Consumers that are not paying for services, must remember that no municipality will remain sustainable and functional if it expected to provide "services for free". And in the same breath, the municipality must employ all measures to ensure that customers receive quality and reliable services. The value of providing these services, should never be underestimated by the municipality as there a direct correlation between providing quality services and consumers' willingness to pay.

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 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 **28 February 2023**, the ten working day reporting limit expires on **14 March 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 **14 March 2023**, (ten working day limit).

Sol Plaatje (NC091): Monthly Budget Statement: February 2023

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 February 2023	YTD Actual February 2023	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	1,659,893	1,605,032	(54,861)	96.7%	-3.3%
Total Revenue (including capital transfers and contributions)	1,749,221	1,642,154	(107,067)	93.9%	-6.1%
Total Operational Expenditure	1,690,041	1,520,702	(169,339)	90.0%	-10.0%

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

As indicated in Table 1 above, as at 28 February 2023, the billed revenue excluding capital grants amounted to R1,605,032 billion which resulted in a satisfactory variance of minus 3.3% when compared to the YTD Budget of R1,659,893 billion. The billed revenue including capital grants amounting to R1,642,154 billion, resulted in an unsatisfactory variance of minus 6.1% when compared to the YTD budget of R1,749,221 billion. 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 10%.

Summary Statement of Financial Performance: Adjusted Budget					
Description R thousand	Adjusted Budget	YTD Actual February 2023	Variance Favourable (Unfavourable)	% YTD Actual vs Adjusted Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 58.33%
Total Revenue (excluding capital transfers and contributions)	2,495,977	1,605,032	1,397,034	64.3%	-2.36%
Total Revenue (including capital transfers and contributions)	2,629,165	1,642,154	1,423,057	62.5%	-4.21%
Total Operational Expenditure	2,698,208	1,520,702	1,295,851	56.4%	-10.31%

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

Indicated in Table 2 above is the YTD actual compared to the Adjusted Budget. When calculating the ideal In-Year-Monitoring percentage of 66.67% [calculated as follow: (100/12 months x 8 months of the year)] as at the end of February 2023, the Total operational revenue excluding capital grants versus the Adjusted Budget resulted in a satisfactory variance of minus 2.36%. The Total operational revenue including capital grants versus the Adjusted Budget resulted in a satisfactory variance of minus 4.21%. The Total Operational Expenditure resulted in an unsatisfactory variance of minus 10.31%.

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	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	Achieved YTD Budget	YTD variance	YTD variance	Achieved Adjusted Budget	Adjusted Budget Variance	Adjusted Variance IYM % - 66.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Property rates	610,074	45,798	450,080	414,916	108.5%	35,164	8.5%	73.8%	43,364	7.1%
Service charges - electricity revenue	899,854	52,450	488,058	609,236	80.1%	(121,178)	-19.9%	54.2%	(111,844)	-12.4%
Service charges - water revenue	305,717	23,499	192,196	206,145	93.2%	(13,948)	-6.8%	62.9%	(11,615)	-3.8%
Service charges - sanitation revenue	93,500	7,817	62,390	56,827	109.8%	5,563	9.8%	66.7%	56	0.1%
Service charges - refuse revenue	69,080	5,800	46,112	42,255	109.1%	3,857	9.1%	66.8%	58	0.1%
Rental of facilities and equipment	25,896	2,137	17,107	11,251	152.1%	5,856	52.1%	66.1%	(157)	-0.6%
Interest earned - external investments	6,000	1,564	2,820	4,000	70.5%	(1,180)	-29.5%	47.0%	(1,180)	-19.7%
Interest earned - outstanding debtors	156,500	18,593	125,544	104,333	120.3%	21,211	20.3%	80.2%	21,210	13.6%
Fines, penalties and forfeits	35,730	4,564	27,463	20,087	136.7%	7,377	36.7%	76.9%	3,643	10.2%
Licences and permits	6,850	342	5,810	4,567	127.2%	1,243	27.2%	84.8%	1,243	18.1%
Agency services	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	266,031	-	169,944	173,661	97.9%	(3,717)	-2.1%	63.9%	(7,410)	-2.8%
Other revenue	20,745	1,353	14,783	12,616	117.2%	2,167	17.2%	71.3%	954	4.6%
Gains on disposal of PPE	-	(144)	2,724	-	-	2,724	-	-	2,724	-
Total Revenue (excluding capital transfers and contributions)	2,495,977	163,774	1,605,032	1,659,893	96.7%	(54,861)	-3.3%	64.3%	(58,953)	-2.4%
Transfers and subsidies - capital	133,188	5,238	37,122	89,329	41.6%	(52,206)	-58.4%	27.9%	(51,670)	-38.8%
Total Revenue (including capital transfers and contributions)	2,629,165	169,011	1,642,154	1,749,221	93.9%	(107,067)	-6.1%	62.5%	(110,623)	-4.2%

Table 3: Table C4 Financial Performance (Revenue)

Comparison against the YTD Budget

- ❖ Property Rates is showing a positive YTD variance of 8.5%, 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 19.9%. 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 Adjusted 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 were adjusted downwards during the Adjustment budget.
- ❖ Rental of facilities and equipment is showing a positive variance of 52.1% 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 was corrected during the Adjustment Budget.
- ❖ Interest earned – External investments shows a negative variance of minus 29.5%, as a result of accrued interest revenue that was recognised for the 2021/22 financial year. It should be noted that investments have been declining year-on-year but have remained relatively constant for the period under review. This however, also served as a major impediment 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.
- ❖ Interest on Outstanding debtors is showing a positive variance of 20.3% due to the increase in specifically debt over 90 days and the recent consecutive interest rate hikes.

- ❖ Fines, penalties and forfeits is showing a positive variance of 36.7% as a result of the actuals achieved on Penalties: Disconnection fees is satisfactory at 99.16% against an adjusted target of R25,500 million, due to the disconnections on non-payment.
- ❖ Licences and permits is showing a positive variance of 27.2%, 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 101.5% against an annual target of R3,950 million.
- ❖ Transfers and subsidies is showing a satisfactory variance of minus 2.1%.
- ❖ Other Revenue is higher than anticipated as a result of improved receipts on Building plan approvals with a 88% achievement versus a target of R7,300 million with the YTD actual amounting to R6,446 million.
- ❖ Capital grants is showing a negative variance of 55.4%, 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 Adjusted Budget

Based on the IYM percentage of 66.67%, the majority of revenue sources are performing satisfactorily.

- ❖ Property rates is performing satisfactorily and showing a satisfactory variance of 7.1%, due to the annual billing of Property Rates.
- ❖ Service charges is performing satisfactorily when compared to the Adjusted budget, with the exception of Electricity sales is which is showing a negative variance of minus 12.4%. Same factors are applicable as described in the paragraph above.
- ❖ Rental of facilities and equipment is showing a satisfactory variance of minus 0.6%%. Same factors are applicable as described in the paragraph above.
- ❖ Interest from External Investments is showing an unsatisfactory variance of minus 19.7%. Same factors are applicable as described in the paragraph above.
- ❖ Interest on Outstanding debtors is showing a positive variance of 13.6% due to the increase in specifically debt over 90 days and the recent consecutive interest rate hikes.
- ❖ Fines, penalties and forfeits is showing a positive variance of minus 24.2%. Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits is showing a positive variance of 10.2%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies is satisfactory with a variance of minus 2.8%. Same factors are applicable as described in the paragraph above.
- ❖ Other Revenue is showing a positive variance of 4.6%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers – recognised capital is showing a negative variance of minus 38.8%. 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 28 February 2023. The main contributors of the municipality's revenue are Service Charges (49.1%), Property Rates (28%) and Transfers and subsidies (10.6%). The weighting is slightly distorted due to the annual billing on Property Rates.

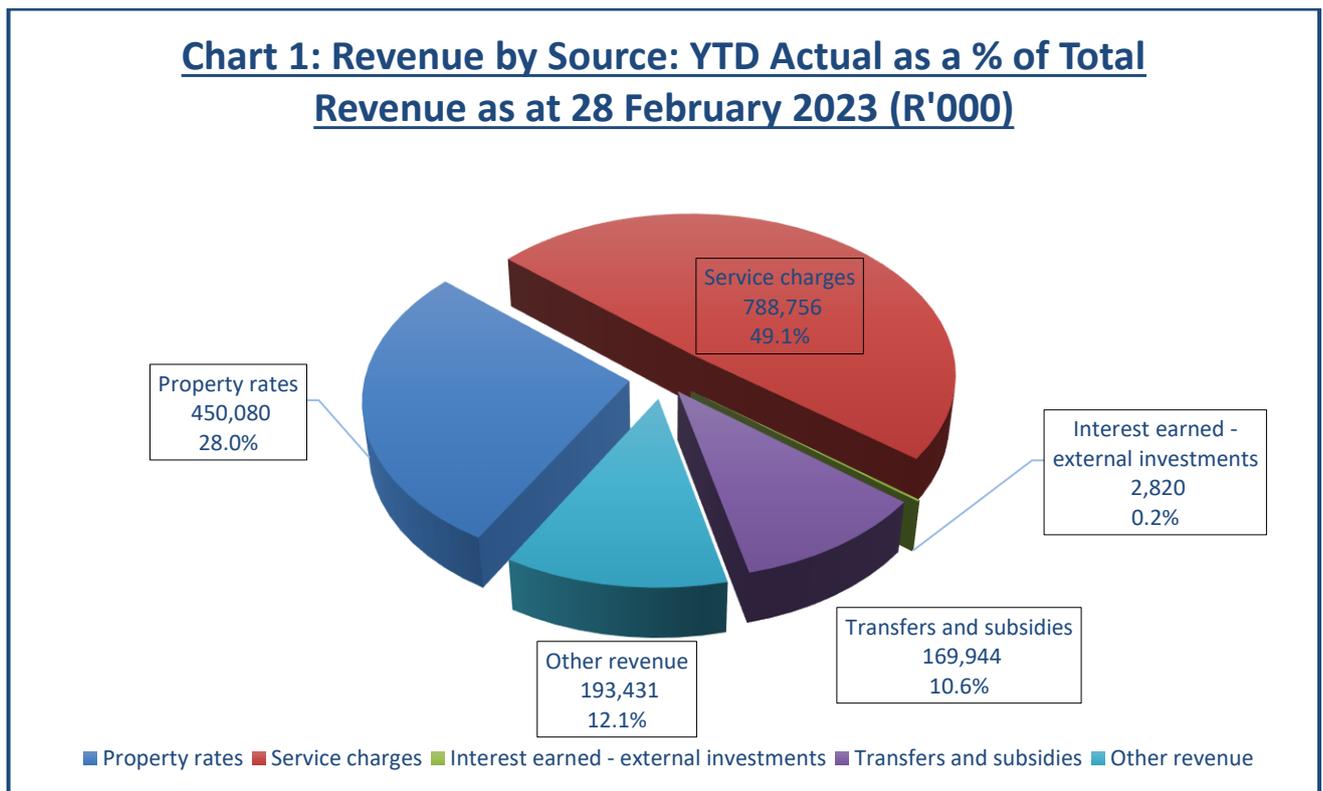


Chart 1: Revenue by Source: YTD Actual as a percentage of Total Revenue

4.2 Operating Expenditure by Type

Expenditure By Type	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance	Achieved Adjusted Budget	Adjusted Budget Variance	Adjusted Variance IYM % - 66.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Employee related costs	849,970	64,977	523,909	566,385	92.5%	(42,476)	-7.5%	61.6%	(42,738)	-5.0%
Remuneration of councillors	34,547	2,941	21,367	23,032	92.8%	(1,664)	-7.2%	61.8%	(1,664)	-4.8%
Debt impairment	397,000	-	148,504	218,000	68.1%	(69,496)	-31.9%	37.4%	(116,163)	-29.3%
Depreciation & asset impairment	81,050	-	-	54,033	0.0%	(54,033)	-100.0%	0.0%	(54,033)	-66.7%
Finance charges	117,360	0	23,821	41,653	57.2%	(17,833)	-42.8%	20.3%	(54,419)	-46.4%
Bulk purchases - electricity	682,000	52,692	438,375	454,667	96.4%	(16,291)	-3.6%	64.3%	(16,291)	-2.4%
Inventory consumed	266,277	14,753	193,954	163,688	118.5%	30,267	18.5%	72.8%	16,436	6.2%
Contracted services	54,184	5,346	15,285	32,508	47.0%	(17,222)	-53.0%	28.2%	(20,837)	-38.5%
Transfers and subsidies	4,460	20	2,494	2,973	83.9%	(479)	-16.1%	55.9%	(479)	-10.7%
Other expenditure	135,719	10,754	104,582	89,975	116.2%	14,607	16.2%	77.1%	14,102	10.4%
Losses	75,640	9,619	48,410	43,128	112.2%	5,282	12.2%	64.0%	(2,016)	-2.7%
Total Expenditure	2,698,208	161,102	1,520,702	1,690,041	90.0%	(169,339)	-10.0%	56.4%	(278,104)	-10.3%

Table 4: Table C4 Financial Performance (Expenditure)

Comparison against YTD Budget

As indicated in the Table 4 above, as at 28 February 2023 current YTD expenditure shows an unsatisfactory variance of minus 10%. The YTD actual amounted to R1,520,702 billion against the YTD Budget of R1,690,041 billion.

- ❖ Employee related costs shows a negative variance of minus 7.5%. 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 7.2%. The gazette on the Determination of Upper limits of salaries, allowances and benefits of different members of municipal councils must still be issued for the current financial year.
- ❖ Debt impairment will be provided for on a quarterly basis. The journal for the third quarter will be processed before end of March 2023.
- ❖ 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 42.8%. 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 R46,197 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 a satisfactory variance of minus 3.6%.
- ❖ Expenditure on Contracted services is lower than anticipated. Prepaid Electricity Vendors is 54.46% spent versus a budget of R11,400 million. The January and February 2023 invoice is unpaid and will be settled during March 2023. An upwards adjustment on OS: B&A PROJECT

MANAGEMENT for commitments on projects. Some invoices are still unpaid. C&PS: LEGAL COST ADVICE & LITIGATION is also 24% spent versus a budget of R5,965 million.

- ❖ 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 January 2023 was processed timeously, whilst the February 2023 actuals will be finalised during March 2023. It should be noted that the municipality is awaiting the February 2023 invoice from DWS.
- ❖ Transfers and subsidies show a negative variance of minus 16.1%. Other grants show minimal movement due to cash flow constraints.
- ❖ Other expenditure is showing an unsatisfactory variance of 16.2% as a result of the following line items under Operational Cost (OC)
 - Cost incurred of R26,450 million on OC: Cash Discount which is currently reflecting as an expense with a zero budget, but this costs 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 items is 76.95% spent versus an adjustments budget of R5,419 million.
 - OC: Professional Bodies M/Ship & Subs is 95.04% spent as a result of the annual membership fees paid to SALGA amounting to R8,197 million.
 - OC: Uniform & Protective Clothing is 72.07% 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, however with the current pressure on the Adjustment budget line managers will have to make use of savings.
 - OC: Audit Cost: External is 99.68% spent against a adjustments budget of R6,330 million. Virement from savings will be done on the system to effect payment of the February 2023 account amounting to R127 thousand.

The expenditure on Inventory consumed is showing a negative variance of 18.5%. 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. The major backlog and deterioration of infrastructure and high-level of crisis management is negatively influencing this expenditure line items and sound financial management of budgets is not adequately exercised. Deviations and re-directing of funds to manage crises is severely and rapidly depleting the R&M budget. Lack of maintenance plans and planned maintenance is impeding on the municipality's ability to maintain assets optimally. There are limited resources available with severe budgetary constraints with the current cash flow position putting major strain on the municipality's finances to actually address service delivery challenges. The municipality is obligated to ensure that tariffs are cost-reflective whilst ensuring that tariff increases are inflationary related as prescribed by NT annual MFMA Budget circulars. This is a major impediment for the municipality to increase the R&M to a desired level to actually address backlogs, whilst employee costs, provision for bad debts and other expenditure is putting further strain on the budgets each year.

Indicated in the table 4.1 below, is the expenditure on R&M (Inventory consumed) per Directorate per inventory type

R&M Expenditure per Directorate per Inventory type as at 28 February 2023					Annexure A
R&M Expenditure per Directorate per Inventory type as at 28 February 2023	Adjustment Budget	Curr Mth Exp	YTD Movement	% Spent Adj Budget	Comment
VOTE 1 - COUNCILLORS AND ADMIN	286,000	4,779	56,947	20%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	117,000	4,779	38,631	33%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	2,000	-	-	0%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	167,000	-	18,317	11%	UNDERSPENT
VOTE 2 - MUNICIPAL AND GENERAL	29,829,000	2,026,174	27,256,584	91%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	500,000	23,818	413,343	83%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	-	-	-		UNDERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	215,000	30,986	213,551	99%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	5,000	-	980		UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	29,109,000	1,971,369	26,628,709	91%	OVERSPENT
VOTE 3 - MUNICIPAL MANAGER	150,000	-	35,654	24%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	128,000	-	35,654	28%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	22,000	-	-	0%	UNDERSPENT
VOTE 4 - CORPORATE SERVICES	2,680,730	113,234	1,195,117	45%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	936,000	73,979	640,138	68%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	250,000	14,809	127,714	51%	UNDERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	365,730	13,997	295,217	81%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	1,129,000	10,449	132,048	12%	UNDERSPENT
VOTE 5 - COMMUNITY SERVICES	36,960,000	918,302	16,229,450	44%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	990,900	28,513	462,942	47%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	63,700	-	3,565	6%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	246,000	27,782	170,270	69%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	1,000,000	55,512	657,605	66%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	6,355,000	638,302	5,913,268	93%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	1,264,400	26,483	195,823	15%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	27,040,000	141,710	8,825,976	33%	UNDERSPENT
VOTE 6 - FINANCIAL SERVICES	2,487,000	298,872	1,770,189	71%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,229,000	149,165	761,644	62%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	176,000	13,632	115,337	66%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	165,000	12,426	120,643	73%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	-	-	-		UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	917,000	123,649	772,565	84%	OVERSPENT
VOTE 7 - STRATEGY & ECONOMIC DEVELOPMENT	10,400,919	-876,767	2,443,930	23%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	451,000	14,681	181,135	40%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	74,000	2,710	44,176	60%	UNDERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	360,000	26,761	223,908	62%	UNDERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	8,000	-	5,789	72%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	9,507,919	-920,919	1,988,922	21%	UNDERSPENT
VOTE 8 - INFRASTRUCTURE SERVICES	183,483,249	12,268,044	144,966,520	79%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	826,000	75,260	283,109	34%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	2,000	-	-	0%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	17,580,000	3,217,141	11,172,186	64%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	742,000	56,078	540,880	73%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	7,873,000	343,565	5,341,301	68%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	918,000	10,610	506,993	55%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	109,182,249	3,408,127	82,524,996	76%	OVERSPENT
2326600 (INVENTORY - WATER)	46,360,000	5,157,263	44,597,056	96%	OVERSPENT
Grand Total	266,276,898	14,752,638	193,954,390	73%	OVERSPENT

Table 4.1 R&M Expenditure per Directorate per inventory type

Indicated in the table 4.2 below, is the expenditure on R&M (Inventory consumed) per Service per inventory type

R&M Expenditure per Service per Inventory Type as at 28 February 2023					Annexure B
R&M Expenditure per Service per Inventory Type as at 28 February 2023	Adjustment Budget	Curr Mth Exp	YTD Movement	% Spent Adj Budget	Comment
2480 - REFUSE	19,705,000	1,880,638	10,388,967	53%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	70,000	965	41,738	60%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	205,000	-	118,940	58%	UNDERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	4,050,000	460,078	3,966,883	98%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	1,000,000	-	5,911	1%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	14,380,000	1,419,594	6,255,496	44%	UNDERSPENT
2830 - ROADS	18,813,000	2,252,764	15,879,686	84%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	53,000	39	39,758	75%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	55,000	8,212	45,768	83%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	18,705,000	2,244,513	15,794,159	84%	OVERSPENT
2840 - HOUSING	2,031,000	99,156	1,218,661	60%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	105,000	2,961	39,379	38%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	-	-	0%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	119,000	2,237	107,789	91%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	110,000	10,314	94,165	86%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	1,000	-	-	0%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	1,695,000	83,643	977,328	58%	UNDERSPENT
2850 - SEWERAGE	21,698,000	-2,616,074	11,937,227	55%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	57,000	1,293	6,995	12%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	170,000	925	92,182	54%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	245,000	22,682	228,120	93%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	2,543,000	46,201	1,442,776	57%	UNDERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	517,000	1,041	276,804	54%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	18,166,000	-2,688,214	9,890,350	54%	UNDERSPENT
2860 - WATER	107,752,000	9,883,617	87,685,038	81%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	100,000	5,608	25,550	26%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	17,410,000	3,216,217	11,080,004	64%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	110,000	2,916	69,912	64%	UNDERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	2,280,000	936	1,244,985	55%	UNDERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	400,000	9,570	230,189	58%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	41,092,000	1,491,106	30,437,342	74%	OVERSPENT
2326600 (INVENTORY - WATER)	46,360,000	5,157,263	44,597,056	96%	OVERSPENT
2880 - ELECTRICITY	34,392,000	2,285,976	26,074,230	76%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	290,000	47,063	131,460	45%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	-	-	0%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	71,000	4,498	54,199	76%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	34,030,000	2,234,415	25,888,571	76%	OVERSPENT
Grand Total	204,391,000	13,786,077	153,183,810	75%	OVERSPENT

Table 4.2 R&M Expenditure per Service per inventory type

Operating Expenditure by Type: Comparison against Adjusted Budget

Indicated in Table 4 above, is the YTD actual compared to the Adjusted Budget. The ideal In-Year-Monitoring percentage as at the end of February 2023 is 66.67%. The total operational expenditure against the Adjusted Budget is 56.4% spent, resulting in an unsatisfactory variance of minus 10.3%.

- ❖ Employee costs and Councillors remuneration is satisfactory.
- ❖ Debt impairment will be provided for on a quarterly basis and the journal for the third quarter will be processed before the end of March 2023.
- ❖ Depreciation will be provided for at year-end. Same factors are applicable as explained above.
- ❖ Finance charges is showing an unsatisfactory variance of minus 46.4%. Same factors are applicable as explained above.
- ❖ Bulk Electricity is showing a satisfactory variance of minus 2.4%. Same factors are applicable as explained above. It should be noted that for the interim until the Adjustment budget, the Interest on overdue accounts under Finance charges for the ESKOM bulk account was captured against the Bulk Electricity vote. This must still be journalised on the system.

- ❖ Inventory consumed is showing a satisfactory variance of 6.2%. 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 10.4%. Same factors are applicable as explained above
- ❖ Loss on disposal of PPE (Water losses), is satisfactory, journal for February 2023 will be processed in March 2023.

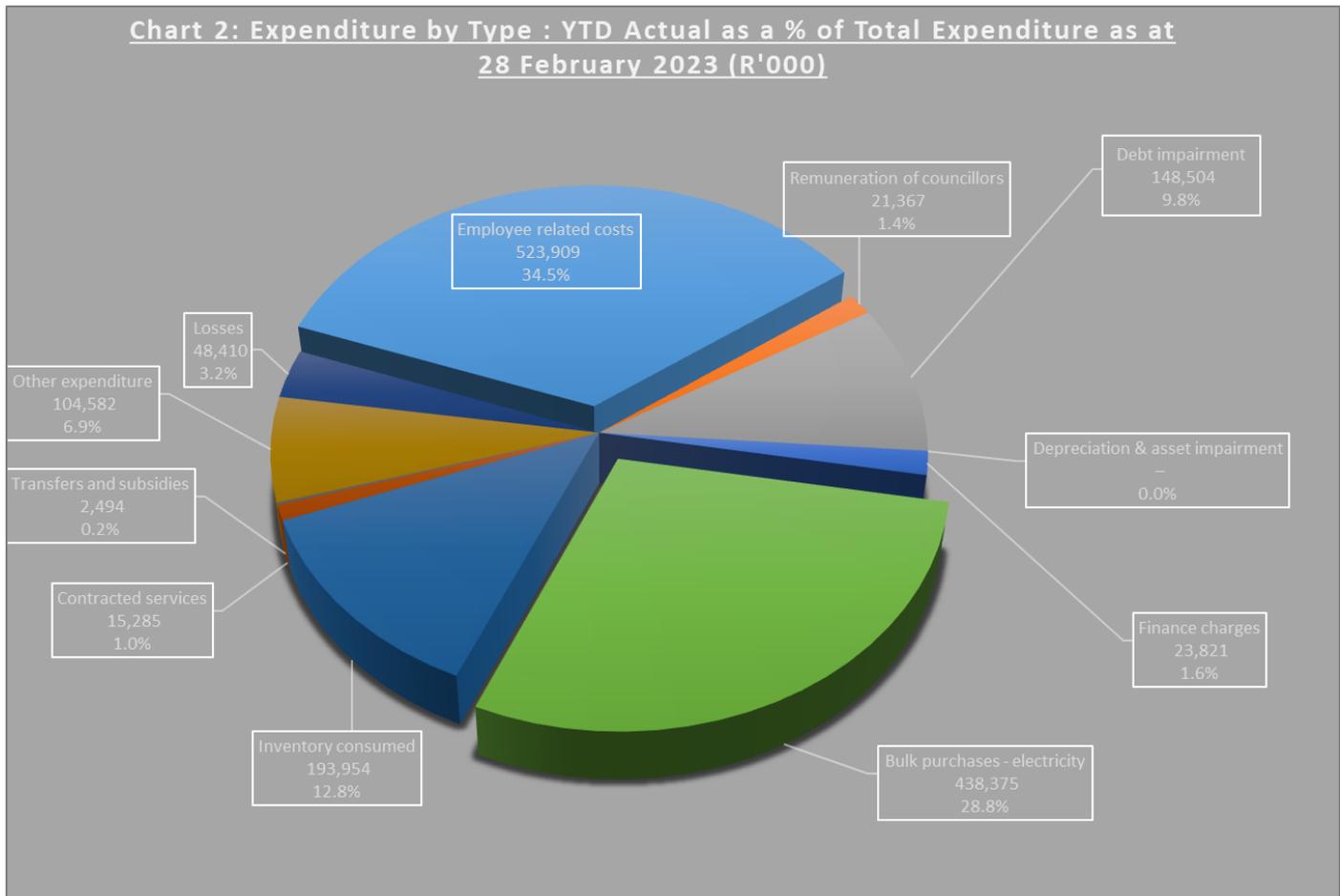


Chart 2: Expenditure by Type: YTD Actual as a percentage of Total Expenditure

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 28 February 2023. The main cost drivers of the municipality are Employee Related Costs (34.5%), Debt Impairment (9.8%) and Bulk Purchases – Electricity (28.8%). 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.
- ❖ The journal for the third quarter for Debt Impairment must still be processed on the system.
- ❖ 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.

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 66.67% as at end of February 2023, Bulk Purchases Electricity is showing a satisfactory variance of minus 2.39%.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 66.67%
BULK PURCHASES: ELECTRICITY	682,000,000	52,692,170	438,375,299	64.28%	-2.39%
Total	682,000,000	52,692,170	438,375,299	64.28%	-2.39%

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 an satisfactory variance of 10.8% when compared to the ideal percentage of 66.7%. 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 February 2023. A corrective journal will be passed during March 2023 for the actuals of February 2023. It should also be noted that the overstatement is as a result of the billing for Bulk water which is over a nine-month period from July to March each year as the servitude (free water) commences on the 1 April of each year, where the municipality does not get billed for those three months. The servitude normally lasts the municipality 3 months, from April to June of each year. Once the servitude is exhausted, the Department starts billing the municipality again.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 66.67%
INVENTORY - WATER	60,000,000	5,157,263	44,597,056	74.3%	7.7%
NON-REVENUE WATER LOSSES	60,000,000	9,618,588	48,320,380	80.5%	13.9%
Total	120,000,000	14,775,851	92,917,436	77.4%	10.8%

Table 5.2: Summary of YTD Bulk Water expenditure

Organ of state	Arrear debt of unpaid invoices	Current Account due (Feb 2023)	Total Outstanding Debt	YTD Interest charged 2022/23
ESKOM	719,390,264.05	56,821,014.10	776,211,278.15	53,828,637.05
DWS (Water boards)	154,772,764.11	17,499,463.36	172,272,227.47	-
Grand Total	874,163,028.16	74,320,477.46	948,483,505.62	53,828,637.05

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 R776,211 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 to January 2023 invoice in full but managed to settle partial payments of R20,000 million (December 2022), R22,000 million (January 2023) and R45,000 million (February 2023). The total year to date interest charged on overdue accounts due to ESKOM amounts to R53,829 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 R172,272 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 to February 2023. The account for December 2022 was settled in January 2023.
- Settling the monthly debt instalment (municipality complied, but defaulted for February 2023)
- 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.

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	18,352,701.86	18,352,701.86	
Nov-22	59,086,722.23	59,086,722.23	
Dec-22	58,648,907.34	58,648,907.34	
Jan-23	59,491,314.63	59,491,314.63	
Feb-23	56,821,014.10		56,821,014.10
Total ESKOM	776,211,278.15	719,390,264.05	56,821,014.10

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 R776,211 million pertaining to the debt owed to ESKOM. The outstanding balance is then split into the arrear debt (R719,390 million) and the current account (R56,821 million).

		Payment date	Sum of VOTE AMOUNT
		20210811	6,000,000.00
		20210818	6,000,000.00
		20210825	4,000,000.00
		20210827	2,165,402.07
		20210907	6,000,000.00
		20210915	6,000,000.00
		20210916	6,000,000.00
		20210920	6,000,000.00
		20211005	6,000,000.00
		20211012	6,000,000.00
		20211019	9,954,439.94
		20211108	10,000,000.00
		20211115	10,000,000.00
		20211208	30,000,000.00
		20220104	83,198.46
		20220118	29,903,304.08
		20220225	19,000,000.00
		20220316	20,000,000.00
		20220413	30,000,000.00
		20220512	20,000,000.00
		20220531	30,000,000.00
		20220713	53,019,940.09
		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
		20230131	22,000,000.00
		20230228	45,000,000.00
Payments per fin period	Sum of VOTE AMOUNT	Grand Total	709,836,108.91
202108	18,165,402.07		
202109	24,000,000.00		
202110	21,954,439.94		
202111	20,000,000.00		
202112	30,000,000.00		
202201	29,986,502.54		
202202	19,000,000.00		
202203	20,000,000.00		
202204	30,000,000.00		
202205	50,000,000.00		
202206	53,019,940.09		
202208	79,537,674.82		
202209	109,064,695.35		
202210	58,357,071.08		
202211	59,750,383.02		
202212	20,000,000.00		
202301	22,000,000.00		
202302	45,000,000.00		

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 R709,836 million. For the month of February 2023, the municipality could only settle R45,000 million on the debt and could not settle the current account for January 2023 in full.

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	10,318,404.82	10,318,404.82	
JAN 2023 BULK ACCOUNT	18,023,065.00	18,023,065.00	
FEB 2023 BULK ACCOUNT	17,416,992.12		17,416,992.12
WRM LEVIES FEB 2023	82,471.24		82,471.24
Total DWS	172,272,227.47	154,772,764.11	17,499,463.36

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 R172,272 million pertaining to debt owed to DWS. The outstanding balance is then split into the the arrear debt (R154,773 million) and the current account (R17,499 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
		20230109	82,471.24
		20230124	16,953,859.72
		20230126	82,471.24
		20230220	82,471.24
		Grand Total	187,749,402.55
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		
202301	17,118,802.20		
202302	82,471.24		
Grand Total	187,749,402.55	Grand Total	187,749,402.55

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 R187,749 million. For the month of February 2023, the municipality settled an amount of R82 thousand and did not have sufficient cash to settle the current of January 2023.

Monthly and YTD comparison of debt owed to Eskom and DWS

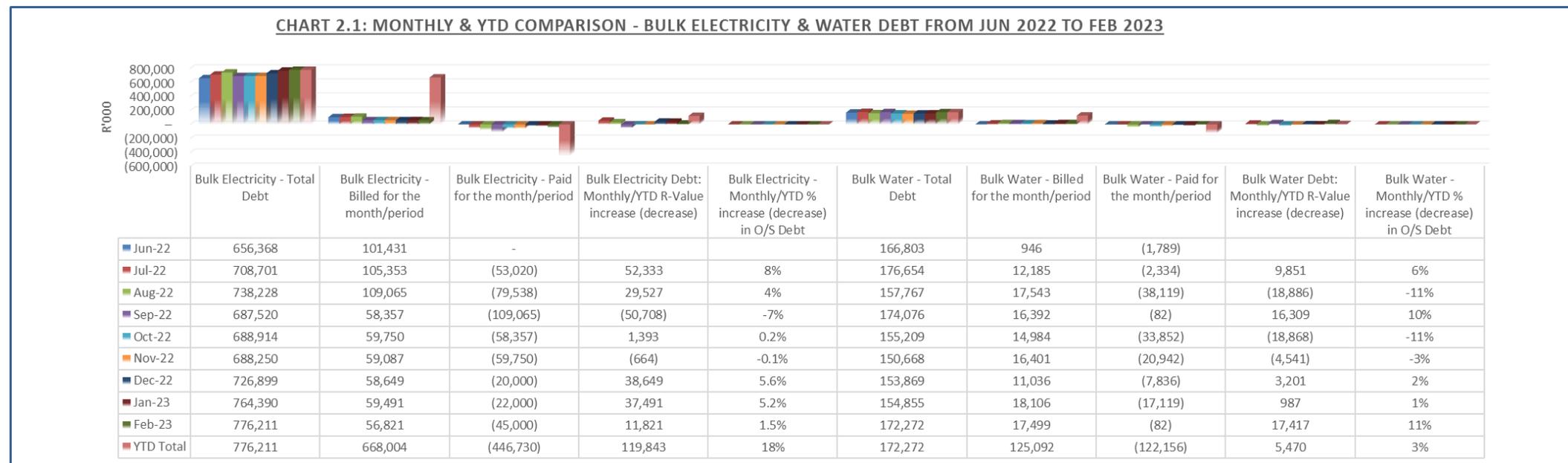


Chart 2.1: Monthly & YTD comparison - Bulk electricity & Water debt

Indicated in Chart 2.1, is the monthly and YTD comparison of Bulk electricity and Water debt. From January 2023 to February 2023, debt owed to ESKOM increased by R11,821 million or 1.5%, from R764,390 million to R776,211 million. When comparing the total outstanding debt to June 2022, the outstanding debt increased by R119,843 million or 18% from R656,368 million to R776,211 million. The total YTD billing from June 2022 to February 2023, amounts to R668,004 million, whilst the municipality settled an amount of R446,730 million for the same period.

From January 2023 to February 2023, debt owed to DWS increased by R17,417 million or 11%, from R154,855 million to R172,272 million. When comparing the total outstanding debt to June 2022, the outstanding debt increased by R5,470 million or 3% from R166,803 million to R172,272 million. The total YTD billing from June 2022 to February 2023, amounts to R125,092 million, whilst the municipality settled an amount of R122,156 million for the same period.

4.3 Capital expenditure

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure - February 2023										
Capital expenditure	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance %	Achieved Adjusted Budget	Adjusted Budget Variance	Adjusted Variance IYM % - 66.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	188,893	3,074	49,389	126,465	39.1%	(77,076)	-60.9%	26.1%	(76,540)	-40.5%
Funded by										
Capital transfers recognised	133,188	664	34,828	89,329	39.0%	(54,501)	-61.0%	26.1%	(53,964)	-40.5%
Internally generated funds	55,705	2,410	14,561	37,137	39.2%	(22,575)	-60.8%	26.1%	(22,575)	-40.5%
Weighting Capital transfer recognised	70.5%	21.6%	70.5%	70.6%						
Weighting Internally generated funds	29.5%	78.4%	29.5%	29.4%						

Table 7: High level summary: Capital Expenditure

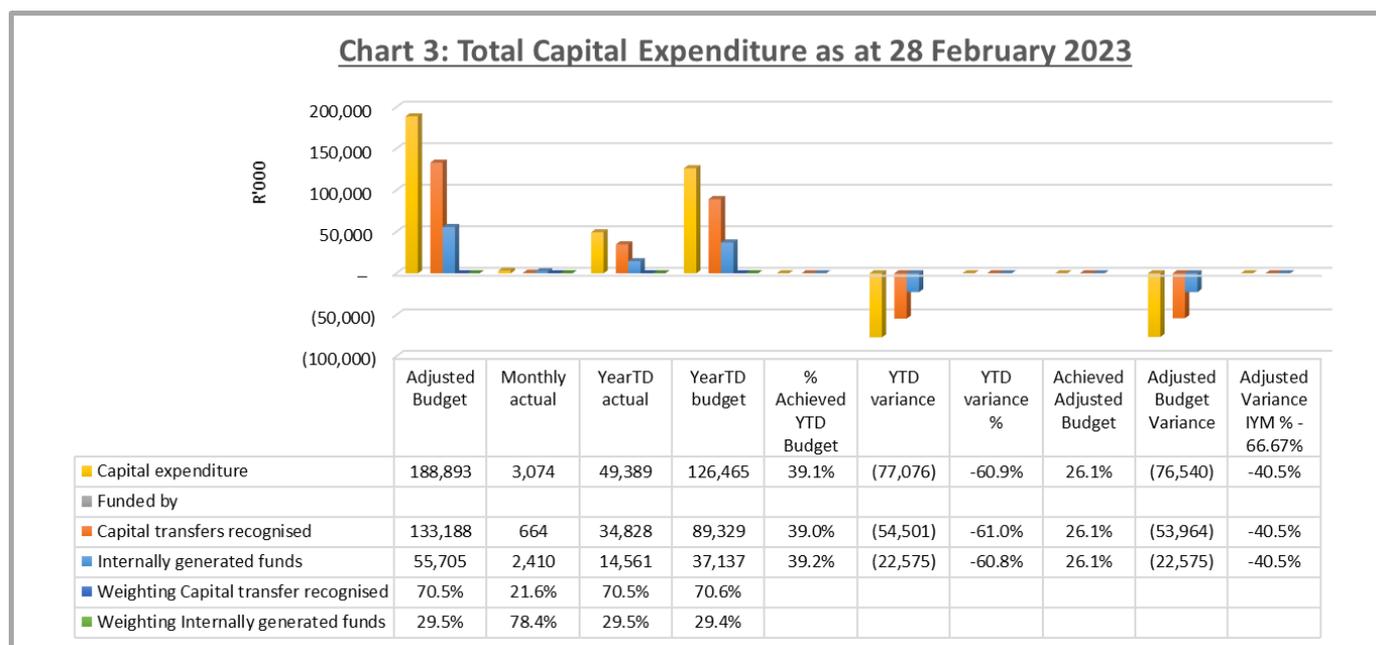


Chart 3: Total Capital expenditure

As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of February 2023 amounted to R49,389 million and 39.1% spent when compared to the YTD budget of R126,465 million and 26.1% spent when compared to the Adjusted Budget of R188,893 million. The total YTD capex is funded from Capital grants R34,828 million (70.5%) and Internally generated funds R14,561 million (29.5%). 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: Current investment deposits and Cash & cash equivalents at year-end

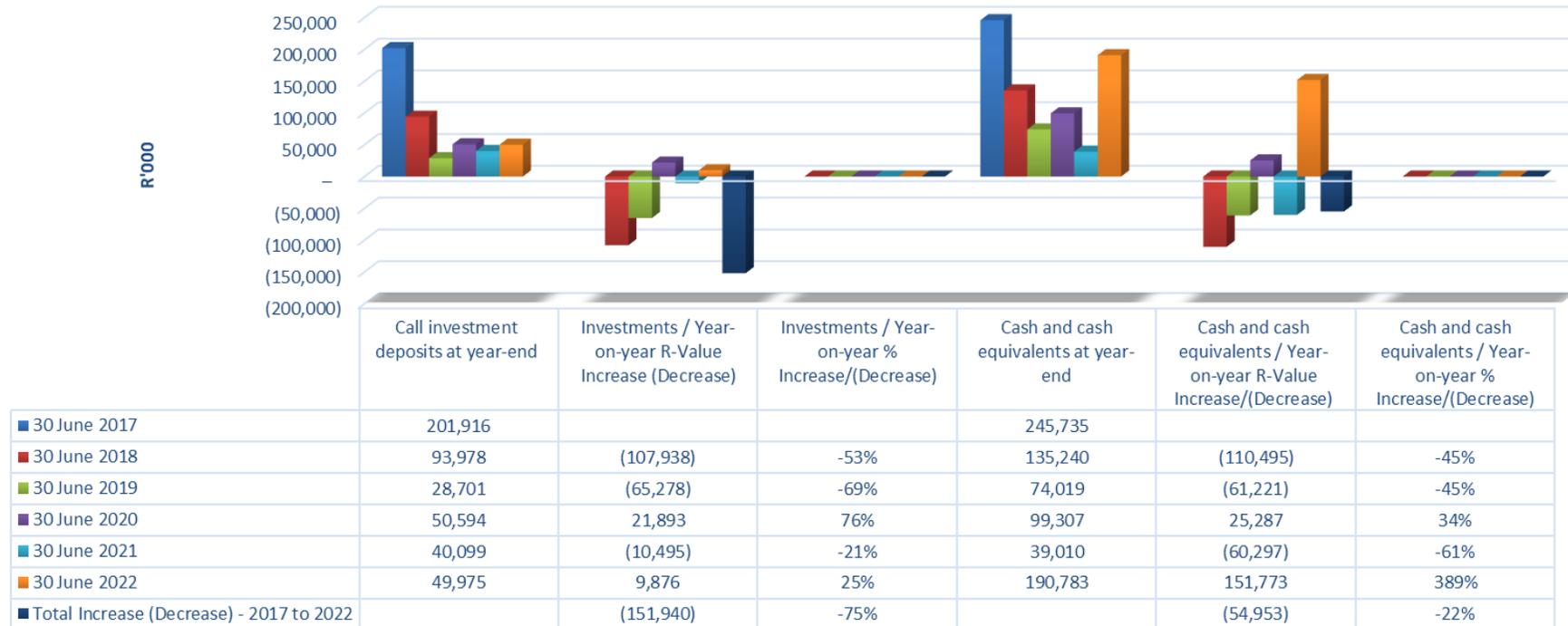


Chart 4: Call investment deposits and Cash & cash equivalents at year-end

Investments decreased by R107,938 million or 53% from 2017 to 2018. Investments decreased by R65,278 million or 69% from 2018 to 2019. Investments increased by R21,893 million or 76% from 2019 to 2020. Investments decreased by R10,495 million or 21% from 2020 to 2021. Investments increased by 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 28 February 2023

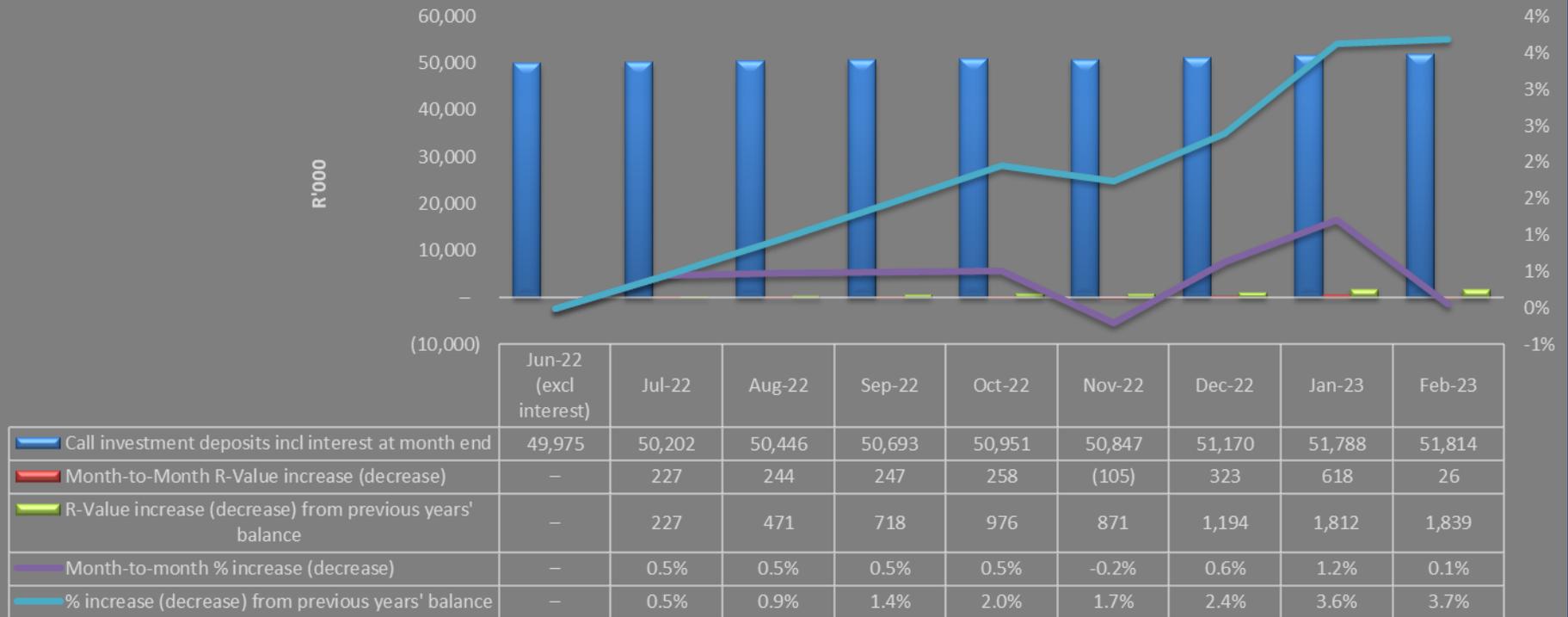


Chart 5: Call investment deposits at month-end

As indicated in the Chart 5 above from January 2023 to February 2023 investments incl interest increased by R26 thousand or 0.1%, in respect of the month-to-month comparison. Investments increased by R1,839 million or 3.7% 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.

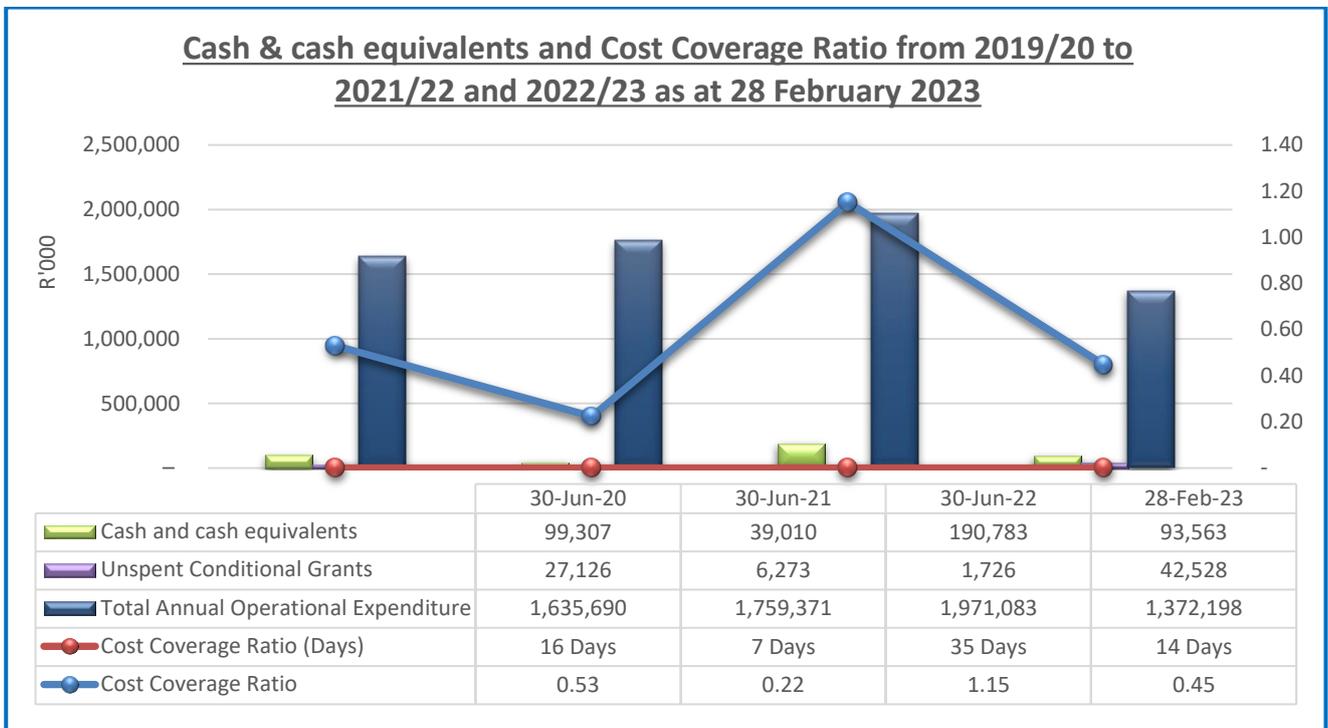


Chart 6: Cash & cash equivalents and Cost coverage ratio

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 28 February 2023 is 0.45 or 14 days, 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. During the 2022/23 Mid-year engagement, National Treasury recommended that the Credit Control and Debt Collection Policy must be 100% applied. 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 - M08 February

Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receiv ables from Ex change Transactions - Water	1200	28,675	21,156	15,669	15,894	16,696	13,844	78,446	480,455	670,836	605,335	-	-
Trade and Other Receiv ables from Ex change Transactions - Electricity	1300	44,183	16,673	9,185	9,315	7,592	11,031	48,101	147,094	293,174	223,133	-	-
Receiv ables from Non-ex change Transactions - Property Rates	1400	38,023	15,940	13,808	12,771	11,956	11,489	138,000	619,090	861,076	793,306	-	-
Receiv ables from Ex change Transactions - Waste Water Management	1500	7,913	5,333	4,935	4,713	4,585	4,479	24,152	151,888	207,998	189,817	-	-
Receiv ables from Ex change Transactions - Waste Management	1600	6,218	4,092	3,777	3,547	3,442	3,359	18,269	117,754	160,457	146,371	-	-
Receiv ables from Ex change Transactions - Property Rental Debtors	1700	1,625	1,569	1,554	1,542	1,521	1,507	7,916	43,118	60,353	55,604	-	-
Interest on Arrear Debtor Accounts	1810	18,584	16,984	16,581	15,169	14,863	13,687	68,411	599,649	763,928	711,779	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-	-	-
Other	1900	9,113	2,872	5,769	14,151	8,382	4,456	22,539	195,318	262,599	244,845	-	-
Total By Income Source	2000	154,334	84,619	71,278	77,103	69,036	63,851	405,834	2,354,367	3,280,421	2,970,191	-	-
2021/22 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	22,729	14,681	10,100	9,154	9,272	11,163	130,627	641,550	849,278	801,767	-	-
Commercial	2300	56,633	20,659	14,498	14,367	11,353	11,839	64,477	337,266	531,092	439,302	-	-
Households	2400	72,930	48,040	45,429	52,135	47,162	39,240	204,311	1,325,275	1,834,522	1,668,123	-	-
Other	2500	2,041	1,238	1,250	1,447	1,248	1,609	6,419	50,276	65,529	61,000	-	-
Total By Customer Group	2600	154,334	84,619	71,278	77,103	69,036	63,851	405,834	2,354,367	3,280,421	2,970,191	-	-

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 R3,280,421 billion as at the end of February 2023. The Credit control office implemented the following contingencies. In the light of current cash flow and very low cashier collection at points, disconnection and blocking of institutions, businesses and Government Departments without valid arrangements or not in discussions with the municipality, should be done with immediate effect. On 8 August 2022 and going forward defaulting debtors were disconnected, starting with government and businesses and then moving onto households.

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

Chart 7 below, depicts the month-on-month summary of Debt over 90 days as a percentage of total O/S Debt which increased to 91% for the month under review. Debt over 90 days increased by R38,896 million in respect of the month-to-month comparison. The month-to-month increase on Total debt amounted to R36,759 million. It is concerning that total debt over 90 days is hovering at an average of 90 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.

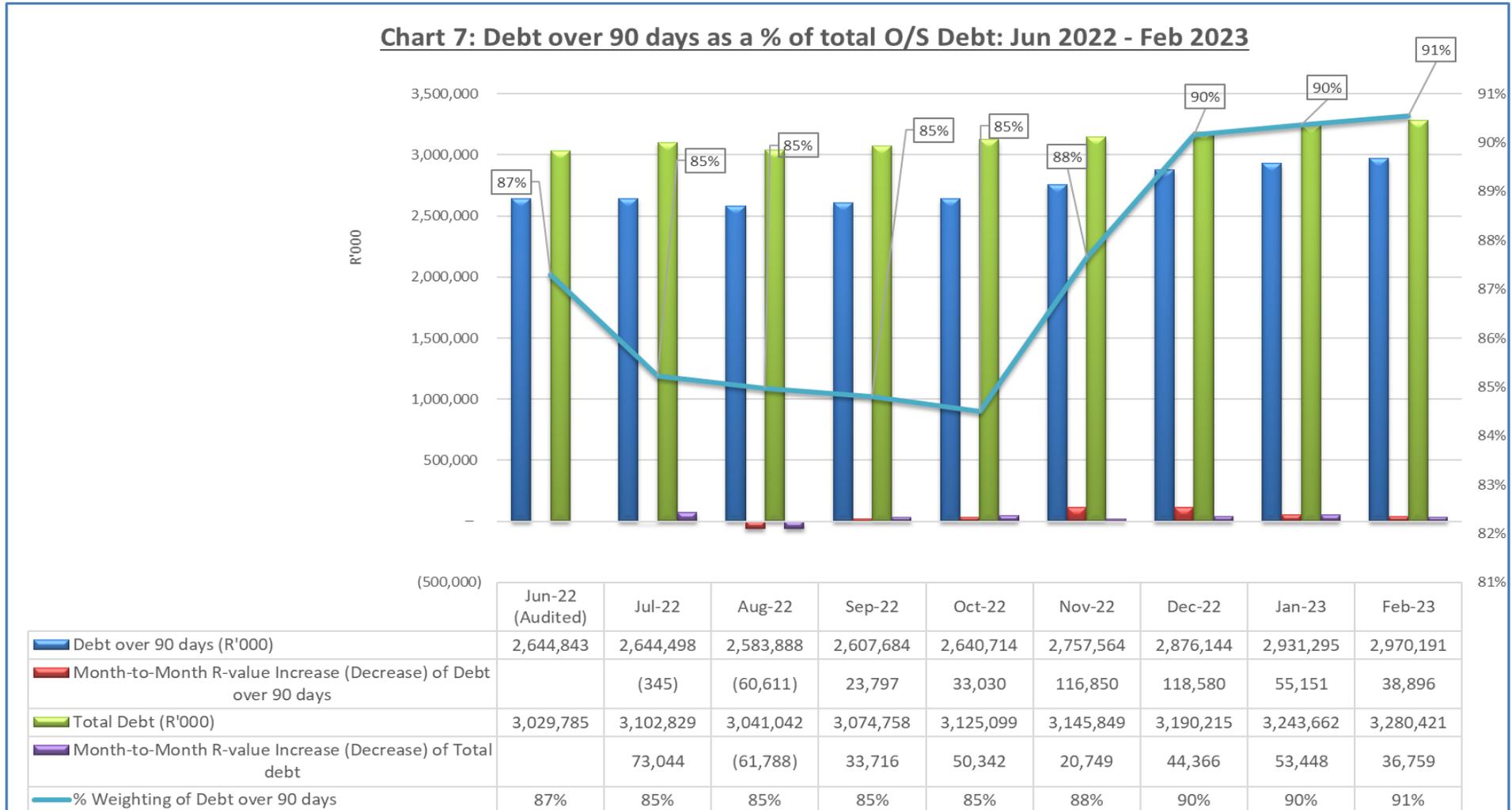


Chart 7: Debt over 90 days as a percentage of Total O/S Debt

Chart 8: Outstanding Debt by Income Source as at 28 February 2023

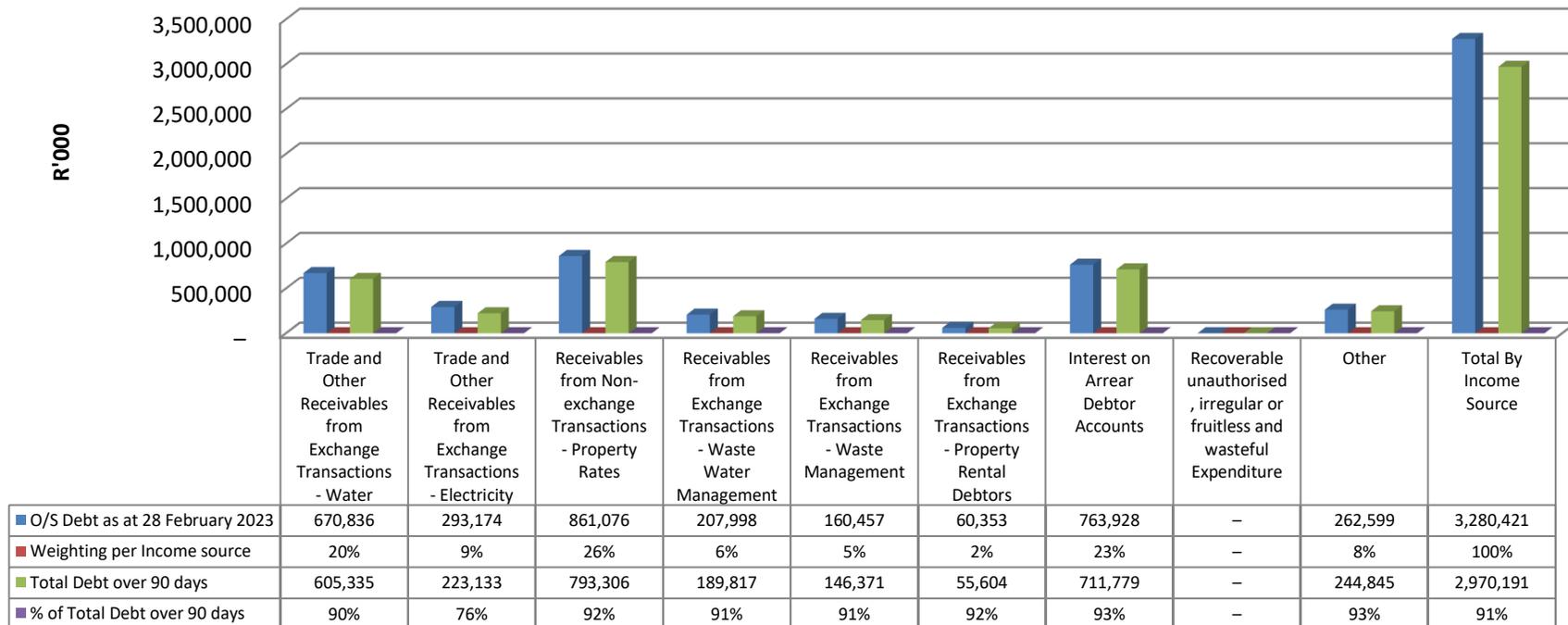


Chart 8: Outstanding Debt by Income Source

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 February 2023. The highest percentage weighting of debt owed is attributable to:

- ❖ Receivables from Non-exchange Transactions - Property Rates at 26%
- ❖ 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 93%, 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	Item code	O/S Debt as at 31 January 2023	O/S Debt as at 28 February 2023	Percentage month-on-month Increase/ (Decrease) in Debtors	R-Value Increase/(Decrease)	Weighting of Debt per Category as a % of Total O/S
Debtors Age Analysis By Income Source	1100					
Trade and Other Receivables from Exchange Transactions - Water	1200	663,385,950	670,835,519	1.1%	7,449,569	20%
Trade and Other Receivables from Exchange Transactions - Electricity	1300	292,659,796	293,174,427	0.2%	514,631	9%
Receivables from Non-exchange Transactions - Property Rates	1400	858,200,504	861,076,440	0.3%	2,875,936	26%
Receivables from Exchange Transactions - Waste Water Management	1500	205,647,557	207,998,297	1.1%	2,350,740	6%
Receivables from Exchange Transactions - Waste Management	1600	158,181,283	160,457,132	1.4%	2,275,849	5%
Receivables from Exchange Transactions - Property Rental Debtors	1700	58,950,393	60,352,939	2.3%	1,402,546	2%
Interest on Arrear Debtor Accounts	1810	748,670,430	763,927,692	2.0%	15,257,262	23%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	1820	-	-			
Other	1900	257,966,401	262,598,845	1.8%	4,632,444	8%
Total By Income Source	2000	3,243,662,314	3,280,421,291	1.1%	36,758,977	100%
Debtors Age Analysis By Customer Group	2100					
Organs of State	2200	841,612,701	849,277,805	0.9%	7,665,104	26%
Commercial	2300	531,523,224	531,092,043	-0.1%	-431,181	16%
Households	2400	1,805,419,289	1,834,522,378	1.6%	29,103,089	56%
Other	2500	65,107,100	65,529,065	0.6%	421,965	2%
Total By Customer Group	2600	3,243,662,314	3,280,421,291	1.1%	36,758,977	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 January 2023 to February 2023, the municipality's total O/S debt increased by 1.1% or R36,759 million.

O/S debt per Income Source

- ❖ Trade and Other Receivables from Exchange Transactions - Water increased by 1.1%.
- ❖ Trade and Other Receivables from Exchange Transactions - Electricity increased by 0.2%.
- ❖ Receivables from Non-exchange Transactions - Property Rates increased by 0.3%.
- ❖ Receivables from Exchange Transactions - Waste Water Management increased by 1.1%;
- ❖ Receivables from Exchange Transactions - Waste Management increased by 1.4%.
- ❖ Receivables from Exchange Transactions - Property Rental Debtors increased by 2.3%.
- ❖ Interest on Arrear Debtor Accounts increased by 2.0%.
- ❖ Other increased by 1.8%.

O/S debt per Customer Group

- ❖ Organs of State increased by 0.9%.
- ❖ Commercial debtors decreased by 0.1%.
- ❖ Debt owed by Households increased by 1.6%.
- ❖ Other Debt increased by 0.6%.

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.

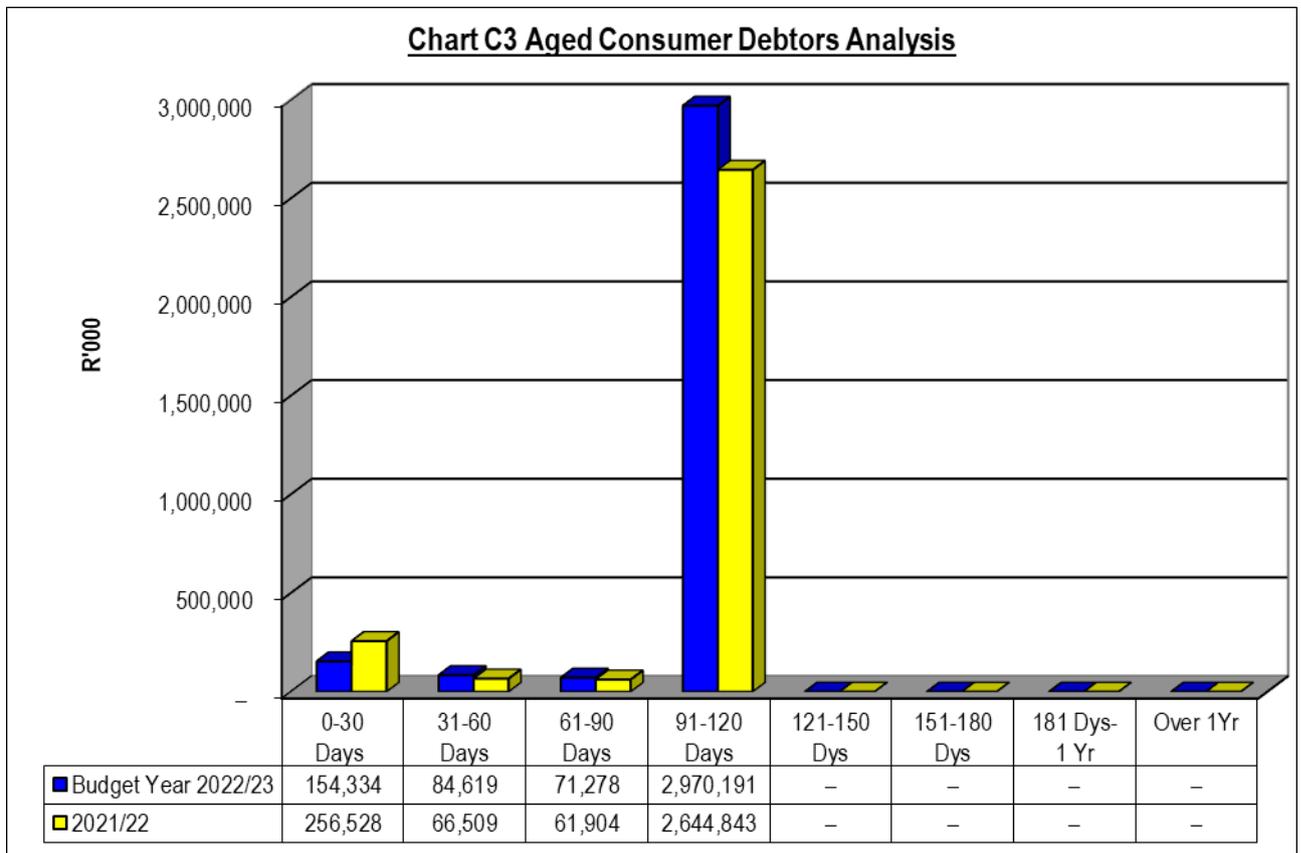


Chart 9: Aged Consumer Debtor Analysis

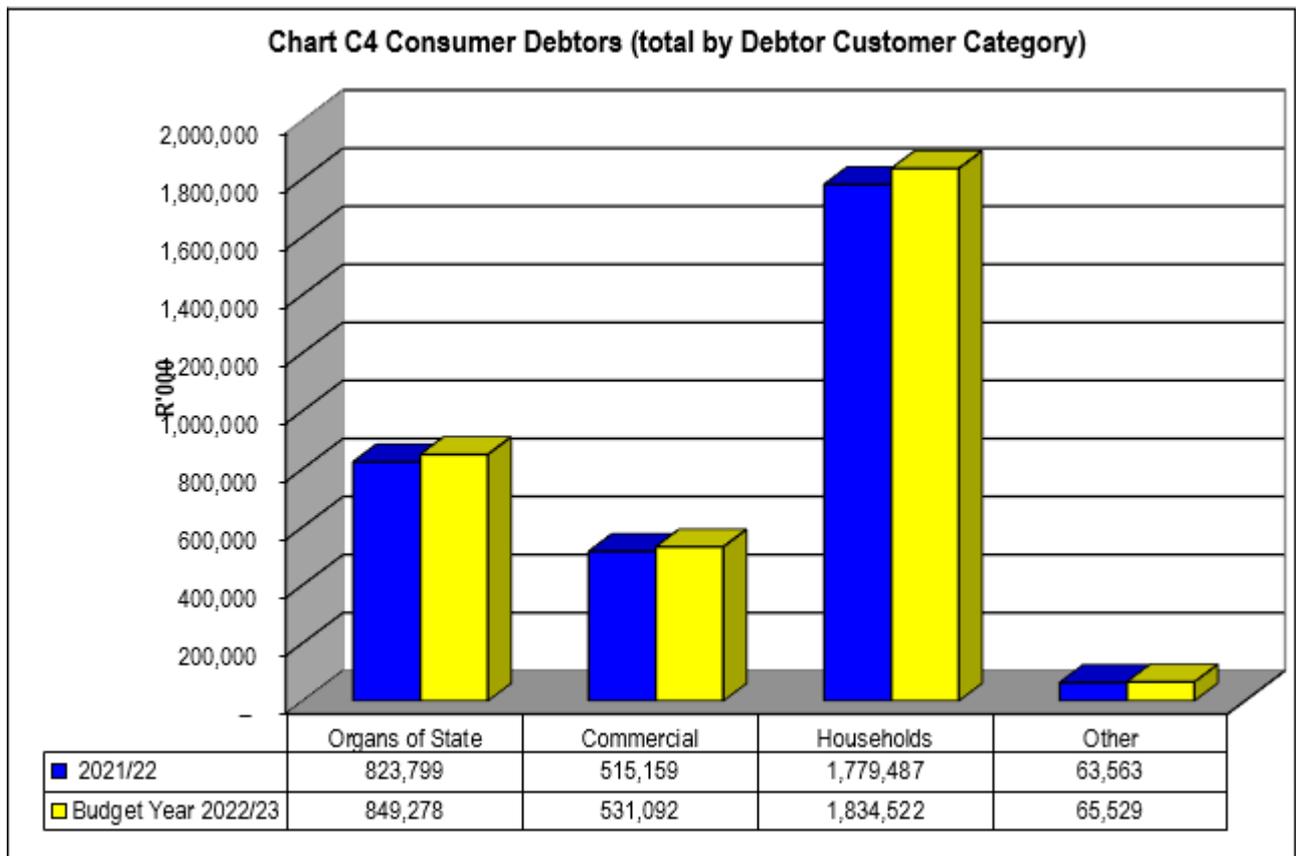


Chart 10: Consumer Debtors (total by Debtor Customer Category)

Chart 11: Debtor's Age Analysis per Customer Group as at 28 February 2023

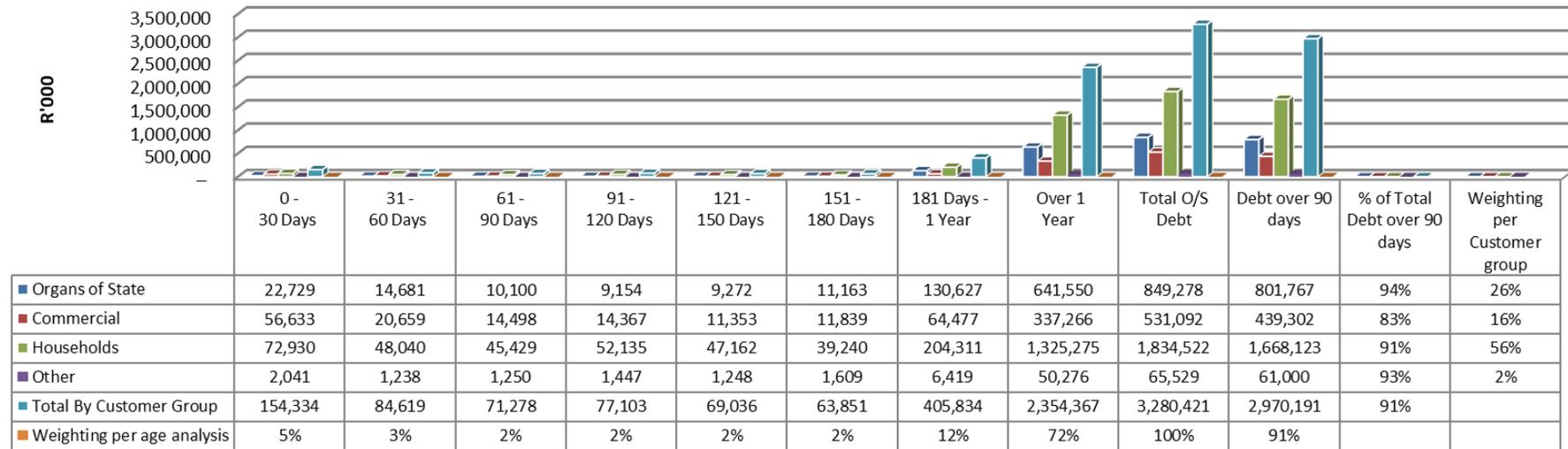


Chart 11: Debtor's Age Analysis per Customer Group

Chart 11 above, illustrates that the bulk of SPM debt is aged over 90 days with a total weighting of 91%. 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 January 2023 and received in February 2023, the monthly collection rate is 66%. 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. Indicated in Table 11 below is the revised average collection of 76.8% 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 February to 28 February 2023. 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 Jan 2023)	Credits (Received Feb 2023)	% Collected
PROPERTY RATES	46,310,504	29,156,248	63%
ELECTRICITY	40,353,538	33,171,273	82%
WATER	26,968,217	15,890,830	59%
SEWERAGE	9,211,893	4,048,930	44%
REFUSE	7,065,279	3,203,743	45%
OTHER	20,629,448	14,518,756	70%
Total	150,538,879	99,989,780	66%

Table 10: Monthly collection rate

REVENUE BY SOURCE	YTD ACTUAL FEB 2023		YTD RECEIPTS	Rate
PROPERTY RATES	R	450,080,327	R 279,766,572	62.2%
SERVICE CHARGE ELECTRICITY	R	303,501,360	R 326,827,059	107.7%
SERVICE CHARGE ELECTRICITY - PREPAIDS	R	184,337,298	R 184,337,298	100.0%
SERVICE CHARGE WATER	R	191,361,891	R 113,013,072	59.1%
SERVICE CHARGE SANITATION	R	62,088,928	R 31,774,181	51.2%
SERVICE CHARGE REFUSE	R	45,809,882	R 25,230,551	55.1%
OTHER	R	161,219,576	R 108,488,181	67.3%
UNALLOCATED CREDITS			R 4,903,781	
REVISED AVERAGE COLLECTION RATE - FEBRUARY 2023	R	1,398,399,262	R 1,074,340,695	76.8%

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	Jan-23	Feb-23	TOTAL
PROPERTY RATES	VA	-	-	60.36	400.00	-	-	-	-	460.36
PROPERTY RATES	VA2010	-	1,849.29	-	465.29	3.28	82.57	-	3,854.80	6,255.23
PROPERTY RATES	VA RESD	11,554,158.61	17,670,066.22	12,208,358.82	14,335,666.41	13,401,856.55	12,649,633.80	13,165,441.23	13,217,635.01	108,202,816.65
PROPERTY RATES	VASRA	52,536.92	54,152.01	769,061.35	284,846.81	207,468.32	500,750.19	235,375.09	303,555.96	2,407,746.65
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	13,477,391.06	17,532,355.27	122,397,273.25
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	1,434,242.59	1,859,446.07	13,307,396.67
PROPERTY RATES	VAF AAG	78,107.79	185,427.86	123,573.26	127,936.22	78,944.20	129,991.54	98,454.04	97,071.75	919,506.66
PROPERTY RATES	VAFARE	15,683.92	14,676.48	33,053.52	16,538.55	19,362.01	11,530.66	13,883.69	13,078.19	137,807.02
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	286,213.20	582,775.95	29,802,193.44
PROPERTY RATES	VARES V	174,601.31	231,176.12	153,641.62	178,155.13	157,086.39	137,832.88	188,094.27	180,424.66	1,401,012.38
PROPERTY RATES	VAGOVP	-	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	54,669.92	55,909.34	745,599.25
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	28,953,765.09	33,846,107.00	279,766,571.80
BASIC ELECTRICITY	BE	494,200.67	545,453.29	489,992.75	537,039.22	487,294.81	500,612.01	463,544.27	531,876.20	4,050,013.22
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	29,593,008.74	35,919,477.04	322,777,045.57
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	21,913,646.77	20,360,323.06	184,337,297.57
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	51,970,199.78	56,811,676.30	511,164,356.36
BASIC WATER	BW	101,803.68	55,922.48	64,206.98	70,825.99	41,189.81	63,736.17	22,772.06	51,760.04	472,217.21
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	12,881,890.08	13,612,465.37	112,540,855.06
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	12,904,662.14	13,664,225.41	113,013,072.27
BASIC SEWERAGE	BS	342,863.46	302,922.72	235,156.10	281,603.65	260,050.02	246,188.11	177,262.52	452,032.69	2,298,079.27
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	3,129,232.73	3,835,947.96	29,476,101.47
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	3,306,495.25	4,287,980.65	31,774,180.74
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	2,604,307.53	3,009,053.61	23,117,593.84
ADD REFUSE	RF	318,771.58	326,586.51	245,012.08	266,253.60	249,901.54	276,635.00	184,290.89	245,506.32	2,112,957.52
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	2,788,598.42	3,254,559.93	25,230,551.36
INTEREST ON ARREARS	IN0001	14,837.31	3,640.45	2,470.57	16.68	1,068.96	1,221.54	3.54	1,334.42	24,593.47
INTEREST ON ARREARS	INBR	110,061.36	64,483.08	54,660.69	69,001.79	77,903.59	63,344.69	39,949.78	63,385.12	542,790.10
INTEREST ON ARREARS	INSE	82,526.81	94,674.13	81,504.57	97,432.46	107,665.78	94,424.97	57,911.53	90,182.64	706,322.89
INTEREST ON ARREARS	INWA	246,746.07	290,224.03	220,163.16	319,086.20	316,341.30	264,977.03	166,114.89	329,137.77	2,152,790.45
INTEREST ON ARREARS	INSU	35,590.37	57,346.76	28,269.57	45,406.60	32,745.01	36,601.13	25,521.85	35,413.52	296,894.81
INTEREST ON ARREARS	INBS	34,685.00	4,845.76	2,532.27	7,869.47	7,136.62	6,632.41	3,733.39	12,261.41	79,696.33
INTEREST ON ARREARS	INEL	326,560.38	2,724,558.14	359,027.60	1,124,794.17	210,379.34	230,348.94	223,293.53	643,477.36	5,842,439.46
INTEREST ON ARREARS	INBE	38,137.40	6,483.64	14,212.25	16,840.83	6,038.95	9,031.39	2,458.98	5,741.74	98,945.18
INTEREST ON ARREARS	INBW	37,732.01	3,096.67	10,653.57	16,023.45	4,224.75	4,494.71	848.72	1,912.43	78,986.31
INTEREST ON ARREARS	INRF	21,990.58	1,154.84	1,620.18	5,838.20	1,818.87	1,762.24	2,507.32	664.07	37,356.30
INTEREST ON ARREARS	INVA	706,259.98	646,360.93	452,995.24	409,305.74	343,658.90	537,831.91	223,885.44	520,713.93	3,841,012.07
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	746,228.97	1,704,224.41	13,701,827.37
DEPOSITS	DEWE	365,159.66	381,981.42	451,824.84	217,638.65	258,271.01	205,457.02	194,681.14	476,073.83	2,551,087.57
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	8,257,630.71	11,088,364.48	80,351,220.33
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	704,258.11	1,358,681.43	9,213,317.39
HOUSE RENTALS	SU10	73,465.93	94,208.22	87,329.14	99,936.22	176,515.18	103,096.90	113,888.26	94,749.87	843,189.72
MISC 1	SU50	94,739.60	72,875.12	59,570.95	71,858.85	97,938.38	164,708.19	71,279.40	111,849.04	744,819.53
MISC 2	SU11	99,481.13	76,357.05	172,970.34	135,231.57	146,582.91	116,081.47	76,909.66	111,066.83	934,680.96
MISC 3	SU15	-	4,220.39	-	-	-	-	173.91	2,928.92	7,323.22
INFORMAL HOUSING	SU60	4,474.71	8,391.05	5,083.64	8,219.13	5,915.08	25,846.82	8,742.83	10,533.81	77,207.07
ARREARS MAGIC	SU70	1,695.42	172.83	2,433.38	2,180.77	1,292.90	1,108.19	1,685.80	676.64	11,245.93
SUNDRY COMMISSION	SUCOMM	991.09	1,278.14	857.69	1,542.45	2,545.43	1,250.33	1,259.89	1,449.85	11,174.87
COMM ON PNP	SUEASY	2,109.35	9,765.07	1,743.88	11,178.26	2,352.24	2,363.56	9,723.79	1,850.85	41,087.00
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	9,440,233.50	13,258,225.55	94,786,353.59
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	7,420,042.02	8,739,634.87	75,271,147.02
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	95,616,578.40	115,206,311.06	960,370,762.94
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	88,196,536.38	106,466,676.19	885,099,615.92
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	110,110,183.15	126,826,999.25	1,069,436,913.49

Table 12.1: BS566 report on receipts per service

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	Jan-23	Feb-23	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	11,018,652.52	13,435,925.43	105,040,330.49
BUSINESS RESIDENTIAL	BR	835,840.27	1,188,696.75	844,809.17	914,624.49	837,863.57	724,823.80	889,298.96	864,954.16	7,100,911.17
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	24,378,558.56	33,407,190.05	244,596,602.32
CHURCHES	CH	91,275.28	130,874.41	110,856.66	139,916.33	94,664.01	143,824.54	77,828.01	113,767.78	903,007.02
COUNCILLOR	CL	56,270.39	66,802.86	65,584.34	65,092.22	61,244.18	60,145.81	64,039.71	62,284.24	501,463.75
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	1,595,922.72	2,665,775.83	16,112,214.33
DECEASED ESTATE	DE	-	-	-	-	792.17	-	-	434.78	1,226.95
GOVERNMENT - OTHER	GO	-	-	-	-	747.29	549.89	535.39	527.86	2,360.43
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	2,005,450.17	2,304,059.54	17,271,513.72
INDIGENTS CANCELLED	IC	633,036.38	694,958.83	703,191.21	1,049,527.72	1,062,810.80	938,189.10	641,735.71	952,951.12	6,676,400.87
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	1,225,181.80	1,551,730.91	11,066,422.07
INDIGENTS INFORMAL SETTLEMENT	IF	59,443.39	99,438.29	63,222.06	141,768.39	80,338.35	233,398.50	57,422.10	148,248.65	883,279.73
INDIGENT - LATE ESTATE	IL	397.93	949.84	1,636.11	514.63	-	1,241.13	514.63	-	5,254.27
INDIGENT PENDING	IP	204,417.84	277,024.23	272,465.26	423,645.19	490,741.99	432,553.01	386,138.43	436,550.02	2,923,535.97
INDUSTRIAL	IN	993,734.63	771,133.73	1,014,654.37	1,735,505.25	850,475.70	816,430.94	831,042.00	779,339.11	7,792,315.73
MUNICIPAL	MU	685,302.78	288,808.18	272,173.18	689,600.78	706,567.78	952,266.16	390,253.66	1,230,728.45	5,215,700.97
NAT: POLICE	N3	15,038.78	7,595.82	17,291.00	16,471.65	7,891.88	11,618.12	11,674.51	7,572.65	95,154.41
NAT: DEFENCE AND MILITARY VETERA	ND	1,234.35	-	3,957.78	1,319.26	1,319.26	1,319.26	1,319.26	1,319.26	11,788.43
NAT: CORRECTIONAL SERVICES	NN	361,328.89	552,271.73	575,333.24	-	859,898.98	383,053.80	-	362,710.89	3,094,597.53
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	7,582,385.40	6,909,824.33	75,633,382.89
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	368,554.85	329,164.71	2,996,227.47
OPEN SPACE	OP	8,441.61	13,611.51	12,379.18	12,372.62	28,098.28	7,986.37	11,451.36	10,171.59	104,512.52
OTHER	OT	301,386.25	348,571.12	259,916.13	339,425.63	201,522.44	428,340.23	483,559.26	233,355.85	2,596,076.91
PUBLIC: OTHER: PROV PUBLIC ENTIT	P0	5,393.39	5,632.91	5,608.96	5,608.96	5,608.96	5,608.96	5,608.96	5,608.96	44,680.06
PROV: SOCIAL DEVELOPMENT	P1	27,059.98	935,367.98	1,862.97	16,856.78	15,054.97	778,145.20	279,910.36	296,867.31	2,351,125.55
PROV: HOUSING AND LOCAL GOVERNME	P2	443.02	86,726.36	216,372.43	150,780.84	239,207.68	35,843.42	617.31	179,097.45	909,088.51
PROV: OFFICE OF THE PREMIER	P3	5,276.35	517,708.11	164,295.23	173,336.09	113,903.28	111,421.10	105,948.72	122,856.78	1,314,745.66
PROV: OTHER DEPARTMENTS	P4	76,653.78	590,854.62	168,816.57	168,905.12	114,858.77	23,677.65	185,977.46	143,980.84	1,473,724.81
PROV: AGRICULTURE	PA	27,510.91	265,913.95	-	30,609.82	151,878.78	-	58,076.94	65,247.26	599,237.66
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	2,860,702.22	2,438,994.63	42,248,491.79
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	1,520,356.29	2,950,523.19	26,900,141.11
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	1,400,445.64	1,100,824.38	40,525,274.56
PROV: SPORT, ARTS & CULTURE	PS	671,444.11	261,735.11	176,788.68	289,399.16	34,061.62	310,733.30	141,973.39	338,710.02	2,224,845.39
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	28,957,371.64	32,152,030.35	246,555,535.19
SUNDRY DEBTOR	SD	2,076.14	282.08	7,932.78	57,393.21	359.47	2,432.90	733.09	284.00	71,493.67
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	636,108.85	649,030.19	5,444,083.76
UNKNOWN	UN	245.23	356,558.99	381,414.28	368,738.87	313,913.94	2,084,337.80	6,449.14	200,241.20	3,711,899.45
EXCEPTIONAL CIRCUMSTANCES	IE	10,332.98	10,976.28	9,725.14	17,685.64	10,810.69	12,608.29	14,737.36	13,792.42	100,668.80
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	7,420,042.02	8,739,634.87	75,271,147.02
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	95,616,578.40	115,206,311.06	960,370,762.94
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	88,196,536.38	106,466,676.19	885,099,615.92

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 Feb 2023



	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
Billing Receipts excl VAT (R'000)	107,365	92,378	153,240	111,869	114,033	122,316	96,600	88,197	106,467
Prepaid Electricity Sales excl VAT (R'000)	25,935	25,830	25,632	22,250	22,883	22,350	23,118	21,914	20,360
Total Billing Receipts incl Prepaid Electricity (R'000)	133,300	118,208	178,873	134,119	136,916	144,667	119,718	110,110	126,827
Billing Receipts (R'000 increase (decrease))		(14,987)	60,862	(41,371)	2,164	8,284	(25,716)	(8,404)	18,270
Prepaid Electricity Sales (R'000 increase (decrease))		(105)	(197)	(3,383)	633	(533)	768	(1,205)	(1,553)
Total Billing Receipts incl Prepaid Electricity (R'000 increase (decrease))		(15,092)	60,665	(44,754)	2,797	7,751	(24,948)	(9,608)	16,717
Total Billing Receipts incl Prepaid Electricity (% increase (decrease))		-11%	51%	-25%	2%	6%	-17%	-8%	15%

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 R126,827 million which resulted in an increase of R16,717 million or 15% in respect of the month-to-month comparison. The current situation does not bode well for the municipality's cash flow because on a monthly basis the municipality does not collect sufficient cash to cover its monthly commitments. Unallocated billing receipts at month end amounted to R4,904 million. Unallocated receipts are not factored into the actual receipts as per the chart above. All unallocated receipts are investigated and assistance from the bank is also requested when the municipality is unable to trace receipts so that it can be allocated timeously and accurately.

Chart 12.2: Monthly billing receipts per revenue source from Jun 2022 - Feb 2023

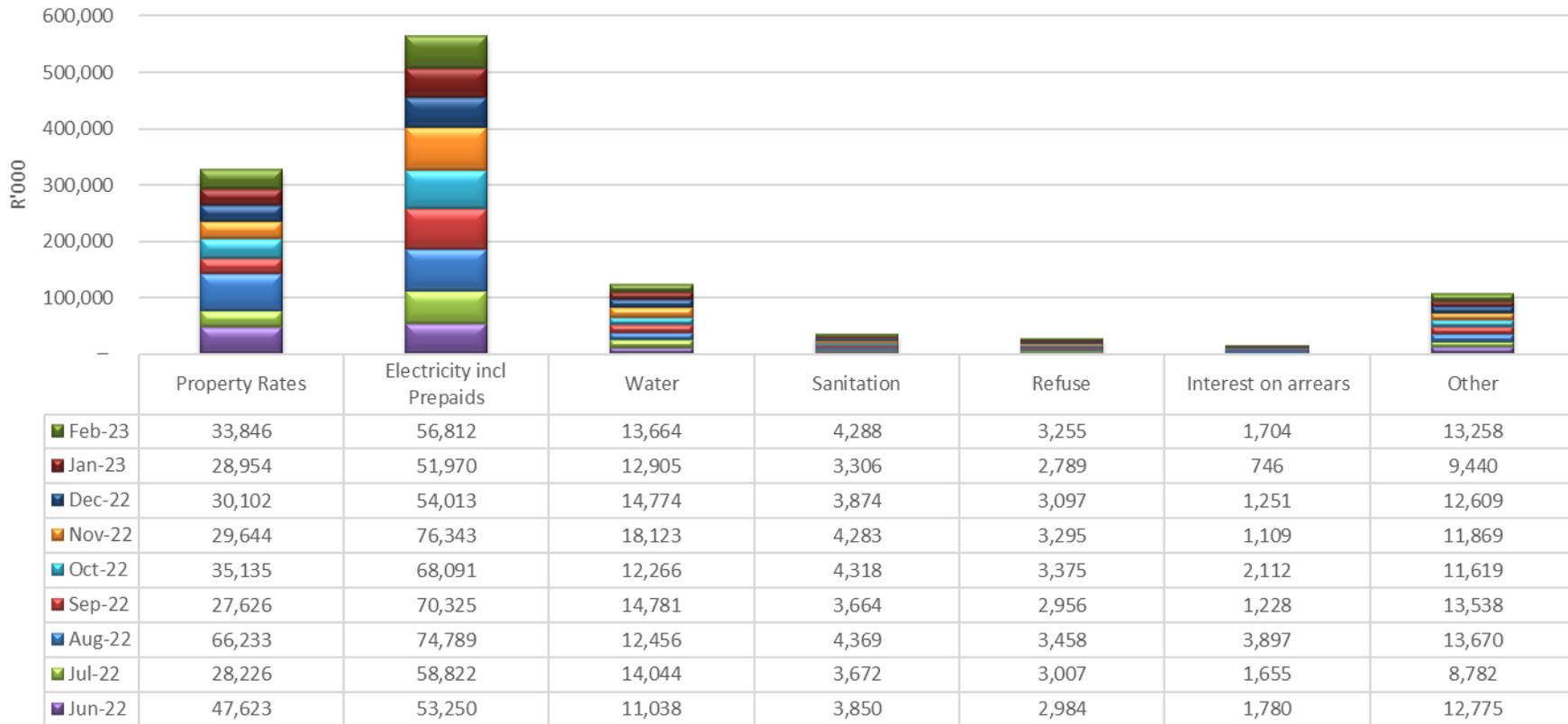


Chart 12.2: Monthly billing receipts per revenue source

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. All the Revenue streams are showing improvement in relation to the monthly comparison.

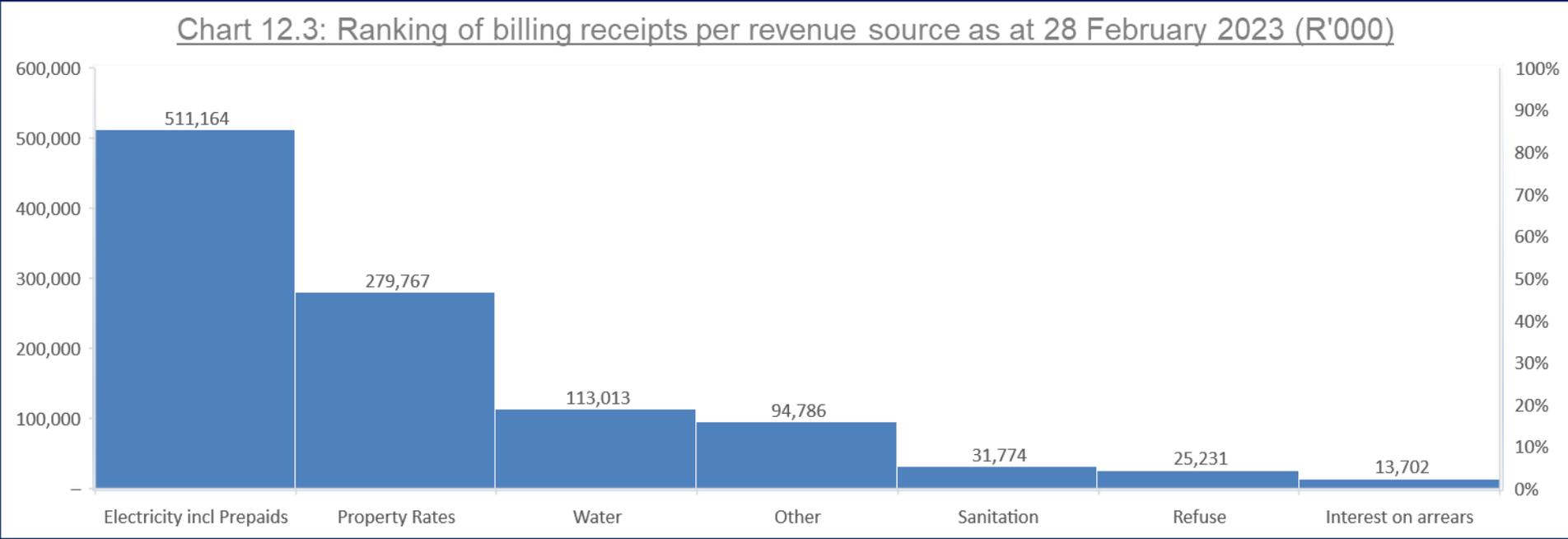


Chart 12.3: Ranking of billing receipts per revenue source

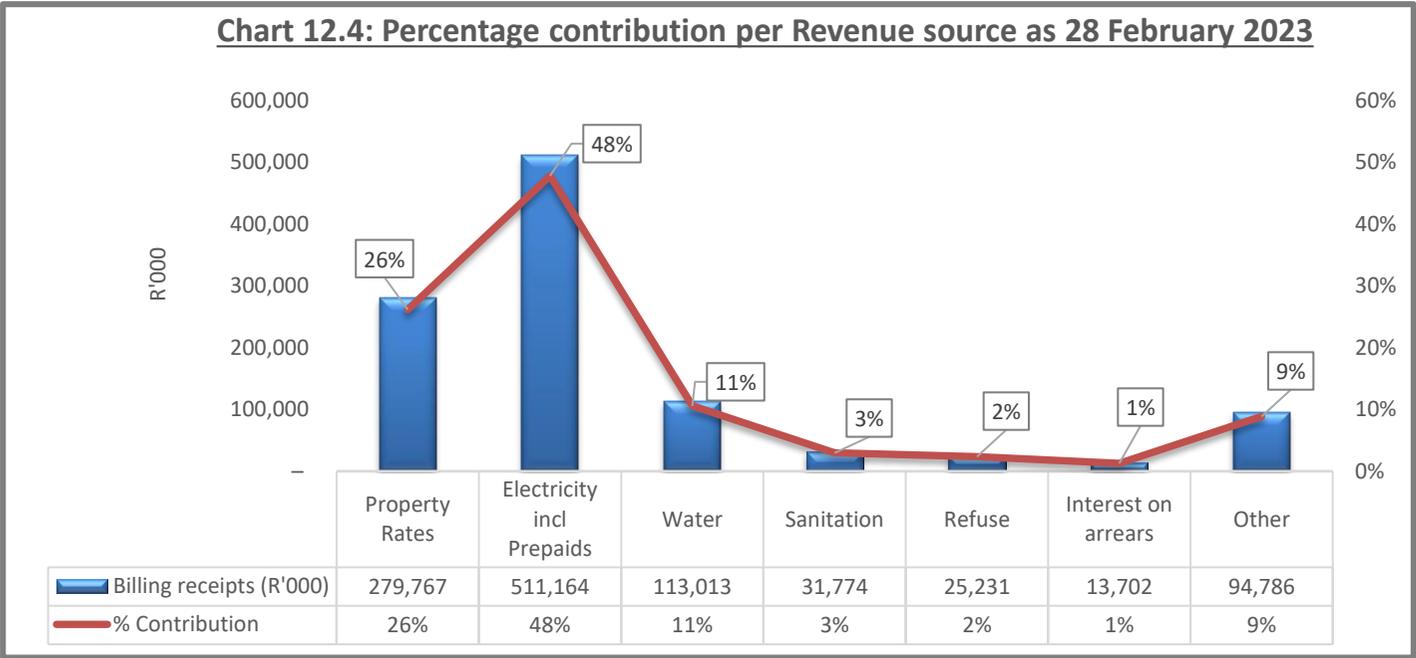


Chart 12.4: Percentage contribution of billing receipts per revenue source

Indicated in Chart 12.3 and 12.4 above, is the ranking and percentage contribution of receipts per revenue source as 28 February 2023. Data from the above pareto chart, clearly indicates that Electricity incl Prepays is the highest contributor at R511,164 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 R279,767 million (26%), however more measures should be implemented to ensure that receipts from annual Property rates billing materialises. Receipts from Water constitutes 11% 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 R13,702 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 as at 28 February 2023

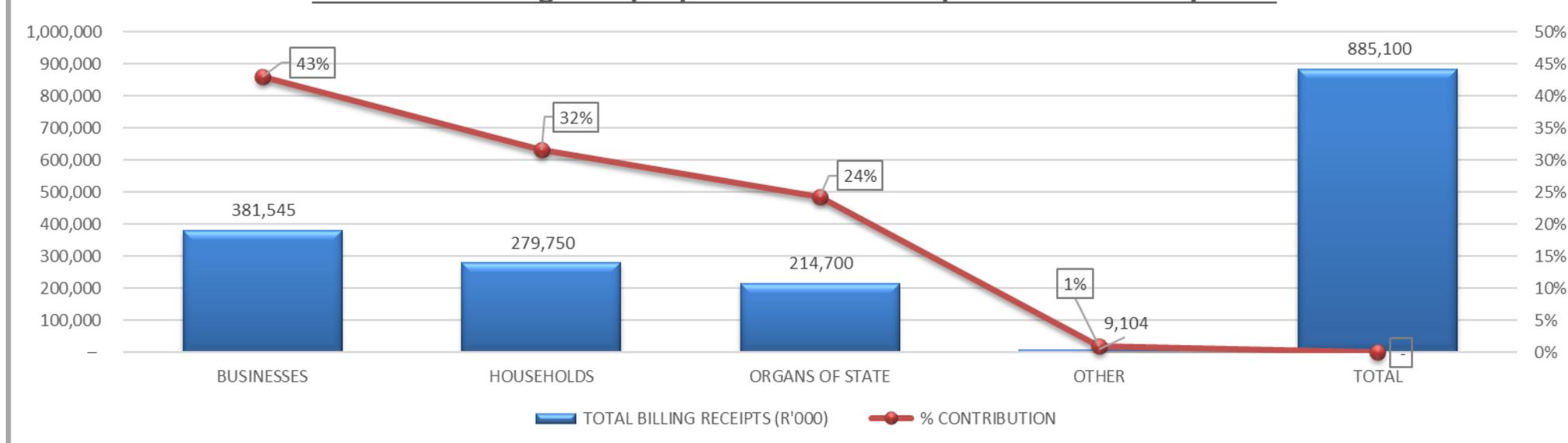


Chart 12.5: Billing receipts per Customer Group

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 Jan-23	Sum of Feb-23	Sum of TOTAL
BUSINESSES	46,167	65,267	46,586	51,151	40,242	42,075	38,791	51,267	381,545
HOUSEHOLDS	30,418	37,089	32,585	38,930	36,583	34,780	32,835	36,530	279,750
ORGANS OF STATE	15,097	50,225	32,024	22,824	44,443	16,699	16,161	17,229	214,700
OTHER	696	659	674	1,128	1,049	3,047	409	1,441	9,104
Grand Total	92,378	153,240	111,869	114,033	122,316	96,600	88,197	106,467	885,100

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 28 February 2023. The municipality received R381,545 million (43%) from Businesses, Households R279,750 million (32%), Organs of State R214,700 million (24%) and Other R9,104 million (1%). Indicated in Table 12.3 above, is the monthly billing receipts per Debtor Group.

6. Creditors' Analysis

NC091 Sol Plaatje - Supporting Table SC4 Monthly Budget Statement - aged creditors - M08 February

Description	NT Code	Budget Year 2022/23									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	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	56,821	59,491	58,649	59,087	-	-	284,097	258,066	776,211	490,624
Bulk Water	0200	17,499	18,023	-	10,318	-	-	21,122	105,310	172,272	117,031
PAYE deductions	0300	9,946	-	-	-	-	-	-	-	9,946	8,900
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	7,891	-	-	-	-	-	-	-	7,891	7,385
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	7,571	325	57	72	-	-	-	-	8,026	7,145
Auditor General	0800	127	-	-	-	-	-	-	-	127	23
Other	0900	16,598	509	-	4,599	-	-	1,871	-	23,577	5,438
Total By Customer Type	1000	116,454	78,349	58,706	74,077	-	-	307,089	363,376	998,051	636,546

Table 14: Supporting Table SC4: Aged Creditors

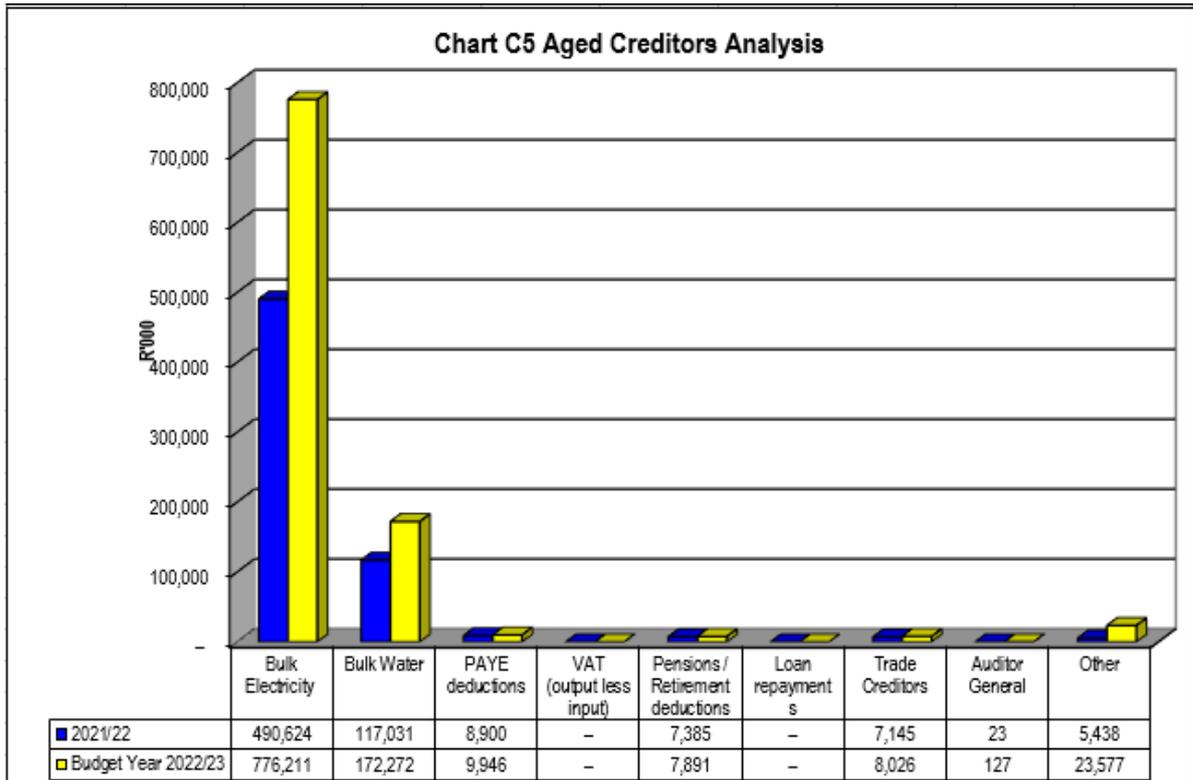


Chart 13: Aged Creditors Analysis

It should be noted that comparative figure for 2021/22 is based on the outstanding creditors as at 28 February 2022 (prior year totals for the same period).

Bulk Electricity – As at the 28 February 2023, the outstanding debt owed to Eskom amounted to R776,211 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 28 February 2023, the outstanding debt owed to DWS is R172,272 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 paid an amount of R3,831 million to SARS.

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

Auditor General – the current account due to the AGSA amounts to R127 thousand.

Other creditors – includes Sundry creditors which were unpaid as at 28 February 2023 of which the biggest contributor is third party salary payments amounting to R15,870 million which was paid by 7 February 2023.

7. Investment portfolio analysis

The market value of the investment portfolio has been utilized and for the period ending 28 February 2023, the value of total investments made was R51,814 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. The disclosure of interest has to be discussed with NT so that the municipality can align interest received to the datastrings, whilst NT must provide guidance of the YTD accrued interest that are not yet reflected in the books. This exercise is normally performed during year-end procedures.

NC091 Sol Plaatje - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M08 February

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 ^a	Commissio n Paid (Rands)	Commissio n Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
R thousands														
Municipality														
First National Bank 62776321293		6 months	Call a/c	No	Variable	5.2	0			5,693	30	-	-	5,724
Absa Bank 9286041059		6 months	Call a/c	No	Variable	0	0			-	-	-	-	-
Inv estec 1400093272500		6 months	Call a/c	No	Variable	5.35	0			621	4	-	-	625
Standard Bank 04846627-014		6 months	Call a/c	No	Variable	5.5	0			5,211	27	-	-	5,237
Absa Bank 92 7195 3033		6 months	Call a/c	No	Variable	4.3	0			5,654	37	-	-	5,691
Nedbank 9002324052		6 months	Call a/c	Yes	Variable	5.25	0		2019/06/06	5,179	23	-	-	5,202
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	8,035	(255)	-	-	7,779
Standard Bank 048466271-086		12 months	Notice	No	Fixed	902.50%	0		2023/11/10	21,395	161	-	-	21,556
Municipality sub-total										51,788		-	-	51,814

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 - M08 February

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	–	165,595	166,878	(1,283)	-0.8%	250,317
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–	–	–
Equitable Share		212,328	239,158	239,158	–	165,595	159,439	6,156	3.9%	239,158
Expanded Public Works Programme Integrated Grant		3,362	3,959	3,959	–	–	2,639	(2,639)	-100.0%	3,959
Infrastructure Skills Development Grant		4,901	5,500	5,500	–	–	3,667	(3,667)	-100.0%	5,500
Local Government Financial Management Grant		1,650	1,700	1,700	–	–	1,133	(1,133)	-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	15,714	–	4,349	6,783	(2,434)	-35.9%	15,714
Capacity Building and Other Grants		8,561	7,800	9,414	–	–	5,523	(5,523)	-100.0%	9,414
Infrastructure Grant		4,170	–	6,300	–	4,349	1,260	3,089	245.2%	6,300
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	266,031	–	169,944	173,661	(3,717)	-2.1%	266,031
Capital Transfers and Grants										
National Government:		105,767	134,338	114,338	5,238	37,122	85,559	(48,436)	-56.6%	114,338
Energy Efficiency and Demand Side Management Grant		–	4,000	4,000	8	2,326	2,667	(341)	-12.8%	4,000
Integrated National Electrification Programme Grant		35,458	40,000	20,000	2,716	5,432	22,667	(17,235)	-76.0%	20,000
Integrated Urban Development Grant		54,266	70,390	70,390	2,514	29,365	46,927	(17,562)	-37.4%	70,390
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Regional Bulk Infrastructure Grant		–	–	–	–	–	–	–	–	–
Water Services Infrastructure Grant		16,043	19,948	19,948	–	–	13,299	(13,299)	-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	–	18,850	–	–	3,770	(3,770)	-100.0%	18,850
[insert description]		–	–	–	–	–	–	–	–	–
European Union		14,400	–	18,850	–	–	3,770	(3,770)	-100.0%	18,850
Total Capital Transfers and Grants	5	200,517	134,338	133,188	5,238	37,122	89,329	(52,206)	-58.4%	133,188
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	436,504	392,455	399,219	5,238	207,066	262,989	(55,923)	-21.3%	399,219

Table 16: Supporting Table SC6: Transfers and grant receipts

Operational grant monies received for the month under review.

ISDG – R2,500 million was received

Capital grant monies received for the month under review.

EEDSM – R1,000 million was received

There are some mapping errors pertaining to operational and capital grants. This was bought 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 - M08 February

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	133,525	6,995	81,641	81,084	557	0.7%	133,525
Equitable Share		99,625	105,406	121,736	6,712	74,228	73,518	710	1.0%	121,736
Expanded Public Works Programme Integrated Grant		3,362	3,959	4,589	-	3,962	2,765	1,196	43.3%	4,589
Infrastructure Skills Development Grant		4,920	5,500	5,500	255	2,443	3,667	(1,223)	-33.4%	5,500
Local Government Financial Management Grant		1,650	1,700	1,700	29	1,008	1,133	(126)	-11.1%	1,700
Municipal Disaster Relief Grant		261	-	-	-	-	-	-	-	-
Provincial Government:		8,275	7,800	11,354	105	6,120	6,394	(275)	-4.3%	11,354
Capacity Building and Other Grants		6,795	7,800	8,554	57	5,687	5,351	336	6.3%	8,554
Infrastructure Grant		1,480	-	2,800	49	433	1,043	(610)	-58.5%	2,800
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		118,093	124,365	144,879	7,100	87,760	87,478	283	0.3%	144,879
Capital expenditure of Transfers and Grants										
National Government:		95,428	134,338	114,338	664	34,828	85,559	(50,731)	-59.3%	114,338
Energy Efficiency and Demand Side Management Grant		-	4,000	4,000	8	2,351	2,667	(315)	-11.8%	4,000
Integrated National Electrification Programme Grant		30,833	40,000	20,000	(1,858)	2,716	22,667	(19,951)	-88.0%	20,000
Integrated Urban Development Grant		48,552	70,390	70,390	2,514	29,760	46,927	(17,166)	-36.6%	70,390
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		16,043	19,948	19,948	-	-	13,299	(13,299)	-100.0%	19,948
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		3,500	-	-	-	-	-	-	-	-
Specify (Add grant description)		3,500	-	-	-	-	-	-	-	-
Other grant providers:		13,891	-	18,850	-	-	3,770	(3,770)	-100.0%	18,850
European Union		13,891	-	18,850	-	-	3,770	(3,770)	-100.0%	18,850
Total capital expenditure of Transfers and Grants		112,818	134,338	133,188	664	34,828	89,329	(54,501)	-61.0%	133,188
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		230,912	258,703	278,067	7,764	122,588	176,806	(54,218)	-30.7%	278,067

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 R14,909 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	Adjustment Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	40,000,000	20,000,000	-1,857,585	2,715,883	3,141,370	6.8%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	70,390,000	70,390,000	2,513,827	29,760,445	9,098,049	42.3%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	19,948,000	19,948,000	-	-	538,915	0.0%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	4,000,000	7,793	2,351,339	-	58.8%
EUROPEAN UNION	-	18,850,000	-	-	-	-
Grand Total	134,338,000	133,188,000	664,035	34,827,666	12,778,334	25.9%

Table 18: Summary of expenditure per grant

As indicated in Table 18 above, the YTD grant expenditure amounts to R34,828 million or 25.9% spent against the Adjusted capital grant allocation of R133,188 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 in month eight of the current year. 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 Adjusted 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 - M08 February

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	-	860	73	561	287	274	96%	860
Medical Aid Contributions		267	-	390	39	256	130	126	97%	390
Motor Vehicle Allowance										
Cellphone Allowance		2,845	3,243	3,283	526	2,075	2,175	(101)	-5%	3,283
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		27,129	31,305	30,015	2,303	18,476	20,440	(1,964)	-10%	30,015
Sub Total - Councillors		30,737	34,547	34,547	2,941	21,367	23,032	(1,664)	-7%	34,547
% increase	4		12.4%	12.4%						12.4%
Senior Managers of the Municipality										
Basic Salaries and Wages		8,265	8,853	8,846	325	4,729	5,900	(1,171)	-20%	8,846
Pension and UIF Contributions		1,068	1,209	1,199	29	723	803	(79)	-10%	1,199
Medical Aid Contributions		222	253	263	13	179	172	7	4%	263
Overtime										
Performance Bonus										
Motor Vehicle Allowance		1,849	1,939	1,939	81	1,153	1,293	(140)	-11%	1,939
Cellphone Allowance		157	202	202	8	98	134	(36)	-27%	202
Housing Allowances		26	42	49	2	22	31	(9)	-29%	49
Other benefits and allowances		17	77	77	2	13	51	(39)	-75%	77
Payments in lieu of leave										
Long service awards		67	65	65	1	40	43	(4)	-8%	65
Post-retirement benefit obligations										
Sub Total - Senior Managers of Municipality		11,671	12,640	12,640	461	6,957	8,427	(1,470)	-17%	12,640
% increase	4		8.3%	8.3%						8.3%
Other Municipal Staff										
Basic Salaries and Wages		417,872	464,246	456,339	36,342	289,108	306,131	(17,023)	-6%	456,339
Pension and UIF Contributions		64,301	77,509	76,354	5,670	44,511	51,288	(6,777)	-13%	76,354
Medical Aid Contributions		49,309	58,279	59,294	5,253	40,344	39,191	1,153	3%	59,294
Overtime		52,688	39,796	42,368	5,617	43,050	27,388	15,662	57%	42,368
Performance Bonus		28,946	36,221	36,999	2,652	23,990	24,407	(417)	-2%	36,999
Motor Vehicle Allowance		42,071	51,296	50,515	3,545	27,797	33,937	(6,140)	-18%	50,515
Cellphone Allowance		1,401	1,415	1,646	117	963	1,020	(57)	-6%	1,646
Housing Allowances		2,636	2,895	2,960	226	1,827	1,952	(125)	-6%	2,960
Other benefits and allowances		30,433	28,018	32,176	1,949	20,475	20,720	(245)	-1%	32,176
Payments in lieu of leave		10,507	15,000	15,000	951	7,158	10,000	(2,842)	-28%	15,000
Long service awards		24,418	23,189	24,779	2,195	17,729	15,990	1,739	11%	24,779
Post-retirement benefit obligations		36,522	38,900	38,900	-	-	25,933	(25,933)	-100%	38,900
Sub Total - Other Municipal Staff		761,106	836,763	837,330	64,516	516,952	557,958	(41,006)	-7%	837,330
% increase	4		9.9%	10.0%						10.0%
Total Parent Municipality		803,514	883,950	884,517	67,918	545,276	589,416	(44,140)	-7%	884,517
TOTAL SALARY, ALLOWANCES & BENEFITS		803,514	883,950	884,517	67,918	545,276	589,416	(44,140)	-7%	884,517
% increase	4		10.0%	10.1%						10.1%
TOTAL MANAGERS AND STAFF		772,777	849,403	849,970	64,977	523,909	566,385	(42,476)	-7%	849,970

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 7% 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 needs to do more to address the issues on Overtime which is higher than the ideal IYM percentage of 66.67%, at 110,9% spent, already resulting in an over-expenditure of 10.9%. 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 transpired for the current year with the budget already being overspent. Overtime can be monitored by implementing more stringent control measures. 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.

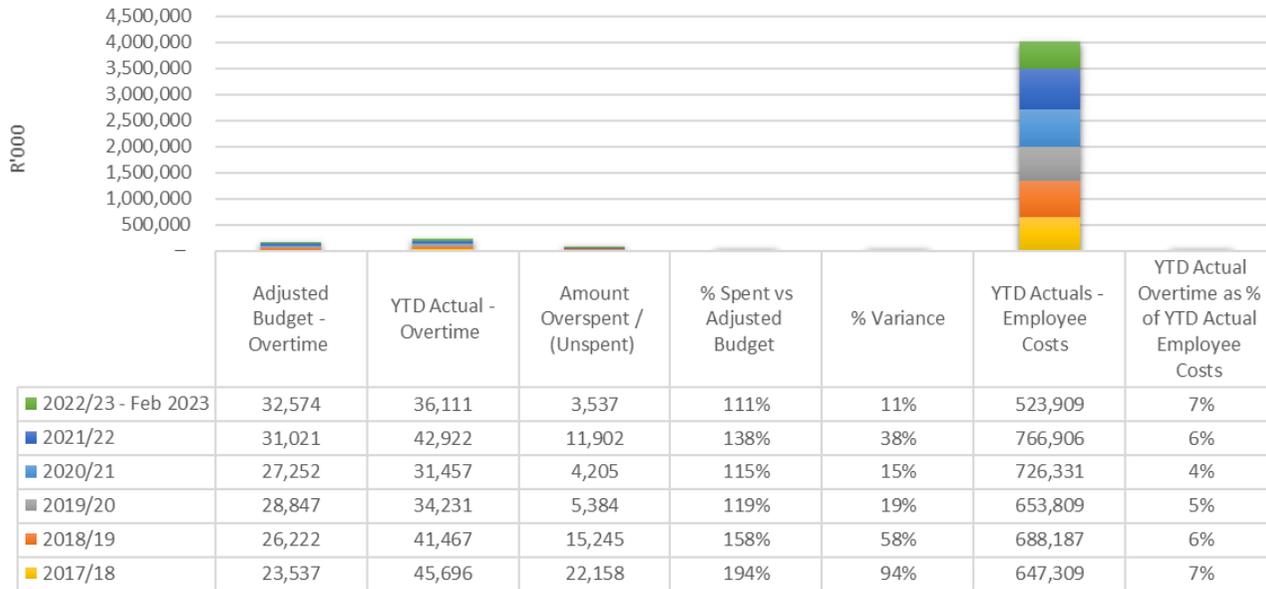
And indicated in Table 21 below, is the YTD Overtime expenditure per line item and also per Directorate as at end of February 2023.

Description per line item (Amount in Rand)	Sum of Adjusted Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Adjusted Budget	% Variance Ideal IYM % - 66.67%
MS: OVERTIME - NON STRUCTURED	29,212,809	4,433,216	33,509,878	114.7%	48.0%
MS: OVERTIME - STRUCTURED	3,361,182	290,610	2,600,694	77.4%	10.7%
Overtime as at 31 February 2023	32,573,991	4,723,825	36,110,572	110.9%	44.2%
Directorate (Amount in Rand)	Sum of Adjusted Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	% Variance Ideal IYM % - 66.67%
20-EXECUTIVE AND COUNCIL	261,000	31,259	415,020	159.0%	92.3%
21-MUNICIPAL AND GENERAL	-	-	-	-	-66.7%
22-MUNICIPAL MANAGER	14,000	4,024	23,717	169%	102.7%
23-CORPORATE SERVICES	1,650,000	171,400	1,472,861	89.3%	22.6%
24-COMMUNITY SERVICES	13,167,441	1,596,026	11,979,243	91.0%	24.3%
26-FINANCIAL SERVICES	986,400	191,129	1,515,416	153.6%	87.0%
27-STRATEGY, ECONOMIC DEVELOPMENT & PLANNING	956,750	93,807	819,197	85.6%	19.0%
28-INFRASTRUCTURE SERVICES	15,538,400	2,636,179	19,885,118	128.0%	61.3%
Overtime as at 31 February 2023	32,573,991	4,723,825	36,110,572	110.9%	44.2%

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 R36,111 million and 110.9% spent, resulting in a negative variance of 44.2%, when compared to the ideal percentage of 66.67% 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 February 2023. 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 2022/23 financial year is already overspent. 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 Feb 2023

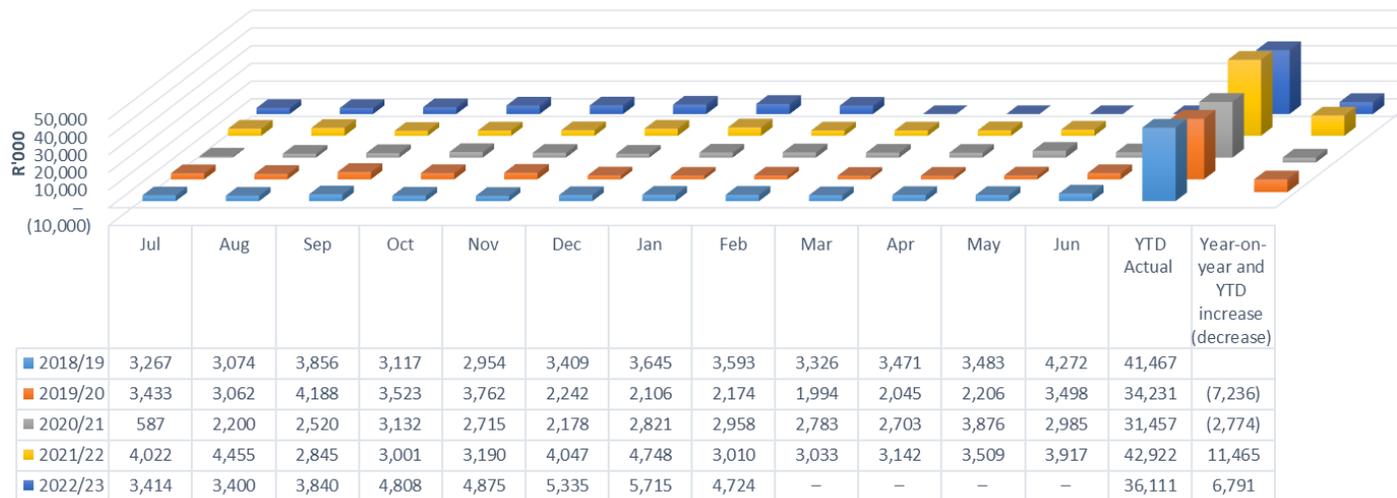


Chart 14.2: Monthly and Annual Overtime Comparison

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 March 2023.

11. Capital programme performance

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

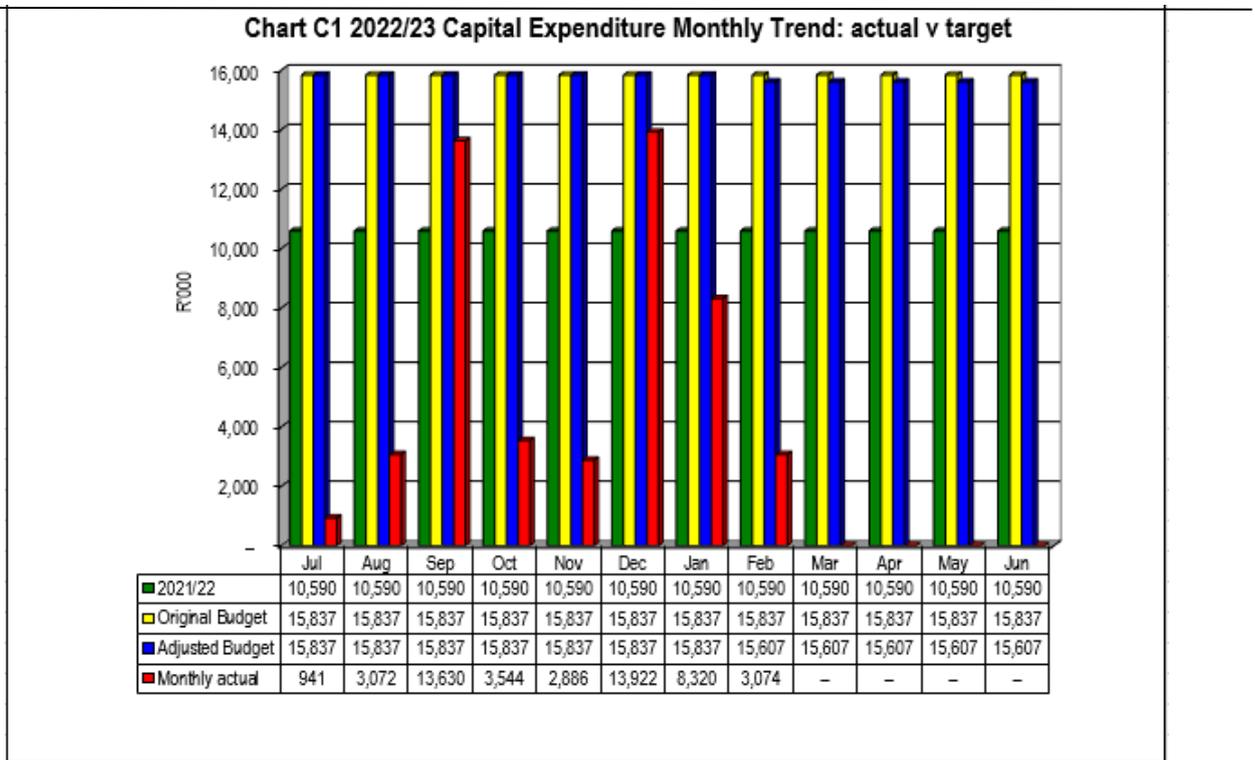


Chart 15: Capital Expenditure Monthly Trend: actual v target

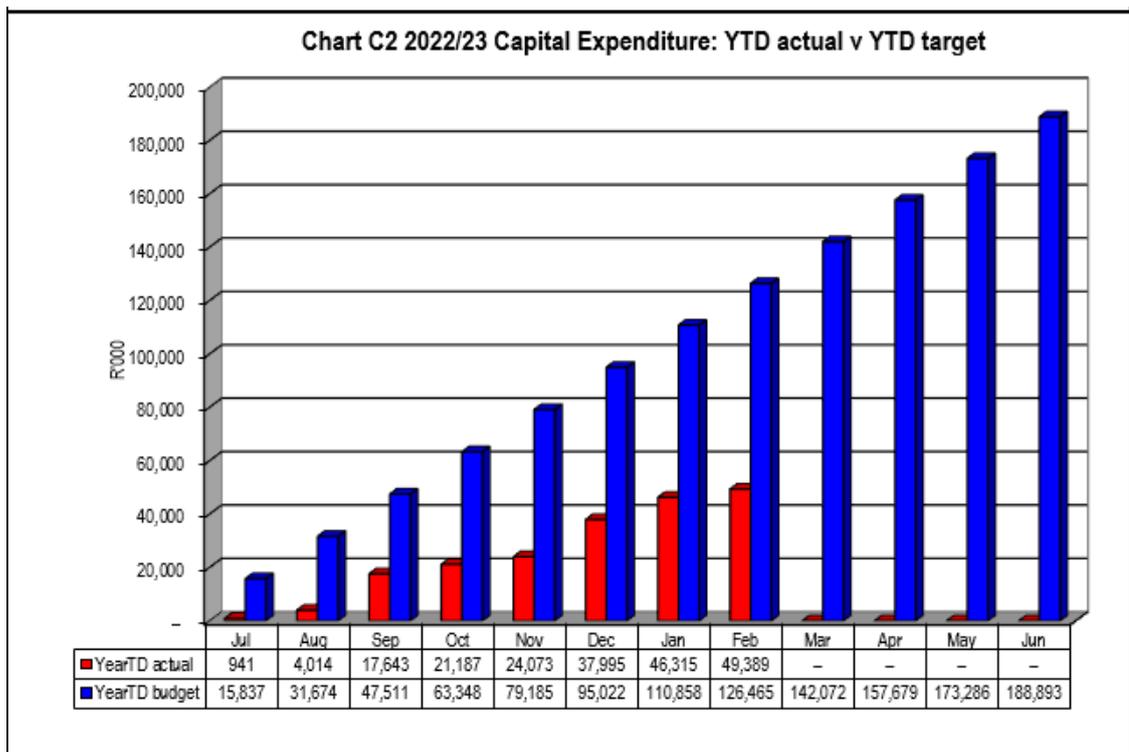


Chart 16: Capital Expenditure: YTD actual vs YTD target

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 February 2023 amounted to R3,074 million. The total YTD Capex amounts to R49,389 million. Please note that Commitments amounting to R27,719 million is excluded from the YTD movement. Capital expenditure is also exclusive of VAT.

Description	Original Budget	Adj Budget	Curr Mth Exp	Commitment	YTD Movement	Unspend Budget	% Original	% Adj Budget	Funding source
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	2,000,000	2,000,000	391,650	-	391,650	1,608,350	19.6%	19.6%	INTERNALLY GENERATED FUNDS
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	3,000,000	3,000,000	597,000	-	1,420,875	1,579,125	47.4%	47.4%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ-FLEET REPLACEMENT	35,405,000	11,705,000	-2,395,945	3,948,152	7,363,802	4,341,198	20.8%	62.9%	INTERNALLY GENERATED FUNDS
ACQ-FURNITURE AND OFFICE EQUIP REPLACEM	2,000,000	2,000,000	-	-	-	2,000,000	0.0%	0.0%	INTERNALLY GENERATED FUNDS
ACQ-COMPUTER EQUIPMENT REPLACEMENT	11,300,000	11,300,000	-	3,125,374	16,087	11,283,913	0.1%	0.1%	INTERNALLY GENERATED FUNDS
EUROPEAN UNION BEAR PROJECT	-	18,850,000	-	-	-	18,850,000		0.0%	EUROPEAN UNION
CRAVEN STREET TRADE CENTRE	8,300,000	8,300,000	-	-	2,895,192	5,404,808		34.9%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
P-CIER RDS ROAD STRUCTURE/R31	-	7,700,000	2,062,080	-	2,062,080	5,637,920		26.8%	INTERNALLY GENERATED FUNDS
P-CIER RDS ROADS	15,000,000	15,000,000	383,478	-	14,943,043	56,957	99.6%	99.6%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
UPGRADE GRAVEL ROADS WARDS VARIOUS	12,000,000	12,000,000	-1,499,570	1,378,062	6,553,644	5,446,356	54.6%	54.6%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
P-CIER SWA ATTENUATION/THLAGENG	-	3,000,000	-	-	-	3,000,000		0.0%	INTERNALLY GENERATED FUNDS
RECONSTRUCTION OLD SINK TOILETS PHASE 1	1,000,000	1,000,000	-	-	-	1,000,000	0.0%	0.0%	INTERNALLY GENERATED FUNDS
LERATOPARK SEWER UPGRAD DOWNSTREAM INFR	21,090,000	21,090,000	3,032,918	7,719,987	3,947,691	17,142,309	18.7%	18.7%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ - CARTERS GLEN SEWER PUMP STATION	19,948,000	19,948,000	-	538,915	-	19,948,000	0.0%	0.0%	WSIG (WATER SERVICES INFRASTRUCTURE GRANT)
DSITRBUTION-ACQ-WAT METER REPLACEME	2,000,000	2,000,000	-	50,251	-	2,000,000	0.0%	0.0%	INTERNALLY GENERATED FUNDS
ELEVATED WATER TANKS DISTRIBUTION	1,000,000	1,000,000	-	-	-	1,000,000	0.0%	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
WATER PIPES REFURB PROG VARIOUS WARDS	10,000,000	10,000,000	-	-	-	10,000,000		0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
HV SUB ACQ-CARTGLEN TRANSF/GALASH SUBS	7,000,000	7,000,000	-	-	1,773,415	5,226,585	25.3%	25.3%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
ELECTRIFICATION LERATO PARK	-	13,000,000	2,352,585	7,817,117	4,709,728	8,290,272		36.2%	INTERNALLY GENERATED FUNDS
STREET LIGHTS REPLACE 125W MV with 36W L	3,000,000	4,000,000	7,793	-	2,351,339	1,648,661	78.4%	58.8%	EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)
INSTALL VSD'S AT NEWTON RESEVIOR	1,000,000	-	-	-	-	-	0.0%		EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)
NW ACQ - ELE CTR LERATO PARK	33,000,000	13,000,000	-1,857,585	3,141,370	942,467	12,057,533	2.9%	7.2%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
CAPITAL SPARES-ACQ-PREPAID METERS	2,000,000	2,000,000	-	-	18,149	1,981,851	0.9%	0.9%	INTERNALLY GENERATED FUNDS
	190,043,000	188,893,000	3,074,404	27,719,227	49,389,163	139,503,837	26.0%	26.1%	

Table 22: Detailed capital expenditure report

Description	Original Budget	Adjustment Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original Budget	% Spent Adj Budget
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	40,000,000	20,000,000	-1,857,585	2,715,883	3,141,370	6.8%	13.6%
INTERNALLY GENERATED FUNDS	55,705,000	55,705,000	2,410,370	14,561,497	14,940,893	26.1%	26.1%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	70,390,000	70,390,000	2,513,827	29,760,445	9,098,049	42.3%	42.3%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	19,948,000	19,948,000	-	-	538,915	0.0%	0.0%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	4,000,000	7,793	2,351,339	-	58.8%	58.8%
EUROPEAN UNION	-	18,850,000	-	-	-	-	0.0%
Grand Total	190,043,000	188,893,000	3,074,404	49,389,163	27,719,227	26.0%	26.1%

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 Adjusted budget. Overall spending on grants is extremely low, whilst spending on IUDG and EEDSM is showing improvement. The expenditure on IUDG (42.3%), INEP (13.6%), WSIG (0%) and EEDSM (58.8%). Spending on Internally generated funds is also 26.1% 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 specifications are not done early so that it can be advertised timeously.

12. Other supporting documents

There is no additional information or supporting documentation for February 2023.

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 - M08 February

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	610,074	45,798	450,080	414,916	35,164	8%	610,074
Service charges	1,145,790	1,373,211	1,368,151	89,566	788,756	914,462	(125,706)	-14%	1,368,151
Investment revenue	3,124	6,000	6,000	1,564	2,820	4,000	(1,180)	-29%	6,000
Transfers and subsidies	235,986	258,117	266,031	-	169,944	173,661	(3,717)	-2%	266,031
Other own revenue	193,499	222,235	245,721	26,846	193,431	152,854	40,578	27%	245,721
Total Revenue (excluding capital transfers and contributions)	2,178,297	2,487,209	2,495,977	163,774	1,605,032	1,659,893	(54,861)	-3%	2,495,977
Employee costs	772,777	849,403	849,970	64,977	523,909	566,385	(42,476)	-7%	849,970
Remuneration of Councillors	30,737	34,547	34,547	2,941	21,367	23,032	(1,664)	-7%	34,547
Depreciation & asset impairment	70,060	81,050	81,050	-	-	54,033	(54,033)	-100%	81,050
Finance charges	64,720	38,960	117,360	0	23,821	41,653	(17,833)	-43%	117,360
Inventory consumed and bulk purchases	784,727	918,627	948,277	67,445	632,330	618,354	13,975	2%	948,277
Transfers and subsidies	2,546	4,460	4,460	20	2,494	2,973	(479)	-16%	4,460
Other expenditure	492,665	538,080	662,543	25,719	316,781	383,610	(66,829)	-17%	662,543
Total Expenditure	2,218,232	2,465,128	2,698,208	161,102	1,520,702	1,690,041	(169,339)	-10%	2,698,208
Surplus/(Deficit)	(39,935)	22,081	(202,230)	2,671	84,330	(30,148)	114,479	-380%	(202,230)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	109,267	134,338	114,338	5,238	37,122	85,559	###	-57%	114,338
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	-	18,850	-	-	3,770	(3,770)	-100%	18,850
Surplus/(Deficit) after capital transfers & contributions	160,582	156,419	(69,042)	7,909	121,453	59,180	62,272	105%	(69,042)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	160,582	156,419	(69,042)	7,909	121,453	59,180	62,272	105%	(69,042)
Capital expenditure & funds sources									
Capital expenditure	127,081	190,043	188,893	3,074	49,389	126,465	(77,076)	-61%	188,893
Capital transfers recognised	112,818	134,338	133,188	664	34,828	89,329	(54,501)	-61%	133,188
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	14,263	55,705	55,705	2,410	14,561	37,137	(22,575)	-61%	55,705
Total sources of capital funds	127,081	190,043	188,893	3,074	49,389	126,465	(77,076)	-61%	188,893
Financial position									
Total current assets	2,383,380	2,701,046	2,701,046		2,530,366				2,701,046
Total non current assets	2,245,857	2,052,265	2,051,115		2,295,246				2,051,115
Total current liabilities	1,139,609	1,050,980	1,050,980		1,220,321				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	3,293,032		3,173,778				3,293,032
Cash flows									
Net cash from (used) operating	(584,356)	106,800	37,402	(24,016)	902,444	24,934	(877,510)	-3519%	37,402
Net cash from (used) investing	(127,081)	(154,327)	(188,893)	(3,074)	(49,389)	(102,118)	(52,729)	52%	(153,177)
Net cash from (used) financing	-	(9,390)	(9,390)	-	-	(6,260)	(6,260)	100%	(9,390)
Cash/cash equivalents at the month/year end	(668,430)	116,006	12,041	-	902,020	89,479	(812,541)	-908%	(76,199)
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	154,334	84,619	71,278	77,103	69,036	63,851	405,834	#####	3,280,421
Creditors Age Analysis									
Total Creditors	116,454	78,349	58,706	74,077	-	-	307,089	363,376	998,051

NC091 Sol Plaatje - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M08 February

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									
Revenue - Functional										
<i>Governance and administration</i>		1,098,135	1,126,167	1,113,195	67,486	756,574	748,183	8,391	1%	1,113,195
Executive and council		480,231	470,256	453,970	15,803	270,089	310,247	(40,157)	-13%	453,970
Finance and administration		617,905	655,911	659,225	51,683	486,485	437,937	48,548	11%	659,225
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		28,981	26,474	30,674	1,456	16,413	18,489	(2,077)	-11%	30,674
Community and social services		11,158	11,348	12,048	156	2,082	7,705	(5,623)	-73%	12,048
Sport and recreation		1,889	1,905	1,905	241	2,030	1,270	760	60%	1,905
Public safety		720	340	340	21	325	227	98	43%	340
Housing		12,192	12,801	12,801	1,035	8,439	8,534	(95)	-1%	12,801
Health		3,023	80	3,580	2	3,537	753	2,784	370%	3,580
<i>Economic and environmental services</i>		28,997	16,015	37,465	676	9,616	14,967	(5,350)	-36%	37,465
Planning and development		15,823	5,525	26,975	344	6,797	7,973	(1,176)	-15%	26,975
Road transport		13,174	10,490	10,490	332	2,819	6,993	(4,174)	-60%	10,490
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,212,755	1,444,171	1,439,111	99,023	853,486	961,769	(108,283)	-11%	1,439,111
Energy sources		742,172	935,854	915,854	54,037	499,356	619,903	(120,546)	-19%	915,854
Water management		307,957	345,167	340,167	28,558	226,444	229,111	(2,668)	-1%	340,167
Waste water management		93,896	92,200	104,000	9,404	73,234	63,827	9,407	15%	104,000
Waste management		68,729	70,950	79,090	7,024	54,452	48,928	5,524	11%	79,090
<i>Other</i>	4	9,946	8,720	8,720	372	6,065	5,813	252	4%	8,720
Total Revenue - Functional	2	2,378,815	2,621,547	2,629,165	169,011	1,642,154	1,749,221	(107,067)	-6%	2,629,165
Expenditure - Functional										
<i>Governance and administration</i>		616,540	712,851	833,781	34,342	392,786	499,423	(106,637)	-21%	833,781
Executive and council		374,197	428,654	544,754	16,489	226,272	308,990	(82,718)	-27%	544,754
Finance and administration		235,566	277,659	282,489	17,440	163,168	186,074	(22,906)	-12%	282,489
Internal audit		6,778	6,538	6,538	413	3,345	4,359	(1,013)	-23%	6,538
<i>Community and public safety</i>		176,753	181,961	187,491	13,552	122,248	122,414	(167)	0%	187,491
Community and social services		42,959	43,119	43,819	2,011	29,647	28,886	761	3%	43,819
Sport and recreation		53,032	53,283	53,913	5,041	38,847	35,649	3,198	9%	53,913
Public safety		42,229	43,948	43,948	3,417	27,104	29,299	(2,195)	-7%	43,948
Housing		19,874	22,768	23,468	1,527	13,831	15,319	(1,488)	-10%	23,468
Health		18,659	18,842	22,342	1,557	12,820	13,261	(442)	-3%	22,342
<i>Economic and environmental services</i>		124,668	141,936	147,332	11,645	93,340	95,704	(2,364)	-2%	147,332
Planning and development		39,022	47,872	48,426	3,714	28,283	32,026	(3,743)	-12%	48,426
Road transport		84,946	93,326	98,168	7,866	64,487	63,186	1,301	2%	98,168
Environmental protection		700	737	737	66	570	491	78	16%	737
<i>Trading services</i>		1,277,222	1,402,477	1,503,701	99,773	896,933	955,231	(58,298)	-6%	1,503,701
Energy sources		786,085	915,683	979,283	60,111	565,179	623,175	(57,997)	-9%	979,283
Water management		326,816	322,469	352,072	29,724	229,000	220,900	8,100	4%	352,072
Waste water management		92,343	93,375	101,396	4,169	57,434	63,855	(6,421)	-10%	101,396
Waste management		71,978	70,950	70,950	5,769	45,320	47,300	(1,981)	-4%	70,950
<i>Other</i>		23,049	25,903	25,903	1,790	15,395	17,269	(1,874)	-11%	25,903
Total Expenditure - Functional	3	2,218,232	2,465,128	2,698,208	161,102	1,520,702	1,690,041	(169,339)	-10%	2,698,208
Surplus/ (Deficit) for the year		160,582	156,419	(69,042)	7,909	121,453	59,180	62,272	105%	(69,042)

NC091 Sol Plaatje - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M08 February

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	453,970	15,803	270,089	310,247	(40,157)	-12.9%	453,970
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		6,869	6,873	6,873	352	1,174	4,582	(3,408)	-74.4%	6,873
Vote 05 - Community Services		106,478	101,913	114,253	8,066	70,634	70,410	224	0.3%	114,253
Vote 06 - Financial Services		610,429	648,238	651,552	51,280	484,831	432,821	52,010	12.0%	651,552
Vote 07 - Strategy Econ Development And Planning		17,626	7,945	29,395	402	7,345	9,587	(2,241)	-23.4%	29,395
Vote 08 - Infrastructure And Services		1,157,181	1,386,322	1,373,122	93,108	808,080	921,574	(113,494)	-12.3%	1,373,122
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	2,629,165	169,011	1,642,154	1,749,221	(107,067)	-6.1%	2,629,165
Expenditure by Vote	1									
Vote 01 - Executive & Council		53,270	58,915	58,915	4,880	38,895	39,277	(382)	-1.0%	58,915
Vote 02 - Municipal And General		309,950	357,885	473,985	10,601	180,282	261,810	(81,529)	-31.1%	473,985
Vote 03 - Municipal Manager		20,618	23,528	23,998	1,863	13,473	15,780	(2,307)	-14.6%	23,998
Vote 04 - Corporate Services		64,274	74,419	74,419	4,766	45,671	49,613	(3,942)	-7.9%	74,419
Vote 05 - Community Services		286,713	297,675	302,505	22,617	195,610	199,418	(3,808)	-1.9%	302,505
Vote 06 - Financial Services		126,129	157,404	158,434	10,081	85,416	105,143	(19,727)	-18.8%	158,434
Vote 07 - Strategy Econ Development And Planning		54,596	61,468	65,352	3,692	37,860	41,756	(3,896)	-9.3%	65,352
Vote 08 - Infrastructure And Services		1,302,682	1,433,833	1,540,599	102,602	923,495	977,244	(53,749)	-5.5%	1,540,599
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	2,218,232	2,465,128	2,698,208	161,102	1,520,702	1,690,041	(169,339)	-10.0%	2,698,208
Surplus/ (Deficit) for the year	2	160,582	156,419	(69,042)	7,909	121,453	59,180	62,272	105.2%	(69,042)

NC091 Sol Plaatje - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

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	610,074	45,798	450,080	414,916	35,164	8%	610,074
Service charges - electricity revenue		728,486	919,854	899,854	52,450	488,058	609,236	(121,178)	-20%	899,854
Service charges - water revenue		273,280	310,717	305,717	23,499	192,196	206,145	(13,948)	-7%	305,717
Service charges - sanitation revenue		83,392	81,700	93,500	7,817	62,390	56,827	5,563	10%	93,500
Service charges - refuse revenue		60,632	60,940	69,080	5,800	46,112	42,255	3,857	9%	69,080
Rental of facilities and equipment		16,755	13,010	25,896	2,137	17,107	11,251	5,856	52%	25,896
Interest earned - external investments		3,124	6,000	6,000	1,564	2,820	4,000	(1,180)	-29%	6,000
Interest earned - outstanding debtors		131,160	156,500	156,500	18,593	125,544	104,333	21,211	20%	156,500
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		15,405	27,730	35,730	4,564	27,463	20,087	7,377	37%	35,730
Licences and permits		8,532	6,850	6,850	342	5,810	4,567	1,243	27%	6,850
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		235,986	258,117	266,031	-	169,944	173,661	(3,717)	-2%	266,031
Other revenue		14,517	18,145	20,745	1,353	14,783	12,616	2,167	17%	20,745
Gains		7,130	-	-	(144)	2,724	-	2,724	#DIV/0!	-
Total Revenue (excluding capital transfers and contributions)		2,178,297	2,487,209	2,495,977	163,774	1,605,032	1,659,893	(54,861)	-3%	2,495,977
Expenditure By Type										
Employee related costs		772,777	849,403	849,970	64,977	523,909	566,385	(42,476)	-7%	849,970
Remuneration of councillors		30,737	34,547	34,547	2,941	21,367	23,032	(1,664)	-7%	34,547
Debt impairment		267,518	297,000	397,000	-	148,504	218,000	(69,496)	-32%	397,000
Depreciation & asset impairment		70,060	81,050	81,050	-	-	54,033	(54,033)	-100%	81,050
Finance charges		64,720	38,960	117,360	0	23,821	41,653	(17,833)	-43%	117,360
Bulk purchases - electricity		551,452	682,000	682,000	52,692	438,375	454,667	(16,291)	-4%	682,000
Inventory consumed		233,275	236,627	266,277	14,753	193,954	163,688	30,267	18%	266,277
Contracted services		38,163	46,437	54,184	5,346	15,285	32,508	(17,222)	-53%	54,184
Transfers and subsidies		2,546	4,460	4,460	20	2,494	2,973	(479)	-16%	4,460
Other expenditure		110,302	134,643	135,719	10,754	104,582	89,975	14,607	16%	135,719
Losses		76,681	60,000	75,640	9,619	48,410	43,128	5,282	12%	75,640
Total Expenditure		2,218,232	2,465,128	2,698,208	161,102	1,520,702	1,690,041	(169,339)	-10%	2,698,208
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(39,935)	22,081	(202,230)	2,671	84,330	(30,148)	114,479	(0)	(202,230)
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	114,338	5,238	37,122	85,559	(48,436)	(0)	114,338
Transfers and subsidies - capital (in-kind - all)		14,400	-	18,850	-	-	3,770	(3,770)	(0)	18,850
		76,850	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		160,582	156,419	(69,042)	7,909	121,453	59,180			(69,042)
Taxation								-		
Surplus/(Deficit) after taxation		160,582	156,419	(69,042)	7,909	121,453	59,180			(69,042)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		160,582	156,419	(69,042)	7,909	121,453	59,180			(69,042)
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		160,582	156,419	(69,042)	7,909	121,453	59,180			(69,042)

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M08 February

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	16,705	(1,407)	9,176	18,225	(9,049)	-50%	16,705
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	27,150	-	2,895	9,303	(6,408)	-69%	27,150
Vote 08 - Infrastructure And Services		88,488	79,038	99,738	6,331	32,216	60,803	(28,587)	-47%	99,738
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	143,593	4,924	44,288	88,332	(44,044)	-50%	143,593
Single Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		4,041	13,300	13,300	-	16	8,867	(8,851)	-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	32,000	(1,850)	5,085	29,267	(24,181)	-83%	32,000
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	45,300	(1,850)	5,101	38,133	(33,032)	-87%	45,300
Total Capital Expenditure		127,081	190,043	188,893	3,074	49,389	126,465	(77,076)	-61%	188,893
Capital Expenditure - Functional Classification										
Governance and administration		11,238	53,705	30,005	(1,407)	9,192	27,092	(17,900)	-66%	30,005
Executive and council		11,238	53,705	30,005	(1,407)	9,192	27,092	(17,900)	-66%	30,005
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	64,850	946	26,454	30,443	(3,989)	-13%	64,850
Planning and development		18,239	8,300	27,150	-	2,895	9,303	(6,408)	-69%	27,150
Road transport		34,218	27,000	37,700	946	23,559	21,140	2,419	11%	37,700
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		63,386	101,038	94,038	3,536	13,743	68,930	(55,187)	-80%	94,038
Energy sources		34,548	46,000	39,000	503	9,795	32,238	(22,443)	-70%	39,000
Water management		624	13,000	13,000	-	-	8,667	(8,667)	-100%	13,000
Waste water management		28,214	42,038	42,038	3,033	3,948	28,025	(24,078)	-86%	42,038
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	127,081	190,043	188,893	3,074	49,389	126,465	(77,076)	-61%	188,893
Funded by:										
National Government		95,428	134,338	114,338	664	34,828	85,559	(50,731)	-59%	114,338
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		3,500	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private		13,891	-	18,850	-	-	3,770	(3,770)	-100%	18,850
Transfers recognised - capital		112,818	134,338	133,188	664	34,828	89,329	(54,501)	-61%	133,188
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		14,263	55,705	55,705	2,410	14,561	37,137	(22,575)	-61%	55,705
Total Capital Funding		127,081	190,043	188,893	3,074	49,389	126,465	(77,076)	-61%	188,893

NC091 Sol Plaatje - Table C6 Monthly Budget Statement - Financial Position - M08 February

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		197,591	(1,939)	64,040	93,563	64,040
Call investment deposits		–	–	–	–	–
Consumer debtors		1,990,522	2,244,736	2,178,758	2,218,334	2,178,758
Other debtors		145,813	418,926	418,926	154,978	418,926
Current portion of long-term receivables		–	–	–	–	–
Inventory		49,454	39,322	39,322	63,491	39,322
Total current assets		2,383,380	2,701,046	2,701,046	2,530,366	2,701,046
Non current assets						
Long-term receivables		–	35,716	35,716	–	35,716
Investments						
Investment property		209,106	208,312	208,312	210,919	208,312
Investments in Associate						
Property, plant and equipment		2,003,442	1,795,402	1,775,402	2,051,019	1,775,402
Biological						
Intangible		21,238	2,908	21,758	21,238	21,758
Other non-current assets		12,071	9,926	9,926	12,071	9,926
Total non current assets		2,245,857	2,052,265	2,051,115	2,295,246	2,051,115
TOTAL ASSETS		4,629,237	4,753,311	4,752,161	4,825,613	4,752,161
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		43,176	49,224	49,224	44,917	49,224
Trade and other payables		1,096,433	907,727	907,727	1,182,071	907,727
Provisions		–	94,029	94,029	(6,667)	94,029
Total current liabilities		1,139,609	1,050,980	1,050,980	1,220,321	1,050,980
Non current liabilities						
Borrowing		171,517	148,630	148,630	165,728	148,630
Provisions		265,786	259,520	259,520	265,786	259,520
Total non current liabilities		437,303	408,150	408,150	431,514	408,150
TOTAL LIABILITIES		1,576,912	1,459,129	1,459,129	1,651,835	1,459,129
NET ASSETS	2	3,052,325	3,294,182	3,293,032	3,173,778	3,293,032
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2,865,773	3,213,305	3,212,155	3,083,651	3,212,155
Reserves		90,127	80,876	80,876	90,127	80,876
TOTAL COMMUNITY WEALTH/EQUITY	2	2,955,900	3,294,182	3,293,032	3,173,778	3,293,032

NC091 Sol Plaatje - Table C7 Monthly Budget Statement - Cash Flow - M08 February

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	520,320	33,588	278,948	346,880	(67,932)	-20%	520,320
Service charges		1,146,393	1,093,079	1,084,284	74,343	689,818	722,856	(33,039)	-5%	1,084,284
Other revenue		288,367	403,395	483,433	29,689	623,701	322,289	301,412	94%	483,433
Transfers and Subsidies - Operational		31,741	18,959	45,723	5,543	15,323	30,482	(15,159)	-50%	45,723
Transfers and Subsidies - Capital		100,630	134,338	114,338	1,000	78,608	76,225	2,383	3%	114,338
Interest		-	6,000	6,000	-	-	4,000	(4,000)	-100%	6,000
Dividends										
Payments										
Suppliers and employees		(2,589,329)	(2,039,050)	(2,094,877)	(168,180)	(783,953)	(1,396,585)	(612,631)	44%	(2,094,877)
Finance charges		(1,039)	(38,960)	(117,360)	-	-	(78,240)	(78,240)	100%	(117,360)
Transfers and Grants		-	(4,460)	(4,460)	-	-	(2,973)	(2,973)	100%	(4,460)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(584,356)	106,800	37,402	(24,016)	902,444	24,934	(877,510)	-3519%	37,402
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE										
Decrease (increase) in non-current receivables		-	35,716	-	-	-	23,811	(23,811)	-100%	35,716
Decrease (increase) in non-current investments										
Payments										
Capital assets		(127,081)	(190,043)	(188,893)	(3,074)	(49,389)	(125,929)	(76,540)	61%	(188,893)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(127,081)	(154,327)	(188,893)	(3,074)	(49,389)	(102,118)	(52,729)	52%	(153,177)
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)	-	-	(6,260)	(6,260)	100%	(9,390)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(9,390)	(9,390)	-	-	(6,260)	(6,260)	100%	(9,390)
NET INCREASE/ (DECREASE) IN CASH HELD		(711,437)	(56,917)	(160,881)	(27,091)	853,055	(83,443)			(125,165)
Cash/cash equivalents at beginning:		43,007	172,922	172,922	44,598	48,965	172,922			48,965
Cash/cash equivalents at month/year end:		(668,430)	116,006	12,041		902,020	89,479			(76,199)

System error to be resolved so that Adjusted 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 R93,563 million as per the Cash book balance.

