



## **MONTHLY BUDGET STATEMENT – MARCH 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: 18 April 2023**

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

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

## PART 1: IN-YEAR REPORT

TO: THE EXECUTIVE MAYOR

**DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): SECTION 71: IN-YEAR MONTHLY BUDGET STATEMENT FOR THE PERIOD ENDING 31 MARCH 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 R35 million to ESKOM in respect of available cash for operations for the month of March 2023. The municipality paid R27,7 million on the bulk account due to DWS.

Currently, the total debtors book is standing at R3,256,721 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 **31 March 2023**, the ten working day reporting limit expires on **18 April 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 **18 April 2023**, (ten working day limit).

### 3. Executive summary

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

Summary Statement of Financial Performance: YTD Budget					
Description R thousand (R'000)	YTD Budget March 2023	YTD Actual March 2023	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	1,864,676	1,859,526	(5,150)	99.7%	-0.3%
Total Revenue (including capital transfers and contributions)	1,964,970	1,898,994	(65,976)	96.6%	-3.4%
Total Operational Expenditure	1,942,084	1,779,289	(162,796)	91.6%	-8.4%

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

As indicated in Table 1 above, as at 31 March 2023, the billed revenue excluding capital grants amounted to R1,859,526 billion which resulted in a satisfactory variance of minus 0.3% when compared to the YTD Budget of R1,864,676 billion. The billed revenue including capital grants amounting to R1,898,994 billion, resulted in a satisfactory variance of minus 3.4% when compared to the YTD budget of R1,964,970 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 8.4%.

Summary Statement of Financial Performance: Adjusted Budget					
Description R thousand	Adjusted Budget	YTD Actual March 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	1,859,526	1,651,528	74.5%	-0.50%
Total Revenue (including capital transfers and contributions)	2,629,165	1,898,994	1,679,897	72.2%	-2.77%
Total Operational Expenditure	2,698,205	1,779,289	1,554,438	65.9%	-9.06%

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 75.00% [calculated as follow: (100/12 months x 8 months of the year)] as at the end of March 2023, the Total operational revenue excluding capital grants versus the Adjusted Budget resulted in a satisfactory variance of minus 0.5%. The Total operational revenue including capital grants versus the Adjusted Budget resulted in a satisfactory variance of minus 2.77%. The Total Operational Expenditure resulted in an unsatisfactory variance of minus 9.06%.

**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 % - 75%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Property rates	610,074	46,414	496,495	463,706	107.1%	32,789	7.1%	81.4%	38,939	6.4%
Service charges - electricity revenue	899,854	74,770	562,828	681,890	82.5%	(119,062)	-17.5%	62.5%	(112,062)	-12.5%
Service charges - water revenue	305,717	27,427	219,624	231,038	95.1%	(11,414)	-4.9%	71.8%	(9,664)	-3.2%
Service charges - sanitation revenue	93,500	7,818	70,207	65,995	106.4%	4,213	6.4%	75.1%	83	0.1%
Service charges - refuse revenue	69,080	6,025	52,137	48,961	106.5%	3,176	6.5%	75.5%	327	0.5%
Rental of facilities and equipment	25,896	2,151	19,258	14,912	129.1%	4,346	29.1%	74.4%	(164)	-0.6%
Interest earned - external investments	6,000	307	3,127	4,500	69.5%	(1,373)	-30.5%	52.1%	(1,373)	-22.9%
Interest earned - outstanding debtors	156,500	17,570	143,114	117,375	121.9%	25,739	21.9%	91.4%	25,739	16.4%
Fines, penalties and forfeits	35,730	1,438	28,901	23,997	120.4%	4,904	20.4%	80.9%	2,104	5.9%
Licences and permits	6,850	889	6,698	900	744.3%	5,798	644.3%	97.8%	1,561	22.8%
Agency services	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	266,031	68,459	238,403	196,753	121.2%	41,650	21.2%	89.6%	38,880	14.6%
Other revenue	20,745	1,226	16,010	14,648	109.3%	1,361	9.3%	77.2%	451	2.2%
Gains on disposal of PPE	-	-	2,724	-	-	2,724	-	-	2,724	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,495,977</b>	<b>254,494</b>	<b>1,859,526</b>	<b>1,864,676</b>	<b>99.7%</b>	<b>(5,150)</b>	<b>-0.3%</b>	<b>74.5%</b>	<b>(12,457)</b>	<b>-0.5%</b>
Transfers and subsidies - capital	133,188	2,345	39,468	100,293	39.4%	(60,826)	-60.6%	29.6%	(60,423)	-45.4%
<b>Total Revenue (including capital transfers and contributions)</b>	<b>2,629,165</b>	<b>256,840</b>	<b>1,898,994</b>	<b>1,964,970</b>	<b>96.6%</b>	<b>(65,976)</b>	<b>-3.4%</b>	<b>72.2%</b>	<b>(72,880)</b>	<b>-2.8%</b>

Table 3: Table C4 Financial Performance (Revenue)

### Comparison against the YTD Budget

- ❖ Property Rates is showing a positive YTD variance of 7.1%, due to the annual billing on Property Rates for predominantly Organs of State and businesses.
- ❖ Service charges - Electricity revenue is showing a serious under-recovery of 17.5%. 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 29.1% 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 30.5%, 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 21.9% due to the increase in specifically debt over 90 days and the recent consecutive interest rate hikes.

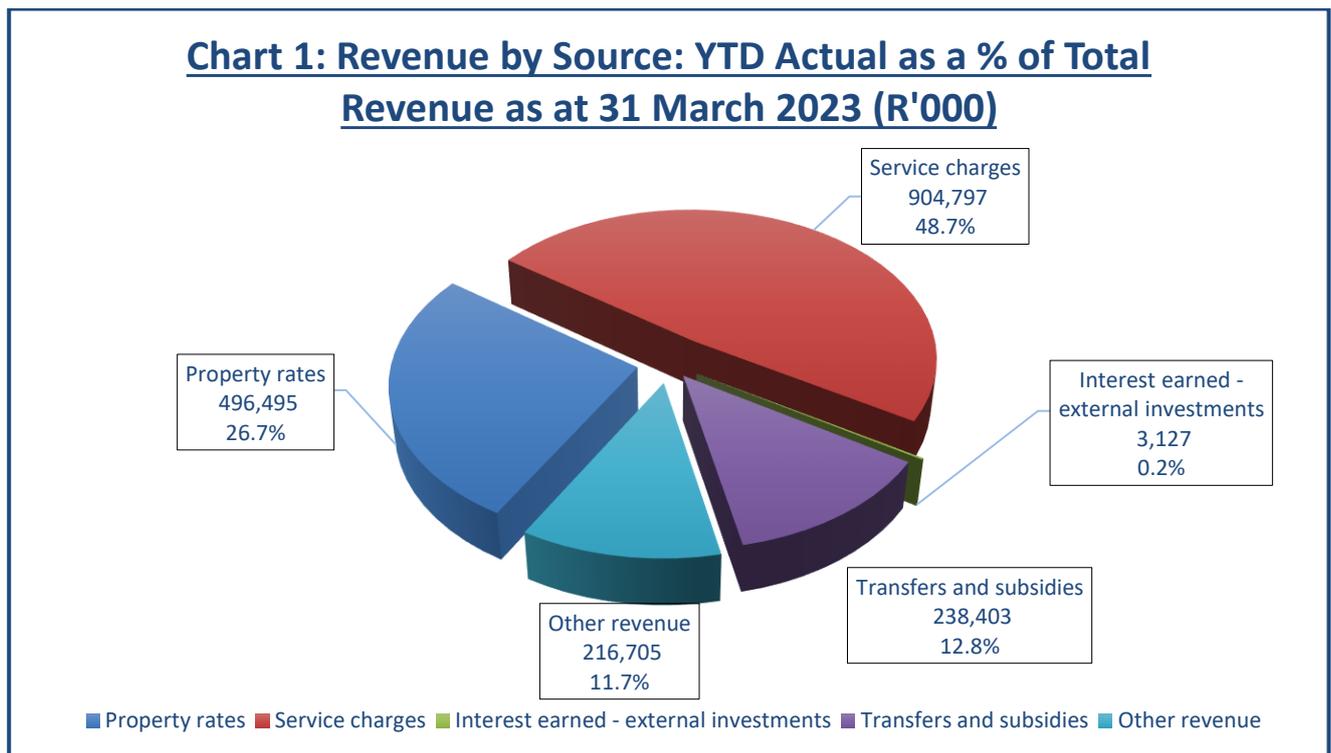
- ❖ Fines, penalties and forfeits is showing a positive variance of 20.4% as a result of the actuals achieved on Penalties: Disconnection fees is satisfactory at 99.16% against an adjusted target of R25,500 million, due to the disconnections on non-payment.
- ❖ Licences and permits is showing a positive variance of 644.3%, 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 21.2%.
- ❖ 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 60.6%, 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 75.00%, the majority of revenue sources are performing satisfactorily.

- ❖ Property rates is performing satisfactorily and showing a satisfactory variance of 6.4%, 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 12.5%. 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 22.9%. Same factors are applicable as described in the paragraph above.
- ❖ Interest on Outstanding debtors is showing a positive variance of 16.4% 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 5.9%. Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits is showing a positive variance of 22.8%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies is satisfactory with a variance of 14.6%. Same factors are applicable as described in the paragraph above.
- ❖ Other Revenue is showing a positive variance of 2.2%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers – recognised capital is showing a negative variance of minus 45.4%. Same factors are applicable as described in the paragraph above.

Indicated in Chart 1 below is the weighting of the YTD Actual on billed Revenue per Source as a percentage of total operational revenue as at 31 March 2023. The main contributors of the municipality's revenue are Service Charges (48.7%), Property Rates (26.7%) and Transfers and subsidies (12.8%). 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 % - 75%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Employee related costs	849,970	65,336	589,245	637,282	92.5%	(48,037)	-7.5%	69.3%	(48,233)	-5.7%
Remuneration of councillors	34,547	2,703	24,070	25,911	92.9%	(1,841)	-7.1%	69.7%	(1,841)	-5.3%
Debt impairment	397,000	149,250	297,754	262,750	113.3%	35,004	13.3%	75.0%	4	0.0%
Depreciation & asset impairment	81,050	-	-	60,788	0.0%	(60,788)	-100.0%	0.0%	(60,788)	-75.0%
Finance charges	117,360	42,086	65,907	60,580	108.8%	5,326	8.8%	56.2%	(22,114)	-18.8%
Bulk purchases - electricity	682,000	(29,425)	408,951	511,500	80.0%	(102,549)	-20.0%	60.0%	(102,549)	-15.0%
Inventory consumed	266,277	15,623	209,577	189,335	110.7%	20,242	10.7%	78.7%	9,870	3.7%
Contracted services	54,181	4,566	19,851	37,926	52.3%	(18,075)	-47.7%	36.6%	(20,784)	-38.4%
Transfers and subsidies	4,460	15	2,509	3,345	75.0%	(836)	-25.0%	56.3%	(836)	-18.7%
Other expenditure	135,719	8,433	113,015	101,412	111.4%	11,603	11.4%	83.3%	11,225	8.3%
Losses	75,640	-	48,410	51,256	94.4%	(2,846)	-5.6%	64.0%	(8,320)	-11.0%
<b>Total Expenditure</b>	<b>2,698,205</b>	<b>258,587</b>	<b>1,779,289</b>	<b>1,942,084</b>	<b>91.6%</b>	<b>(162,796)</b>	<b>-8.4%</b>	<b>65.9%</b>	<b>(244,365)</b>	<b>-9.1%</b>

Table 4: Table C4 Financial Performance (Expenditure)

### Comparison against YTD Budget

As indicated in the Table 4 above, as at 31 March 2023 current YTD expenditure shows an unsatisfactory variance of minus 9.1%. The YTD actual amounted to R1,779,289 billion against the YTD Budget of R1,942,084 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 7.1%. 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.
- ❖ 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 positive variance of 8.8%. 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 was 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 20%.
- ❖ Expenditure on Contracted services is lower than anticipated. Prepaid Electricity Vendors is 62.28% spent versus a budget of R11,400 million. 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 25.15% spent versus a budget of R5,965 million.

**Sol Plaatje (NC091): Monthly Budget Statement: March 2023**

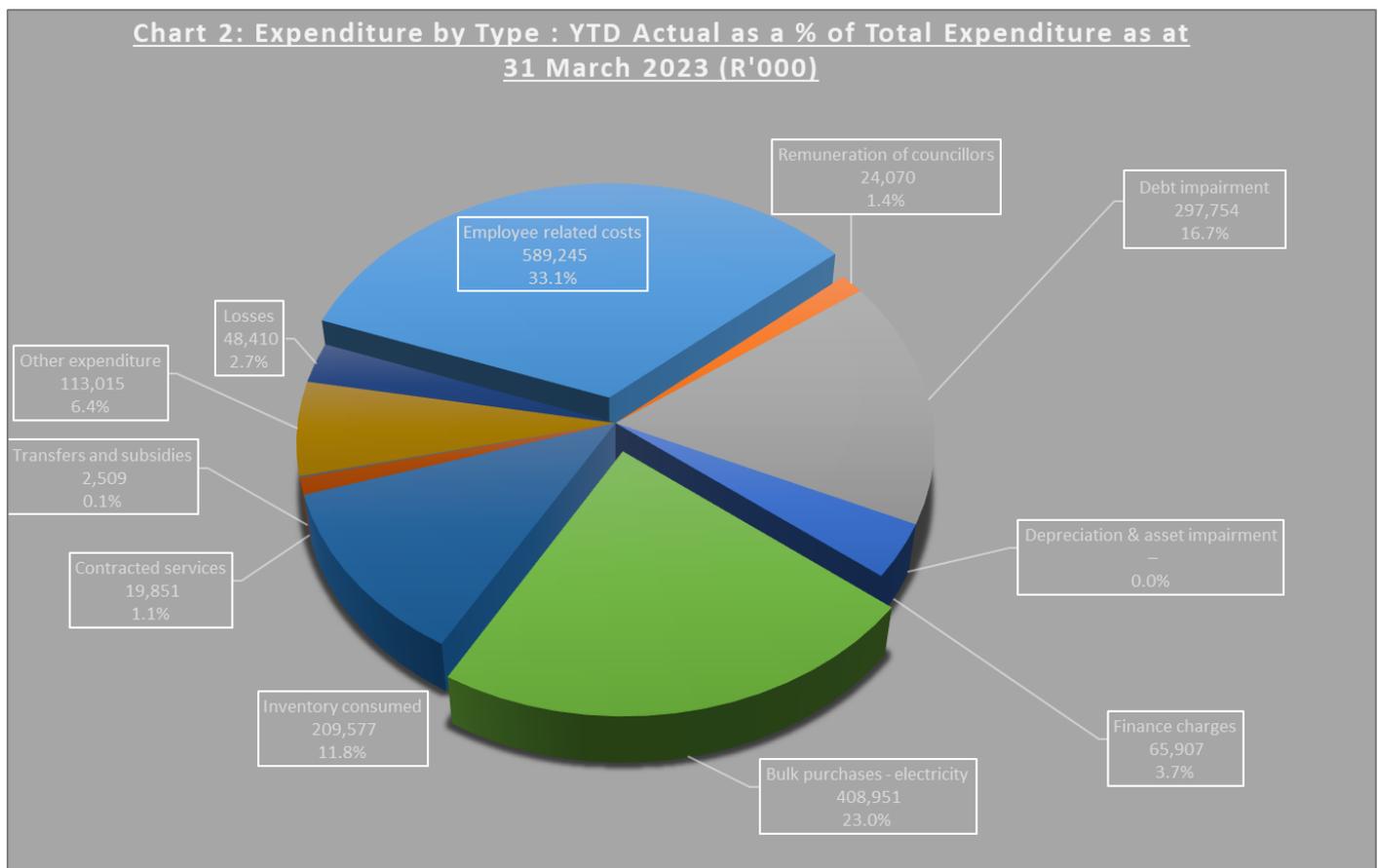
- ❖ Bulk purchases Water is treated in line with GRAP 12. The invoices are captured on the balance sheet under Water:Input Vol: Bulk Purchases and then journalized to the Income Statement and is simultaneously split between Water Inventory and Water losses. This journal for February 2023 was processed timeously, whilst the March 2023 actuals will be finalised during April 2023. It should be noted that the municipality has received March 2023 invoice from DWS.
- ❖ Transfers and subsidies show a negative variance of minus 25.0%. Other grants show minimal movement due to cash flow constraints.
- ❖ Other expenditure is showing an unsatisfactory variance of 11.4% as a result of the following line items under Operational Cost (OC)
  - Cost incurred of R29,856 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 94.92% spent as a result of the annual membership fees paid to SALGA amounting to R8,197 million.
  - OC: Uniform & Protective Clothing is 74.88% spent, attributable to a material increase in the cost of uniforms, whilst sections also required more uniform and protective clothing. This line item was reviewed per section during the Adjustment budget, however with the current pressure on the Adjustment budget line managers had to make use of savings.
  - OC: Audit Cost: External is 99.71% spent against a adjustments budget of R6,440 million. Virement from savings will be done on the system to effect payment of the March 2023 account amounting to R154 thousand.

The expenditure on Inventory consumed is showing a positive variance of 10.7%. 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.

## 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 March 2023 is 75.00%. The total operational expenditure against the Adjusted Budget is 65.9% spent, resulting in an unsatisfactory variance of minus 9.1%.

- ❖ 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 18.8%. Same factors are applicable as explained above.
- ❖ Bulk Electricity is showing a satisfactory variance of minus 15%. Same factors are applicable as explained above.
- ❖ Inventory consumed is showing a satisfactory variance of 3.7%. 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 positive variance of 8.3%. Same factors are applicable as explained above
- ❖ Loss on disposal of PPE (Water losses), is satisfactory, journal for March 2023 will be processed in April 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 31 March 2023. The main cost drivers of the municipality are Employee Related Costs (33.1%), Debt Impairment (16.7%) and Bulk Purchases –

Electricity (23.0%). 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 75.00% as at end of March 2023, Bulk Purchases Electricity is showing a satisfactory variance of minus 15.04%.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 75%
BULK PURCHASES: ELECTRICITY	682,000,000	-29,424,532	408,950,767	59.96%	-15.04%
<b>Total</b>	<b>682,000,000</b>	<b>-29,424,532</b>	<b>408,950,767</b>	<b>59.96%</b>	<b>-15.04%</b>

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 3.4% when compared to the ideal percentage of 75.00%. During the Adjustment budget for 2021/22 and advised by NT, Bulk purchases Water was split between Inventory Water and Water losses in the Statement of Financial Performance aligned to GRAP 12. A corrective journal was done for July to March 2023. A corrective journal will be passed during April 2023 for the actuals of March 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 % - 75%
INVENTORY - WATER	60,000,000	1,107,000	45,704,056	76.2%	1.2%
NON-REVENUE WATER LOSSES	60,000,000	-	48,320,380	80.5%	5.5%
<b>Total</b>	<b>120,000,000</b>	<b>1,107,000</b>	<b>94,024,436</b>	<b>78.4%</b>	<b>3.4%</b>

Table 5.2: Summary of YTD Bulk Water expenditure

Organ of state	Arrear debt of unpaid invoices	Current Account due (March 2023)	Total Outstanding Debt	YTD Interest charged 2022/23
ESKOM	741,211,278.15	62,753,323.57	803,964,601.72	63,332,716.23
DWS (Water boards)	160,283,214.09	82,471.24	160,365,685.33	-
<b>Grand Total</b>	<b>901,494,492.24</b>	<b>62,835,794.81</b>	<b>964,330,287.05</b>	<b>63,332,716.23</b>

Table 6.1: Summary of outstanding Bulk costs debt

Indicated in Table 6.1 above, is the total outstanding debt owed to ESKOM amounting to R803,964 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) and R35,000 million (March 2023). The total year to date interest charged on overdue accounts due to ESKOM amounts to R63,332 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 R160,365 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.

<b>ESKOM</b>			
<b>Month</b>	<b>Outstanding Balance</b>	<b>Arrear Debt</b>	<b>Current Acc</b>
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	
Mar-23	62,753,323.57		62,753,323.57
<b>Total ESKOM</b>	<b>838,964,601.72</b>	<b>776,211,278.15</b>	<b>62,753,323.57</b>

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 R838,964 million pertaining to the debt owed to ESKOM. The outstanding balance is then split into the arrear debt (R776,211 million) and the current account (R62,753 million).

		<b>Payment date</b>	<b>Sum of VOTE AMOUNT</b>
		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
		20230316	16,647,298.14
		20230316	18,352,701.86
<b>Payments per fin period</b>	<b>Sum of VOTE AMOUNT</b>	<b>Grand Total</b>	<b>744,836,108.91</b>
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		
202303	16,647,298.14		
202303	18,352,701.86		

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 R744,836 million. For the month of February 2023, the municipality could only settle R45,000 million on the debt and R35,000 for the month of March 2023.

<b>DWS</b>			
<b>Month</b>	<b>Outstanding Balance</b>	<b>Arrear Debt</b>	<b>Current Acc</b>
INTEREST CHARGES - APR TO JUN	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		
MARCH 2023 BULK ACCOUNT	15,828,854.80		15,828,854.80
WRM LEVIES MARCH 2023	82,471.24		82,471.24
<b>Total DWS</b>	<b>188,183,553.51</b>	<b>172,189,756.23</b>	<b>15,911,326.04</b>

Table 6.4: Summary of outstanding DWS debt

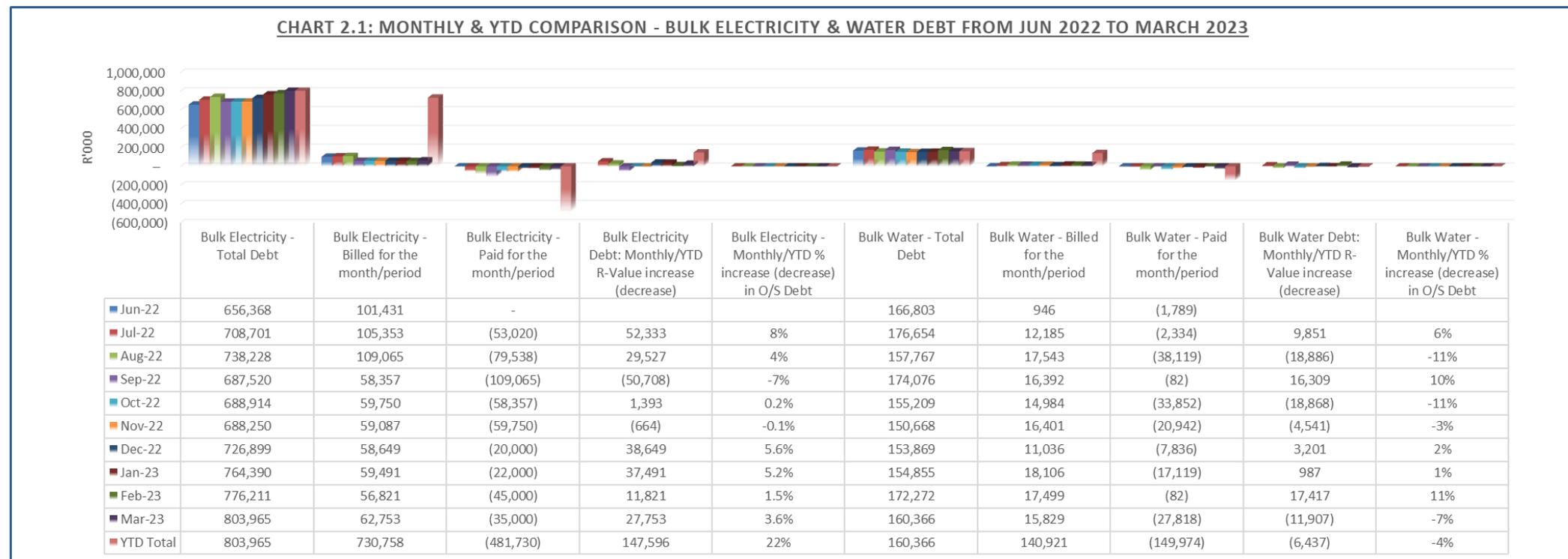
Indicated in Table 6.4 above, is the detailed breakdown of outstanding balances per invoice amounting to R188,183 million pertaining to debt owed to DWS. The outstanding balance is then split into the the arrear debt (R172,189 million) and the current account (R15,911 million). It should be noted that the total debt due to DWS must be concurred with the Department.

		<b>Payment date</b>	<b>Sum of VOTE AMOUNT</b>
		20210811	4,000,000.00
		20210817	2,000,000.00
		20210825	1,000,000.00
		20210831	589,628.61
		20210908	4,000,000.00
		20210915	2,000,000.00
		20210916	2,082,471.24
		20210920	2,000,000.00
		20211020	5,726,867.12
		20211022	82,471.24
		20211108	8,000,000.00
		20211116	8,732,805.33
		20211202	82,471.24
		20211230	82,471.24
		20220203	627,775.68
		20220225	164,942.48
		20220301	4,000,000.00
		20220311	1,937,789.26
		20220316	7,500,000.00
		20220413	6,645,945.63
		20220425	164,942.48
		20220601	4,173,087.07
		20220614	1,788,876.63
		20220714	82,471.24
		20220728	1,388,435.69
		20220802	863,336.64
		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
		20230317	10,318,404.82
		20230317	17,416,992.12
		20230322	82,471.24
		20230316	374.20
<b>Payments per fin period</b>	<b>Sum of VOTE AMOUNT</b>	<b>Grand Total</b>	<b>215,567,644.93</b>
202108	7,589,628.61		
202109	10,082,471.24		
202110	5,809,338.36		
202111	16,732,805.33		
202112	164,942.48		
202202	792,718.16		
202203	13,437,789.26		
202204	6,810,888.11		
202205	3,637,789.26		
202206	4,658,418.01		
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		
202303	10,318,404.82		
202303	17,416,992.12		
202303	82,471.24		
202303	374.20		

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 R215,567 million. For the month of March 2023, the municipality settled an amount of R27,818 million.

## 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 February 2023 to March 2023, debt owed to ESKOM increased by R27,753 million or 3.6%, from R776,211 million to R803,965 million. When comparing the total outstanding debt to June 2022, the outstanding debt increased by R147,596 million or 22% from R656,368 million to R803,965 million. The total YTD billing from June 2022 to March 2023, amounts to R730,758 million, whilst the municipality settled an amount of R481,730 million for the same period.

From January 2023 to March 2023, debt owed to DWS decreased by R11,907 million or minus 7%, from R172,272 million to R160,366 million. When comparing the total outstanding debt to June 2022, the outstanding debt decreased by R6,437 million or minus 4% from R166,803 million to R160,366 million. The total YTD billing from June 2022 to March 2023, amounts to R140,921 million, whilst the municipality settled an amount of R149,974 million for the same period.

### 4.3 Capital expenditure

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure - March 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 % - 75%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	188,893	6,395	55,784	142,072	39.3%	(86,288)	-60.7%	29.5%	(85,885)	-45.5%
Funded by										
Capital transfers recognised	133,188	2,345	37,173	100,294	37.1%	(63,121)	-62.9%	27.9%	(62,718)	-47.1%
Internally generated funds	55,705	4,050	18,611	41,779	44.5%	(23,167)	-55.5%	33.4%	(23,167)	-41.6%
Weighting Capital transfer recognised	70.5%	36.7%	66.6%	70.6%						
Weighting Internally generated funds	29.5%	63.3%	33.4%	29.4%						

Table 7: High level summary: Capital Expenditure

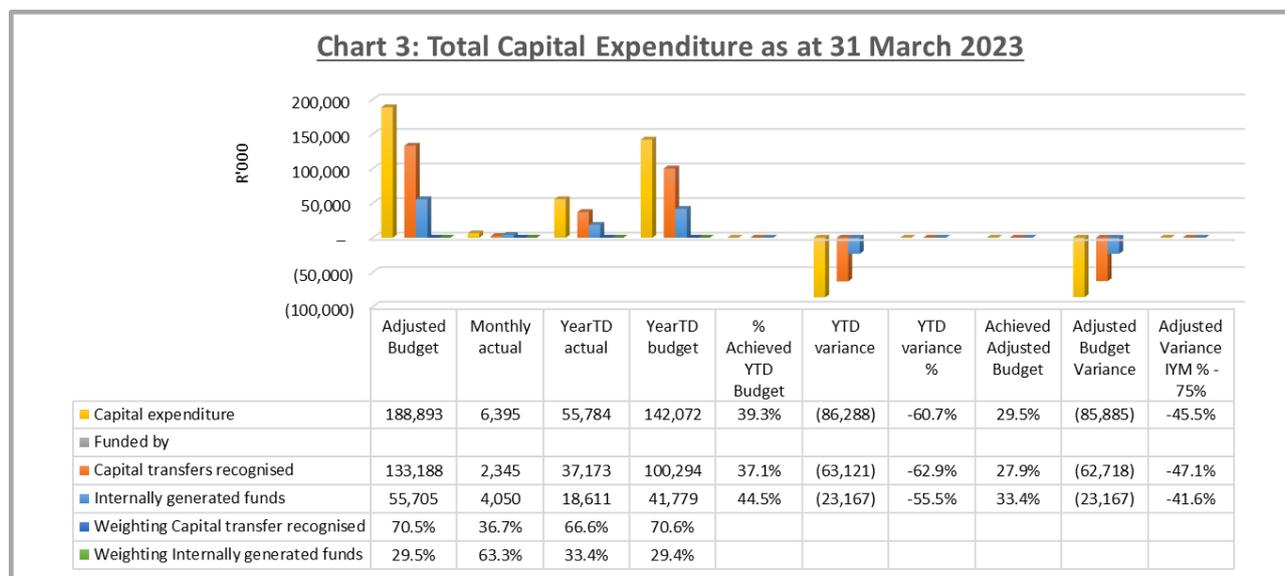


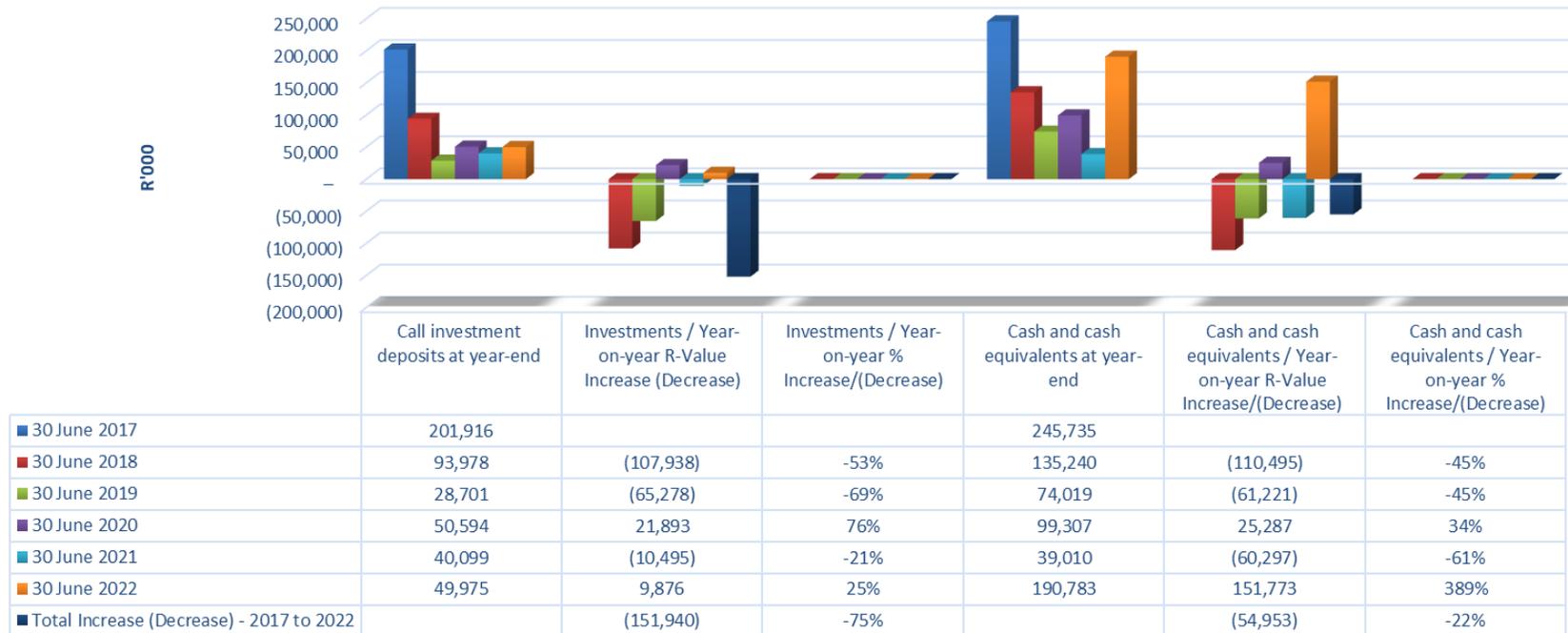
Chart 3: Total Capital expenditure

As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of March 2023 amounted to R55,784 million and 39.3% spent when compared to the YTD budget of R142,072 million and 26.1% spent when compared to the Adjusted Budget of R188,893 million. The total YTD capex is funded from Capital grants R37,173 million (70.6%) and Internally generated funds R18,611 million (29.4%). 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

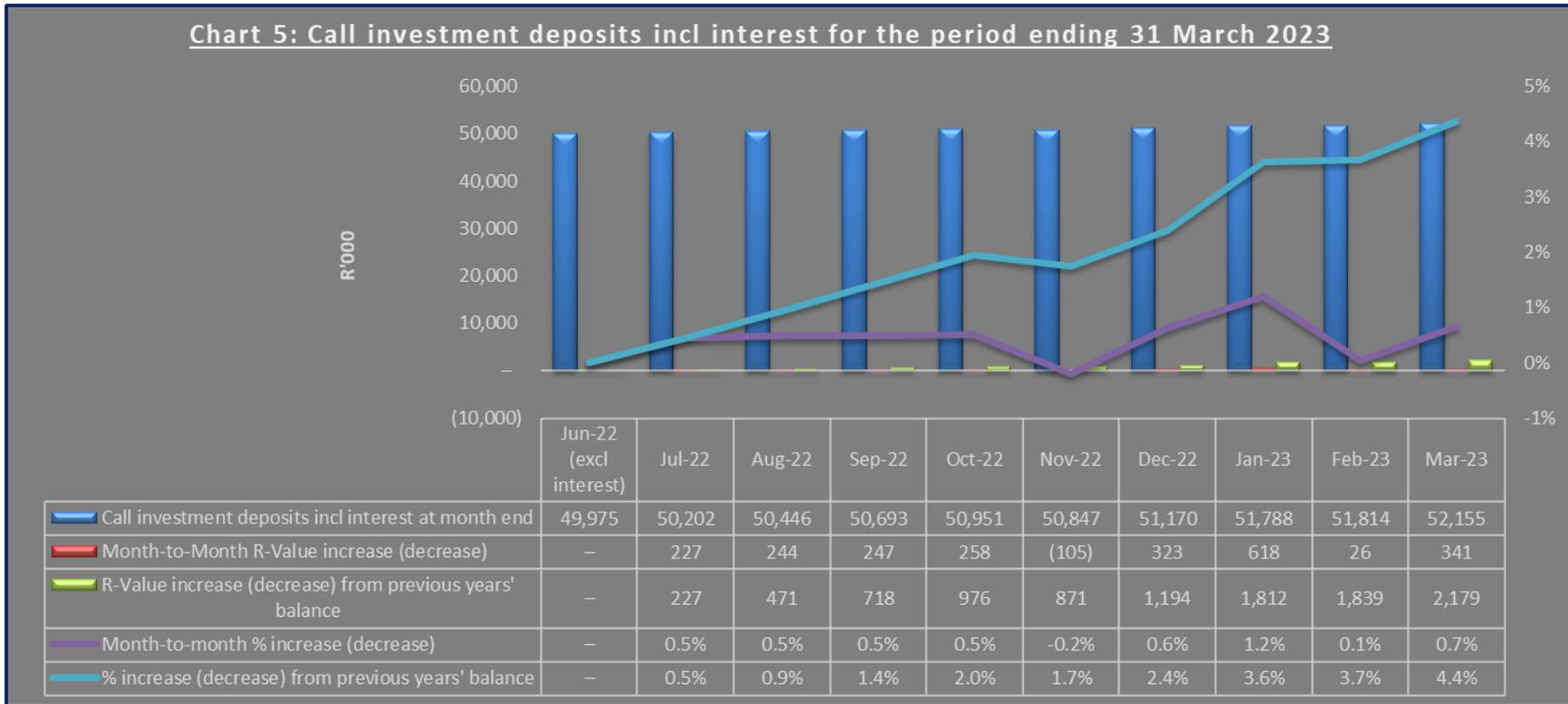
**Chart 4: Current investment deposits and Cash & cash equivalents at year-end**



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

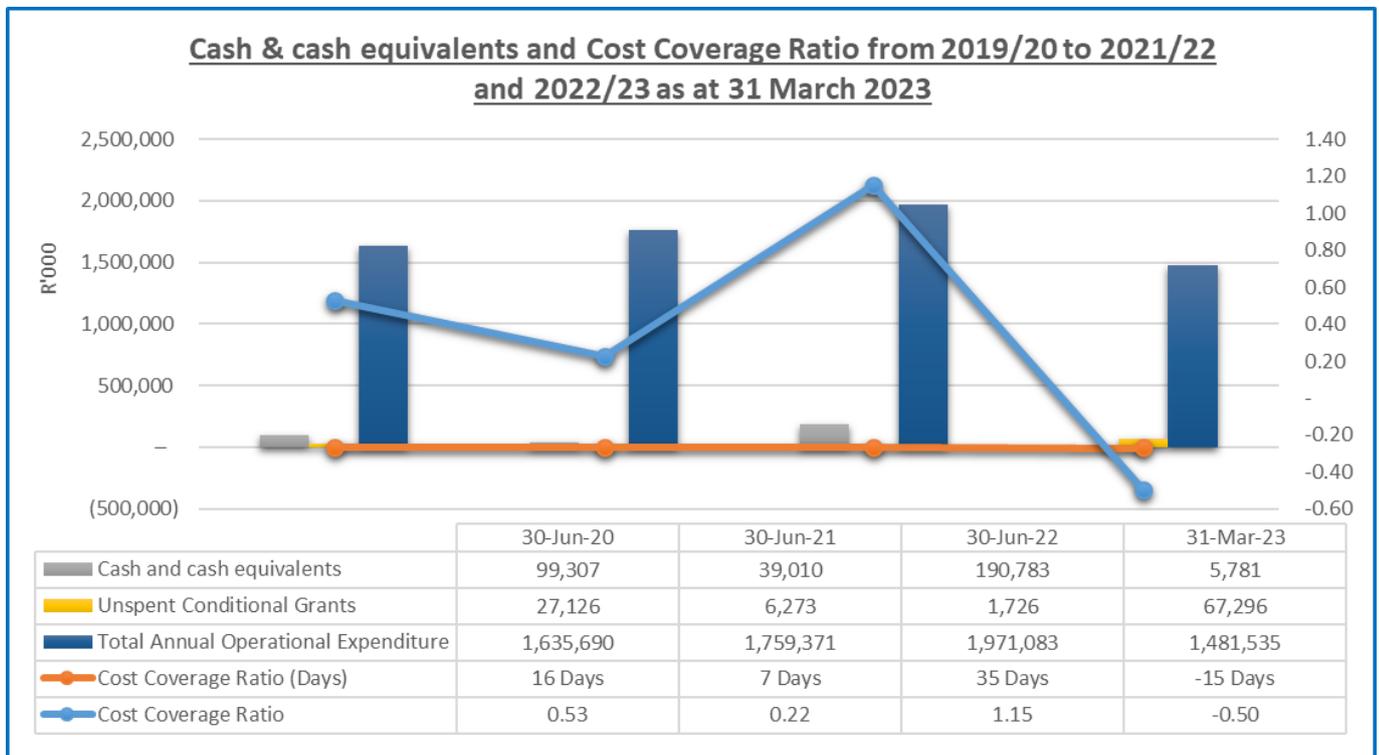
Investments decreased by R107,938 million or 53% from 2017 to 2018. Investments decreased by R65,278 million or 69% from 2018 to 2019. Investments increased by R21,893 million or 76% from 2019 to 2020. Investments decreased by R10,495 million or 21% from 2020 to 2021. Investments increased by R9,876 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 31 March 2023**



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

As indicated in the Chart 5 above from January 2023 to March 2023 investments incl interest increased by R341 thousand or 0.7%, in respect of the month-to-month comparison. Investments increased by R2,179 million or 4.4% when compared to the previous years' audited figure of R49,975 million. Various commitments must be met monthly including Salaries, Bulk Electricity, Bulk Water in the billing period and capital expenditure. The majority of staff receive their annual bonuses in December of each year. Bi-annual long-term loan repayments. The non-charging of the basic charge for the 2018/19 financial year for domestic consumers also had a negative impact on the income from Sale of Electricity and thus negatively affecting the municipality's cash flow. The movement on investments should be monitored going forward and a concerted effort should be done to collect current and long outstanding debt. Capital and Operational expenditure overall, also needs to be reviewed and prioritised.



**Chart 6: Cash & cash equivalents and Cost coverage ratio**

Indicated in Chart 6 above, is the Cost coverage ratio and the Cash and cash equivalents for 2019/20 (0.53 or 16 days; R99,307m) and 2020/21 (0.22 or 7 days; R39,010m). There was a marginal improvement for 2021/22 (1.15 or 35 days; R190,783m), but this was as a result of increased Cash and cash equivalents, which was predominantly Equitable share funds that the municipality was saving to build up some kind of reserve. The Cost coverage ratio as at 31 March 2023 is 0.50 or 15 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

**Sol Plaatje (NC091): Monthly Budget Statement: March 2023**

## PART 2: SUPPORTING DOCUMENTATION

### 5. Debtors' Analysis

NC091 Sol Plaatje - Supporting Table SC3 Monthly Budget Statement - aged debtors - M09 March

Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days			
<b>R thousands</b>														
<b>Debtors Age Analysis By Income Source</b>														
Trade and Other Receivables from Exchange Transactions - Water	1200	35,196	20,028	19,515	14,935	15,315	16,368	77,532	489,232	688,122	613,382	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	55,475	17,154	9,680	7,436	7,981	7,060	51,867	148,972	305,625	223,315	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	36,420	16,385	13,830	12,793	12,170	11,690	115,490	580,243	799,022	732,387	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	7,931	5,679	4,924	4,747	4,596	4,501	24,548	154,378	211,304	192,770	-	-	
Receivables from Exchange Transactions - Waste Management	1600	6,494	4,144	3,740	3,592	3,458	3,378	18,542	119,782	163,130	148,752	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	1,612	1,585	1,553	1,545	1,536	1,514	8,738	43,719	61,802	57,052	-	-	
Interest on Arrear Debtor Accounts	1810	17,777	18,198	16,569	15,766	14,404	14,116	69,321	596,269	762,420	709,875	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-	-	-	
Other	1900	5,192	7,973	2,791	5,676	13,959	8,298	24,552	196,856	265,298	249,342	-	-	
<b>Total By Income Source</b>	<b>2000</b>	<b>166,097</b>	<b>91,147</b>	<b>72,602</b>	<b>66,490</b>	<b>73,420</b>	<b>66,925</b>	<b>390,591</b>	<b>2,329,450</b>	<b>3,256,722</b>	<b>2,926,876</b>	<b>-</b>	<b>-</b>	
<b>2021/22 - totals only</b>		#####	69441725	57058764	#####	0	0	0	0	2,676,943	<b>2,345,014</b>	0	0	
<b>Debtors Age Analysis By Customer Group</b>														
Organs of State	2200	23,059	14,857	13,030	8,752	8,128	8,426	109,437	590,076	775,766	724,820	-	-	
Commercial	2300	69,074	22,879	13,696	12,752	12,935	10,948	65,758	342,011	550,055	444,405	-	-	
Households	2400	71,938	52,058	44,649	43,744	50,916	46,309	208,569	1,346,161	1,864,345	1,695,699	-	-	
Other	2500	2,026	1,352	1,227	1,242	1,440	1,242	6,826	51,201	66,556	61,951	-	-	
<b>Total By Customer Group</b>	<b>2600</b>	<b>166,097</b>	<b>91,147</b>	<b>72,602</b>	<b>66,490</b>	<b>73,420</b>	<b>66,925</b>	<b>390,591</b>	<b>2,329,450</b>	<b>3,256,722</b>	<b>2,926,876</b>	<b>-</b>	<b>-</b>	

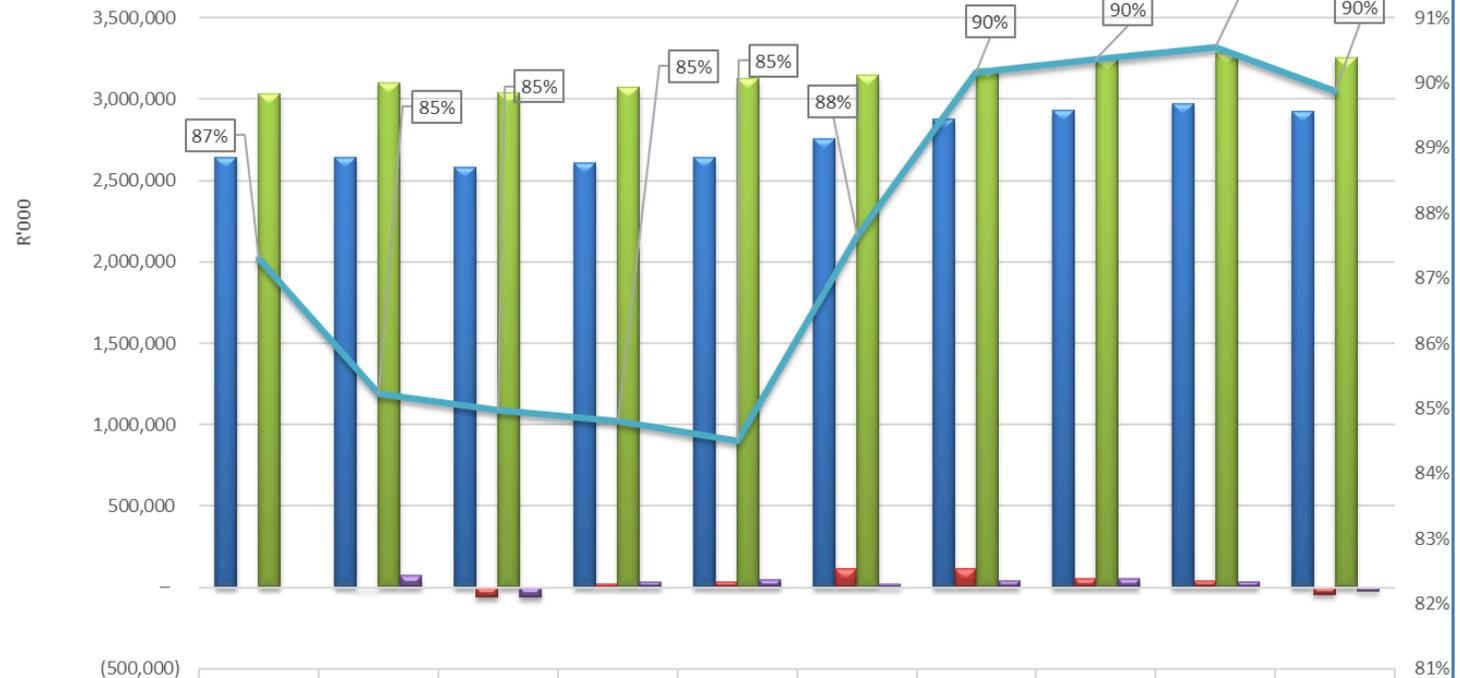
Table 8: Supporting Table SC3: Aged Debtors

Indicated in Table 8 above, is the total outstanding debt by Income Source and Customer Group, with the total O/S Debt amounting to R3,256,722 billion as at the end of March 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 decreased to 90% for the month under review. Debt over 90 days decreased by R43,315 million in respect of the month-to-month comparison. The month-to-month decrease on Total debt amounted to R23,700 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 % of total O/S Debt: Jun 2022 - Jan 2023**



	Jun-22 (Audited)	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Debt over 90 days (R'000)	2,644,843	2,644,498	2,583,888	2,607,684	2,640,714	2,757,564	2,876,144	2,931,295	2,970,191	2,926,876
Month-to-Month R-value Increase (Decrease) of Debt over 90 days		(345)	(60,611)	23,797	33,030	116,850	118,580	55,151	38,896	(43,315)
Total Debt (R'000)	3,029,785	3,102,829	3,041,042	3,074,758	3,125,099	3,145,849	3,190,215	3,243,662	3,280,421	3,256,722
Month-to-Month R-value Increase (Decrease) of Total debt		73,044	(61,788)	33,716	50,342	20,749	44,366	53,448	36,759	(23,700)
% Weighting of Debt over 90 days	87%	85%	85%	85%	85%	88%	90%	90%	91%	90%

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

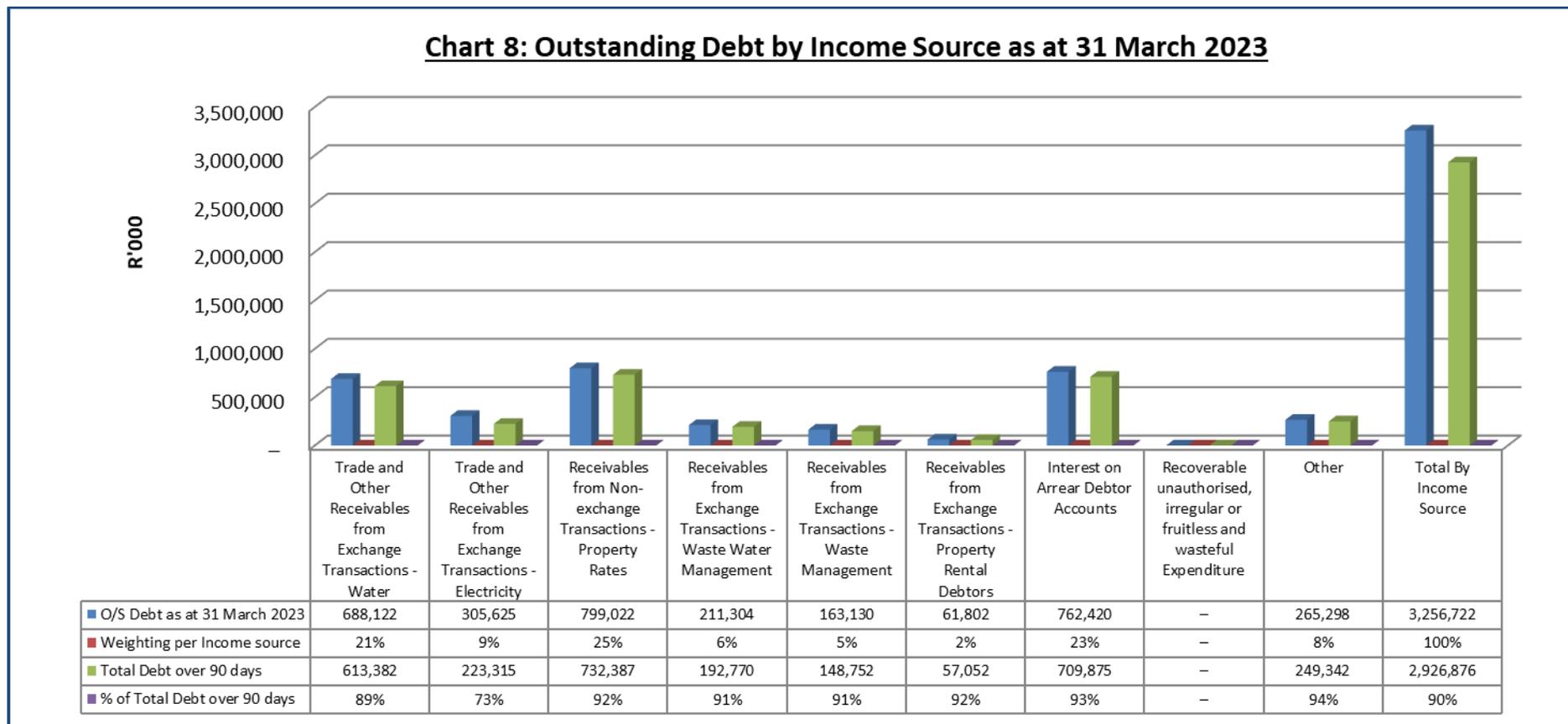


Chart 8: Outstanding Debt by Income Source

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

- ❖ Receivables from Non-exchange Transactions - Property Rates at 25%
- ❖ Interest on Arrear Debtor Accounts 23%, and
- ❖ Trade and Other Receivables from Exchange Transactions – Water at 21%

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

- ❖ Interest on Arrear Debtor Accounts and Other at 93% and 94%, respectively;

**Sol Plaatje (NC091): Monthly Budget Statement: March 2023**

- ❖ 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 28 February 2023	O/S Debt as at 31 March 2023	Percentage month-on-month Increase/(Decrease) in Debtors	R-Value Increase/(Decrease)	Weighting of Debt per Category as a % of Total O/S
<b>Debtors Age Analysis By Income Source</b>	<b>1100</b>					
Trade and Other Receivables from Exchange Transactions - Water	1200	670,835,519	688,121,916	2.5%	17,286,397	21%
Trade and Other Receivables from Exchange Transactions - Electricity	1300	293,174,427	305,624,736	4.1%	12,450,309	9%
Receivables from Non-exchange Transactions - Property Rates	1400	861,076,440	799,021,868	-7.8%	-62,054,572	25%
Receivables from Exchange Transactions - Waste Water Management	1500	207,998,297	211,303,700	1.6%	3,305,403	6%
Receivables from Exchange Transactions - Waste Management	1600	160,457,132	163,129,564	1.6%	2,672,432	5%
Receivables from Exchange Transactions - Property Rental Debtors	1700	60,352,939	61,801,547	2.3%	1,448,608	2%
Interest on Arrear Debtor Accounts	1810	763,927,692	762,420,214	-0.2%	-1,507,478	23%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	1820	-	-			
Other	1900	262,598,845	265,298,218	1.0%	2,699,373	8%
<b>Total By Income Source</b>	<b>2000</b>	<b>3,280,421,291</b>	<b>3,256,721,763</b>	<b>-0.7%</b>	<b>-23,699,528</b>	<b>100%</b>
<b>Debtors Age Analysis By Customer Group</b>	<b>2100</b>					
Organs of State	2200	849,277,805	775,766,100	-9.5%	-73,511,705	24%
Commercial	2300	531,092,043	550,054,631	3.4%	18,962,588	17%
Households	2400	1,834,522,378	1,864,345,047	1.6%	29,822,669	57%
Other	2500	65,529,065	66,555,985	1.5%	1,026,920	2%
<b>Total By Customer Group</b>	<b>2600</b>	<b>3,280,421,291</b>	<b>3,256,721,763</b>	<b>-0.7%</b>	<b>-23,699,528</b>	<b>100%</b>

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

Indicated in Table 9 above is the month-on-month growth in outstanding debt, per Income Source and per Customer Group, from January 2023 to March 2023, the municipality's total O/S debt decreased by 0.7% or R23,699 million.

### O/S debt per Income Source

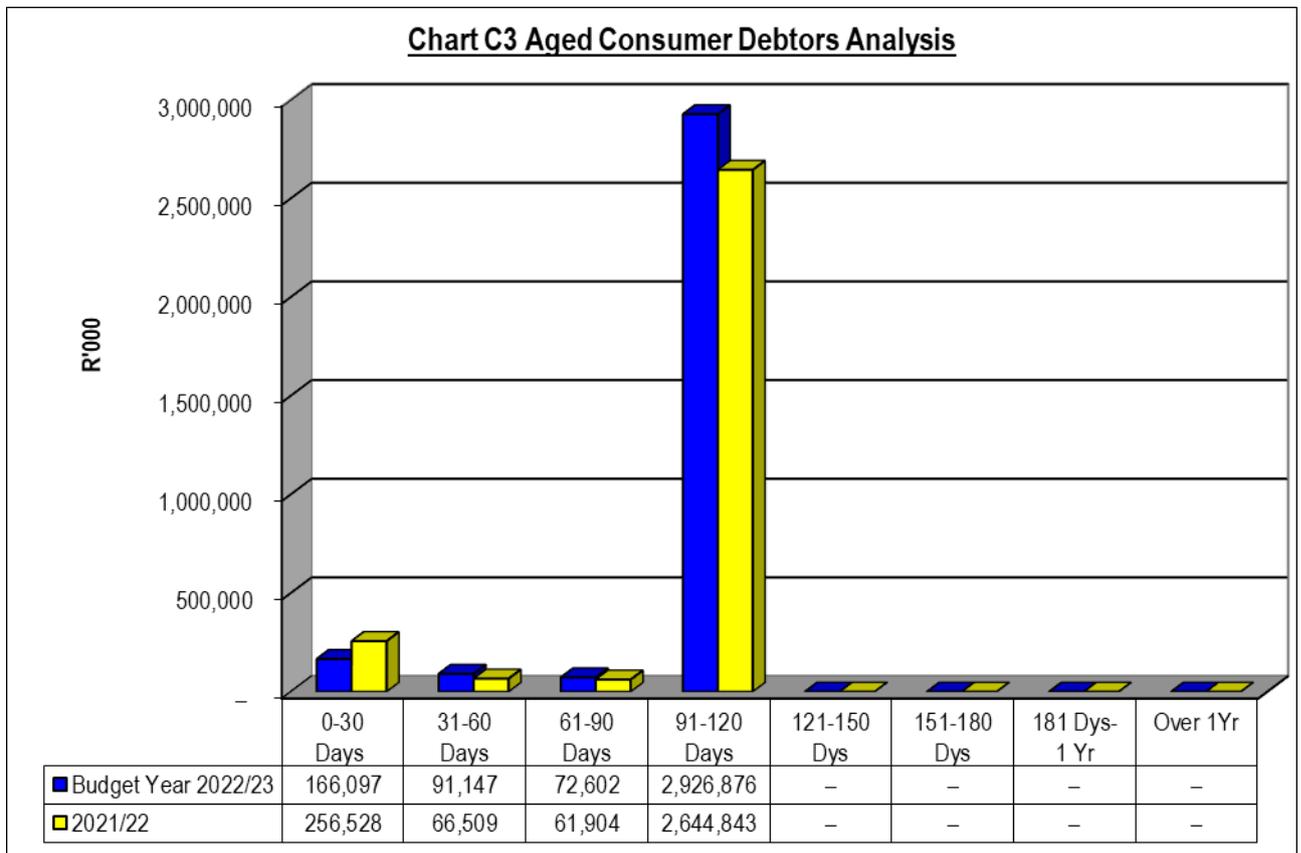
- ❖ Trade and Other Receivables from Exchange Transactions - Water increased by 2.5%.
- ❖ Trade and Other Receivables from Exchange Transactions - Electricity increased by 4.1%.
- ❖ Receivables from Non-exchange Transactions - Property Rates decreased by 7.8%.
- ❖ Receivables from Exchange Transactions - Waste Water Management increased by 1.6%;
- ❖ Receivables from Exchange Transactions - Waste Management increased by 1.6%.
- ❖ Receivables from Exchange Transactions - Property Rental Debtors increased by 2.3%.
- ❖ Interest on Arrear Debtor Accounts decreased by 0.2%.
- ❖ Other increased by 1.0%.

### O/S debt per Customer Group

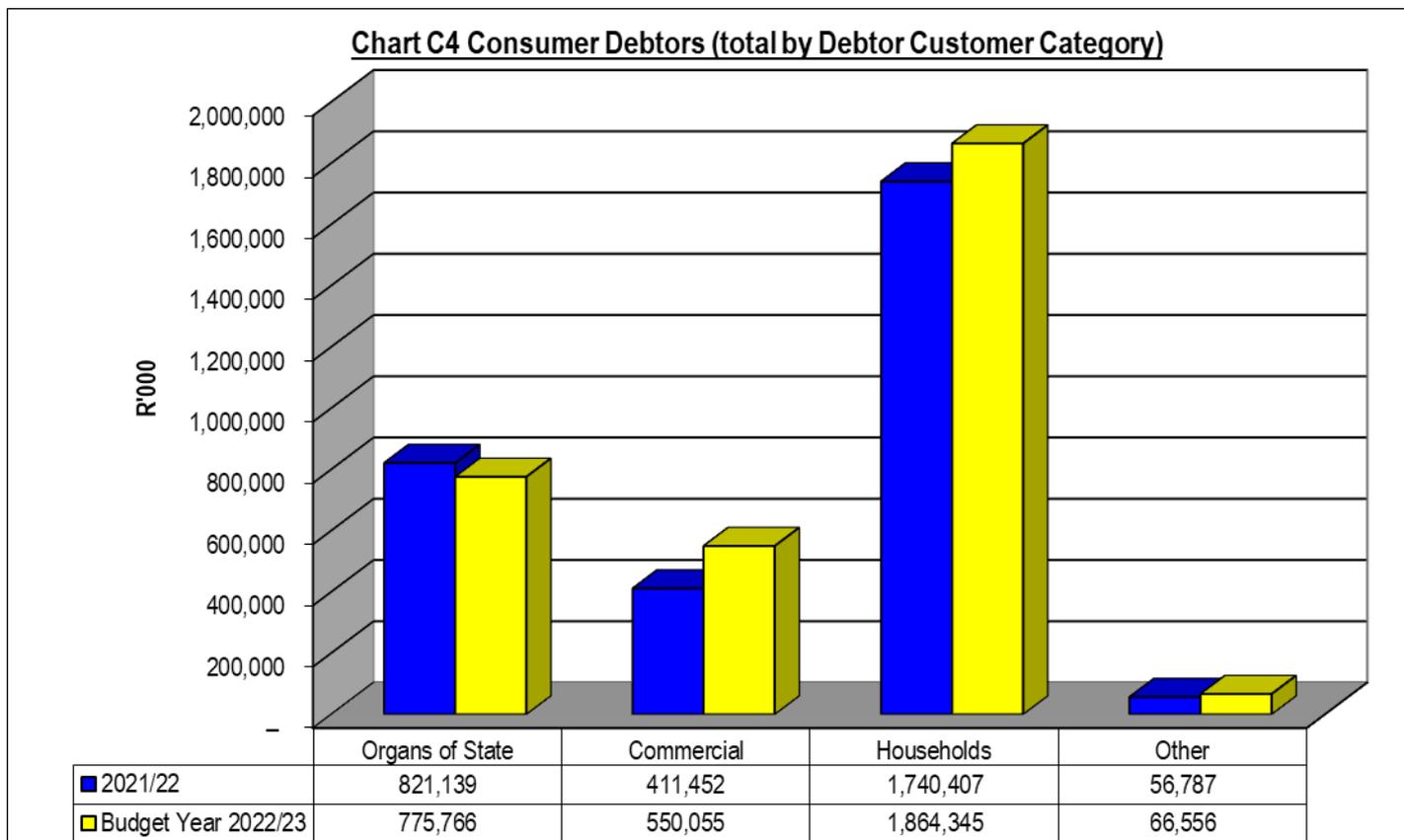
- ❖ Organs of State decreased by 9.5%.
- ❖ Commercial debtors increased by 3.4%.
- ❖ Debt owed by Households increased by 1.6%.
- ❖ Other Debt increased by 1.5%.

### Weighting per Customer Group

- ❖ Government debt constitutes 24%, Businesses 17%, Households 57% and Other 2% of the total outstanding debt.
  - There is an error on the C-schedules, supporting schedule SC3 – Aged Debtors for the audited outcome for 2021/22. This error affects Chart C3 Aged Consumer Debtors Analysis. The problem was communicated to the financial system provider (BCX). They provided feedback and confirmed that the bug will be fixed and implemented in due course. The error on Chart C4 Consumer Debtors (total by Debtor Customer Category) must be communicated to NT as the 2021/22 audited actuals is not aligned to the AFS and is based on an erroneous formula which the municipality is strictly prohibited from fixing manually. The C-schedule for this reason, is completely password protected. The corrected charts are indicated below.

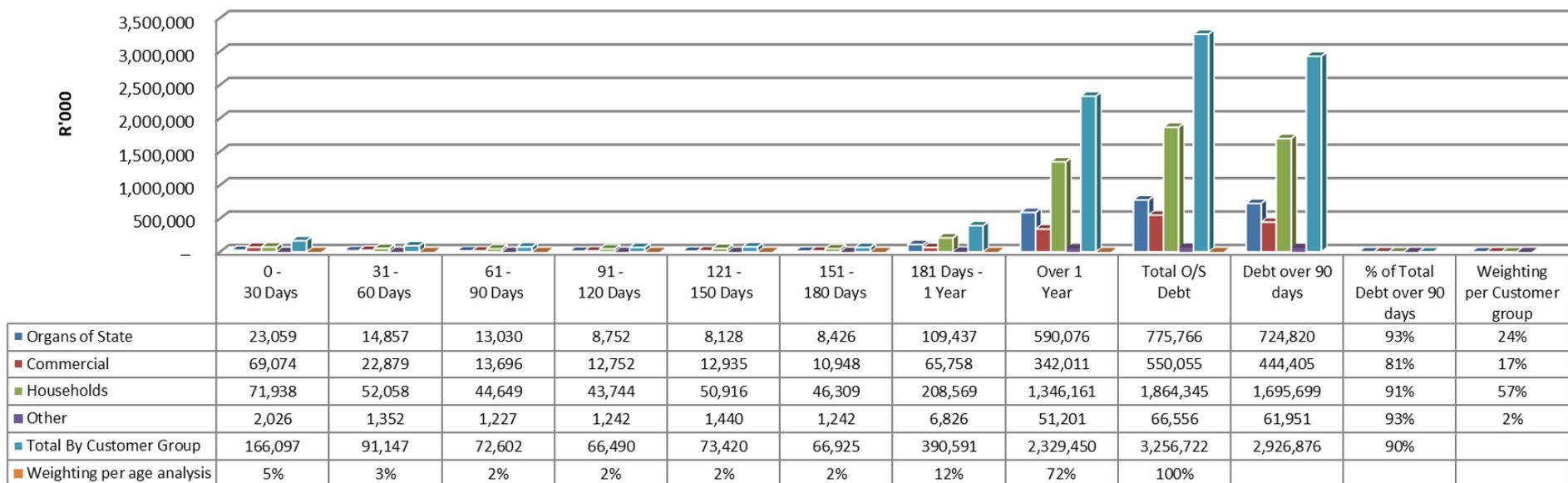


**Chart 9: Aged Consumer Debtor Analysis**



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

**Chart 11: Debtor's Age Analysis per Customer Group as at 31 March 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 90%. An analysis revealed that the catalysts for this condition are the sheer volume of accountholders in arrears, the poor economic circumstances of a large number of our accountholders, and the increasing cost of services beyond the Municipality's control. This is compounded by the large number of water leaks that go unreported which causes the accountholder's account to escalate beyond their means to pay. In addition to this, there is a substantial portion of irrecoverable, stagnant debt that attracts interest every month. We have a backlog of processing this debt and submitting this to Council for approval to write off. We have revised our policies to make our processes more effective. This will allow us to focus on preventing debt from ageing where possible in tracing and updating our debtors' information and of course recovering outstanding amounts. We anticipate a marked turnaround of this trend and in conjunction with a concerted effort to retard the escalation of ageing debt, we are focusing on improving the accuracy and regularity of our billing as well as our communication with our accountholders. Indigent verification is a continuous process and we are encouraging accountholders whose households qualify, to approach the Municipality for an assessment and possible registration as an Indigent Household. The benefits of this are the provision of free basic services and assistance with arrear debt owed to the Municipality. The Covid-19 pandemic also adversely affected consumer's ability to pay, this is evident by the average monthly collection rate of 78.5%. 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 February 2023 and received in March 2023, the monthly collection rate is 67%. 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 78.5% 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 March to 31 March 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 Feb 2023)	Credits (Received March 2023)	% Collected
PROPERTY RATES	46,404,876	35,994,295	78%
ELECTRICITY	41,217,645	36,831,219	89%
WATER	25,263,844	11,534,293	46%
SEWERAGE	9,219,725	4,071,412	44%
REFUSE	7,115,238	3,265,211	46%
OTHER	26,052,763	12,369,628	47%
<b>Total</b>	<b>155,274,091</b>	<b>104,066,058</b>	<b>67%</b>

Table 10: Monthly collection rate

REVENUE BY SOURCE	YTD ACTUAL MARCH 2023	YTD RECEIPTS	Rate
PROPERTY RATES	R 496,494,602	R 358,104,728	<b>72.1%</b>
SERVICE CHARGE ELECTRICITY	R 355,968,999	R 360,460,084	<b>101.3%</b>
SERVICE CHARGE ELECTRICITY - PREPAIDS	R 206,523,641	R 206,523,641	<b>100.0%</b>
SERVICE CHARGE WATER	R 218,687,372	R 123,508,306	<b>56.5%</b>
SERVICE CHARGE SANITATION	R 69,639,155	R 35,601,001	<b>51.1%</b>
SERVICE CHARGE REFUSE	R 51,733,135	R 28,424,976	<b>54.9%</b>
OTHER	R 187,272,338	R 121,563,387	<b>64.9%</b>
UNALLOCATED CREDITS		R 11,735,106	
<b>REVISED AVERAGE COLLECTION RATE - FEBRUARY 2023</b>	<b>R 1,586,319,242</b>	<b>R 1,245,921,231</b>	<b>78.5%</b>

Table 11: Revised Average collection rate

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

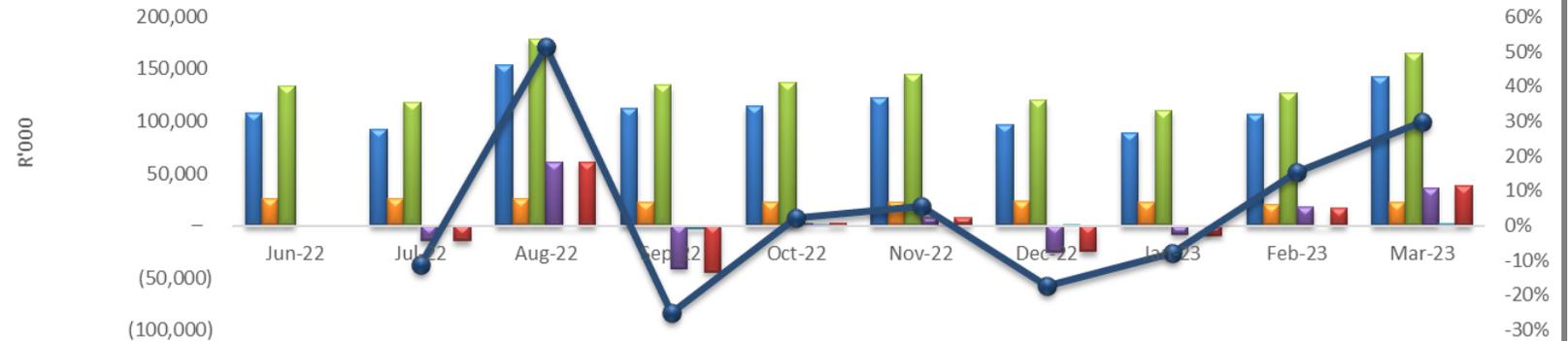
BS566 Payments per Service per Day/Period - Service											
Per Service	Tariff Code	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	TOTAL
PROPERTY RATES	VA	-	-	60.36	400.00	-	-	-	-	-	460.36
PROPERTY RATES	VA2010	-	1,849.29	-	465.29	3.28	82.57	-	3,854.80	-	6,255.23
PROPERTY RATES	VARESD	11,554,158.61	17,670,066.22	12,208,358.82	14,335,666.41	13,401,856.55	12,649,633.80	13,165,441.23	13,217,635.01	14,366,904.39	122,569,721.04
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	252,436.57	2,660,183.22
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	26,879,487.70	149,276,760.95
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	2,097,933.56	15,405,330.23
PROPERTY RATES	VAFAG	78,107.79	185,427.86	123,573.26	127,936.22	78,944.20	129,991.54	98,454.04	97,071.75	120,701.76	1,040,208.42
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	10,912.55	148,719.57
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	34,159,521.06	63,961,714.50
PROPERTY RATES	VARESV	174,601.31	231,176.12	153,641.62	178,155.13	157,086.39	137,832.88	188,094.27	180,424.66	195,125.51	1,596,137.89
PROPERTY RATES	VAGOVP	-	434,078.55	-	-	-	-	-	-	221,398.60	655,477.15
PROPERTY RATES	VAFBO	-	-	-	-	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	33,734.79	779,334.04
<b>TOTAL PROPERTY RATES</b>		<b>28,226,197.45</b>	<b>66,233,231.70</b>	<b>27,626,070.86</b>	<b>35,135,468.63</b>	<b>29,644,059.25</b>	<b>30,101,671.82</b>	<b>28,953,765.09</b>	<b>33,846,107.00</b>	<b>78,338,156.49</b>	<b>358,104,728.29</b>
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	506,282.09	4,556,295.31
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	33,126,743.39	355,903,788.96
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	22,186,343.77	206,523,641.34
<b>TOTAL ELECTRICITY</b>		<b>58,821,757.60</b>	<b>74,789,275.73</b>	<b>70,325,305.03</b>	<b>68,090,787.13</b>	<b>76,342,552.38</b>	<b>54,012,802.41</b>	<b>51,970,199.78</b>	<b>56,811,676.30</b>	<b>55,819,369.25</b>	<b>566,983,725.61</b>
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	51,217.66	523,434.87
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	10,444,016.51	122,984,871.57
<b>TOTAL WATER</b>		<b>14,043,676.04</b>	<b>12,456,296.04</b>	<b>14,781,333.00</b>	<b>12,266,077.88</b>	<b>18,123,211.69</b>	<b>14,773,590.07</b>	<b>12,904,662.14</b>	<b>13,664,225.41</b>	<b>10,495,234.17</b>	<b>123,508,306.44</b>
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	265,934.92	2,564,014.19
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	3,560,885.26	33,036,986.73
<b>TOTAL SANITATION</b>		<b>3,671,637.69</b>	<b>4,368,902.96</b>	<b>3,664,122.11</b>	<b>4,317,571.27</b>	<b>4,283,322.15</b>	<b>3,874,148.66</b>	<b>3,306,495.25</b>	<b>4,287,980.65</b>	<b>3,826,820.18</b>	<b>35,601,000.92</b>
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	2,938,351.31	26,055,945.15
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	256,073.55	2,369,031.07
<b>TOTAL REFUSE</b>		<b>3,006,982.36</b>	<b>3,458,032.96</b>	<b>2,955,597.95</b>	<b>3,374,823.17</b>	<b>3,295,329.71</b>	<b>3,096,626.86</b>	<b>2,788,598.42</b>	<b>3,254,559.93</b>	<b>3,194,424.86</b>	<b>28,424,976.22</b>
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	6.57	24,600.04
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	63,064.96	605,855.06
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	82,194.55	788,517.44
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	203,667.30	2,356,457.75
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	34,150.68	331,045.49
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	15,328.79	95,025.12
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	177,585.25	6,020,024.71
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	8,061.18	107,006.36
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	4,921.16	83,907.47
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	1,851.24	39,207.54
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	326,944.17	4,167,956.24
<b>TOTAL INTEREST ON ARREARS</b>		<b>1,655,127.27</b>	<b>3,896,868.43</b>	<b>1,228,109.67</b>	<b>2,111,615.59</b>	<b>1,108,982.07</b>	<b>1,250,670.96</b>	<b>746,228.97</b>	<b>1,704,224.41</b>	<b>917,775.85</b>	<b>14,619,603.22</b>
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	181,498.38	2,732,585.95
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	10,671,327.16	91,022,547.49
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	971,661.22	10,184,978.61
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	94,513.13	937,702.85
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	148,338.47	893,158.00
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	62,089.60	996,770.56
MISC 3	SU15	4,220.39	-	-	-	-	-	-	173.91	2,928.92	10,332.93
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	6,890.42	84,097.49
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	170.29	11,416.22
SUNDRY COMMISSION	SUCOMM	991.09	1,278.14	857.69	1,278.14	1,542.45	2,545.43	1,250.33	1,259.89	1,449.85	954.84
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	9,654.24	50,741.24
<b>OTHER</b>		<b>8,782,491.63</b>	<b>13,669,987.20</b>	<b>13,538,237.34</b>	<b>11,619,288.47</b>	<b>11,869,064.96</b>	<b>12,608,824.94</b>	<b>9,440,233.50</b>	<b>13,258,225.55</b>	<b>12,157,430.68</b>	<b>106,943,784.27</b>
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	7,767,153.57	83,038,300.59
<b>TOTAL RECEIPTS</b>		<b>100,467,552.60</b>	<b>163,728,435.74</b>	<b>122,348,891.04</b>	<b>123,953,761.39</b>	<b>134,412,730.85</b>	<b>104,636,501.86</b>	<b>95,616,578.40</b>	<b>115,206,311.06</b>	<b>150,330,021.28</b>	<b>1,110,700,784.22</b>
<b>TOTAL RECEIPTS LESS VAT</b>		<b>92,378,095.97</b>	<b>153,240,143.17</b>	<b>111,869,018.41</b>	<b>114,032,652.03</b>	<b>122,316,355.26</b>	<b>96,600,138.51</b>	<b>88,196,536.38</b>	<b>106,466,676.19</b>	<b>142,562,867.71</b>	<b>1,027,662,483.63</b>
<b>TOTAL RECEIPTS INCL PREPAIDS</b>		<b>118,207,870.04</b>	<b>178,872,595.02</b>	<b>134,118,775.96</b>	<b>136,915,632.14</b>	<b>144,666,522.21</b>	<b>119,718,335.72</b>	<b>110,110,183.15</b>	<b>126,826,999.25</b>	<b>164,749,211.48</b>	<b>1,234,186,124.97</b>

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	Mar-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	12,062,417.87	117,102,748.36
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	846,831.04	7,947,742.21
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	26,993,845.24	271,590,447.56
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	106,724.02	1,009,731.04
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	65,728.90	567,192.65
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	1,546,330.14	17,658,544.47
DECEASED ESTATE	DE	-	-	-	-	792.17	-	-	434.78	695.64	1,922.59
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	2,381,247.54	19,652,761.26
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	906,516.81	7,582,917.68
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	1,562,291.40	12,628,713.47
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	120,475.39	1,003,755.12
INDIGENT - LATE ESTATE	IL	397.93	949.84	1,636.11	514.63	-	1,241.13	514.63	-	522.70	5,776.97
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	476,330.18	3,399,866.15
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	964,609.20	8,756,924.93
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	573,727.70	5,789,428.67
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	12,184.64	107,339.05
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	116,088.39	127,876.82
NAT: CORRECTIONAL SERVICES	NN	361,328.89	552,271.73	575,333.24	-	859,898.98	383,053.80	-	362,710.89	410,928.89	3,505,526.42
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	6,811,198.29	82,444,581.18
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	360,916.30	3,357,143.77
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	9,982.86	114,495.38
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	1,101,033.76	3,697,110.67
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	9,121.85	53,801.91
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	431,549.63	2,782,675.18
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	617.30	909,705.81
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	132,274.37	1,447,020.03
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	2,661.99	1,476,386.80
PROV: AGRICULTURE	PA	27,510.91	265,913.95	-	30,609.82	151,878.78	-	58,076.94	65,247.26	65,192.85	664,430.51
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	2,832,417.44	45,080,909.23
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	1,641,181.80	28,541,322.91
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	47,649,722.99	88,174,997.55
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	77,598.92	2,302,444.31
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	31,324,754.49	277,880,289.68
SUNDRY DEBTOR	SD	2,076.14	282.08	7,932.78	57,393.21	359.47	2,432.90	733.09	284.00	719.06	72,212.73
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	640,372.56	6,084,456.32
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	312,301.85	4,024,201.30
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	11,753.71	112,422.51
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	7,767,153.57	83,038,300.59
<b>TOTAL RECEIPTS</b>		<b>100,467,552.60</b>	<b>163,728,435.74</b>	<b>122,348,891.04</b>	<b>123,953,761.39</b>	<b>134,412,730.85</b>	<b>104,636,501.86</b>	<b>95,616,578.40</b>	<b>115,206,311.06</b>	<b>150,330,021.28</b>	<b>1,110,700,784.22</b>
<b>TOTAL RECEIPTS LESS VAT</b>		<b>92,378,095.97</b>	<b>153,240,143.17</b>	<b>111,869,018.41</b>	<b>114,032,652.03</b>	<b>122,316,355.26</b>	<b>96,600,138.51</b>	<b>88,196,536.38</b>	<b>106,466,676.19</b>	<b>142,562,867.71</b>	<b>1,027,662,483.63</b>

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 March 2023**

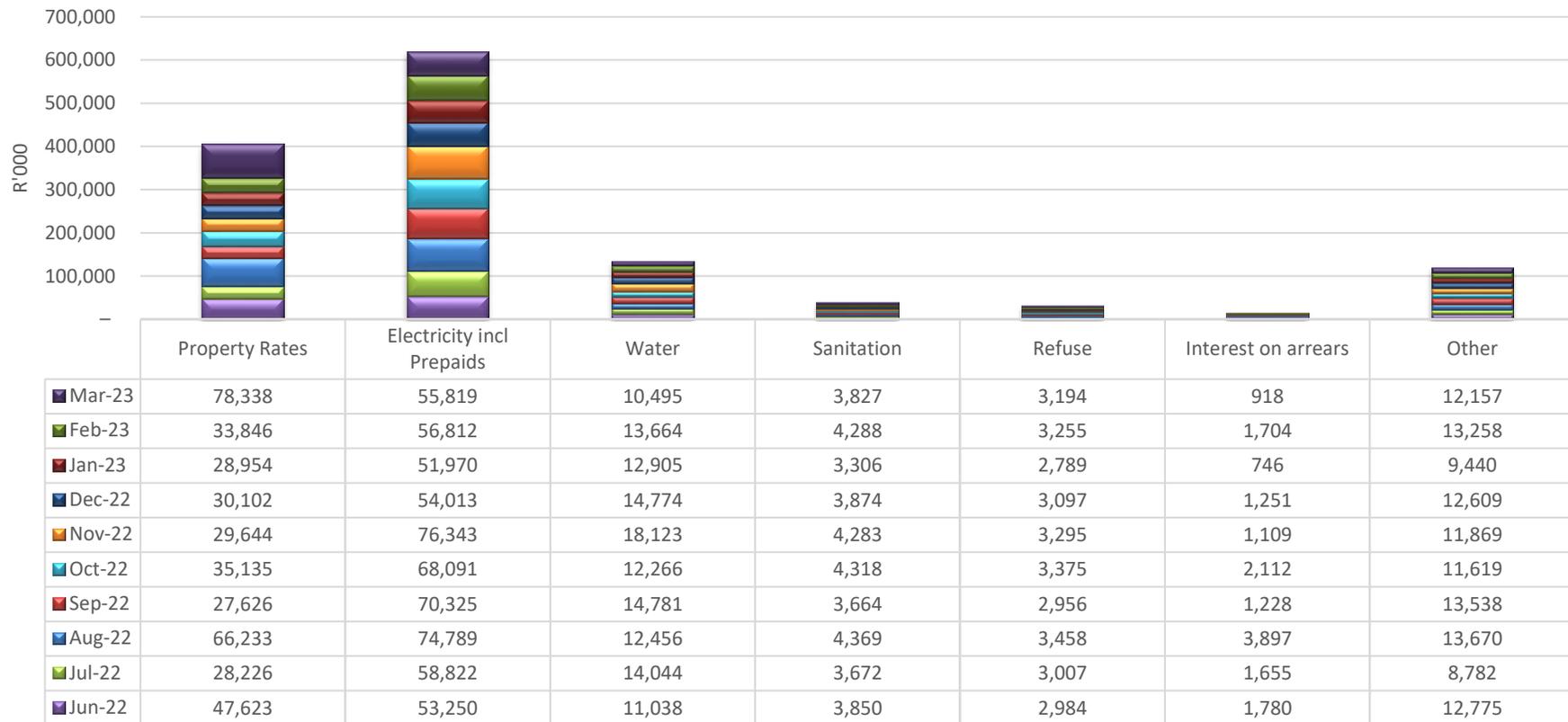


	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Billing Receipts excl VAT (R'000)	107,365	92,378	153,240	111,869	114,033	122,316	96,600	88,197	106,467	142,563
Prepaid Electricity Sales excl VAT (R'000)	25,935	25,830	25,632	22,250	22,883	22,350	23,118	21,914	20,360	22,186
Total Billing Receipts incl Prepaid Electricity (R'000)	133,300	118,208	178,873	134,119	136,916	144,667	119,718	110,110	126,827	164,749
Billing Receipts (R'000 increase (decrease))		(14,987)	60,862	(41,371)	2,164	8,284	(25,716)	(8,404)	18,270	36,096
Prepaid Electricity Sales ( R'000 increase (decrease))		(105)	(197)	(3,383)	633	(533)	768	(1,205)	(1,553)	1,826
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	37,922
Total Billing Receipts incl Prepaid Electricity ( % increase (decrease))		-11%	51%	-25%	2%	6%	-17%	-8%	15%	30%

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

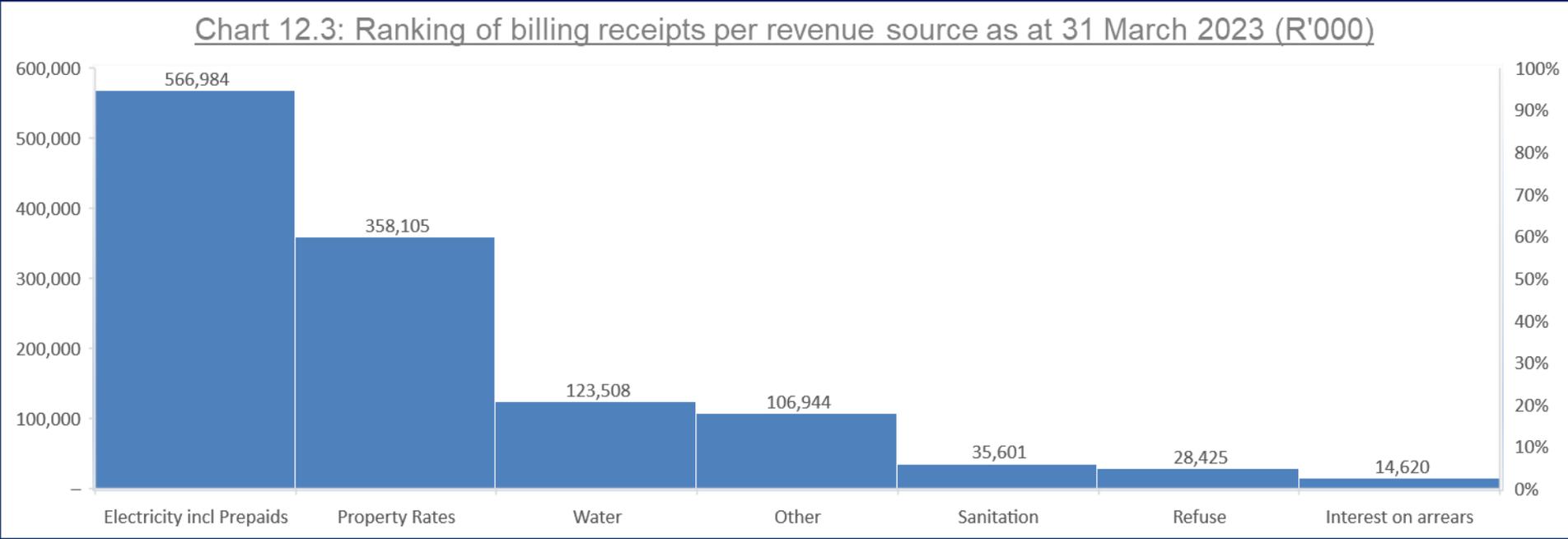
As indicated in Chart 12.1 above, the Total Billing Receipts including Prepaid Electricity amounted to R164,749 million which resulted in an increase of R37,922 million or 30% in respect of the month-to-month comparison. The current situation does not bode well for the municipality's cash flow because on a monthly basis the municipality does not collect sufficient cash to cover its monthly commitments. Unallocated billing receipts at month end amounted to R11,735 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 - March 2023**

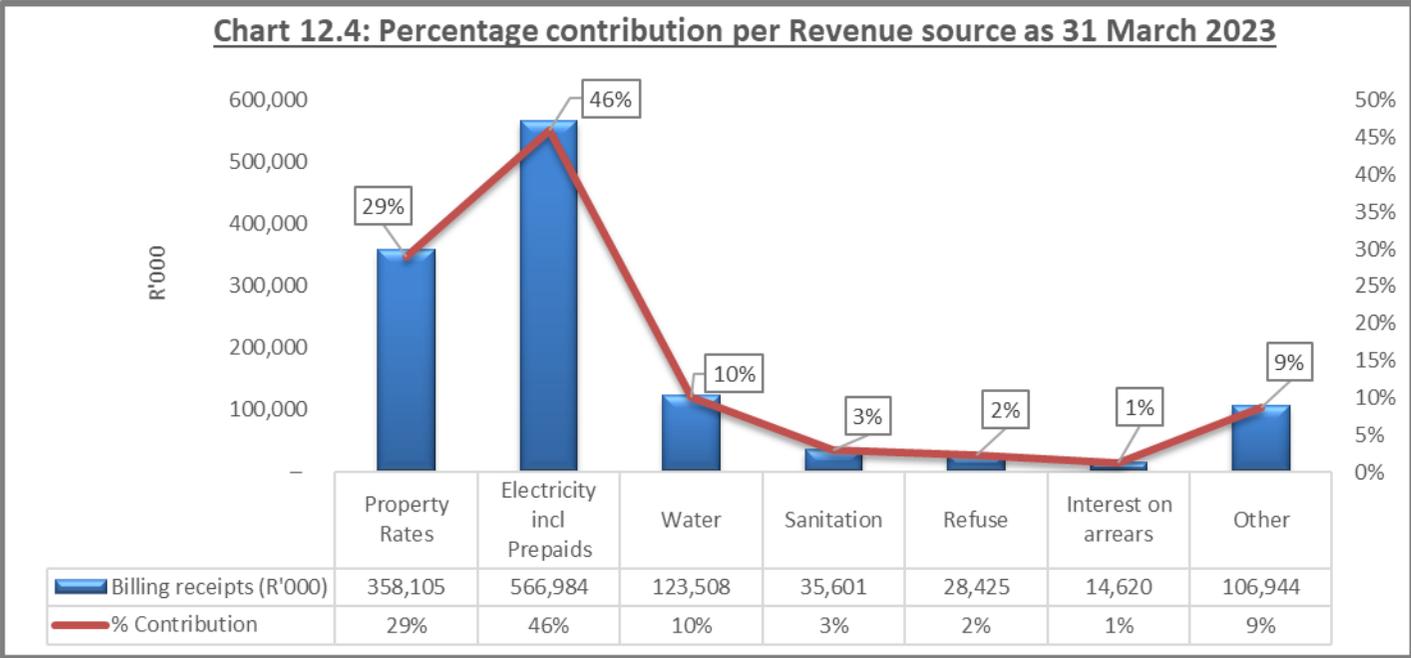


**Chart 12.2: Monthly billing receipts per revenue source**

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 31 March 2023. Data from the above pareto chart, clearly indicates that Electricity incl Prepays is the highest contributor at R566,984 million (46%) 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 R358,105 million (29%), however more measures should be implemented to ensure that receipts from annual Property rates billing materialises. Receipts from Water constitutes 10% and Other 9% overall.

Receipts from Sanitation and Refuse is extremely low and on average the municipality collects approximately 54% from these revenue sources. The lowest contributor in respect of actual receipts, is Interest on arrears at R14,620 million. This demonstrates the fact that the municipality is facing challenges in collecting long outstanding debt. It should be noted that in terms of the approved Customer Care, Credit Control and Debt Collection Policy, it outlines that "the municipality shall implement an incentive for settlement of arrears accounts as illustrated below:

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

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

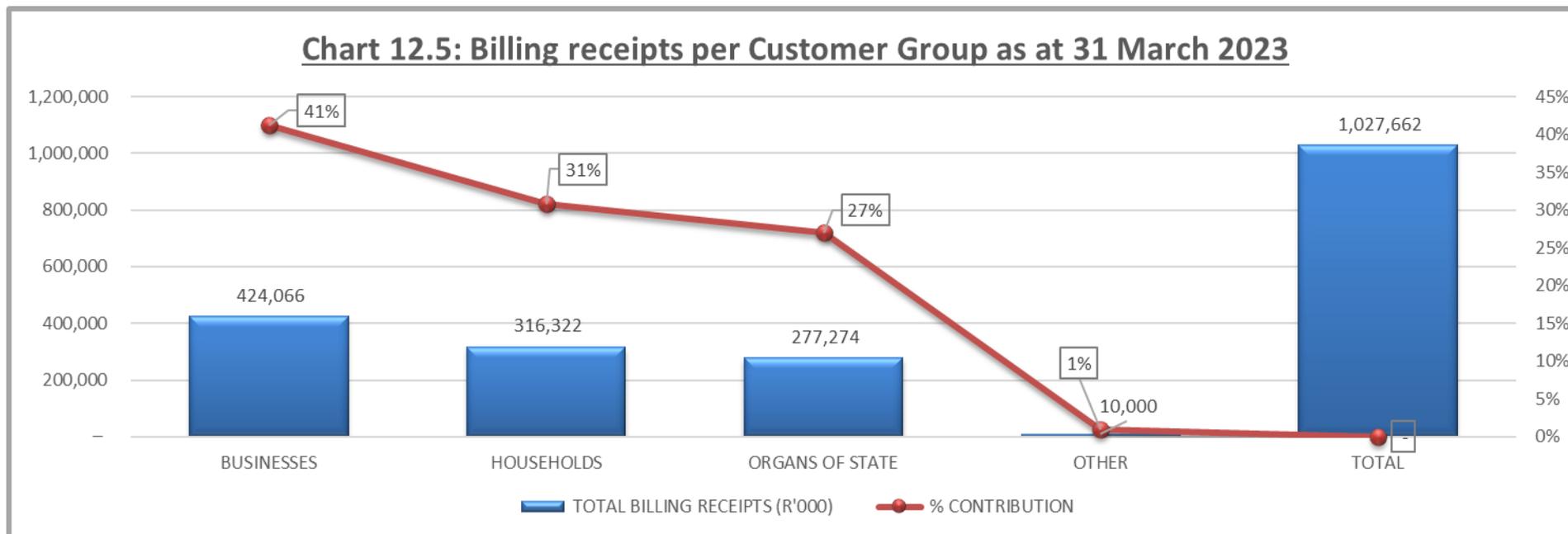


Chart 12.5: Billing receipts per Customer Group

MONTHLY BILLING RECEIPTS PER DEBTOR GROUP (R'000)	Sum of Jul-22		Sum of Aug-22		Sum of Sep-22		Sum of Oct-22		Sum of Nov-22		Sum of Dec-22		Sum of Jan-23		Sum of Feb-23		Sum of Mar-23		Sum of TOTAL		
	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 Mar-23	Sum of TOTAL	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 Mar-23	Sum of TOTAL	
BUSINESSES	46,167	65,267	46,586	51,151	40,242	42,075	38,791	51,267	42,521	424,066											
HOUSEHOLDS	30,418	37,089	32,585	38,930	36,583	34,780	32,835	36,530	36,571	316,322											
ORGANS OF STATE	15,097	50,225	32,024	22,824	44,443	16,699	16,161	17,229	62,574	277,274											
OTHER	696	659	674	1,128	1,049	3,047	409	1,441	897	10,000											
<b>Grand Total</b>	<b>92,378</b>	<b>153,240</b>	<b>111,869</b>	<b>114,033</b>	<b>122,316</b>	<b>96,600</b>	<b>88,197</b>	<b>106,467</b>	<b>142,563</b>	<b>1,027,662</b>											

Table 12.3: Monthly Billing Receipts Per Debtor Group

Indicated in Chart 12.5 above, is the billing receipts and percentage contribution per major Customer group as at 31 March 2023. The municipality received R424,066 million (41%) from Businesses, Households R316,322 million (31%), Organs of State R277,274 million (27%) and Other R10,000 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 - M09 March

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	
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	62,753	56,821	59,491	58,649	24,087	-	229,445	312,718	803,965	525,276
Bulk Water	0200	15,829	-	7,705	-	10,318	6,191	-	120,240	160,283	139,125
PAYE deductions	0300	10,723	-	-	-	-	-	-	-	10,723	9,484
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	7,891	-	-	-	-	-	-	-	7,891	7,390
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	1,639	4	-	-	-	-	-	-	1,643	5,854
Auditor General	0800	154	-	-	-	-	-	-	-	154	2
Other	0900	464	509	-	4,599	-	-	1,871	-	7,443	3,247
<b>Total By Customer Type</b>	<b>1000</b>	<b>99,453</b>	<b>57,334</b>	<b>67,196</b>	<b>63,248</b>	<b>34,405</b>	<b>6,191</b>	<b>231,316</b>	<b>432,958</b>	<b>992,102</b>	<b>690,378</b>

Table 14: Supporting Table SC4: Aged Creditors

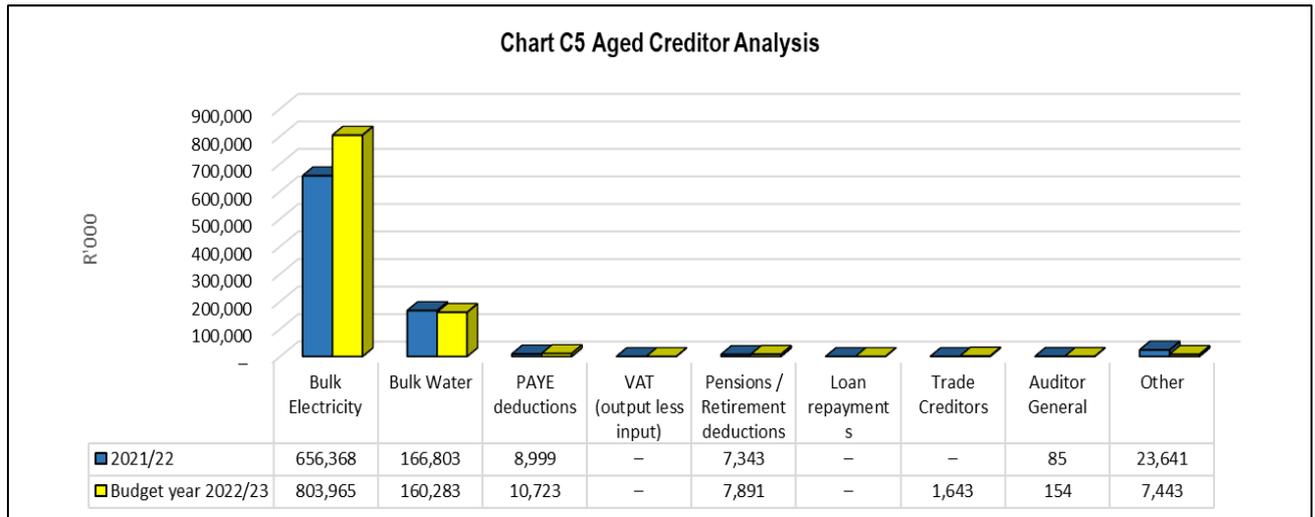


Chart 13: Aged Creditors Analysis

It should be noted that comparative figure for 2021/22 is based on the outstanding creditors as at 31 March 2022 (prior year totals for the same period).

**Bulk Electricity** – As at the 31 March 2023, the outstanding debt owed to ESKOM amounted to R803,965 million. The municipality is in the process to conclude a payment agreement with ESKOM for the 2022/23 financial year.

**Bulk Water** – As at the 31 March 2023, the outstanding debt owed to DWS is R160,283 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 R2,689 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 R154 thousand.

**Other creditors** – includes Sundry creditors which were unpaid as at 31 March 2023 of which the biggest contributor is third party salary payments amounting to R15,870 million which was paid by 7 March 2023.

## 7. Investment portfolio analysis

The market value of the investment portfolio has been utilized and for the period ending 31 March 2023, the value of total investments made was R52,155 million including interest. 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 - M09 March**

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
<b>R thousands</b>														
<b>Municipality</b>														
First National Bank 62776321293		6 months	Call a/c	No	Variable	5.2	0			5,724	26	-	-	5,750
Absa Bank 9286041059		6 months	Call a/c	No	Variable	0	0			-	-	-	-	-
Investec 1400093272500		6 months	Call a/c	No	Variable	5.35	0			625	4	-	-	629
Standard Bank 04846627-014		6 months	Call a/c	No	Variable	5.5	0			5,237	32	-	-	5,269
Absa Bank 92 7195 3033		6 months	Call a/c	No	Variable	4.3	0			5,691	29	-	-	5,720
Nedbank 9002324052		6 months	Call a/c	Yes	Variable	5.25	0		2019/06/06	5,202	26	-	-	5,228
Standard Bank 048466271-085		12 months	Notice	No	Fixed	585.00%	0		2022/11/10	0	-	-	-	0
Absa Bank 20-6295-4443		12 months	Notice	Yes	Fixed	740.00%	0		2023/06/28	7,779	62	-	-	7,841
Standard Bank 048466271-086		12 months	Notice	No	Fixed	902.50%	0		2023/11/10	21,556	162	-	-	21,718
<b>Municipality sub-total</b>										<b>51,814</b>		<b>-</b>	<b>-</b>	<b>52,155</b>

Table 15: Supporting Table SC5: Investment portfolio

## 8. Allocation and grant receipts and expenditure

### Operational and Capital Grants: Receipts

NC091 Sol Plaatje - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M09 March

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		223,255	250,317	250,317	66,965	232,560	187,738	44,822	23.9%	250,317
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		212,328	239,158	239,158	66,965	232,560	179,368	53,192	29.7%	239,158
Expanded Public Works Programme Integrated Grant		3,362	3,959	3,959	-	-	2,969	(2,969)	-100.0%	3,959
Infrastructure Skills Development Grant		4,901	5,500	5,500	-	-	4,125	(4,125)	-100.0%	5,500
Local Government Financial Management Grant		1,650	1,700	1,700	-	-	1,275	(1,275)	-100.0%	1,700
Municipal Disaster Relief Grant	3	1,015	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		12,731	7,800	15,714	1,494	5,843	9,016	(3,172)	-35.2%	15,714
Capacity Building and Other Grants		8,561	7,800	9,414	-	-	6,496	(6,496)	-100.0%	9,414
Infrastructure Grant		4,170	-	6,300	1,494	5,843	2,520	3,323	131.9%	6,300
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Higher Education SA (HESA)		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	235,986	258,117	266,031	68,459	238,403	196,753	41,650	21.2%	266,031
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		105,767	134,338	114,338	2,345	39,468	92,753	(53,286)	-57.4%	114,338
Energy Efficiency and Demand Side Management Grant		-	4,000	4,000	-	2,326	3,000	(674)	-22.5%	4,000
Integrated National Electrification Programme Grant		35,458	40,000	20,000	-	5,432	22,000	(16,568)	-75.3%	20,000
Integrated Urban Development Grant		54,266	70,390	70,390	817	30,182	52,792	(22,611)	-42.8%	70,390
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		16,043	19,948	19,948	1,528	1,528	14,961	(13,433)	-89.8%	19,948
<b>Provincial Government:</b>		76,850	-	-	-	-	-	-	-	-
Infrastructure Grant		76,850	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		3,500	-	-	-	-	-	-	-	-
Specify (Add grant description)		3,500	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		14,400	-	18,850	-	-	7,540	(7,540)	-100.0%	18,850
[insert description]		-	-	-	-	-	-	-	-	-
European Union		14,400	-	18,850	-	-	7,540	(7,540)	-100.0%	18,850
<b>Total Capital Transfers and Grants</b>	5	200,517	134,338	133,188	2,345	39,468	100,293	(60,826)	-60.6%	133,188
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	436,504	392,455	399,219	70,805	277,871	297,047	(19,176)	-6.5%	399,219

Table 16: Supporting Table SC6: Transfers and grant receipts

Operational grant monies received for the month under review.

Equitable share – R66,965 million was received

Capital grant monies received for the month under review.

WSIG – R4,974 million was received

IUDG – R28,156 million was received

INEP – R2,000 million was received

There are some mapping errors pertaining to operational and capital grants. This was brought under attention of our financial system vendor and the matter is being investigated to find a solution. Capital grants specifically is allocated to the Statement of Financial Position as receipts and is not mapped to the C-schedule. However on a monthly basis journals are processed to recognize capital grant receipts in the Statement of Financial Performance, once all conditions of the grant have been met.

## Operational and Capital Grants: Expenditure

NC091 Sol Plaatje - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M09 March

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		109,818	116,565	133,635	12,284	93,924	94,221	(297)	-0.3%	133,635
Equitable Share		99,625	105,406	121,846	11,453	85,681	85,600	81	0.1%	121,846
Expanded Public Works Programme Integrated Grant		3,362	3,959	4,589	136	4,098	3,221	876	27.2%	4,589
Infrastructure Skills Development Grant		4,920	5,500	5,500	666	3,110	4,125	(1,015)	-24.6%	5,500
Local Government Financial Management Grant		1,650	1,700	1,700	28	1,036	1,275	(239)	-18.8%	1,700
Municipal Disaster Relief Grant		261	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		8,275	7,800	11,354	1,586	7,706	7,634	72	0.9%	11,354
Capacity Building and Other Grants		6,795	7,800	8,554	38	5,725	6,152	(427)	-6.9%	8,554
Infrastructure Grant		1,480	-	2,800	1,548	1,981	1,483	499	33.6%	2,800
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		118,093	124,365	144,989	13,870	101,630	101,856	(225)	-0.2%	144,989
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		95,428	134,338	114,338	2,345	37,173	92,754	(55,581)	-59.9%	114,338
Energy Efficiency and Demand Side Management Grant		-	4,000	4,000	-	2,351	3,000	(649)	-21.6%	4,000
Integrated National Electrification Programme Grant		30,833	40,000	20,000	-	2,716	22,000	(19,284)	-87.7%	20,000
Integrated Urban Development Grant		48,552	70,390	70,390	817	30,577	52,793	(22,215)	-42.1%	70,390
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		16,043	19,948	19,948	1,528	1,528	14,961	(13,433)	-89.8%	19,948
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		3,500	-	-	-	-	-	-	-	-
Specify (Add grant description)		3,500	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		13,891	-	18,850	-	-	7,540	(7,540)	-100.0%	18,850
European Union		13,891	-	18,850	-	-	7,540	(7,540)	-100.0%	18,850
<b>Total capital expenditure of Transfers and Grants</b>		112,818	134,338	133,188	2,345	37,173	100,294	(63,121)	-62.9%	133,188
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		230,912	258,703	278,177	16,215	138,803	202,149	(63,346)	-31.3%	278,177

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 R16,215 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 R4,589 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	% 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%
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%
<b>Grand Total</b>	<b>134,338,000</b>	<b>133,188,000</b>	<b>664,035</b>	<b>34,827,666</b>	<b>12,778,334</b>	<b>25.9%</b>	<b>26.1%</b>

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 **Sol Plaatje (NC091): Monthly Budget Statement: March 2023**

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 - M09 March

Summary of Employee and Councillor remuneration	Ref	2021/22		Budget Year 2022/23						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages								-		
Pension and UIF Contributions		496	-	860	81	641	430	211	49%	860
Medical Aid Contributions		267	-	390	42	299	195	104	53%	390
Motor Vehicle Allowance								-		
Cellphone Allowance		2,845	3,243	3,283	236	2,311	2,452	(141)	-6%	3,283
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		27,129	31,305	30,015	2,343	20,819	22,834	(2,014)	-9%	30,015
<b>Sub Total - Councillors</b>		<b>30,737</b>	<b>34,547</b>	<b>34,547</b>	<b>2,703</b>	<b>24,070</b>	<b>25,911</b>	<b>(1,841)</b>	<b>-7%</b>	<b>34,547</b>
<b>% increase</b>	4		<b>12.4%</b>	<b>12.4%</b>						<b>12.4%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages		8,265	8,853	8,846	325	5,054	6,636	(1,582)	-24%	8,846
Pension and UIF Contributions		1,068	1,209	1,199	28	752	902	(150)	-17%	1,199
Medical Aid Contributions		222	253	263	13	192	195	(2)	-1%	263
Overtime								-		
Performance Bonus								-		
Motor Vehicle Allowance		1,849	1,939	1,939	81	1,235	1,454	(220)	-15%	1,939
Cellphone Allowance		157	202	202	8	106	151	(45)	-30%	202
Housing Allowances		26	42	49	2	24	35	(12)	-33%	49
Other benefits and allowances		17	77	77	2	14	58	(43)	-75%	77
Payments in lieu of leave								-		
Long service awards		67	65	65	1	41	49	(8)	-16%	65
Post-retirement benefit obligations								-		
<b>Sub Total - Senior Managers of Municipality</b>		<b>11,671</b>	<b>12,640</b>	<b>12,640</b>	<b>461</b>	<b>7,417</b>	<b>9,480</b>	<b>(2,063)</b>	<b>-22%</b>	<b>12,640</b>
<b>% increase</b>	4		<b>8.3%</b>	<b>8.3%</b>						<b>8.3%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		417,872	464,246	456,040	36,447	325,555	343,608	(18,053)	-5%	456,040
Pension and UIF Contributions		64,301	77,509	76,354	5,653	50,164	57,555	(7,391)	-13%	76,354
Medical Aid Contributions		49,309	58,279	59,294	6,018	46,362	44,217	2,145	5%	59,294
Overtime		52,688	39,796	42,368	5,337	48,387	31,133	17,253	55%	42,368
Performance Bonus		28,946	36,221	36,999	1,571	25,561	27,555	(1,994)	-7%	36,999
Motor Vehicle Allowance		42,071	51,296	50,515	3,451	31,247	38,081	(6,834)	-18%	50,515
Cellphone Allowance		1,401	1,415	1,646	116	1,079	1,177	(97)	-8%	1,646
Housing Allowances		2,636	2,895	2,960	226	2,053	2,204	(151)	-7%	2,960
Other benefits and allowances		30,433	28,018	32,475	3,274	23,750	23,659	91	0%	32,475
Payments in lieu of leave		10,507	15,000	15,000	594	7,753	11,250	(3,497)	-31%	15,000
Long service awards		24,418	23,189	24,779	2,188	19,916	18,187	1,730	10%	24,779
Post-retirement benefit obligations		36,522	38,900	38,900	-	-	29,175	(29,175)	-100%	38,900
<b>Sub Total - Other Municipal Staff</b>		<b>761,106</b>	<b>836,763</b>	<b>837,330</b>	<b>64,875</b>	<b>581,828</b>	<b>627,802</b>	<b>(45,974)</b>	<b>-7%</b>	<b>837,330</b>
<b>% increase</b>	4		<b>9.9%</b>	<b>10.0%</b>						<b>10.0%</b>
<b>Total Parent Municipality</b>		<b>803,514</b>	<b>883,950</b>	<b>884,517</b>	<b>68,039</b>	<b>613,315</b>	<b>663,193</b>	<b>(49,878)</b>	<b>-8%</b>	<b>884,517</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>803,514</b>	<b>883,950</b>	<b>884,517</b>	<b>68,039</b>	<b>613,315</b>	<b>663,193</b>	<b>(49,878)</b>	<b>-8%</b>	<b>884,517</b>
<b>% increase</b>	4		<b>10.0%</b>	<b>10.1%</b>						<b>10.1%</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>772,777</b>	<b>849,403</b>	<b>849,970</b>	<b>65,336</b>	<b>589,245</b>	<b>637,282</b>	<b>(48,037)</b>	<b>-8%</b>	<b>849,970</b>

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 8%. 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 13<sup>th</sup> cheques that is budgeted for and paid out to employees. This is not subject to any performance appraisal. Councillors Remuneration is 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 75.00%, 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.

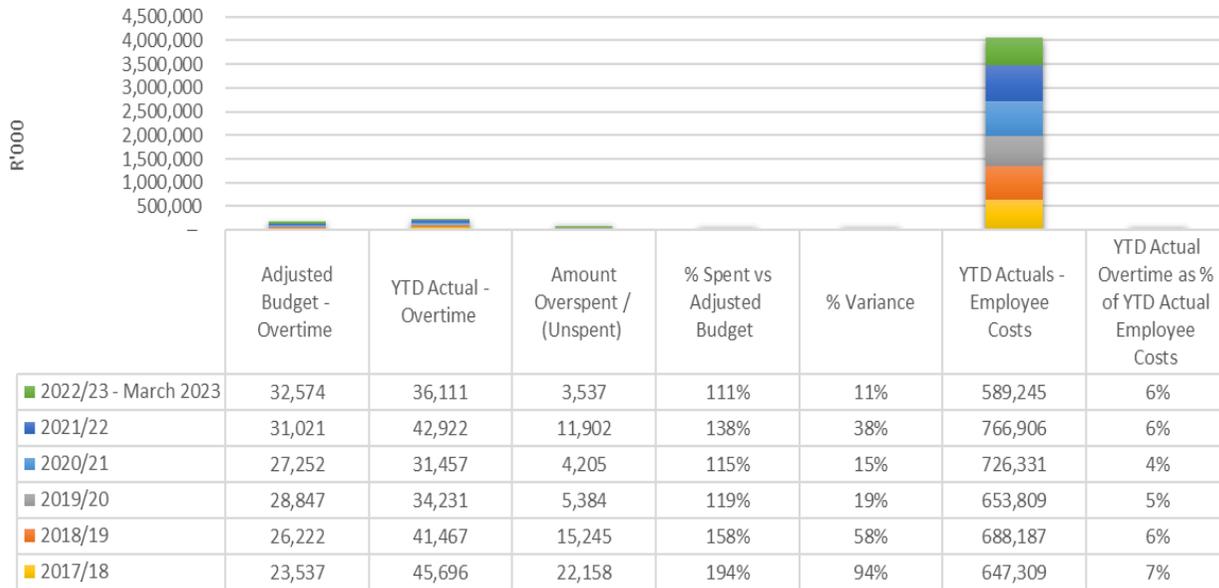
And indicated in Table 21 below, is the YTD Overtime expenditure per line item and also per Directorate as at end of March 2023.

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 % - 75.00%
MS: OVERTIME - NON STRUCTURED	29,212,809	4,433,216	33,509,878	114.7%	39.7%
MS: OVERTIME - STRUCTURED	3,361,182	290,610	2,600,694	77.4%	2.4%
<b>Overtime as at 31 March 2023</b>	<b>32,573,991</b>	<b>4,723,825</b>	<b>36,110,572</b>	<b>110.9%</b>	<b>35.9%</b>
Directorate (Amount in Rand)	Sum of Adjusted Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	% Variance Ideal IYM % - 75.00%
20-EXECUTIVE AND COUNCIL	261,000	31,259	415,020	159.0%	84.0%
21-MUNICIPAL AND GENERAL	-	-	-	-	-75.0%
22-MUNICIPAL MANAGER	14,000	4,024	23,717	169%	94.4%
23-CORPORATE SERVICES	1,650,000	171,400	1,472,861	89.3%	14.3%
24-COMMUNITY SERVICES	13,167,441	1,596,026	11,979,243	91.0%	16.0%
26-FINANCIAL SERVICES	986,400	191,129	1,515,416	153.6%	78.6%
27-STRATEGY, ECONOMIC DEVELOPMENT & PLANNING	956,750	93,807	819,197	85.6%	10.6%
28-INFRASTRUCTURE SERVICES	15,538,400	2,636,179	19,885,118	128.0%	53.0%
<b>Overtime as at 31 March 2023</b>	<b>32,573,991</b>	<b>4,723,825</b>	<b>36,110,572</b>	<b>110.9%</b>	<b>35.9%</b>

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

Overtime has been capped at 30 hours across most units within the municipality. The YTD Overtime expenditure is R36,111 million and 110.9% spent, resulting in a negative variance of 35.9%, when compared to the ideal percentage of 75.00% for the period under review.

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

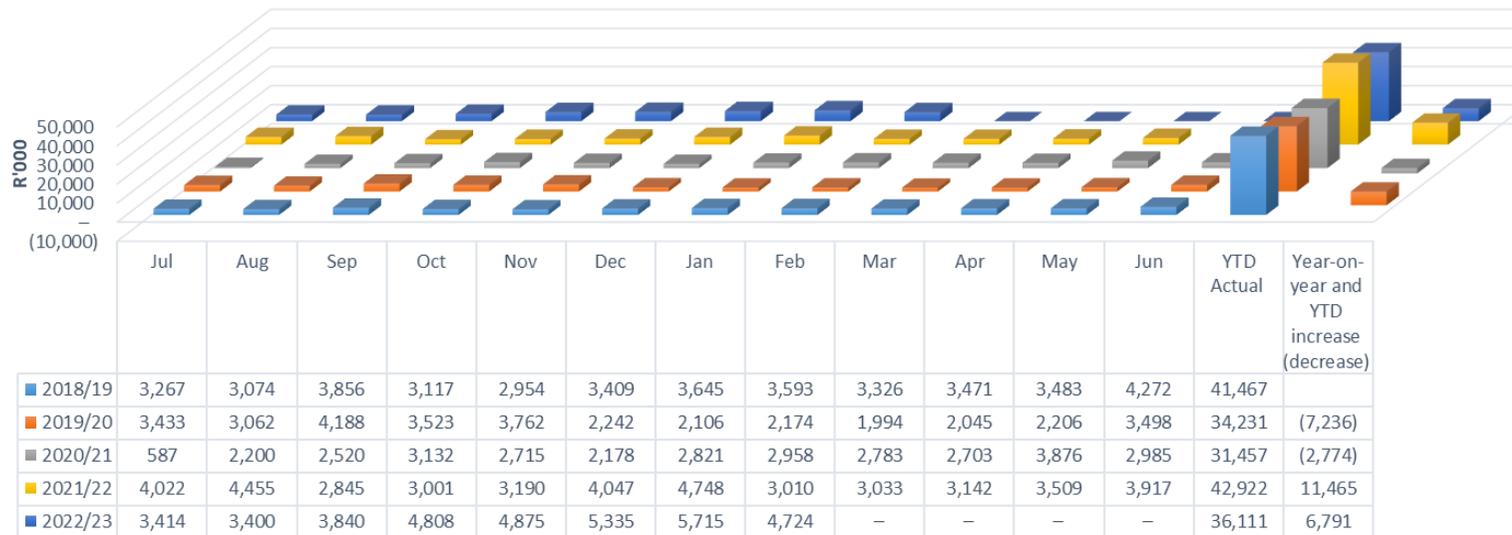


Indicated in Chart 14.1, is the actual Overtime versus Budget from 2017/18 to 2022/23 financial year, disclosing the percentage spent and the amount overspent/unspent per financial year. The chart also articulates the actual Overtime as a percentage of Total Employee costs for the same period.

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

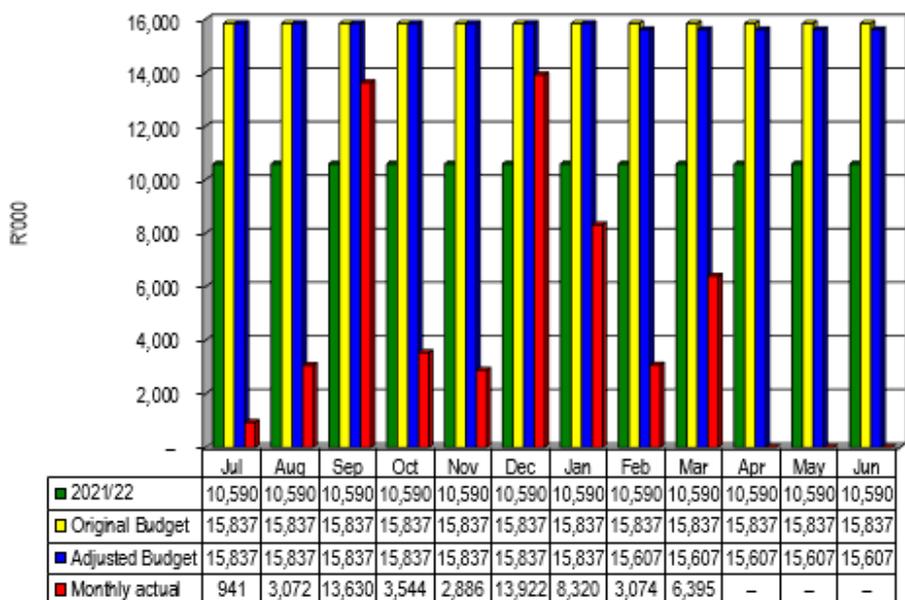
## 10. Material variances to the service delivery and budget implementation plan

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.

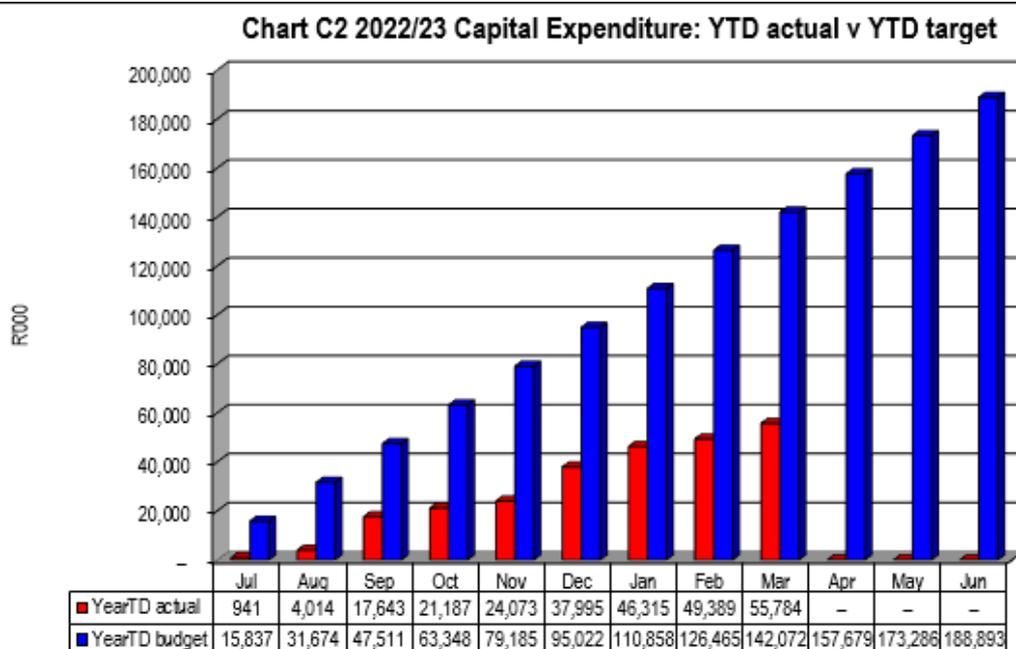
## 11. Capital programme performance

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

**Chart C1 2022/23 Capital Expenditure Monthly Trend: actual v target**



**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 March 2023 amounted to R6,395 million. The total YTD Capex amounts to R55,784 million. Please note that Commitments amounting to R44,313 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	-	783,300	1,216,700	39.2%	39.2%	INTERNALLY GENERATED FUNDS
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	3,000,000	3,000,000	597,000	-	2,017,875	982,125	67.3%	67.3%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ-FLEET REPLACEMENT	35,405,000	11,705,000	-	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	-	6,085,489	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	2,181,020	268,031	4,243,100	3,456,900		55.1%	INTERNALLY GENERATED FUNDS
P-CIER RDS ROADS	15,000,000	15,000,000	-	-	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	220,008	2,100,462	6,773,652	5,226,348	56.4%	56.4%	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	-	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	1,528,322	16,963,793	1,528,322	18,419,678	7.7%	7.7%	WSIG (WATER SERVICES INFRASTRUCTURE GRANT)
DSITRBUTION-ACQ-WAT METER REPLACEME	2,000,000	2,000,000	-	49,673	-	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	6,086,957	-	7,000,000	0.0%	0.0%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
ELECTRIFICATION LERATO PARK	-	13,000,000	1,477,219	1,722,923	6,186,947	6,813,053		47.6%	INTERNALLY GENERATED FUNDS
STREET LIGHTS REPLACE 125W MV with 36W L	3,000,000	4,000,000	-	-	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)
<b>NW ACQ - ELE CTR LERATO PARK</b>	33,000,000	13,000,000	1,773,415	1,367,955	2,715,883	10,284,117	8.2%	20.9%	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	6,395,219	46,313,420	55,784,382	133,108,618	29.4%	29.5%	

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	-	2,715,883	7,454,911	6.8%	13.6%
INTERNALLY GENERATED FUNDS	55,705,000	55,705,000	4,049,889	18,611,386	12,074,267	33.4%	33.4%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	70,390,000	70,390,000	817,008	30,577,453	9,820,449	43.4%	43.4%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	19,948,000	19,948,000	1,528,322	1,528,322	16,963,793	7.7%	7.7%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	4,000,000	-	2,351,339	-	58.8%	58.8%
EUROPEAN UNION	-	18,850,000	-	-	-	-	0.0%
<b>Grand Total</b>	<b>190,043,000</b>	<b>188,893,000</b>	<b>6,395,219</b>	<b>55,784,382</b>	<b>46,313,420</b>	<b>29.4%</b>	<b>29.5%</b>

Table 23: Summary of capital expenditure per funding source

Indicated in Table 23 above, is a summary of the capital expenditure per funding source compared to the Adjusted budget. Overall spending on grants is extremely low, whilst spending on IUDG and EEDSM is showing improvement. The expenditure on IUDG (43.4%), INEP (13.6%), WSIG (7.7%) and EEDSM (58.8%). Spending on Internally generated funds is also 33.4% 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 March 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](http://www.solplaatje.org.za) or can be viewed or downloaded from the following link:

<http://www.solplaatje.org.za/Aboutus/Pages/Documents.aspx>

## 14. Annexures

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

NC091 Sol Plaatje - Table C1 Monthly Budget Statement Summary - M09 March

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	599,898	627,646	610,074	46,414	496,495	463,706	32,789	7%	610,074
Service charges	1,145,790	1,373,211	1,368,151	116,041	904,797	1,027,884	(123,087)	-12%	1,368,151
Investment revenue	3,124	6,000	6,000	307	3,127	4,500	(1,373)	-31%	6,000
Transfers and subsidies	235,986	258,117	266,031	68,459	238,403	196,753	41,650	21%	266,031
Other own revenue	193,499	222,235	245,721	23,274	216,705	171,833	44,872	26%	245,721
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,178,297</b>	<b>2,487,209</b>	<b>2,495,977</b>	<b>254,494</b>	<b>1,859,526</b>	<b>1,864,676</b>	<b>(5,150)</b>	<b>-0%</b>	<b>2,495,977</b>
Employee costs	772,777	849,403	849,970	65,336	589,245	637,282	(48,037)	-8%	849,970
Remuneration of Councillors	30,737	34,547	34,547	2,703	24,070	25,911	(1,841)	-7%	34,547
Depreciation & asset impairment	70,060	81,050	81,050	-	-	60,788	(60,788)	-100%	81,050
Finance charges	64,720	38,960	117,360	42,086	65,907	60,580	5,326	9%	117,360
Inventory consumed and bulk purchases	784,727	918,627	948,277	(13,802)	618,528	700,835	(82,307)	-12%	948,277
Transfers and subsidies	2,546	4,460	4,460	15	2,509	3,345	(836)	-25%	4,460
Other expenditure	492,665	538,080	662,540	162,249	479,030	453,344	25,687	6%	662,540
<b>Total Expenditure</b>	<b>2,218,232</b>	<b>2,465,128</b>	<b>2,698,205</b>	<b>258,587</b>	<b>1,779,289</b>	<b>1,942,084</b>	<b>(162,796)</b>	<b>-8%</b>	<b>2,698,205</b>
<b>Surplus/(Deficit)</b>	<b>(39,935)</b>	<b>22,081</b>	<b>(202,227)</b>	<b>(4,093)</b>	<b>80,238</b>	<b>(77,408)</b>	<b>157,646</b>	<b>-204%</b>	<b>(202,227)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	109,267	134,338	114,338	2,345	39,468	92,753	###	-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	-	-	7,540	(7,540)	-100%	18,850
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>160,582</b>	<b>156,419</b>	<b>(69,039)</b>	<b>(1,747)</b>	<b>119,705</b>	<b>22,886</b>	<b>96,820</b>	<b>423%</b>	<b>(69,039)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>160,582</b>	<b>156,419</b>	<b>(69,039)</b>	<b>(1,747)</b>	<b>119,705</b>	<b>22,886</b>	<b>96,820</b>	<b>423%</b>	<b>(69,039)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>127,081</b>	<b>190,043</b>	<b>188,893</b>	<b>6,395</b>	<b>55,784</b>	<b>142,072</b>	<b>(86,288)</b>	<b>-61%</b>	<b>188,893</b>
Capital transfers recognised	112,818	134,338	133,188	2,345	37,173	100,294	(63,121)	-63%	133,188
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	14,263	55,705	55,705	4,050	18,611	41,779	(23,167)	-55%	55,705
<b>Total sources of capital funds</b>	<b>127,081</b>	<b>190,043</b>	<b>188,893</b>	<b>6,395</b>	<b>55,784</b>	<b>142,072</b>	<b>(86,288)</b>	<b>-61%</b>	<b>188,893</b>
<b>Financial position</b>									
Total current assets	2,383,380	2,701,046	2,701,046		134,722				2,701,046
Total non current assets	2,245,857	2,052,265	2,051,115		55,784				2,051,115
Total current liabilities	1,139,609	1,050,980	1,050,980		76,590				1,050,980
Total non current liabilities	437,303	408,150	408,150		(5,789)				408,150
Community wealth/Equity	2,955,900	3,294,182	3,293,032		119,701				3,293,032
<b>Cash flows</b>									
Net cash from (used) operating	(585,312)	106,800	37,402	41,130	1,082,245	28,051	#####	-3758%	37,402
Net cash from (used) investing	(127,081)	(154,327)	(188,893)	(6,395)	(55,784)	(114,882)	(59,098)	51%	(153,177)
Net cash from (used) financing	-	(9,390)	(9,390)	-	-	(7,042)	(7,042)	100%	(9,390)
<b>Cash/cash equivalents at the month/year end</b>	<b>(669,386)</b>	<b>116,006</b>	<b>12,041</b>	<b>-</b>	<b>1,026,461</b>	<b>79,049</b>	<b>(947,412)</b>	<b>-1199%</b>	<b>(125,165)</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	166,097	91,147	72,602	66,490	73,420	66,925	390,591	#####	3,256,722
<b>Creditors Age Analysis</b>									
Total Creditors	99,453	57,334	67,196	63,248	34,405	6,191	231,316	432,958	992,102

NC091 Sol Plaatje - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M09 March

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		<b>1,098,135</b>	<b>1,126,167</b>	<b>1,113,195</b>	<b>128,371</b>	<b>884,945</b>	<b>839,436</b>	45,509	5%	<b>1,113,195</b>
Executive and council		480,231	470,256	453,970	79,536	349,625	346,178	3,448	1%	453,970
Finance and administration		617,905	655,911	659,225	48,835	535,320	493,259	42,061	9%	659,225
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		<b>28,981</b>	<b>26,474</b>	<b>30,674</b>	<b>1,574</b>	<b>17,987</b>	<b>21,535</b>	(3,549)	-16%	<b>30,674</b>
Community and social services		11,158	11,348	12,048	321	2,403	8,791	(6,388)	-73%	12,048
Sport and recreation		1,889	1,905	1,905	124	2,154	1,429	725	51%	1,905
Public safety		720	340	340	15	340	255	85	33%	340
Housing		12,192	12,801	12,801	1,104	9,543	9,601	(58)	-1%	12,801
Health		3,023	80	3,580	9	3,547	1,460	2,087	143%	3,580
<i><b>Economic and environmental services</b></i>		<b>28,997</b>	<b>16,015</b>	<b>37,465</b>	<b>748</b>	<b>10,365</b>	<b>20,591</b>	(10,227)	-50%	<b>37,465</b>
Planning and development		15,823	5,525	26,975	318	7,115	12,724	(5,609)	-44%	26,975
Road transport		13,174	10,490	10,490	430	3,250	7,867	(4,618)	-59%	10,490
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		<b>1,212,755</b>	<b>1,444,171</b>	<b>1,439,111</b>	<b>125,229</b>	<b>978,715</b>	<b>1,081,104</b>	(102,390)	-9%	<b>1,439,111</b>
Energy sources		742,172	935,854	915,854	76,249	575,605	693,890	(118,285)	-17%	915,854
Water management		307,957	345,167	340,167	32,370	258,814	256,875	1,939	1%	340,167
Waste water management		93,896	92,200	104,000	9,379	82,612	73,870	8,743	12%	104,000
Waste management		68,729	70,950	79,090	7,230	61,683	56,469	5,214	9%	79,090
<i><b>Other</b></i>	4	<b>9,946</b>	<b>8,720</b>	<b>8,720</b>	<b>918</b>	<b>6,983</b>	<b>6,540</b>	<b>443</b>	<b>7%</b>	<b>8,720</b>
<b>Total Revenue - Functional</b>	2	<b>2,378,815</b>	<b>2,621,547</b>	<b>2,629,165</b>	<b>256,840</b>	<b>1,898,994</b>	<b>1,969,207</b>	<b>(70,213)</b>	<b>-4%</b>	<b>2,629,165</b>
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		<b>616,540</b>	<b>712,851</b>	<b>833,781</b>	<b>153,211</b>	<b>545,997</b>	<b>583,014</b>	(37,017)	-6%	<b>833,781</b>
Executive and council		374,197	428,654	544,754	132,328	358,600	367,931	(9,332)	-3%	544,754
Finance and administration		235,566	277,659	282,489	20,130	183,298	210,179	(26,881)	-13%	282,489
Internal audit		6,778	6,538	6,538	754	4,099	4,904	(804)	-16%	6,538
<i><b>Community and public safety</b></i>		<b>176,753</b>	<b>181,961</b>	<b>187,491</b>	<b>15,749</b>	<b>137,997</b>	<b>138,684</b>	(687)	0%	<b>187,491</b>
Community and social services		42,959	43,119	43,819	3,823	33,470	32,619	851	3%	43,819
Sport and recreation		53,032	53,283	53,913	5,045	43,891	40,215	3,676	9%	53,913
Public safety		42,229	43,948	43,948	3,475	30,579	32,961	(2,383)	-7%	43,948
Housing		19,874	22,768	23,468	1,825	15,655	17,356	(1,701)	-10%	23,468
Health		18,659	18,842	22,342	1,582	14,401	15,532	(1,130)	-7%	22,342
<i><b>Economic and environmental services</b></i>		<b>124,668</b>	<b>141,936</b>	<b>147,329</b>	<b>10,839</b>	<b>104,179</b>	<b>108,611</b>	(4,432)	-4%	<b>147,329</b>
Planning and development		39,022	47,872	48,426	3,179	31,462	36,127	(4,664)	-13%	48,426
Road transport		84,946	93,326	98,165	7,593	72,080	71,931	149	0%	98,165
Environmental protection		700	737	737	66	636	553	83	15%	737
<i><b>Trading services</b></i>		<b>1,277,222</b>	<b>1,402,477</b>	<b>1,503,701</b>	<b>76,890</b>	<b>973,823</b>	<b>1,092,349</b>	(118,525)	-11%	<b>1,503,701</b>
Energy sources		786,085	915,683	979,283	39,426	604,605	712,202	(107,598)	-15%	979,283
Water management		326,816	322,469	352,072	22,051	251,052	253,693	(2,641)	-1%	352,072
Waste water management		92,343	93,375	101,396	8,531	65,965	73,240	(7,275)	-10%	101,396
Waste management		71,978	70,950	70,950	6,882	52,202	53,213	(1,011)	-2%	70,950
<i><b>Other</b></i>		<b>23,049</b>	<b>25,903</b>	<b>25,903</b>	<b>1,898</b>	<b>17,293</b>	<b>19,428</b>	<b>(2,135)</b>	<b>-11%</b>	<b>25,903</b>
<b>Total Expenditure - Functional</b>	3	<b>2,218,232</b>	<b>2,465,128</b>	<b>2,698,205</b>	<b>258,587</b>	<b>1,779,289</b>	<b>1,942,084</b>	<b>(162,796)</b>	<b>-8%</b>	<b>2,698,205</b>
<b>Surplus/ (Deficit) for the year</b>		<b>160,582</b>	<b>156,419</b>	<b>(69,039)</b>	<b>(1,747)</b>	<b>119,705</b>	<b>27,123</b>	<b>92,582</b>	<b>341%</b>	<b>(69,039)</b>

NC091 Sol Plaatje - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M09 March

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		480,231	470,256	453,970	79,536	349,625	346,178	3,448	1.0%	453,970
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		6,869	6,873	6,873	4	1,178	5,155	(3,976)	-77.1%	6,873
Vote 05 - Community Services		106,478	101,913	114,253	8,959	79,593	81,371	(1,778)	-2.2%	114,253
Vote 06 - Financial Services		610,429	648,238	651,552	48,775	533,606	487,504	46,102	9.5%	651,552
Vote 07 - Strategy Econ Development And Planning		17,626	7,945	29,395	381	7,727	14,539	(6,812)	-46.9%	29,395
Vote 08 - Infrastructure And Services		1,157,181	1,386,322	1,373,122	119,185	927,265	1,034,461	(107,197)	-10.4%	1,373,122
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>2,378,815</b>	<b>2,621,547</b>	<b>2,629,165</b>	<b>256,840</b>	<b>1,898,994</b>	<b>1,969,207</b>	<b>(70,213)</b>	<b>-3.6%</b>	<b>2,629,165</b>
<b>Expenditure by Vote</b>	1									
Vote 01 - Executive & Council		53,270	58,915	58,915	4,780	43,676	44,187	(511)	-1.2%	58,915
Vote 02 - Municipal And General		309,950	357,885	473,985	126,784	307,066	314,854	(7,788)	-2.5%	473,985
Vote 03 - Municipal Manager		20,618	23,528	23,998	1,948	15,421	17,835	(2,414)	-13.5%	23,998
Vote 04 - Corporate Services		64,274	74,419	74,419	5,749	51,420	55,815	(4,394)	-7.9%	74,419
Vote 05 - Community Services		286,713	297,675	302,505	25,565	221,175	225,190	(4,016)	-1.8%	302,505
Vote 06 - Financial Services		126,129	157,404	158,434	10,330	95,746	118,466	(22,720)	-19.2%	158,434
Vote 07 - Strategy Econ Development And Planning		54,596	61,468	65,352	4,782	42,642	47,655	(5,013)	-10.5%	65,352
Vote 08 - Infrastructure And Services		1,302,682	1,433,833	1,540,596	78,649	1,002,143	1,118,082	(115,939)	-10.4%	1,540,596
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>2,218,232</b>	<b>2,465,128</b>	<b>2,698,205</b>	<b>258,587</b>	<b>1,779,289</b>	<b>1,942,084</b>	<b>(162,796)</b>	<b>-8.4%</b>	<b>2,698,205</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>160,582</b>	<b>156,419</b>	<b>(69,039)</b>	<b>(1,747)</b>	<b>119,705</b>	<b>27,123</b>	<b>92,582</b>	<b>341.3%</b>	<b>(69,039)</b>

NC091 Sol Plaatje - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		599,898	627,646	610,074	46,414	496,495	463,706	32,789	7%	610,074
Service charges - electricity revenue		728,486	919,854	899,854	74,770	562,828	681,890	(119,062)	-17%	899,854
Service charges - water revenue		273,280	310,717	305,717	27,427	219,624	231,038	(11,414)	-5%	305,717
Service charges - sanitation revenue		83,392	81,700	93,500	7,818	70,207	65,995	4,213	6%	93,500
Service charges - refuse revenue		60,632	60,940	69,080	6,025	52,137	48,961	3,176	6%	69,080
Rental of facilities and equipment		16,755	13,010	25,896	2,151	19,258	14,912	4,346	29%	25,896
Interest earned - external investments		3,124	6,000	6,000	307	3,127	4,500	(1,373)	-31%	6,000
Interest earned - outstanding debtors		131,160	156,500	156,500	17,570	143,114	117,375	25,739	22%	156,500
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		15,405	27,730	35,730	1,438	28,901	23,997	4,904	20%	35,730
Licences and permits		8,532	6,850	6,850	889	6,698	900	5,798	644%	6,850
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		235,986	258,117	266,031	68,459	238,403	196,753	41,650	21%	266,031
Other revenue		14,517	18,145	20,745	1,226	16,010	14,648	1,361	9%	20,745
Gains		7,130	-	-	-	2,724	-	2,724	#DIV/0!	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>2,178,297</b>	<b>2,487,209</b>	<b>2,495,977</b>	<b>254,494</b>	<b>1,859,526</b>	<b>1,864,676</b>	<b>(5,150)</b>	<b>0%</b>	<b>2,495,977</b>
<b>Expenditure By Type</b>										
Employee related costs		772,777	849,403	849,970	65,336	589,245	637,282	(48,037)	-8%	849,970
Remuneration of councillors		30,737	34,547	34,547	2,703	24,070	25,911	(1,841)	-7%	34,547
Debt impairment		267,518	297,000	397,000	149,250	297,754	262,750	35,004	13%	397,000
Depreciation & asset impairment		70,060	81,050	81,050	-	-	60,788	(60,788)	-100%	81,050
Finance charges		64,720	38,960	117,360	42,086	65,907	60,580	5,326	9%	117,360
Bulk purchases - electricity		551,452	682,000	682,000	(29,425)	408,951	511,500	(102,549)	-20%	682,000
Inventory consumed		233,275	236,627	266,277	15,623	209,577	189,335	20,242	11%	266,277
Contracted services		38,163	46,437	54,181	4,566	19,851	37,926	(18,075)	-48%	54,181
Transfers and subsidies		2,546	4,460	4,460	15	2,509	3,345	(836)	-25%	4,460
Other expenditure		110,302	134,643	135,719	8,433	113,015	101,412	11,603	11%	135,719
Losses		76,681	60,000	75,640	-	48,410	51,256	(2,846)	-6%	75,640
<b>Total Expenditure</b>		<b>2,218,232</b>	<b>2,465,128</b>	<b>2,698,205</b>	<b>258,587</b>	<b>1,779,289</b>	<b>1,942,084</b>	<b>(162,796)</b>	<b>-8%</b>	<b>2,698,205</b>
<b>Surplus/(Deficit)</b>										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(39,935)	22,081	(202,227)	(4,093)	80,238	(77,408)	157,646	(0)	(202,227)
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	2,345	39,468	92,753	(53,286)	(0)	114,338
Transfers and subsidies - capital (in-kind - all)		14,400	-	18,850	-	-	7,540	(7,540)	(0)	18,850
		76,850	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>160,582</b>	<b>156,419</b>	<b>(69,039)</b>	<b>(1,747)</b>	<b>119,705</b>	<b>22,886</b>			<b>(69,039)</b>
Taxation								-		
<b>Surplus/(Deficit) after taxation</b>		<b>160,582</b>	<b>156,419</b>	<b>(69,039)</b>	<b>(1,747)</b>	<b>119,705</b>	<b>22,886</b>			<b>(69,039)</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>		<b>160,582</b>	<b>156,419</b>	<b>(69,039)</b>	<b>(1,747)</b>	<b>119,705</b>	<b>22,886</b>			<b>(69,039)</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>		<b>160,582</b>	<b>156,419</b>	<b>(69,039)</b>	<b>(1,747)</b>	<b>119,705</b>	<b>22,886</b>			<b>(69,039)</b>

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M09 March

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		7,197	40,405	16,705	989	10,165	17,845	(7,680)	-43%	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	13,765	(10,870)	-79%	27,150
Vote 08 - Infrastructure And Services		88,488	79,038	99,738	5,407	37,623	70,537	(32,914)	-47%	99,738
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	<b>113,924</b>	<b>127,743</b>	<b>143,593</b>	<b>6,395</b>	<b>50,683</b>	<b>102,147</b>	<b>(51,464)</b>	<b>-50%</b>	<b>143,593</b>
<b>Single Year expenditure appropriation</b>	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		4,041	13,300	13,300	-	16	9,975	(9,959)	-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	-	5,085	29,950	(24,865)	-83%	32,000
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	<b>13,157</b>	<b>62,300</b>	<b>45,300</b>	<b>-</b>	<b>5,101</b>	<b>39,925</b>	<b>(34,824)</b>	<b>-87%</b>	<b>45,300</b>
<b>Total Capital Expenditure</b>		<b>127,081</b>	<b>190,043</b>	<b>188,893</b>	<b>6,395</b>	<b>55,784</b>	<b>142,072</b>	<b>(86,288)</b>	<b>-61%</b>	<b>188,893</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>11,238</b>	<b>53,705</b>	<b>30,005</b>	<b>989</b>	<b>10,181</b>	<b>27,820</b>	<b>(17,639)</b>	<b>-63%</b>	<b>30,005</b>
Executive and council		11,238	53,705	30,005	989	10,181	27,820	(17,639)	-63%	30,005
Finance and administration		-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>52,457</b>	<b>35,300</b>	<b>64,850</b>	<b>2,401</b>	<b>28,855</b>	<b>39,045</b>	<b>(10,190)</b>	<b>-26%</b>	<b>64,850</b>
Planning and development		18,239	8,300	27,150	-	2,895	13,765	(10,870)	-79%	27,150
Road transport		34,218	27,000	37,700	2,401	25,960	25,280	680	3%	37,700
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>63,386</b>	<b>101,038</b>	<b>94,038</b>	<b>3,006</b>	<b>16,748</b>	<b>75,207</b>	<b>(58,459)</b>	<b>-78%</b>	<b>94,038</b>
Energy sources		34,548	46,000	39,000	1,477	11,272	33,929	(22,656)	-67%	39,000
Water management		624	13,000	13,000	-	-	9,750	(9,750)	-100%	13,000
Waste water management		28,214	42,038	42,038	1,528	5,476	31,529	(26,052)	-83%	42,038
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>127,081</b>	<b>190,043</b>	<b>188,893</b>	<b>6,395</b>	<b>55,784</b>	<b>142,072</b>	<b>(86,288)</b>	<b>-61%</b>	<b>188,893</b>
<b>Funded by:</b>										
National Government		95,428	134,338	114,338	2,345	37,173	92,754	(55,581)	-60%	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	-	-	7,540	(7,540)	-100%	18,850
<b>Transfers recognised - capital</b>		<b>112,818</b>	<b>134,338</b>	<b>133,188</b>	<b>2,345</b>	<b>37,173</b>	<b>100,294</b>	<b>(63,121)</b>	<b>-63%</b>	<b>133,188</b>
<b>Borrowing</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	6	<b>14,263</b>	<b>55,705</b>	<b>55,705</b>	<b>4,050</b>	<b>18,611</b>	<b>41,779</b>	<b>(23,167)</b>	<b>-55%</b>	<b>55,705</b>
<b>Total Capital Funding</b>		<b>127,081</b>	<b>190,043</b>	<b>188,893</b>	<b>6,395</b>	<b>55,784</b>	<b>142,072</b>	<b>(86,288)</b>	<b>-61%</b>	<b>188,893</b>

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

**NC091 Sol Plaatje - Table C6 Monthly Budget Statement - Financial Position - M09 March**

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		197,591	(1,939)	64,040	5,781	64,040
Call investment deposits		–	–	–	–	–
Consumer debtors		1,990,522	2,244,736	2,178,758	94,717	2,178,758
Other debtors		145,813	418,926	418,926	6,098	418,926
Current portion of long-term receivables		–	–	–	–	–
Inventory		49,454	39,322	39,322	28,126	39,322
<b>Total current assets</b>		<b>2,383,380</b>	<b>2,701,046</b>	<b>2,701,046</b>	<b>134,722</b>	<b>2,701,046</b>
<b>Non current assets</b>						
Long-term receivables		–	35,716	35,716	–	35,716
Investments						
Investment property		209,106	208,312	208,312	2,801	208,312
Investments in Associate						
Property, plant and equipment		2,003,442	1,795,402	1,775,402	52,983	1,775,402
Biological						
Intangible		21,238	2,908	21,758	–	21,758
Other non-current assets		12,071	9,926	9,926	–	9,926
<b>Total non current assets</b>		<b>2,245,857</b>	<b>2,052,265</b>	<b>2,051,115</b>	<b>55,784</b>	<b>2,051,115</b>
<b>TOTAL ASSETS</b>		<b>4,629,237</b>	<b>4,753,311</b>	<b>4,752,161</b>	<b>190,506</b>	<b>4,752,161</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		43,176	49,224	49,224	2,185	49,224
Trade and other payables		1,096,433	907,727	907,727	81,071	907,727
Provisions		–	94,029	94,029	(6,667)	94,029
<b>Total current liabilities</b>		<b>1,139,609</b>	<b>1,050,980</b>	<b>1,050,980</b>	<b>76,590</b>	<b>1,050,980</b>
<b>Non current liabilities</b>						
Borrowing		171,517	148,630	148,630	(5,789)	148,630
Provisions		265,786	259,520	259,520	–	259,520
<b>Total non current liabilities</b>		<b>437,303</b>	<b>408,150</b>	<b>408,150</b>	<b>(5,789)</b>	<b>408,150</b>
<b>TOTAL LIABILITIES</b>		<b>1,576,912</b>	<b>1,459,129</b>	<b>1,459,129</b>	<b>70,801</b>	<b>1,459,129</b>
<b>NET ASSETS</b>	2	<b>3,052,325</b>	<b>3,294,182</b>	<b>3,293,032</b>	<b>119,705</b>	<b>3,293,032</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		2,865,773	3,213,305	3,212,155	119,701	3,212,155
Reserves		90,127	80,876	80,876	–	80,876
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>2,955,900</b>	<b>3,294,182</b>	<b>3,293,032</b>	<b>119,701</b>	<b>3,293,032</b>

NC091 Sol Plaatje - Table C7 Monthly Budget Statement - Cash Flow - M09 March

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		438,882	533,499	520,320	78,338	357,286	390,240	(32,954)	-8%	520,320
Service charges		1,146,393	1,093,079	1,084,284	82,103	771,920	813,213	(41,293)	-5%	1,084,284
Other revenue		288,367	403,395	483,433	24,607	648,307	362,575	285,732	79%	483,433
Transfers and Subsidies - Operational		31,741	18,959	45,723	69,646	84,969	34,292	50,677	148%	45,723
Transfers and Subsidies - Capital		100,630	134,338	114,338	28,156	106,764	85,753	21,011	25%	114,338
Interest		-	6,000	6,000	-	-	4,500	(4,500)	-100%	6,000
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		(2,590,285)	(2,039,050)	(2,094,877)	(241,719)	(887,002)	(1,571,158)	(684,156)	44%	(2,094,877)
Finance charges		(1,039)	(38,960)	(117,360)	-	-	(88,020)	(88,020)	100%	(117,360)
Transfers and Grants		-	(4,460)	(4,460)	-	-	(3,345)	(3,345)	100%	(4,460)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(585,312)</b>	<b>106,800</b>	<b>37,402</b>	<b>41,130</b>	<b>1,082,245</b>	<b>28,051</b>	<b>#####</b>	<b>-3758%</b>	<b>37,402</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	35,716	-	-	-	26,787	(26,787)	-100%	35,716
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets		(127,081)	(190,043)	(188,893)	(6,395)	(55,784)	(141,670)	(85,885)	61%	(188,893)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(127,081)</b>	<b>(154,327)</b>	<b>(188,893)</b>	<b>(6,395)</b>	<b>(55,784)</b>	<b>(114,882)</b>	<b>(59,098)</b>	<b>51%</b>	<b>(153,177)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowing		-	(9,390)	(9,390)	-	-	(7,042)	(7,042)	100%	(9,390)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>(9,390)</b>	<b>(9,390)</b>	<b>-</b>	<b>-</b>	<b>(7,042)</b>	<b>(7,042)</b>	<b>100%</b>	<b>(9,390)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(712,393)</b>	<b>(56,917)</b>	<b>(160,881)</b>	<b>34,735</b>	<b>1,026,461</b>	<b>(93,874)</b>			<b>(125,165)</b>
Cash/cash equivalents at beginning:		43,007	172,922	172,922	109,809	-	172,922			-
Cash/cash equivalents at month/year end:		(669,386)	116,006	12,041		1,026,461	79,049			(125,165)

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.

## 15. Municipal Manager's quality certification

### Quality Certificate

I, BS Matlala, the Municipal Manager of Sol Plaatje Local Municipality, hereby certify that

(mark as appropriate)

the Monthly Budget Statement

Quarterly Report on the implementation of the budget and financial state affairs  
of the municipality

Mid-year Budget and Performance Assessment

For the month of **March 2023** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: **Mr. BS. Matlala**

Municipal Manager of Sol Plaatje Local Municipality (NC091)

Signature: \_\_\_\_\_



Date: 17 /04/2023