



## **MONTHLY BUDGET STATEMENT – SEPTEMBER 2022**

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

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**Due date: 14 October 2022**

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

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

## PART 1: IN-YEAR REPORT

TO: THE EXECUTIVE MAYOR

**DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): SECTION 71: IN-YEAR MONTHLY BUDGET STATEMENT FOR THE PERIOD ENDING 30 SEPTEMBER 2022**

### 1. Purpose

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

The Covid-19 pandemic did not bode well for the municipality's finances which was already under severe strain and further exposed the vulnerability of the municipality's cash position. The municipality would like to thank all our clients who still continued to settle their outstanding municipal accounts during this difficult period. The municipality realises once again, the critical importance of having a minimum 3 months cash coverage which is a sound directive and required norm from National Treasury. This has been the focus of the municipality for the past few months to ensure that Sol Plaatje Municipality recovers fully to ensure its sustainability and financial viability.

The municipality's main goal is to remain positive and committed in stabilising the municipality, improving its cash position and improving on service delivery. The re-instatement of the Chief Financial Officer and the appointment of the new Municipal Manager, will positively contribute to the stabilisation of the municipality and improve accountability. The municipality is facing serious challenges pertaining to the debt owed to Eskom and Department of Water and Sanitation, which is escalating on a monthly basis. The ESKOM debt is exacerbated with the billing of the high months from Jun to August 2022 with an average monthly billing of R100 million.

Currently the total debtors book is standing at R3,074,758 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 for the month of September 2022 the municipality only managed to collect R134,119 million. Although this is still positive when compared to the average cash collection of R120 million in prior months, the collection is a significant decline from August 2022. 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 **30 September 2022**, the ten working day reporting limit expires on **14 October 2022**. As per MFMA Budget Circular No. 94 "from 2019/20 onwards, municipalities will no longer be required to continue with the use of the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. The National Treasury will use only the *mSCOA* data strings required for submission as prescribed and all publications will use the data collected from the *mSCOA* data strings" which must be submitted before or on **14 October 2022**, (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 September 2022	YTD Actual September 2022	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	621,802	662,794	40,992	106.6%	6.6%
Total Revenue (including capital transfers and contributions)	655,387	680,437	25,051	103.8%	3.8%
Total Operational Expenditure	616,284	508,003	(108,282)	82.4%	-17.6%

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

As indicated in Table 1 above, as at 30 September 2022, the billed revenue excluding capital grants amounted to R662,794 million which resulted in a favourable variance of 6.6% when compared to the YTD Budget of R621,802 million. The billed revenue including capital grants resulted in a satisfactory variance of 3.8% when compared to the YTD budget of R655,387 million. Going forward, Capital grants will be recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant has been met. The Total Operational Expenditure resulted in a negative variance of minus 17.6%.

Summary Statement of Financial Performance: Original Budget					
Description R thousand	Original Budget	YTD Actual August 2022	Variance Favourable (Unfavourable)	% YTD Actual vs Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 16.67%
Total Revenue (excluding capital transfers and contributions)	2,487,209	662,794	455,527	26.6%	1.65%
Total Revenue (including capital transfers and contributions)	2,621,547	680,437	461,975	26.0%	0.96%
Total Operational Expenditure	2,465,128	508,003	302,575	20.6%	-4.39%

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

Indicated in Table 2 above is the YTD actual compared to the Original Budget. When calculating the ideal In-Year-Monitoring percentage of 25.00% [calculated as follow: (100/12 months x 3 months of the year)] as at the end of September 2022, the Total operational revenue excluding capital grants versus the Original Budget resulted in a positive variance of 1.65%. The Total operational revenue including capital grants versus the Original Budget resulted in a satisfactory variance of 0.96%. The Total Operational Expenditure resulted in a negative satisfactory variance of minus 4.39%.

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

## 4.1 Operating Revenue by Source

Revenue by Source	Original Budget	Monthly actual	YearTD actual	YearTD budget	Achieved YTD Budget	YTD variance	YTD variance	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 25%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Property rates	627,646	46,212	219,642	156,911	140.0%	62,730	40.0%	35.0%	62,730	10.0%
Service charges - electricity revenue	919,854	49,771	180,188	229,963	78.4%	(49,776)	-21.6%	19.6%	(49,776)	-5.4%
Service charges - water revenue	310,717	22,910	67,045	77,679	86.3%	(10,635)	-13.7%	21.6%	(10,635)	-3.4%
Service charges - sanitation revenue	81,700	7,762	23,377	20,425	114.5%	2,952	14.5%	28.6%	2,952	3.6%
Service charges - refuse revenue	60,940	5,737	17,312	15,235	113.6%	2,076	13.6%	28.4%	2,076	3.4%
Rental of facilities and equipment	13,010	2,125	6,421	3,252	197.4%	3,168	97.4%	49.4%	3,168	24.4%
Interest earned - external investments	6,000	437	(47)	1,500	-3.1%	(1,547)	-103.1%	-0.8%	(1,547)	-25.8%
Interest earned - outstanding debtors	156,500	14,366	41,219	39,125	105.4%	2,094	5.4%	26.3%	2,094	1.3%
Fines, penalties and forfeits	27,730	2,553	4,257	6,932	61.4%	(2,676)	-38.6%	15.4%	(2,676)	-9.6%
Licences and permits	6,850	801	2,857	1,712	166.9%	1,145	66.9%	41.7%	1,145	16.7%
Agency services	-	-	-	-						
Transfers and subsidies	258,117	660	93,931	64,529	145.6%	29,402	45.6%	36.4%	29,402	11.4%
Other revenue	18,145	1,304	6,364	4,536	140.3%	1,827	40.3%	35.1%	1,827	10.1%
Gains on disposal of PPE	-	230	230	-		230			230	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,487,209</b>	<b>154,867</b>	<b>662,794</b>	<b>621,802</b>	<b>106.6%</b>	<b>40,992</b>	<b>6.6%</b>	<b>26.6%</b>	<b>40,992</b>	<b>1.6%</b>
Transfers and subsidies - capital	134,338	13,630	17,643	33,584	52.5%	(15,941)	-47.5%	13.1%	(15,941)	-11.9%
<b>Total Revenue (including capital transfers and contributions)</b>	<b>2,621,547</b>	<b>168,497</b>	<b>680,437</b>	<b>655,387</b>	<b>103.8%</b>	<b>25,051</b>	<b>3.8%</b>	<b>26.0%</b>	<b>25,051</b>	<b>1.0%</b>

Table 3: Table C4 Financial Performance (Revenue)

### Comparison against the YTD Budget

- ❖ Property Rates is showing a positive YTD variance of 40.0%, due to the annual billing on Property Rates for predominantly Organs of State and businesses.
- ❖ Service charges - Electricity revenue is showing a very concerning under-recovery of minus 21.6%, attributable to the actual billing being lower than anticipated and unallocated prepaid sales of R21 million that could not be allocated timeously. However, based on the Original budget comparison it is satisfactory at minus 5.4%. It will be prudent that the Billing section does a proper investigation to ensure that all properties are billed accurately. The same applies to all other Service charges where the Original budget comparison is not satisfactory.
- ❖ Interest earned – External investments shows a negative variance of minus 103.1%, as a result of accrued interest revenue that was recognised for the 2021/22 financial year. It should be noted that investments have been declining year-on-year but have remained relatively constant for the period under review. This however, also served as a major impediment that is preventing the municipality from actually earning more interest. Due to financial constraints the municipality could not increase its investments which largely contributes to the lower interest earned. The reduced interest rate by the Reserve bank, prior to the latest interest rate hikes, also had a negative impact on Interest earned. The bulk of the interest earned normally gets recognised at year-end.
- ❖ Fines, penalties and forfeits is showing a negative variance of 38.6% as a result of the under-recovery of Law enforcements fines with a 7.15% achieved versus a target of R10,000 million. The unit is experiencing various challenges in terms of capacity and the process of the reconciliation of fines with the Department of Justice needs to improve. Penalties: Disconnection fees achieved an actual of 20.02% against an annual target of R17,500 million. The municipality also implemented disconnection of customers commencing from 8 August 2022.
- ❖ Licences and permits is showing a positive variance of 66.9%, however there are possible outstanding payments due to the Department of Transport, Safety and Liaison. This is possibly attributable to an over-recovery on Road & Trsp: Driver Licence Applicat Fee and Road & Trsp: Motor Vehicle Licenses, showing an actual achieved of 26.17% and 54.74% respectively

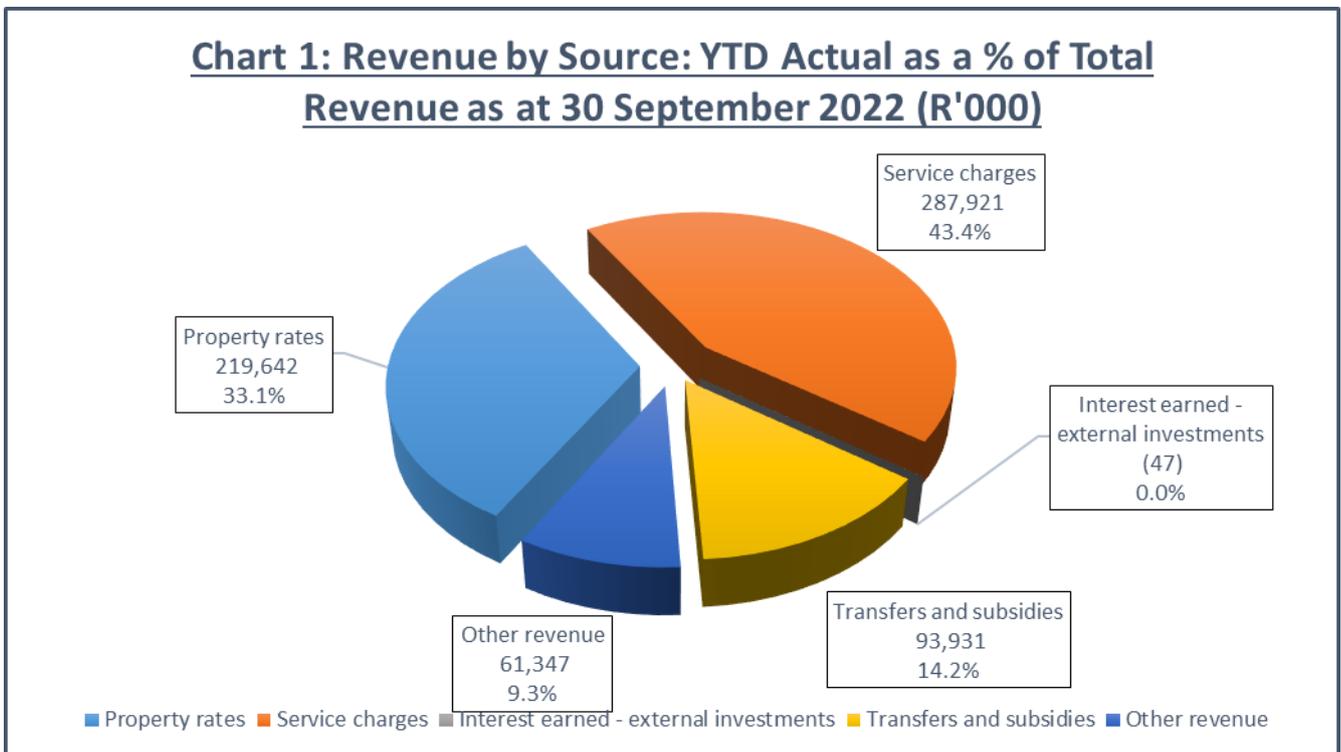
- ❖ Transfers and subsidies is showing a positive variance of 45.6% due to the recognition of the first tranche of the Equitable Share that was received in July 2022.
- ❖ Capital grants is showing a negative variance of 47.5%, as a result of the lower than anticipated capital grant expenditure. Serious intervention will have to be taken by Management to improve on monthly capital grant expenditure and capital expenditure overall.

**Comparison against Original Budget**

Based on the IYM percentage of 25.00%, the majority of revenue sources are performing satisfactorily.

- ❖ Property rates is performing satisfactorily and showing a positive variance of 10%, due to the annual billing of Property Rates.
- ❖ Service charges is performing satisfactorily when compared to the Original budget.
- ❖ Interest from External Investments is showing an unsatisfactory variance of 25.8%. Same factors are applicable as described in the paragraph above.
- ❖ Fines, penalties and forfeits is showing a negative variance of 9.6%. Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits is showing a positive variance of 16.7%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies is showing a positive variance of 11.4%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers – recognised capital is showing a negative variance of 11.9%. Same factors are applicable as described in the paragraph above.

Also indicated in Chart 1 below is the weighting of the YTD Actual on billed Revenue per Source as a percentage of total operational revenue as at 30 September 2022. The main contributors of the municipality’s revenue are Service Charges (43.4%), Property Rates (33.1%) and Transfers and subsidies (14.2%). The weighting is distorted due to the annual billing on Property Rates and the receipt of the first tranche of the Equitable Share allocation.



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

## 4.2 Operating Expenditure by Type

Table C4 Monthly Budget Statement - Financial Performance (Expenditure) - September 2022

Expenditure By Type	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 25%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Employee related costs	849,403	63,665	186,141	212,352	87.7%	(26,211)	-12.3%	21.9%	(26,210)	-3.1%
Remuneration of councillors	34,547	1,567	7,876	8,637	91.2%	(760)	-8.8%	22.8%	(760)	-2.2%
Debt impairment	297,000	2	3	74,250	0.0%	(74,247)	-100.0%	0.0%	(74,247)	-25.0%
Depreciation & asset impairment	81,050	-	-	20,263	0.0%	(20,263)	-100.0%	0.0%	(20,263)	-25.0%
Finance charges	38,960	7,670	12,931	9,740	132.8%	3,191	32.8%	33.2%	3,191	8.2%
Bulk purchases - electricity	682,000	88,447	176,571	170,500	103.6%	6,071	3.6%	25.9%	6,071	0.9%
Inventory consumed	236,627	31,271	63,036	59,157	106.6%	3,879	6.6%	26.6%	3,879	1.6%
Contracted services	46,437	6,001	7,083	11,609	61.0%	(4,526)	-39.0%	15.3%	(4,526)	-9.7%
Transfers and subsidies	4,460	-	-	1,115	0.0%	(1,115)	-100.0%	0.0%	(1,115)	-25.0%
Other expenditure	134,643	15,621	40,866	33,662	121.4%	7,204	21.4%	30.4%	7,205	5.4%
Losses	60,000	-	13,496	15,000	90.0%	(1,504)	-10.0%	22.5%	(1,504)	-2.5%
<b>Total Expenditure</b>	<b>2,465,128</b>	<b>214,244</b>	<b>508,003</b>	<b>616,284</b>	<b>82.4%</b>	<b>(108,282)</b>	<b>-17.6%</b>	<b>20.6%</b>	<b>(108,279)</b>	<b>-4.4%</b>

Table 4: Table C4 Financial Performance (Expenditure)

### Comparison against YTD Budget

As indicated in the Table 4 above, as at 30 September 2022 current YTD expenditure shows an unsatisfactory variance of minus 17.6%. The YTD actual amounted to R508,003 million against the YTD Budget of R616,284 million.

- ❖ Employee related costs shows an unsatisfactory variance of minus 12.3%. 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 8.8%. 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.
- ❖ Depreciation was projected for on a straight-line basis but will only be provided for, as part of year-end procedures. Herewith the response from the Asset Management Unit, why Depreciation cannot be recognised at least quarterly “The Asset Management System currently do not interface with the Financial System and this make it difficult, to post the transactions for depreciation monthly or quarterly. We currently have to pass journals in the financial system to recognise depreciation in the general ledger. This is due to the fact that the systems do not interface. Once journals are passed for depreciation and changes needs to be done for depreciation due to asset processes like disposals or impairment recognition, we will have to pass new journals for the correction of depreciation. The Asset Management System can currently interface with the Financial System but requires authorization from the service provider of the Financial System. Asset Management is one of the core functions that will be dealt with by the re-established mSCOA Steering Committee.”
- ❖ Debt impairment will be provided for on a quarterly basis. However the journal for the first quarter was not be processed timeously and will be resolved during October 2022.
- ❖ Expenditure on Contracted services is lower than anticipated, especially pertaining to Legal Cost Advice & Litigation which is 6.41% spent versus an Original budget of R5,965 million. Prepaid Electricity Vendors is 16.42% spent versus a budget of R29,500 million. July and August 2022 account for Ontec was paid. The September 2022 account is due at the end of October 2022.
- ❖ Bulk purchases – Electricity is showing a satisfactory variance of 3.6%.
- ❖ Bulk purchases Water is treated in line with GRAP 12. The invoices are captured on the balance sheet under Water:Input Vol: Bulk Purchases and then journalized to the Income Statement and is simultaneously split between Water Inventory and Water losses. This journal for July and August 2022 was processed timeously and the municipality will endeavour to recognise this on a monthly basis going forward.
- ❖ Transfers and subsidies show a negative variance of 100%. The grant funding of R2,300 is still due to the SPCA. Other grants also show no movement due to cash flow constraints.

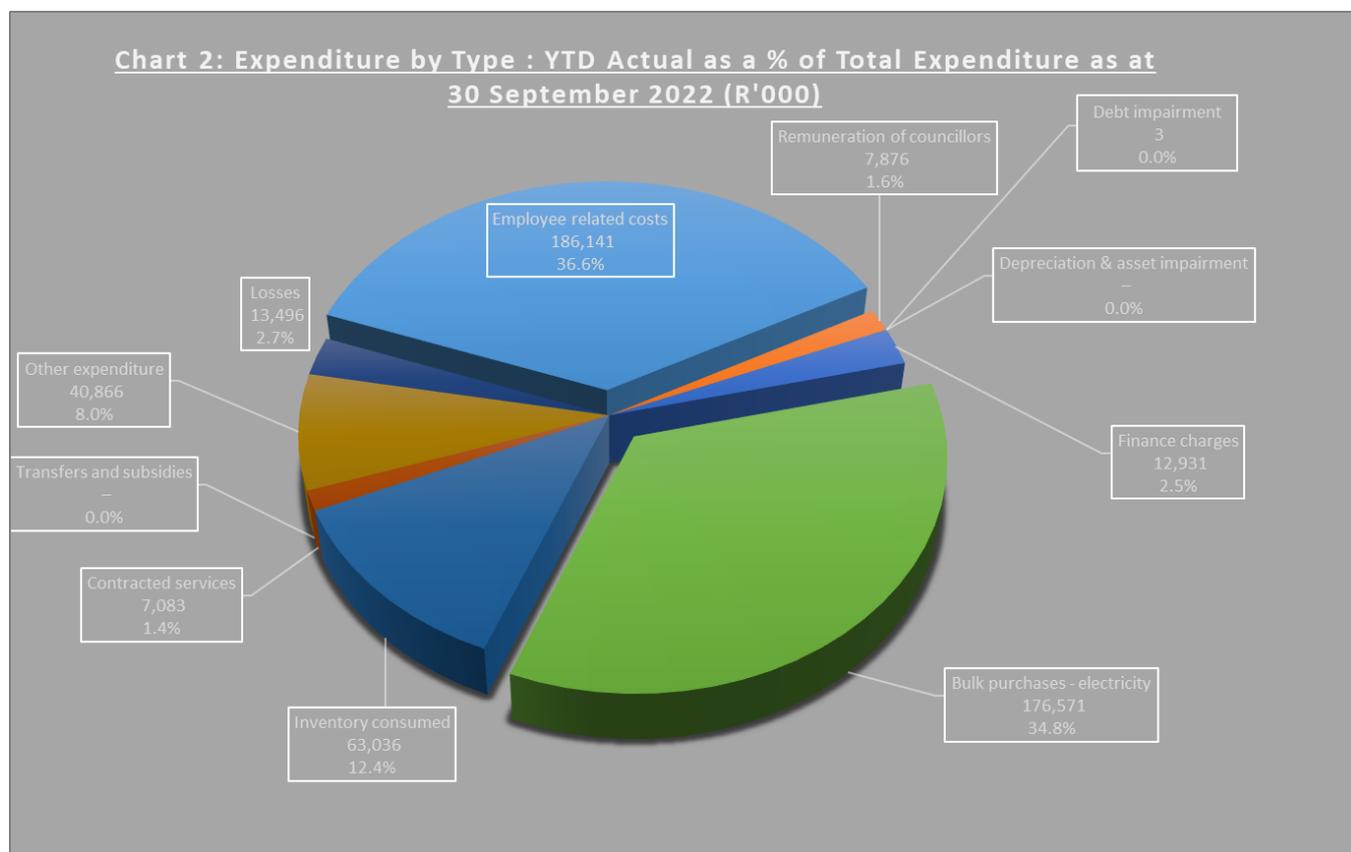
**Sol Plaatje (NC091): Monthly Budget Statement: September 2022**

- ❖ Finance charges is showing a negative variance of 32.8%. Interest on External borrowing is paid bi-annually and the first instalment for the current financial year is due at the end of December 2022. It should be noted that R12,000 million was provided for ESKOM bulk account interest and the YTD expenditure is R11,743 million which directly attributes to the negative variance. Interest on overdue accounts will be adjusted upwards during the Adjustment budget. Corrections on the actuals pertaining to Interest paid on overdue accounts will be journalised on the system. All Interest paid on overdue accounts must be recognized as Fruitless and Wasteful expenditure in the Annual Financial Statements.
- ❖ The expenditure on Inventory consumed is showing a satisfactory variance of 6.6%. 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 journal for Water Inventory must also be passed.

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

Indicated in Table 4 above, is the YTD actual compared to the Original Budget. The ideal In-Year-Monitoring percentage as at the end of September 2022 is 25.00%. The total operational expenditure against the Original Budget is 20.6% spent, resulting in a unsatisfactory variance of minus 4.4%.

- ❖ Employee costs and Councillors remuneration is satisfactory.
- ❖ Depreciation will be provided for at year-end. Same factors are applicable as explained above.
- ❖ The variance on Finance charges is satisfactory.
- ❖ Debt impairment will be provided for on a quarterly basis. However, the municipality has been treating debt write-offs erroneously and all write-offs must be done directly against the expenditure vote and not against the Statement of Financial Position. This should be corrected during the financial year as and when write-offs are done.
- ❖ Expenditure on Contracted services is lower than anticipated, same factors are applicable as explained above.
- ❖ Transfers and grants is unsatisfactory with a variance of minus 25%. The same factors are applicable as explained in the paragraph above.
- ❖ Water inventory under Inventory consumed and Loss on disposal of PPE (Water losses), a corrective journal was passed.



**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 30 September 2022. The main cost drivers of the municipality are Employee Related Costs, Debt Impairment and Bulk Purchases – Electricity. It should be noted that these percentages are distorted as a result of the following:

- ❖ The Post-retirement benefit obligations under Employee related costs will be finalized as part of the year-end procedures. The soft lock on filling of vacancies also plays a role.
- ❖ Depreciation is not provided for and will only be finalized at year-end.
- ❖ Debt impairment is not provided for, and should be recognised quarterly for actual debt write-offs.
- ❖ Finance charges is paid bi-annually. Interest on overdue account needs to be corrected.
- ❖ Corrective journals for Water inventory and Loss on disposal of PPE (Water losses) was processed for July and August 2022.

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

- ❖ Indicated in Table 5.1 below, is the YTD expenditure on Bulk Purchases: Electricity. When compared to the IYM percentage of 25.00% as at end of September 2022, Bulk Purchases Electricity is showing a satisfactory variance of 0.89%. The July and August 2022 invoices are captured on the system, whilst the September 2022 invoice will be captured during October 2022.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 25%
BULK PURCHASES: ELECTRICITY	682,000,000	88,447,257	176,570,824	25.89%	0.89%
<b>Total</b>	<b>682,000,000</b>	<b>88,447,257</b>	<b>176,570,824</b>	<b>25.89%</b>	<b>0.89%</b>

Table 5.1: Summary of YTD Bulk Electricity expenditure

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

❖ Indicated in Table 5.2 below, is the Water inventory and Water losses which is showing a negative variance of minus 2.5% when compared to the ideal percentage of 25.00%. 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 and August 2022. The September 2022 actual will captured on the system during October 2022.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 25%
INVENTORY - WATER	60,000,000	13,435,427	13,495,904	22.5%	-2.5%
NON-REVENUE WATER LOSSES	60,000,000	13,495,904	13,495,904	22.5%	-2.5%
<b>Total</b>	<b>120,000,000</b>	<b>26,931,331</b>	<b>26,991,808</b>	<b>22.5%</b>	<b>-2.5%</b>

Table 5.2: Summary of YTD Bulk Water expenditure

Organ of state	Arrear debt of unpaid invoices	Current Account due (Sep 2022)	Total Outstanding Debt	YTD Interest charged 2022/23
ESKOM	629,163,319.85	58,357,071.08	687,520,390.93	17,525,023.39
DWS (Water boards)	157,684,572.81	16,391,759.06	174,076,331.87	-
<b>Grand Total</b>	<b>786,847,892.66</b>	<b>74,748,830.14</b>	<b>861,596,722.80</b>	<b>17,525,023.39</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 R687,520 million. The debt for 2021/22 has not been settled in full. Due to the severe financial constraints the municipality could not enter into a payment agreement with ESKOM, however the municipality is in the process of concluding a payment arrangement for 2022/23 financial year. Previously, after careful consideration of the cash position, the municipality has been paying what it can afford for the month in terms of available cash. The agreement with ESKOM is that the municipality will at least settle the current account on a monthly basis and the proposed debt agreement must still be approved by ESKOM. The total year to date interest charged on overdue accounts due to ESKOM amounts to R17,525 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 R174,076 million. The total year to date interest charged on overdue accounts to DWS is not disclosed as the municipality is still awaiting the outstanding interest document from the Department. Interest on overdue accounts incurred must be disclosed as Fruitless and Wasteful Expenditure for the year under review. The debt for 2020/21 has been settled in full, whilst there are still outstanding invoices for 2021/22 financial year. To date, the municipality could not enter into a payment agreement with DWS due to severe financial constraints. However, the municipality is in negotiations with the Department to conclude a new payment arrangement for 2022/23 financial year. This proposal was submitted to the Department for approval.

Month	Outstanding Balance	Arrear Debt	Current Acc
Oct-21	51,027,860.62	51,027,860.62	
Nov-21	50,812,779.51	50,812,779.51	
Dec-21	51,379,198.31	51,379,198.31	
Jan-22	53,401,058.31	53,401,058.31	
Feb-22	51,445,498.50	51,445,498.50	
Mar-22	54,651,968.15	54,651,968.15	
Apr-22	51,834,528.52	51,834,528.52	
May-22	57,826,269.53	57,826,269.53	
Jun-22	101,431,456.54	101,431,456.54	
Jul-22	105,352,701.86	105,352,701.86	
Sep-22	58,357,071.08		58,357,071.08
<b>Total ESKOM</b>	<b>687,520,390.93</b>	<b>629,163,319.85</b>	<b>58,357,071.08</b>

Table 6.2: Summary of outstanding ESKOM debt

Indicated in Table 6.2 above, is the detailed breakdown of outstanding balances per invoice. The outstanding balance is then split into the arrear debt (R629,163m) and the current account (R58,357m).

Payment date	Sum of VOTE AMOUNT
20210811	6,000,000.00
20210818	6,000,000.00
20210825	4,000,000.00
20210827	2,165,402.07
20210907	6,000,000.00
20210915	6,000,000.00
20210916	6,000,000.00
20210920	6,000,000.00
20211005	6,000,000.00
20211012	6,000,000.00
20211019	9,954,439.94
20211108	10,000,000.00
20211115	10,000,000.00
20211208	30,000,000.00
20220104	83,198.46
20220118	29,903,304.08
20220225	19,000,000.00
20220316	20,000,000.00
20220413	30,000,000.00
20220512	20,000,000.00
20220531	30,000,000.00
20220713	53,019,940.09
20220815	40,000,000.00
20220824	39,537,674.82
20220919	109,064,695.35
<b>Grand Total</b>	<b>504,728,654.81</b>

Payments per fin period	Sum of VOTE AMOUNT
202108	18,165,402.07
202109	24,000,000.00
202110	21,954,439.94
202111	20,000,000.00
202112	30,000,000.00
202201	29,986,502.54
202202	19,000,000.00
202203	20,000,000.00
202204	30,000,000.00
202205	50,000,000.00
202206	53,019,940.09
202208	79,537,674.82
202209	109,064,695.35
<b>Grand Total</b>	<b>504,728,654.81</b>

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. For the month of September 2022, the municipality settled the current account, amounting to R109,065 million.

Month	Outstanding Balance	Arrear Debt	Current Acc
INTEREST - APR TO JUN 2022	6,191,399.16	6,191,399.16	
Aug-21	15,074,754.70	15,074,754.70	
Sep-21	15,794,682.80	15,794,682.80	
Oct-21	15,275,086.61	15,275,086.61	
Nov-21	14,522,530.48	14,522,530.48	
Dec-21	11,107,773.22	11,107,773.22	
Jan-22	17,098,078.18	17,098,078.18	
Feb-22	16,436,776.66	16,436,776.66	
Mar-22	14,930,212.48	14,930,212.48	
Jul-22	13,793,141.72	13,793,141.72	
Aug-22	17,460,136.80	17,460,136.80	
Sep-22	16,309,287.82		16,309,287.82
WRM LEVIES SEP 2022	82,471.24		82,471.24
<b>TOTAL DWS</b>	<b>174,076,331.87</b>	<b>157,684,572.81</b>	<b>16,391,759.06</b>

Table 6.4: Summary of outstanding DWS debt

Indicated in Table 6.4 above, is the detailed breakdown of is the detailed breakdown of outstanding balances per invoice. The outstanding balance is then split into the the arrear debt (R157,685m) and the current account (R16,392m). It should be noted that the total debt due to DWS needs to concurred with the Department.

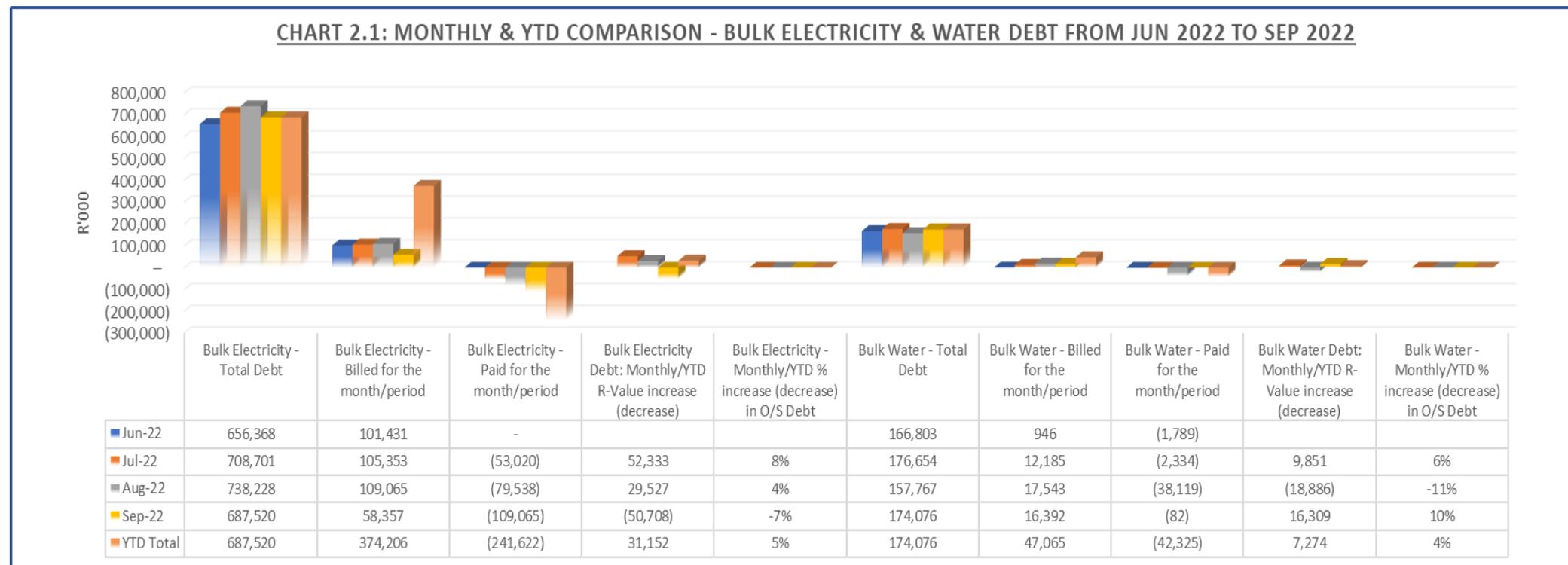
		<b>Payment date</b>	<b>Sum of VOTE AMOUNT</b>
		20210811	4,000,000.00
		20210817	2,000,000.00
		20210825	1,000,000.00
		20210831	589,628.61
		20210908	4,000,000.00
		20210915	2,000,000.00
		20210916	2,082,471.24
		20210920	2,000,000.00
		20211020	5,726,867.12
		20211022	82,471.24
		20211108	8,000,000.00
		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
		<b>Grand Total</b>	<b>107,918,707.55</b>
<b>Payments per fin period</b>	<b>Sum of VOTE AMOUNT</b>		
202108	7,589,628.61		
202109	10,082,471.24		
202110	5,809,338.36		
202111	16,732,805.33		
202112	164,942.48		
202202	792,718.16		
202203	13,437,789.26		
202204	6,810,888.11		
202205	3,637,789.26		
202206	4,658,418.01		
202208	38,036,976.25		
202209	164,942.48		
<b>Grand Total</b>	<b>107,918,707.55</b>	<b>Grand Total</b>	<b>107,918,707.55</b>

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. For the month of August 2022, the municipality settled an amount of R38,037 million on outstanding invoices and settled an amount of R82 thousand on 1 September 2022 and another R82 thousand on 20 September 2022. The municipality did not have sufficient cash to settle the current account due to DWS but we make payments as cash becomes available.

The Head Office team of DWS has introduced an Incentive scheme for customers, that should a customer be on the scheme the interest will be written off meaning the customer will only be liable to pay the capital amount within a duration of 12 months and on that note the interest will also be halted within that period. This incentive scheme drive is only available for a duration of 6 months. Another prerequisite is that the current account must be settled in full each month. The municipality submitted the proposed debt agreement to the Department for approval and have a requested for a longer repayment period of 24 months.

## 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 July to September 2022, debt owed to ESKOM decreased by R50,708 million or minus 7%, from R738,228 million to R687,520 million. When comparing the total outstanding debt to June 2022, the outstanding debt increased by R31,152 million or 5%. Debt owed to DWS increased by R16,309 million or 10%, from R157,767 million to R174,076 million. When comparing the total outstanding debt to June 2022, the outstanding debt increased by R7,274 million or 4%

### 4.3 Capital expenditure

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure - September 2022

Capital expenditure	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance %	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 25%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	190,043	13,630	17,643	47,511	37.1%	(29,867)	-62.9%	9.3%	(29,867)	-15.7%
Funded by										
Capital transfers recognised	134,338	13,630	17,643	33,585	52.5%	(15,941)	-47.5%	13.1%	(15,941)	-11.9%
Internally generated funds	55,705	-	-	13,926	0.0%	(13,926)	-100.0%	0.0%	(13,926)	-25.0%
Weighting Capital transfer recognised	71%	100%	100%	71%						
Weighting Internally generated funds	29%	0%	0%	29%						

Table 7: High level summary: Capital Expenditure

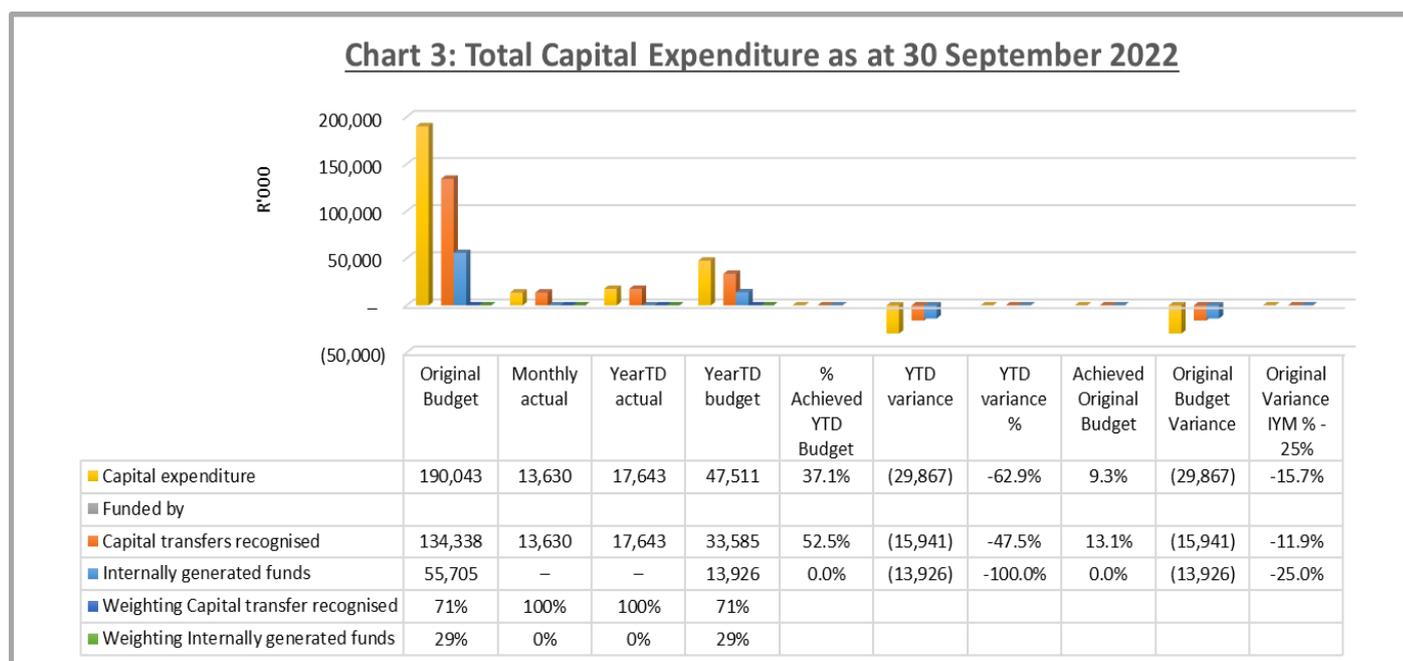


Chart 3: Total Capital expenditure

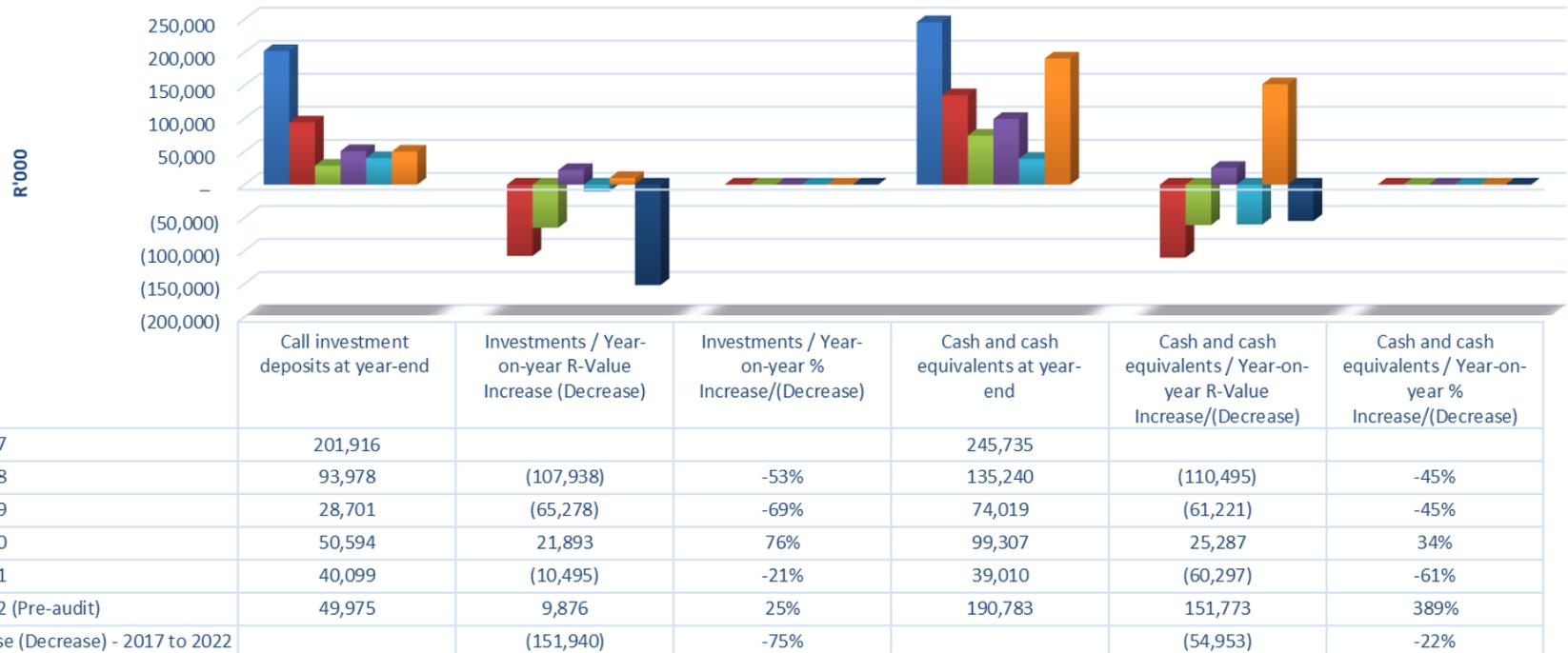
As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of September 2022 amounted to R17,643 million and 37.1% spent when compared to the YTD budget of R47,511 million and 9.3% spent when compared to the Original Budget of R190,043 million. The total YTD capex is funded from Capital grants R17,643 million (100%) and Internally generated funds zero rand (0%). 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.

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

#### 4.4 Cash flows

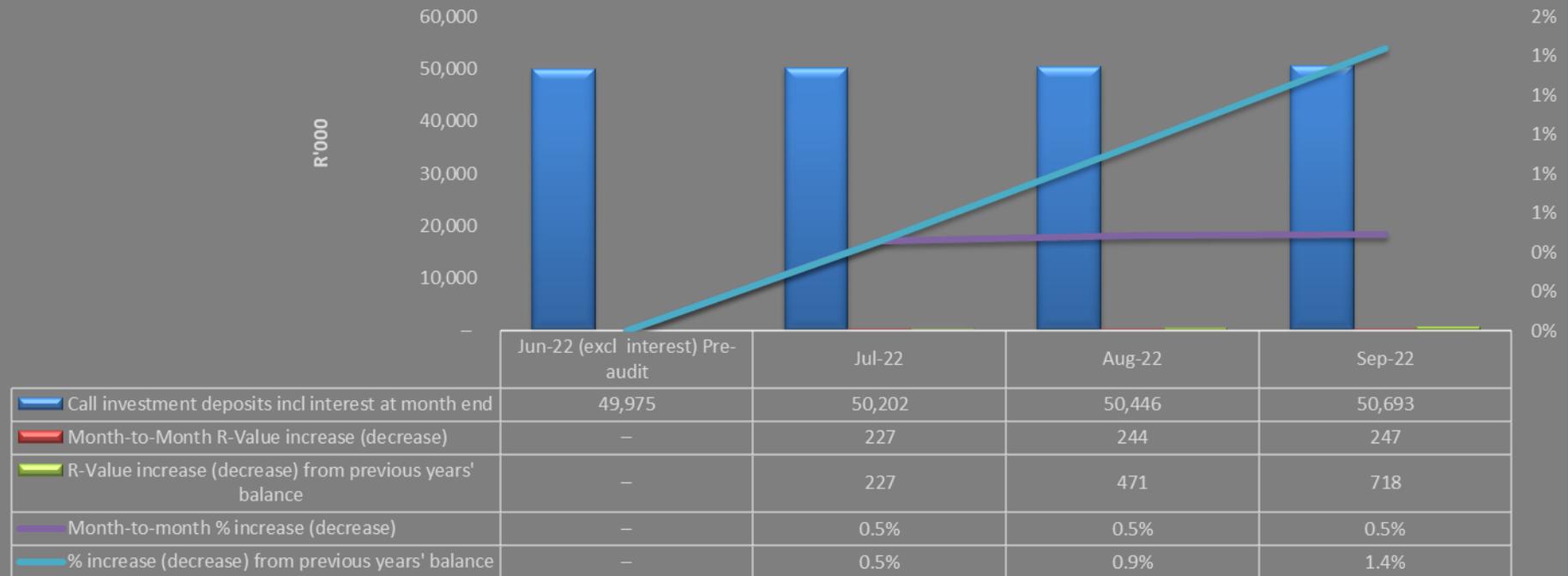
**Chart 4: Current investment deposits and Cash & cash equivalents at year-end**



**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 July 2022, due to portion of the Equitable Share that was saved 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 30 September 2022**



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

As indicated in the Chart 5 above from July to September 2022 investments incl interest increased by R247 thousand or 0.5%, in respect of the month-to-month comparison. Investments increased by R322 thousand or 0.6% when compared to the previous years' pre-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.

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

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

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

**Chart 6.2: Cost coverage ratio**

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

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

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

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

## PART 2: SUPPORTING DOCUMENTATION

### 5. Debtors' Analysis

#### NC091 Sol Plaatje - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September

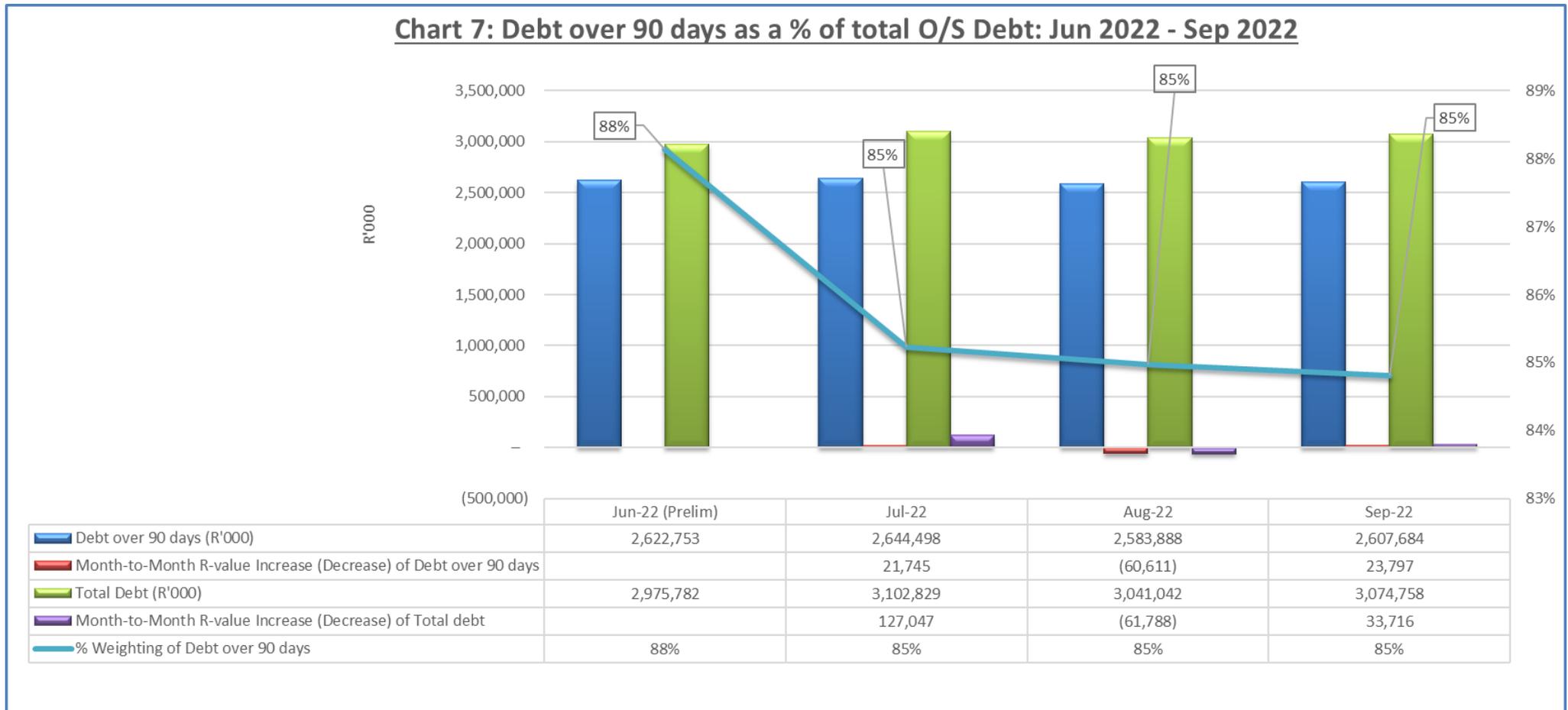
Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	48,335	14,149	13,744	544,974	-	-	-	-	621,201	544,974	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	80,879	15,086	15,000	189,753	-	-	-	-	300,718	189,753	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	52,204	90,012	12,674	677,536	-	-	-	-	832,427	677,536	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	13,279	4,861	4,525	170,195	-	-	-	-	192,860	170,195	-	-
Receivables from Exchange Transactions - Waste Management	1600	10,360	3,663	3,404	130,671	-	-	-	-	148,097	130,671	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	1,600	1,557	1,626	49,024	-	-	-	-	53,807	49,024	-	-
Interest on Arrear Debtor Accounts	1810	27,418	12,512	11,860	639,345	-	-	-	-	691,136	639,345	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	17,365	7,186	3,774	206,186	-	-	-	-	234,511	206,186	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>251,441</b>	<b>149,026</b>	<b>66,606</b>	<b>2,607,684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,074,758</b>	<b>2,607,684</b>	<b>-</b>	<b>-</b>
<b>2021/22 - totals only</b>										-	-		
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	48,513	87,461	13,284	677,056	-	-	-	-	826,314	677,056	-	-
Commercial	2300	84,071	16,670	14,801	395,417	-	-	-	-	510,959	395,417	-	-
Households	2400	114,284	41,730	37,246	1,480,435	-	-	-	-	1,673,695	1,480,435	-	-
Other	2500	4,572	3,165	1,276	54,776	-	-	-	-	63,789	54,776	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>251,441</b>	<b>149,026</b>	<b>66,606</b>	<b>2,607,684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,074,758</b>	<b>2,607,684</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 R3,074,758 billion as at the end of September 2022. The Credit control office implemented the following contingencies. In the light of current cash flow and very low cashier collection at points, disconnection and blocking of institutions, businesses and Government Departments without valid arrangements or not in discussions with the municipality, should be done with immediate effect. On 8 August 2022 and going forward defaulting debtors were disconnected, starting with government and businesses and then moving onto households.

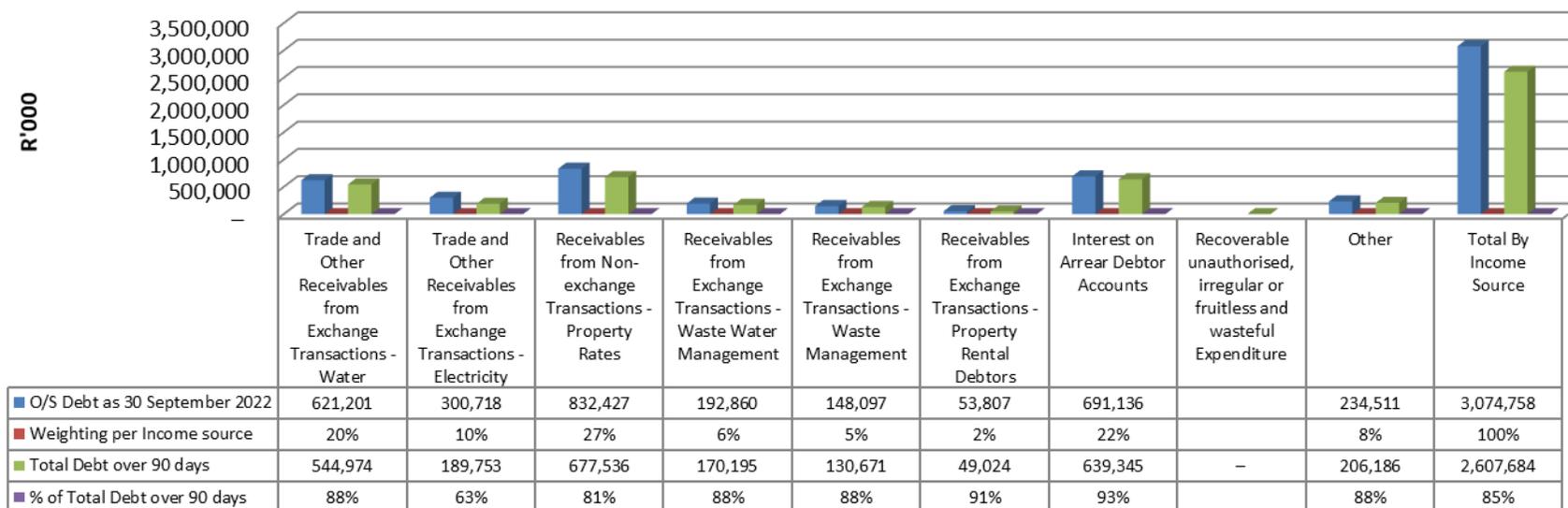
The municipality will be embarking on Credit Control And Indigent Assistance Awareness Campaign. Through this campaign we seek to educate Consumers on the importance of the payment of accounts and the detrimental effect non-payment has on service delivery. We aim to have our Customers (from all our Customer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

Chart 7 below, depicts the month-on-month summary of Debt over 90 days as a percentage of total O/S Debt which remained the same at 85% for the month under review. Debt over 90 days increased by R23,797 million in respect of the month-to-month comparison. The month-to-month increase on Total debt amounted to R33,716 million. It is concerning that total debt over 90 days is hovering at an average of 87 percent. During the Adjustment Budget funding assessment for 2019/20, NT advised that the municipality should consider writing off debtors that we know we are not realistically going to collect. To this end, the amounts written off as uncollectable amounted to R403,262 million for the year ended 30 June 2020. For the year ended 30 June 2021, the amounts written off as uncollectable amounted to R330,209 million. For the year ended 30 June 2022, the amounts written off as uncollectable amounted to R35,270 million. The total amounts written off as uncollectable for the past three financial years amounts to R768,740 million.



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

**Chart 8: Outstanding Debt by Income Source as at 30 September 2022**



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

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

- ❖ Receivables from Non-exchange Transactions - Property Rates at 27%
- ❖ Interest on Arrear Debtor Accounts 22%, and
- ❖ Trade and Other Receivables from Exchange Transactions – Water at 20%

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

- ❖ Interest on Arrear Debtor Accounts and Other at 93%, respectively;
- ❖ Receivables from Exchange Transactions - Property Rental Debtors at 91%
- ❖ Other at 88%

Debtors Age Analysis By Income Source	O/S Debt as 31 August 2022	O/S Debt as 30 September 2022	Percentage month-on-month Increase/ (Decrease) in Debtors	R-Value Increase/(Decrease)	Weighting of Debt per Category as a % of Total O/S
Trade and Other Receivables from Exchange Transactions - Water	613,375,595	621,201,413	1.3%	7,825,818	20%
Trade and Other Receivables from Exchange Transactions - Electricity	305,764,115	300,717,729	-1.7%	-5,046,386	10%
Receivables from Non-exchange Transactions - Property Rates	826,150,812	832,426,527	0.7539%	6,275,715	27%
Receivables from Exchange Transactions - Waste Water Management	189,381,965	192,860,259	1.8%	3,478,294	6%
Receivables from Exchange Transactions - Waste Management	145,424,817	148,097,253	1.8%	2,672,436	5%
Receivables from Exchange Transactions - Property Rental Debtors	52,475,753	53,807,476	2.5%	1,331,723	2%
Interest on Arrear Debtor Accounts	679,107,162	691,135,594	1.7%	12,028,432	22%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-	-		-	
Other	229,361,323	234,511,287	2.2%	5,149,964	8%
<b>Total By Income Source</b>	<b>3,041,041,542</b>	<b>3,074,757,538</b>	<b>1.1%</b>	<b>33,715,996</b>	<b>100%</b>
<b>Debtors Age Analysis By Customer Group</b>					
Organs of State	827,019,573	826,314,008	-0.085%	-705,565	27%
Commercial	509,416,825	510,959,279	0.3%	1,542,454	17%
Households	1,642,945,587	1,673,694,968	1.8%	30,749,381	54%
Other	61,659,557	63,789,283	3.3%	2,129,726	2%
<b>Total By Customer Group</b>	<b>3,041,041,542</b>	<b>3,074,757,538</b>	<b>1.1%</b>	<b>33,715,996</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 July 2022 to September 2022, the municipality's total O/S debt increased by 1.1% or R33,716 million.

#### O/S debt per Income Source

- ❖ Trade and Other Receivables from Exchange Transactions - Water increased by 1.3%.
- ❖ Trade and Other Receivables from Exchange Transactions - Electricity decreased by 1.7%.
- ❖ Receivables from Non-exchange Transactions - Property Rates increased by 0.8%.
- ❖ Receivables from Exchange Transactions - Waste Water Management increased by 1.8%;
- ❖ Receivables from Exchange Transactions - Waste Management increased by 1.8%.
- ❖ Receivables from Exchange Transactions - Property Rental Debtors increased by 2.5%.
- ❖ Interest on Arrear Debtor Accounts increased by 1.7%.
- ❖ Other increased by 2.2%.

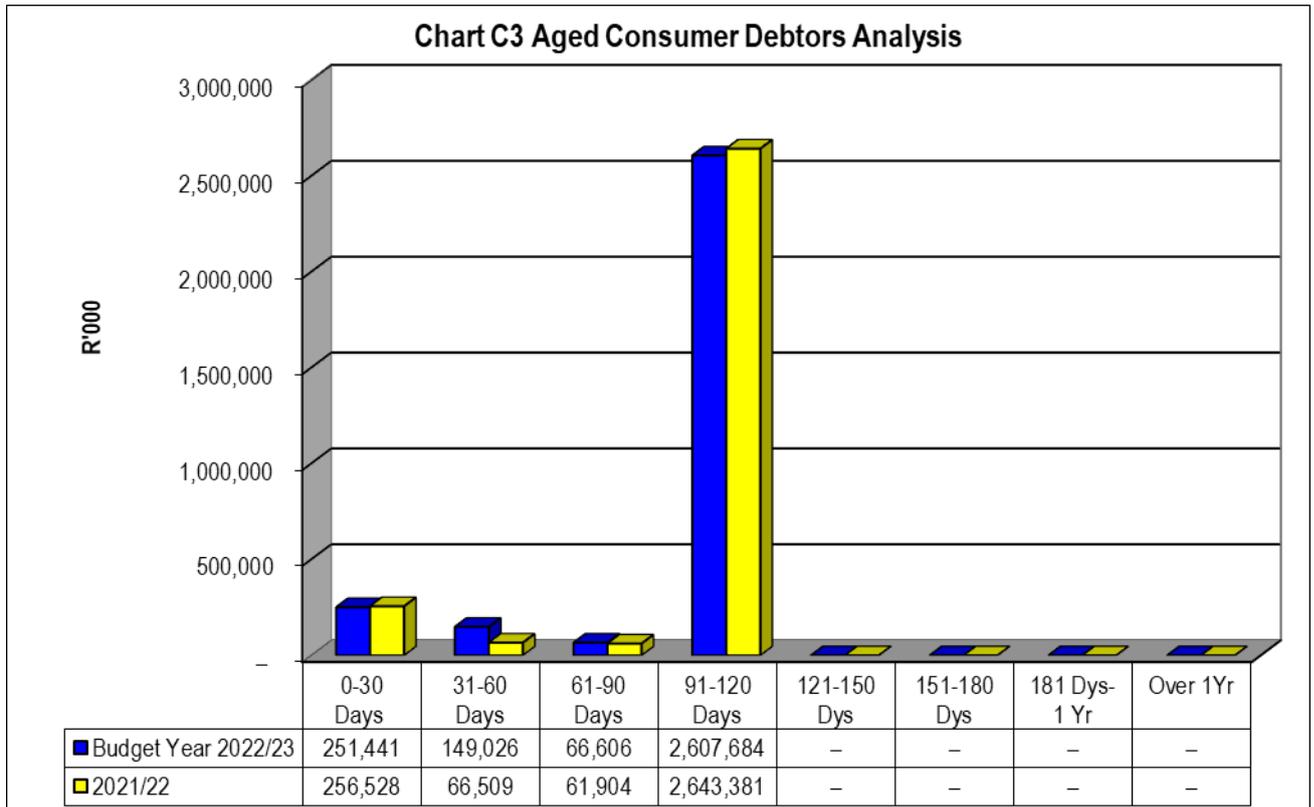
#### O/S debt per Customer Group

- ❖ Organs of State decreased by 0.1%.
- ❖ Commercial debtors increased by 0.3%.
- ❖ Debt owed by Households increased by 1.8%.
- ❖ Other Debt increased by 3.3%.

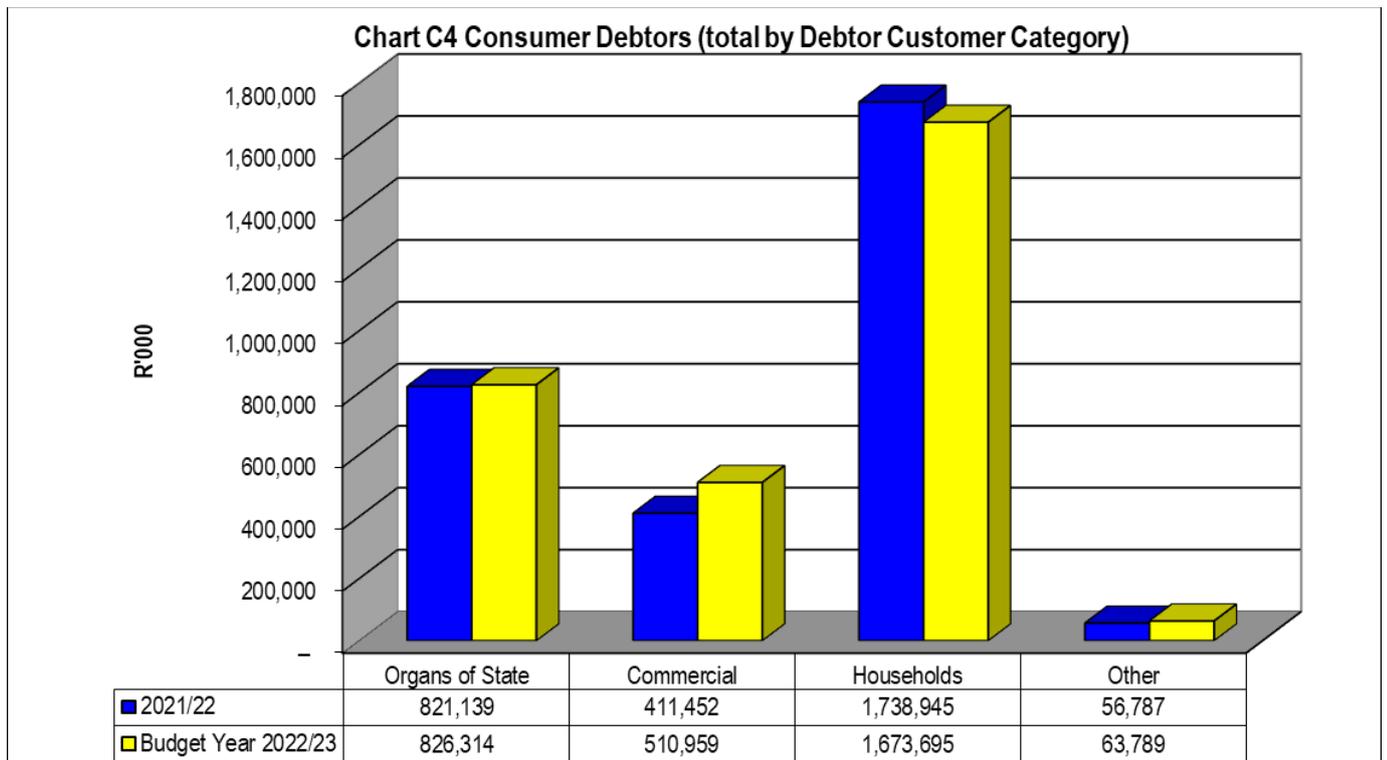
#### Weighting per Customer Group

- ❖ Government debt constitutes 27%, Businesses 17%, Households 54% and Other 2% of the total outstanding debt.

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

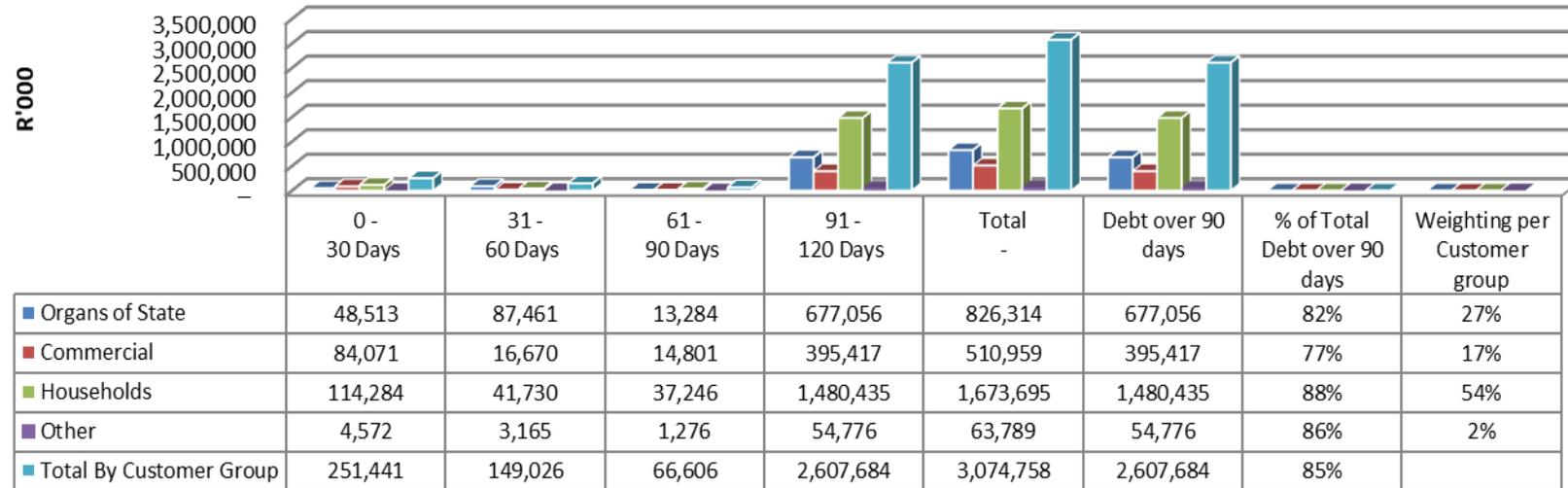


**Chart 9: Aged Consumer Debtor Analysis**



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

**Chart 11: Debtor's Age Analysis per Customer Group as at 30 September 2022**



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

Chart 11 above, illustrates that the bulk of SPM debt is aged over 90 days with a total weighting of 85%. An analysis revealed that the catalysts for this condition are the sheer volume of accountholders in arrears, the poor economic circumstances of a large number of our accountholders, and the increasing cost of services beyond the Municipality's control. This is compounded by the large number of water leaks that go unreported which causes the accountholder's account to escalate beyond their means to pay. In addition to this, there is a substantial portion of irrecoverable, stagnant debt that attracts interest every month. We have a backlog of processing this debt and submitting this to Council for approval to write off.

We have revised our policies to make our processes more effective. This will allow us to focus on preventing debt from ageing where possible in tracing and updating our debtors' information and of course recovering outstanding amounts. We anticipate a marked turnaround of this trend and in conjunction with a concerted effort to retard the escalation of ageing debt, we are focusing on improving the accuracy and regularity of our billing as well as our communication with our accountholders. Indigent verification is a continuous process and we are encouraging accountholders whose households qualify, to approach the Municipality for an assessment and possible registration as an Indigent Household. The benefits of this are the provision of free basic services and assistance with arrear debt owed to the Municipality. The Covid-19 pandemic also adversely affected consumer's ability to pay, this is evident by the average monthly collection rate of 76%. The municipality has been providing additional incentives to assist consumers to settle their arrear accounts. The payment culture of consumers needs to improve across all areas.

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

- Disconnection of consumers to be applied consistently and fairly in line with the Credit Control Policy
- Engagements with provincial government to collect outstanding debt
- Data cleansing of the entire debtor's book
- Data cleansing to positively influence the reachability of consumers and assist tremendously in the electronic distribution of municipal accounts via short messaging services (sms) and e-mail
- Improve in the accuracy of monthly billing
- Ensure meters are read consistently and timeously
- Significantly reduce interim readings and ultimately eliminate interim readings
- Reduce material billing errors by thoroughly interrogating billing exception reports prior to final billing run
- Enhance customer relations and consumer satisfaction by improving on the turnaround time when dealing with billing queries
- Introduce electronic complaints management system/register for account queries
- Ensure faulty and bypassed electricity meters are replaced
- Ensure that stuck, leaking, faulty or damaged water meters are replaced
- Do regular follow-ups on meter replacements
- Accurately update the system with latest information
- Reduce the turnaround time for installation of replacement or new meters
- Ensure improved synergy and improved communication between internal department like Town Planning, Infrastructure, GIS and Billing
- Interrogate billing and prepaid electricity reports on a monthly basis and take immediate remedial action to address anomalies or discrepancies
- Ensure that all billable properties are billed for Property rates and services
- Ensure that customers are billed at the correct approved tariff by linking each customer to the correct tariff code loaded on the system
- Reduce Electricity and Water losses
- Finalise the Riverton reclamation dam to reduce water losses at the Plant by at least 6%
- Introduce automated metering for bulk consumers
- Electricity Cost of Supply Study was finalised
- Ensure qualifying indigents are registered on the system, immediately upon verification
- Improve on indigent management in terms of consumption and ensure prepaid electricity meters are installed immediately for all approved indigents
- Improve on service delivery and personnel performance, to enhance customer's willingness to pay
- Reduce or curb unnecessary expenditure by diligently applying cost containment measures
- Prioritisation of spending
- Improve on routine maintenance on particularly revenue generating assets
- Spend funds effectively with good value for money

## Revised collection rate

As per Table 10 below, when taking into consideration what was billed in August 2022 and received in September 2022, the monthly collection rate is 83%. This is slight distorted, due to the annual billing of Property rates. The average monthly collection rate was 69% for the 2021/22 financial year. This was not an ideal situation and the lower collection rate is having a dire impact on the cash flow of the municipality. The current status quo cannot continue and drastic action will have to be taken to address this critical issue, hence the disconnection drive implemented by the Executive Mayor and the Municipal Manager during August 2022. Indicated in Table 11 below is the revised average collection of 76% for the period under review. The average collection rate is distorted due to the annual billing on Property Rates. When considering the average collection rate, various factors are taken into account, like the receipts on Prepaid Electricity, unallocated credits, etc. The YTD billing on Property Rates and Service Charges are obtained from the general ledger. Billing on Other is obtained from the BS902 report (Debits Raised Versus Payments). The BS566 report (Payments per Service per Day/Period) includes all monies received from 1 September to 30 September 2022. Unallocated credits are obtained from the cashbook. Government in particular and businesses/households that opt to get billed annually, have until the end of September/October 2022 to settle their outstanding accounts. However, this was not materializing during the 2021/22 financial year.

Monthly Billing	Jul-22	Aug-22	Sep-22	YTD Billed
	Debits	Debits	Debits	
Property Rates	45,526,179	130,973,036	46,224,330	222,723,544
Electricity excl Prepays	40,548,603	50,624,052	49,040,547	140,213,202
Water	19,401,745	21,444,989	24,919,395	65,766,129
Sewerage	8,793,144	9,145,610	9,143,232	27,081,986
Refuse	6,773,905	7,045,820	7,044,482	20,864,208
Other	15,751,369	16,061,277	17,221,887	49,034,532
<b>Total</b>	<b>136,794,945</b>	<b>235,294,784</b>	<b>153,593,872</b>	<b>525,683,601</b>
Monthly Collection	Jul-22	Aug-22	Sep-22	YTD Collection
	Credits	Credits	Credits	
Property Rates	45,912,631	60,651,706	32,790,850	139,355,187
Electricity excl Prepays	32,131,979	43,563,694	55,757,478	131,453,151
Water	15,395,920	12,001,612	15,264,991	42,662,523
Sewerage	3,847,874	4,131,416	3,908,580	11,887,870
Refuse	3,072,385	3,314,668	3,120,984	9,508,036
Other	15,390,967	15,121,715	17,121,702	47,634,384
<b>Total</b>	<b>115,751,755</b>	<b>138,784,810</b>	<b>127,964,584</b>	<b>382,501,150</b>
<b>Monthly Collection</b>	<b>85%</b>	<b>59%</b>	<b>83%</b>	<b>73%</b>

<u>Monthly collection rate per service</u>				
Revenue source	Jul-22	Aug-22	Sep-22	Average
Property Rates	101%	46%	71%	63%
Electricity excl Prepays	79%	86%	114%	94%
Water	79%	56%	61%	65%
Sewerage	44%	45%	43%	44%
Refuse	45%	47%	44%	46%
Other	98%	94%	99%	97%
<b>Monthly collection rate</b>	<b>85%</b>	<b>59%</b>	<b>83%</b>	<b>73%</b>
<b>Average monthly collection rate as at 30 September 2022</b>				<b>76%</b>

Table 10: Monthly collection rate

<b>REVENUE BY SOURCE</b>	<b>YTD ACTUAL SEP 2022</b>		<b>YTD RECEIPTS</b>		<b>Rate</b>
PROPERTY RATES	R	219,641,765	R	122,085,500	<b>55.6%</b>
SERVICE CHARGE ELECTRICITY	R	127,902,824	R	130,224,355	<b>101.8%</b>
SERVICE CHARGE ELECTRICITY - PREPAIDS	R	73,711,983	R	73,711,983	<b>100.0%</b>
SERVICE CHARGE WATER	R	67,044,504	R	41,281,305	<b>61.6%</b>
SERVICE CHARGE SANITATION	R	23,376,922	R	11,704,663	<b>50.1%</b>
SERVICE CHARGE REFUSE	R	17,311,604	R	9,420,613	<b>54.4%</b>
OTHER	R	49,034,532	R	42,770,822	<b>87.2%</b>
UNALLOCATED CREDITS			R	8,310,213	
<b>REVISED AVERAGE COLLECTION RATE - SEPTEMBER 2022</b>	<b>R</b>	<b>578,024,134</b>	<b>R</b>	<b>439,509,454</b>	<b>76.0%</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 Co	Jul-22	Aug-22	Sep-22	TOTAL
PROPERTY RATES	VA	-	-	60.36	60.36
PROPERTY RATES	VA2010	-	1,849.29	-	1,849.29
PROPERTY RATES	VARESD	11,554,158.61	17,670,066.22	12,208,358.82	41,432,583.65
PROPERTY RATES	VASRA	52,536.92	54,152.01	769,061.35	875,750.28
PROPERTY RATES	VABCOM	14,239,294.76	21,846,957.19	12,270,773.22	48,357,025.17
PROPERTY RATES	VAIND	1,456,382.45	1,878,851.67	1,742,027.75	5,077,261.87
PROPERTY RATES	VAFAG	78,107.79	185,427.86	123,573.26	387,108.91
PROPERTY RATES	VAFARE	15,683.92	14,676.48	33,053.52	63,413.92
PROPERTY RATES	VAMUN	199.46	-	-	199.46
PROPERTY RATES	VAGOVN	296,275.54	23,880,726.22	280,487.89	24,457,489.65
PROPERTY RATES	VARESV	174,601.31	231,176.12	153,641.62	559,419.05
PROPERTY RATES	VAGOVP	-	434,078.55	-	434,078.55
PROPERTY RATES	VAFABC	358,956.69	35,270.09	45,033.07	439,259.85
<b>TOTAL PROPERTY RATES</b>		<b>28,226,197.45</b>	<b>66,233,231.70</b>	<b>27,626,070.86</b>	<b>122,085,500.01</b>
BASIC ELECTRICITY	BE	494,200.67	545,453.29	489,992.75	1,529,646.71
ELECTRICITY	EL	32,497,782.86	48,611,370.59	47,585,554.73	128,694,708.18
PREPAID ELECTRICITY		25,829,774.07	25,632,451.85	22,249,757.55	73,711,983.47
<b>TOTAL ELECTRICITY</b>		<b>58,821,757.60</b>	<b>74,789,275.73</b>	<b>70,325,305.03</b>	<b>203,936,338.36</b>
BASIC WATER	BW	101,803.68	55,922.48	64,206.98	221,933.14
WATER CONSUMPTION	WA	13,941,872.36	12,400,373.56	14,717,126.02	41,059,371.94
<b>TOTAL WATER</b>		<b>14,043,676.04</b>	<b>12,456,296.04</b>	<b>14,781,333.00</b>	<b>41,281,305.08</b>
BASIC SEWERAGE	BS	342,863.46	302,922.72	235,156.10	880,942.28
SANITATION	SE	3,328,774.23	4,065,980.24	3,428,966.01	10,823,720.48
<b>TOTAL SANITATION</b>		<b>3,671,637.69</b>	<b>4,368,902.96</b>	<b>3,664,122.11</b>	<b>11,704,662.76</b>
REFUSE	BR	2,688,210.78	3,131,446.45	2,710,585.87	8,530,243.10
ADD REFUSE	RF	318,771.58	326,586.51	245,012.08	890,370.17
<b>TOTAL REFUSE</b>		<b>3,006,982.36</b>	<b>3,458,032.96</b>	<b>2,955,597.95</b>	<b>9,420,613.27</b>
INTEREST ON ARREARS	IN0001	14,837.31	3,640.45	2,470.57	20,948.33
INTEREST ON ARREARS	INBR	110,061.36	64,483.08	54,660.69	229,205.13
INTEREST ON ARREARS	INSE	82,526.81	94,674.13	81,504.57	258,705.51
INTEREST ON ARREARS	INWA	246,746.07	290,224.03	220,163.16	757,133.26
INTEREST ON ARREARS	INSU	35,590.37	57,346.76	28,269.57	121,206.70
INTEREST ON ARREARS	INBS	34,685.00	4,845.76	2,532.27	42,063.03
INTEREST ON ARREARS	INEL	326,560.38	2,724,558.14	359,027.60	3,410,146.12
INTEREST ON ARREARS	INBE	38,137.40	6,483.64	14,212.25	58,833.29
INTEREST ON ARREARS	INBW	37,732.01	3,096.67	10,653.57	51,482.25
INTEREST ON ARREARS	INRF	21,990.58	1,154.84	1,620.18	24,765.60
INTEREST ON ARREARS	INVA	706,259.98	646,360.93	452,995.24	1,805,616.15
<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>6,780,105.37</b>
DEPOSITS	DEWE	365,159.66	381,981.42	451,824.84	1,198,965.92
CREDITS NOT YET ALLOCATED	EX	7,627,503.75	11,554,653.70	11,726,210.01	30,908,367.46
SUNDRY DEBTORS	SU	512,870.99	1,466,084.21	1,030,213.47	3,009,168.67
HOUSE RENTALS	SU10	73,465.93	94,208.22	87,329.14	255,003.29
MISC 1	SU50	94,739.60	72,875.12	59,570.95	227,185.67
MISC 2	SU11	99,481.13	76,357.05	172,970.34	348,808.52
MISC 3	SU15		4,220.39	-	4,220.39
INFORMAL HOUSING	SU60	4,474.71	8,391.05	5,083.64	17,949.40
ARREARS MAGIC	SU70	1,695.42	172.83	2,433.38	4,301.63
SUNDRY COMMISSION	SUCOMM	991.09	1,278.14	857.69	3,126.92
COMM ON PNP	SUEASY	2,109.35	9,765.07	1,743.88	13,618.30
<b>OTHER</b>		<b>8,782,491.63</b>	<b>13,669,987.20</b>	<b>13,538,237.34</b>	<b>35,990,716.17</b>
VAT	VAT	8,089,456.63	10,488,292.57	10,479,872.63	29,057,621.83
<b>TOTAL RECEIPTS</b>		<b>100,467,552.60</b>	<b>163,728,435.74</b>	<b>122,348,891.04</b>	<b>386,544,879.38</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>357,487,257.55</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>431,199,241.02</b>

Table 12: BS566 report on receipts per service

<b>BS566 Payments per Service per Day/Period - Debtor type</b>					
<b>Debtor Type Description</b>	<b>Debtor Type</b>	<b>Jul-22</b>	<b>Aug-22</b>	<b>Sep-22</b>	<b>TOTAL</b>
BUSINESS KVA	BK	11,547,917.82	14,327,185.00	15,546,638.79	41,421,741.61
BUSINESS RESIDENTIAL	BR	835,840.27	1,188,696.75	844,809.17	2,869,346.19
BUSINESS	BU	29,968,288.25	46,819,684.30	26,846,493.36	103,634,465.91
CHURCHES	CH	91,275.28	130,874.41	110,856.66	333,006.35
COUNCILLOR	CL	56,270.39	66,802.86	65,584.34	188,657.59
COMMERCIAL	CO	2,729,940.06	2,029,891.91	2,222,372.44	6,982,204.41
SCHOOLS	GS	1,197,867.47	2,510,094.10	2,088,529.90	5,796,491.47
INDIGENTS CANCELLED	IC	633,036.38	694,958.83	703,191.21	2,031,186.42
INDIGENTS	ID	1,054,344.19	1,232,590.33	1,170,301.88	3,457,236.40
INDIGENTS INFORMAL SETTLEMENT	IF	59,443.39	99,438.29	63,222.06	222,103.74
INDIGENT - LATE ESTATE	IL	397.93	949.84	1,636.11	2,983.88
INDIGENT PENDING	IP	204,417.84	277,024.23	272,465.26	753,907.33
INDUSTRIAL	IN	993,734.63	771,133.73	1,014,654.37	2,779,522.73
MUNICIPAL	MU	685,302.78	288,808.18	272,173.18	1,246,284.14
NAT: POLICE	N3	15,038.78	7,595.82	17,291.00	39,925.60
NAT: DEFENCE AND MILITARY VETERA	ND	1,234.35	-	3,957.78	5,192.13
NAT: CORRECTIONAL SERVICES	NN	361,328.89	552,271.73	575,333.24	1,488,933.86
NAT: PUBLIC WORKS	NP	7,455,421.23	11,602,897.77	13,187,350.50	32,245,669.50
NON-STAFF ACCOUNTS PAID BY STAFF	NS	323,835.66	363,831.38	379,090.26	1,066,757.30
OPEN SPACE	OP	8,441.61	13,611.51	12,379.18	34,432.30
OTHER	OT	301,386.25	348,571.12	259,916.13	909,873.50
PUBLIC: OTHER: PROV PUBLIC ENTIT	P0	5,393.39	5,632.91	5,608.96	16,635.26
PROV: SOCIAL DEVELOPMENT	P1	27,059.98	935,367.98	1,862.97	964,290.93
PROV: HOUSING AND LOCAL GOVERNME	P2	443.02	86,726.36	216,372.43	303,541.81
PROV: OFFICE OF THE PREMIER	P3	5,276.35	517,708.11	164,295.23	687,279.69
PROV: OTHER DEPARTMENTS	P4	76,653.78	590,854.62	168,816.57	836,324.97
PROV: AGRICULTURE	PA	27,510.91	265,913.95	-	293,424.86
PROV: EDUCATION	PE	2,211,381.44	1,664,978.34	2,723,448.95	6,599,808.73
PROV: HEALTH	PH	1,536,941.61	3,760,019.48	10,263,121.69	15,560,082.78
PROV: PUBLIC WORKS, ROADS & TRAN	PP	1,503,563.87	27,462,755.50	2,431,526.60	31,397,845.97
PROV: SPORT, ARTS & CULTURE	PS	671,444.11	261,735.11	176,788.68	1,109,967.90
RESIDENTIAL	RE	27,147,522.41	33,352,093.54	28,899,699.89	89,399,315.84
SUNDRY DEBTOR	SD	2,076.14	282.08	7,932.78	10,291.00
STAFF	ST	627,487.30	641,627.83	760,157.42	2,029,272.55
UNKNOWN	UN	245.23	356,558.99	381,414.28	738,218.50
EXCEPTIONAL CIRCUMSTANCES	IE	10,332.98	10,976.28	9,725.14	31,034.40
VAT	VAT	8,089,456.63	10,488,292.57	10,479,872.63	29,057,621.83
<b>TOTAL RECEIPTS</b>		<b>100,467,552.60</b>	<b>163,728,435.74</b>	<b>122,348,891.04</b>	<b>386,544,879.38</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>357,487,257.55</b>

Table 13: BS566 report on receipts per debtor type

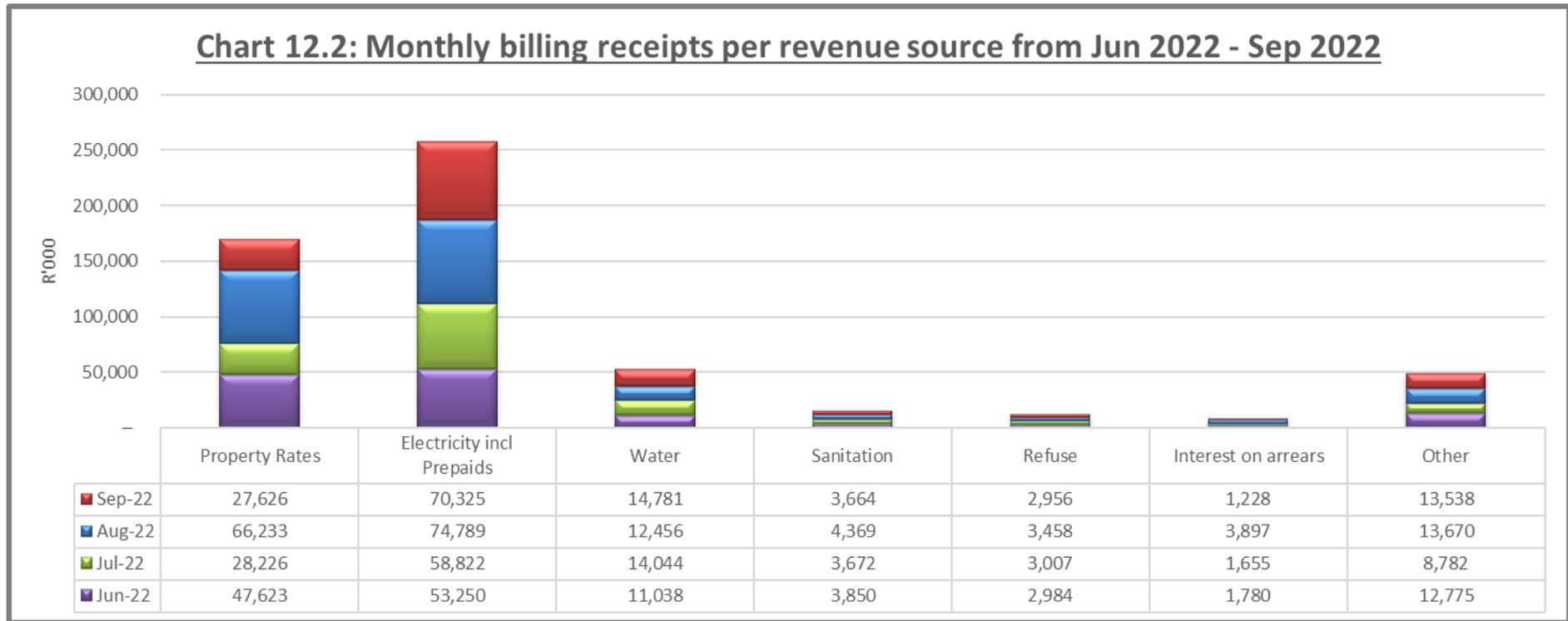
**Chart 12.1: Month-to-month - Total Billing Receipts incl Prepaid Electricity from Jun 2022 to Sep 2022**



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

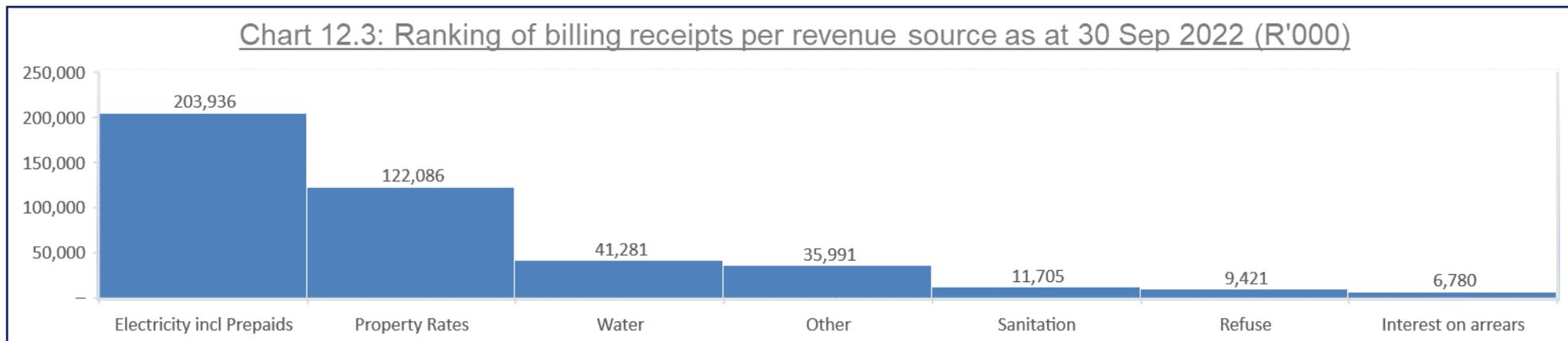
As indicated in Chart 12.1 above, the Total Billing Receipts including Prepaid Electricity amounted to R134,119 million which resulted in a decrease of R44,754 million or minus 25% in respect of the month-to-month comparison. Unallocated billing receipts at month end amounted to R8,310 million. Unallocated receipts are not factored into the actual receipts as per the chart above.

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

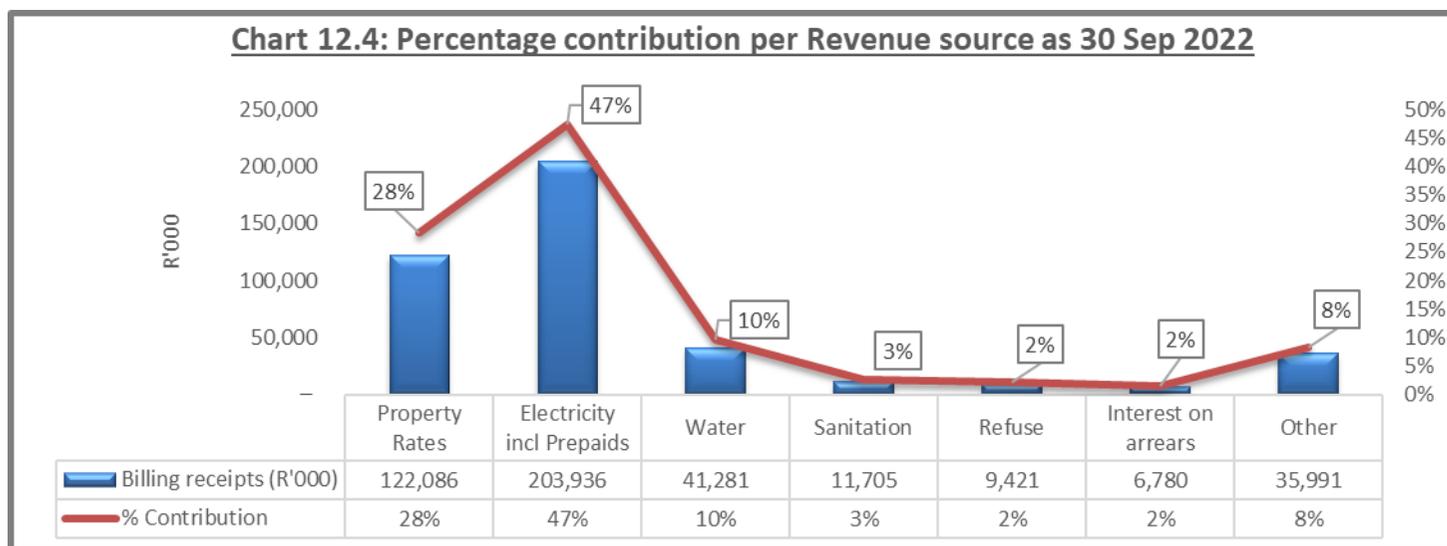


**Chart 12.2: Monthly billing receipts per revenue source**

Indicated in Chart 12.2 above, is the month-to-month receipts per Revenue source. Receipts are relatively constant based on the month-to-month comparison. The upward trend for August 2022 was significant and indicative of the fact that the municipality can collect its outstanding debt, provided that the Credit Control 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.



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



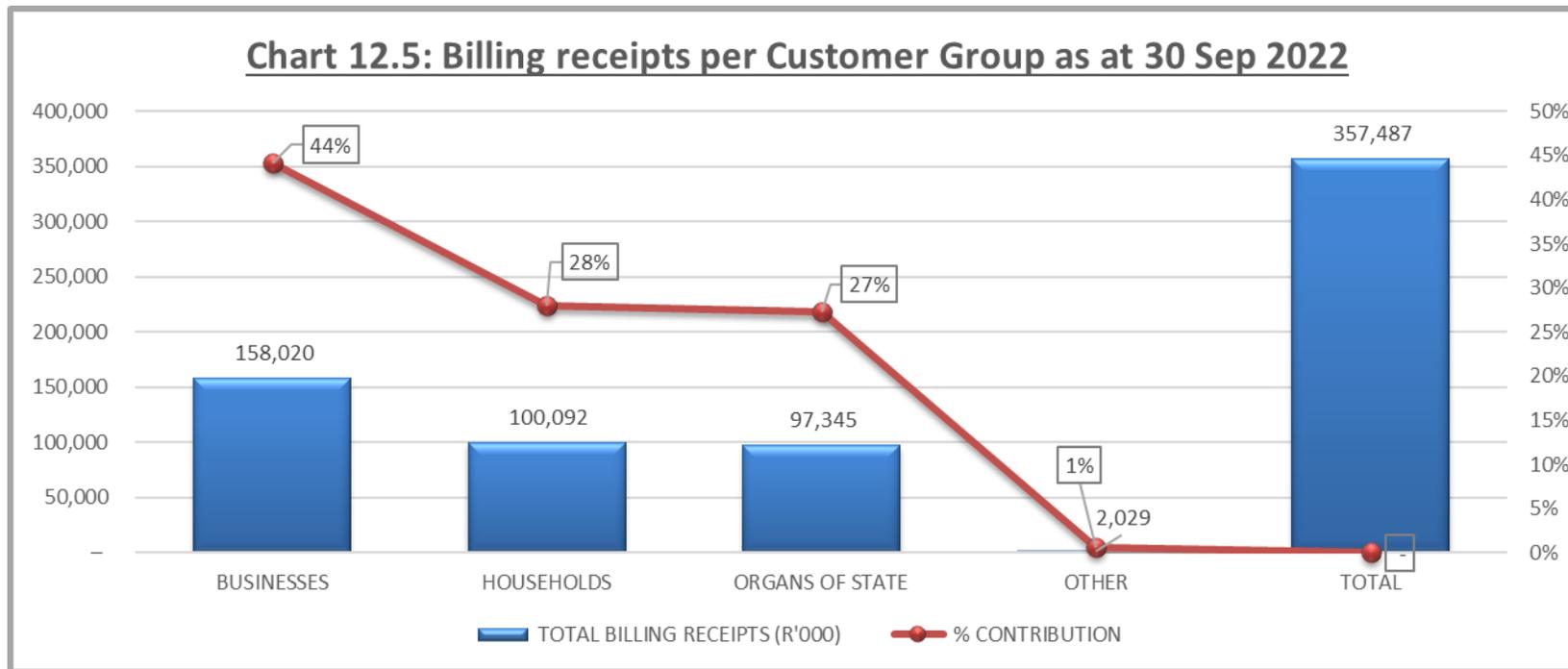
**Chart 12.4: Percentage contribution of billing receipts per revenue source**

Indicated in Chart 12.3 and 12.4 above, is the ranking and percentage contribution of receipts per revenue source as 30 September 2022. Data from the above pareto chart, clearly indicates that Electricity incl Prepays is the highest contributor at R203,936 million (47%) 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 R122,086 million (28%), however more measures should be implemented to ensure that receipts from annual Property rates billing materialises. Receipts from Water constitutes 10% and Other 8% 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 R6,780 million. This demonstrates the fact that the municipality is facing challenges in collecting long outstanding debt. It should be noted that in terms of the approved Customer Care, Credit Control and Debt Collection Policy, it outlines that “the municipality shall implement an incentive for settlement of arrears accounts as illustrated below:

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

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



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

Indicated in Chart 12.5 above, is the billing receipts and percentage contribution per major Customer group as at 30 September 2022. The municipality received R158,020 million (44%) from Businesses, Households R100,092 million (28%) and Organs of State R97,345 million (27%).

## 6. Creditors' Analysis

NC091 Sol Plaatje - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September

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	58,357	-	105,353	101,431	57,826	51,835	312,718	-	687,520	353,415
Bulk Water	0200	16,392	17,460	13,793	6,191	-	-	89,370	30,869	174,076	83,861
PAYE deductions	0300	9,580	-	-	-	-	-	-	-	9,580	9,733
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	7,874	-	-	-	-	-	-	-	7,874	7,312
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	2,722	39	-	-	-	-	-	-	2,761	5,207
Auditor General	0800	1,201	-	-	-	-	-	-	-	1,201	1,201
Other	0900	17,787	-	-	6,309	-	-	4,098	-	28,194	2,747
<b>Total By Customer Type</b>	<b>1000</b>	<b>113,913</b>	<b>17,499</b>	<b>119,146</b>	<b>113,932</b>	<b>57,826</b>	<b>51,835</b>	<b>406,187</b>	<b>30,869</b>	<b>911,207</b>	<b>462,276</b>

Table 14: Supporting Table SC4: Aged Creditors

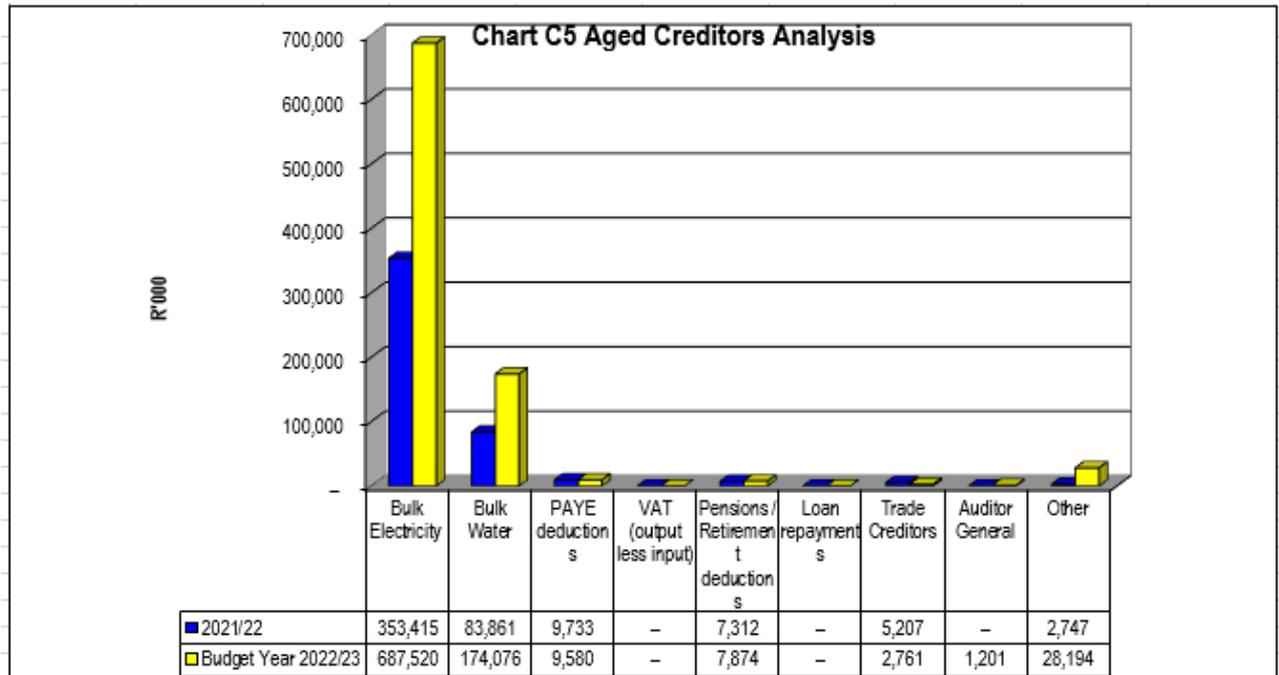


Chart 13: Aged Creditors Analysis

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

**Bulk Electricity** – As at the 30 September 2022, the outstanding debt owed to ESKOM amounted to R687,520 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 30 September 2022, the outstanding debt owed to DWS is R174,076 million. The municipality is in the process to conclude a payment agreement with DWS for the 2022/23 financial year and partake in the Incentive scheme that the Department is embarking on.

**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 R1,921 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 is R1,201 million.

**Other creditors** – includes Sundry creditors which were unpaid as at 30 September 2022 of which the biggest contributor is third party salary payments amounting to R15,339 million which was paid by 7 October 2022.

## 7. Investment portfolio analysis

The market value of the investment portfolio has been utilized and for the period ending 30 September 2022, the value of total investments made was R50,693 million including interest. Investments excluding interest amounted to R49,975 million. Part of investments made during the month where interest accrued which reflected an increase in investment and not as a result of increased revenue collection.

**NC091 Sol Plaatje - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M03 September**

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			5,546	25	-	-	5,571
Absa Bank 9286041059		6 months	Call a/c	No	Variable	0	0			-	-	-	-	-
Investec 1400093272500		6 months	Call a/c	No	Variable	5.35	0			605	3	-	-	608
Standard Bank 04846627-014		6 months	Call a/c	No	Variable	5.5	0			5,047	30	-	-	5,077
Absa Bank 92 7195 3033		6 months	Call a/c	No	Variable	4.3	0			5,531	20	-	-	5,551
Nedbank 9002324052		6 months	Call a/c	Yes	Variable	5.25	0		2019/06/06	5,044	22	-	-	5,065
Standard Bank 048466271-085		12 months	Notice	No	Fixed	585.00%	0		2022/11/10	21,179	102	-	-	21,281
Absa Bank 20-6295-4443		12 months	Notice	Yes	Fixed	740.00%	0		2023/06/28	7,494	46	-	-	7,540
<b>Municipality sub-total</b>										<b>50,446</b>		<b>-</b>	<b>-</b>	<b>50,693</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 - M03 September

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>										
<b>Operating Transfers and Grants</b>										
National Government:		223,255	250,317	250,317	-	93,271	62,579	30,692	49.0%	250,317
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		212,328	239,158	239,158	-	93,271	59,789	33,482	56.0%	239,158
Expanded Public Works Programme Integrated Grant		3,362	3,959	3,959	-	-	990	(990)	-100.0%	3,959
Infrastructure Skills Development Grant		4,901	5,500	5,500	-	-	1,375	(1,375)	-100.0%	5,500
Local Government Financial Management Grant		1,650	1,700	1,700	-	-	425	(425)	-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>		<b>12,731</b>	<b>7,800</b>	<b>7,800</b>	<b>660</b>	<b>660</b>	<b>1,950</b>	<b>(1,290)</b>	<b>-66.2%</b>	<b>7,800</b>
Capacity Building and Other Grants		8,561	7,800	7,800	-	-	1,950	(1,950)	-100.0%	7,800
Infrastructure Grant		4,170	-	-	660	660	-	660	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
European Union		-	-	-	-	-	-	-	-	-
Higher Education SA (HESA)		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	<b>5</b>	<b>235,986</b>	<b>258,117</b>	<b>258,117</b>	<b>660</b>	<b>93,931</b>	<b>64,529</b>	<b>29,402</b>	<b>45.6%</b>	<b>258,117</b>
<b>Capital Transfers and Grants</b>										
National Government:		105,767	134,338	134,338	13,630	17,643	33,584	(15,941)	-47.5%	134,338
Energy Efficiency and Demand Side Management Grant		-	4,000	4,000	-	238	1,000	(762)	-76.2%	4,000
Integrated National Electrification Programme Grant		35,458	40,000	40,000	942	2,716	10,000	(7,284)	-72.8%	40,000
Integrated Urban Development Grant		54,266	70,390	70,390	12,687	14,690	17,597	(2,908)	-16.5%	70,390
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		16,043	19,948	19,948	-	-	4,987	(4,987)	-100.0%	19,948
<b>Provincial Government:</b>		<b>76,850</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Infrastructure Grant		76,850	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		<b>3,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Specify (Add grant description)		3,500	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		<b>14,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]		-	-	-	-	-	-	-	-	-
European Union		14,400	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	<b>5</b>	<b>200,517</b>	<b>134,338</b>	<b>134,338</b>	<b>13,630</b>	<b>17,643</b>	<b>33,584</b>	<b>(15,941)</b>	<b>-47.5%</b>	<b>134,338</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>5</b>	<b>436,504</b>	<b>392,455</b>	<b>392,455</b>	<b>14,290</b>	<b>111,574</b>	<b>98,114</b>	<b>13,461</b>	<b>13.7%</b>	<b>392,455</b>

Table 16: Supporting Table SC6: Transfers and grant receipts

Operational grant monies received for the month under review.

FMG – R1,700 million

No Capital grant monies were received for the month under review.

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

## Operational and Capital Grants: Expenditure

NC091 Sol Plaatje - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M03 September

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	116,565	8,962	30,669	29,141	1,527	5.2%	116,565
Equitable Share		99,625	105,406	105,406	8,383	29,343	26,352	2,991	11.4%	105,406
Expanded Public Works Programme Integrated Grant		3,362	3,959	3,959	-	-	990	(990)	-100.0%	3,959
Infrastructure Skills Development Grant		4,920	5,500	5,500	484	1,148	1,375	(227)	-16.5%	5,500
Local Government Financial Management Grant		1,650	1,700	1,700	95	178	425	(247)	-58.2%	1,700
Municipal Disaster Relief Grant		261	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		8,275	7,800	7,800	122	279	1,950	(1,671)	-85.7%	7,800
Capacity Building and Other Grants		6,795	7,800	7,800	69	122	1,950	(1,828)	-93.7%	7,800
Infrastructure Grant		1,480	-	-	53	157	-	157	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		<b>118,093</b>	<b>124,365</b>	<b>124,365</b>	<b>9,084</b>	<b>30,948</b>	<b>31,091</b>	<b>(144)</b>	<b>-0.5%</b>	<b>124,365</b>
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		95,428	134,338	134,338	13,630	17,643	33,585	(15,941)	-47.5%	134,338
Energy Efficiency and Demand Side Management Grant		-	4,000	4,000	-	238	1,000	(762)	-76.2%	4,000
Integrated National Electrification Programme Grant		30,833	40,000	40,000	942	2,716	10,000	(7,284)	-72.8%	40,000
Integrated Urban Development Grant		48,552	70,390	70,390	12,687	14,690	17,598	(2,908)	-16.5%	70,390
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		16,043	19,948	19,948	-	-	4,987	(4,987)	-100.0%	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	-	-	-	-	-	-	-	-
European Union		13,891	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		<b>112,818</b>	<b>134,338</b>	<b>134,338</b>	<b>13,630</b>	<b>17,643</b>	<b>33,585</b>	<b>(15,941)</b>	<b>-47.5%</b>	<b>134,338</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>230,912</b>	<b>258,703</b>	<b>258,703</b>	<b>22,713</b>	<b>48,591</b>	<b>64,676</b>	<b>(16,085)</b>	<b>-24.9%</b>	<b>258,703</b>

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 R5,113 million. For reporting purposes to NT and the Dept of Public Works, the municipality is only expected to report up until the allocation amount. The current years' gazetted allocation for the EPWP is R3,959 million. In addition to this, the municipality budgeted R10,000 million for this programme. Management has been in a process of reviewing this programme.

Description	Original Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	40,000,000	942,467	2,715,883	29,841,370	6.8%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	70,390,000	12,687,207	14,689,674	22,910,144	20.9%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	19,948,000	-	-	538,915	0.0%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	-	237,713	-	5.9%
<b>Grand Total</b>	<b>134,338,000</b>	<b>13,629,674</b>	<b>17,643,270</b>	<b>53,290,429</b>	<b>13.1%</b>

Table 18: Summary of expenditure per grant

As indicated in Table 18 above, the YTD grant expenditure amounts to R17,643 million or 13.1% spent against the Original capital grant allocation of R134,338 million. Capex is usually slow for the first quarter mainly as a result of finalization of procurement processes and/or work still in progress. It remains concerning that YTD expenditure is so low. It should be noted that grant expenditure excludes VAT which will be recognized at year-end in the Statement of Financial performance, when all conditions of the grant have been met. Please refer to Section 4.3 in the Executive Summary *Sol Plaatje (NC091): Monthly Budget Statement: September 2022*

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. Awaiting feedback from NT.

Table 19: Supporting Table SC7(2) - Expenditure against approved rollovers

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

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

NC091 Sol Plaatje - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September

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	-	-	64	231	-	231	#DIV/0!	-
Medical Aid Contributions		267	-	-	27	90	-	90	#DIV/0!	-
Motor Vehicle Allowance										
Cellphone Allowance		2,845	3,243	3,243	225	672	811	(139)	-17%	3,243
Housing Allowances		-	-	-	(7)	-	-	-		-
Other benefits and allowances		27,129	31,305	31,305	1,258	6,883	7,826	(943)	-12%	31,305
<b>Sub Total - Councillors</b>		<b>30,737</b>	<b>34,547</b>	<b>34,547</b>	<b>1,567</b>	<b>7,876</b>	<b>8,637</b>	<b>(760)</b>	<b>-9%</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>	3									
Basic Salaries and Wages		8,265	8,853	8,853	513	1,618	2,213	(596)	-27%	8,853
Pension and UIF Contributions		1,068	1,209	1,209	89	270	302	(32)	-11%	1,209
Medical Aid Contributions		222	253	253	21	62	63	(1)	-2%	253
Overtime										
Performance Bonus										
Motor Vehicle Allowance		1,849	1,939	1,939	141	424	485	(61)	-13%	1,939
Cellphone Allowance		157	202	202	11	34	50	(17)	-33%	202
Housing Allowances		26	42	42	2	6	11	(4)	-42%	42
Other benefits and allowances		17	77	77	2	5	19	(15)	-75%	77
Payments in lieu of leave										
Long service awards		67	65	65	8	20	16	4	23%	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>786</b>	<b>2,438</b>	<b>3,160</b>	<b>(722)</b>	<b>-23%</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	462,364	37,215	108,625	115,662	(7,037)	-6%	462,364
Pension and UIF Contributions		64,301	77,509	77,509	5,595	16,592	19,377	(2,786)	-14%	77,509
Medical Aid Contributions		49,721	58,279	58,279	5,879	15,374	14,570	804	6%	58,279
Overtime		52,688	39,796	39,796	4,627	13,126	9,949	3,177	32%	39,796
Performance Bonus		28,946	36,221	36,221	900	2,944	9,055	(6,111)	-67%	36,221
Motor Vehicle Allowance		42,071	51,296	51,296	3,364	10,236	12,824	(2,588)	-20%	51,296
Cellphone Allowance		1,401	1,415	1,415	109	327	354	(27)	-8%	1,415
Housing Allowances		2,636	2,895	2,895	224	706	724	(17)	-2%	2,895
Other benefits and allowances		30,433	28,018	29,899	2,533	7,486	7,404	81	1%	29,899
Payments in lieu of leave		10,507	15,000	15,000	201	1,612	3,750	(2,138)	-57%	15,000
Long service awards		24,418	23,189	23,189	2,232	6,674	5,797	877	15%	23,189
Post-retirement benefit obligations		36,522	38,900	38,900	-	-	9,725	(9,725)	-100%	38,900
<b>Sub Total - Other Municipal Staff</b>		<b>761,518</b>	<b>836,763</b>	<b>836,763</b>	<b>62,879</b>	<b>183,702</b>	<b>209,192</b>	<b>(25,489)</b>	<b>-12%</b>	<b>836,763</b>
<b>% increase</b>	4		<b>9.9%</b>	<b>9.9%</b>						<b>9.9%</b>
<b>Total Parent Municipality</b>		<b>803,926</b>	<b>883,950</b>	<b>883,950</b>	<b>65,232</b>	<b>194,017</b>	<b>220,989</b>	<b>(26,972)</b>	<b>-12%</b>	<b>883,950</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>803,926</b>	<b>883,950</b>	<b>883,950</b>	<b>65,232</b>	<b>194,017</b>	<b>220,989</b>	<b>(26,972)</b>	<b>-12%</b>	<b>883,950</b>
<b>% increase</b>	4		<b>10.0%</b>	<b>10.0%</b>						<b>10.0%</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>773,189</b>	<b>849,403</b>	<b>849,403</b>	<b>63,665</b>	<b>186,141</b>	<b>212,352</b>	<b>(26,211)</b>	<b>-12%</b>	<b>849,403</b>

Table 20: Supporting Table SC8: Councillor and staff benefits

As depicted in Table 20 above, Employee related costs is underspent and showing a variance of minus 12%. 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 9% when compared to the YTD Budget. The gazette on the Determination of Upper limits of salaries, allowances and benefits of different members of municipal councils will be issued later in the current financial year.

Management started to address the issues on Overtime which is higher than the ideal IYM percentage of 25.00%, at 34% spent. For reporting purposes on Overtime, the municipality is only concentrating on (Overtime Structured and Non-structured). However, as per NT mapping Night-shift allowance and Payments - Shift Add Remuneration is also mapped to Overtime.

The Overtime controls is no longer as effective and the desired outcome to remain within budget, was not achieved for 2021/22 financial year. The same trend will probably transpire for the current year, unless more stringent control measures are put in place. The municipality should also ensure that critical positions to compliment capacity on the ground is expedited and filled with qualified personnel. The lack of capacity in certain departments, like Water services and the severe service delivery challenges is negatively impacting on the management of Overtime expenditure. Overtime hours are limited to 30 hours per month within most departments. The Overtime policy was developed and approved by Council. There are some challenges with the implementation, especially pertaining to time-off in lieu of Overtime remuneration.

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

Description per line item (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	% Variance vs ideal of 25.00%
MS: OVERTIME - NON STRUCTURED	22,392,000	3,622,728	10,030,193	44.8%	19.8%
MS: OVERTIME - STRUCTURED	8,976,841	217,101	624,103	7.0%	-18.0%
<b>Overtime as at 30 September 2022</b>	<b>31,368,841</b>	<b>3,839,829</b>	<b>10,654,296</b>	<b>34.0%</b>	<b>9.0%</b>

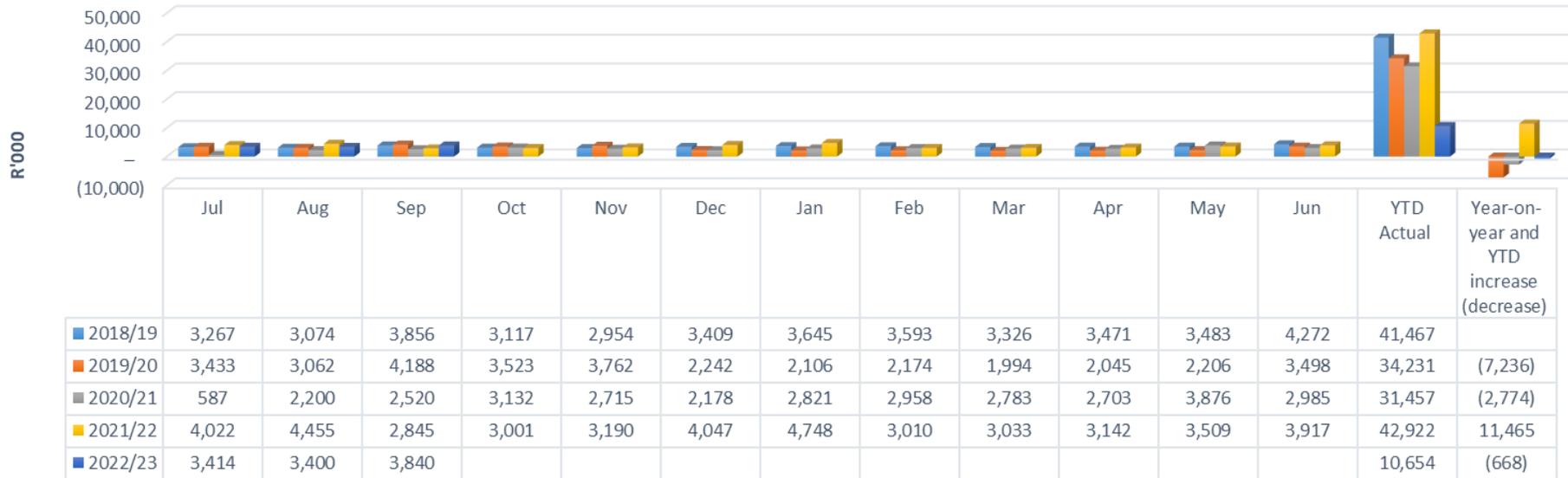
  

Directorate (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	% Variance vs ideal of 25.00%
20-EXECUTIVE AND COUNCIL	175,000	37,890	113,804	65.0%	40.0%
21-MUNICIPAL AND GENERAL	-	-	-	-	
22-MUNICIPAL MANAGER	-	-	-	-	
23-CORPORATE SERVICES	1,650,000	162,949	508,606	30.8%	5.8%
24-COMMUNITY SERVICES	13,167,441	1,220,277	3,649,457	27.7%	2.7%
26-FINANCIAL SERVICES	459,000	123,874	607,437	132.3%	107.3%
27-STRATEGY, ECONOMIC DEVELOPMENT & PLANNING	330,000	91,613	322,386	97.7%	72.7%
28-INFRASTRUCTURE SERVICES	15,587,400	2,203,226	5,452,606	35.0%	10.0%
<b>Overtime as at 30 September 2022</b>	<b>31,368,841</b>	<b>3,839,829</b>	<b>10,654,296</b>	<b>34.0%</b>	<b>9.0%</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 R10,654 million and 34% spent, resulting in a negative variance of 9%, when compared to the ideal percentage of 25.00% for the period under review.

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



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

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

The BTO office recommended the following precautionary measures.

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

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

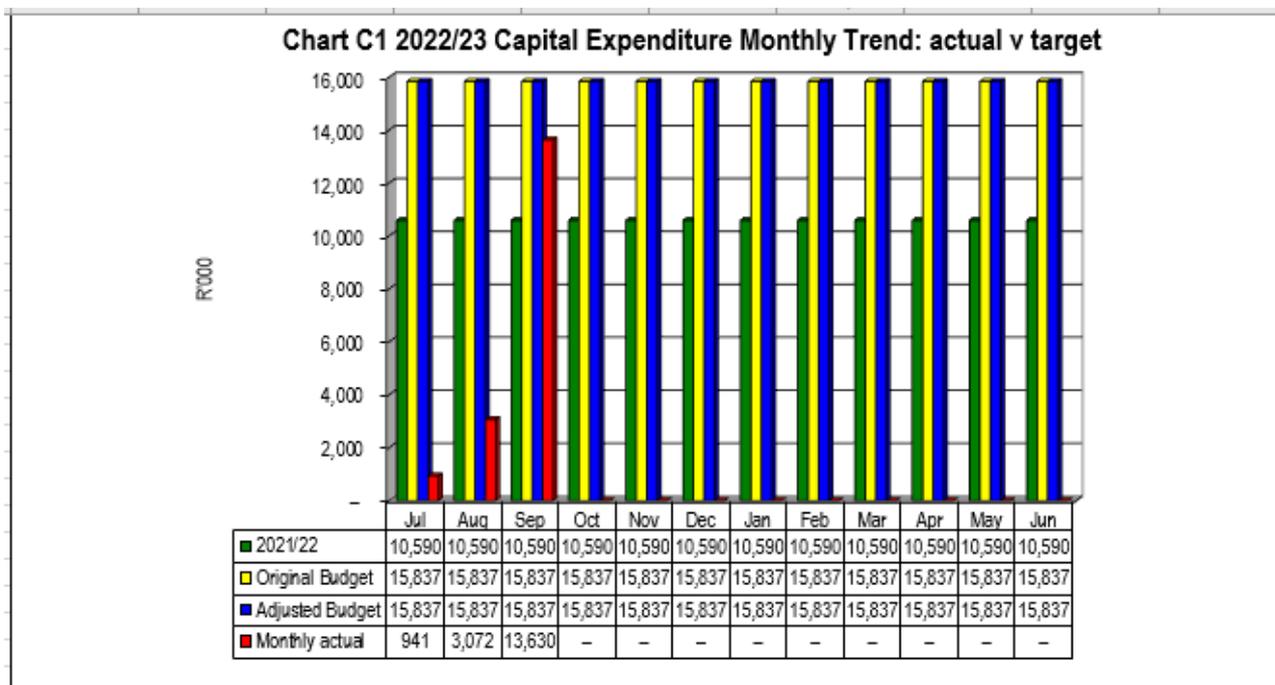
- Ensuring accountability across all directorates and ensuring that Executive directors, Line Managers and Supervisors take full responsibility
- Identify and investigate possible abuse and alleged fraudulent allegations and taking disciplinary action, where applicable
- Ensuring the compliance and adherence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

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

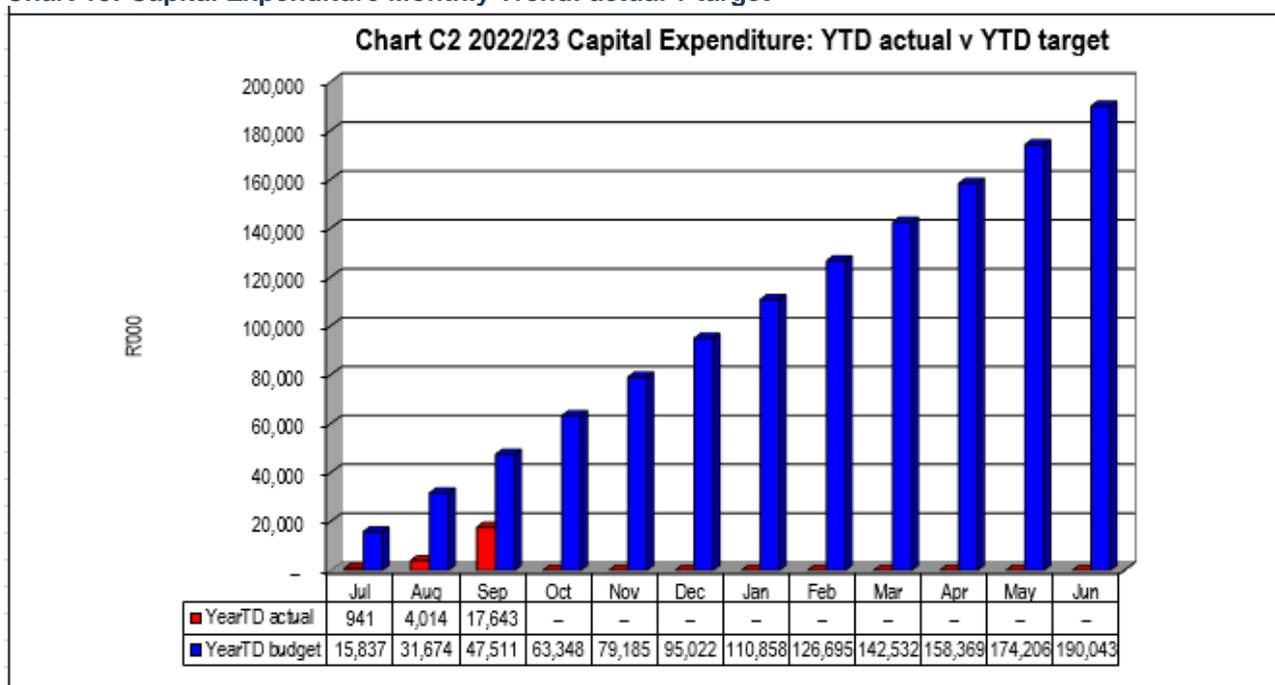
Material variances are primarily addressed in the Executive summary under Sections 4.1 to 4.3 or emphasised elsewhere in this Monthly Budget Statement. Any other material variances to the SDBIP will be included in the quarterly Section 52 (d) report for the period ending 30 September 2022.

## 11. Capital programme performance

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



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



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

Indicated in Table 22 below, is a list of projects with the applicable funding source. The total capex is normally slow during the start of the financial year. However, capital expenditure is extremely poor compared to prior years for the same period. Urgent intervention from management is required to remedy the situation. The actual monthly expenditure for September 2022 amounted to R13,629 million. The total YTD Capex amounts to R17,643 million. Please note that Commitments amounting to R54,589 million is excluded from the YTD movement. Capital expenditure is also exclusive of VAT.

Project Description	Original Budget	Adj Budget	Curr Mth Exp	Commitment	YTD Movement	Unspend Budget	% Original	% Adj Budget	Funding source
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	2,000,000	2,000,000	-	-	-	2,000,000	0.0%	0.0%	INTERNALLY GENERATED FUNDS
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	3,000,000	3,000,000	-	-	-	3,000,000	0.0%	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ-FLEET REPLACEMENT	35,405,000	35,405,000	-	1,157,391	-	35,405,000	0.0%	0.0%	INTERNALLY GENERATED FUNDS
ACQ-FURNITURE AND OFFICE EQUIP REPLACEM	2,000,000	2,000,000	-	-	-	2,000,000	0.0%	0.0%	INTERNALLY GENERATED FUNDS
ACQ-COMPUTER EQUIPMENT REPLACEMENT	11,300,000	11,300,000	-	121,087	-	11,300,000	0.0%	-	INTERNALLY GENERATED FUNDS
UPGRADE GRAVEL ROADS WARDS 6;7;9;10;15	-	-	-	-	-	-	#DIV/0!	-	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
CRAVEN STREET TRADE CENTRE	8,300,000	8,300,000	-	-	-	8,300,000	0.0%	-	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
P-CIER RDS ROADS	15,000,000	15,000,000	11,966,087	782,609	12,907,427	2,092,573	86.0%	-	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
UPGRADE GRAVEL ROADS WARDS VARIOUS	12,000,000	12,000,000	721,120	1,332,309	1,487,474	10,512,526	-	12.4%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
RECONSTRUCTION OLD SINK TOILETS PHASE 1	1,000,000	1,000,000	-	-	-	1,000,000	-	0.0%	INTERNALLY GENERATED FUNDS
LERATOPARK SEWER UPGRAD DOWNSTREAM INFRA	21,090,000	21,090,000	-	20,795,227	294,773	20,795,227	1.4%	1.4%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ - CARTERS GLEN SEWER PUMP STATION	19,948,000	19,948,000	-	538,915	-	19,948,000	-	0.0%	WSIG (WATER SERVICES INFRASTRUCTURE GRANT)
DSITRBUTION-ACQ-WAT METER REPLACEME	2,000,000	2,000,000	-	1,903	-	2,000,000	-	0.0%	INTERNALLY GENERATED FUNDS
ELEVATED WATER TANKS DISTRIBUTION	1,000,000	1,000,000	-	-	-	1,000,000	-	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
WATER PIPES REFURB PROG VARIOUS WARDS	10,000,000	10,000,000	-	-	-	10,000,000	-	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
HV SUB ACQ-CARTGLEN TRANSF/GALASH SUBS	7,000,000	7,000,000	-	-	1,773,415	5,226,585	-	25.3%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
STREET LIGHTS REPLACE 125W MV with 36W L	3,000,000	3,000,000	-	-	237,713	2,762,287	7.9%	7.9%	EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)
INSTALL VSD'S AT NEWTON RESEVIOR	1,000,000	1,000,000	-	-	-	1,000,000	0.0%	0.0%	EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)
NW ACQ - ELE CTR LERATO PARK	33,000,000	33,000,000	942,467	29,841,370	942,467	32,057,533	2.9%	2.9%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
CAPITAL SPARES-ACQ-PREPAID METERS	2,000,000	2,000,000	-	18,149	-	2,000,000	-	0.0%	INTERNALLY GENERATED FUNDS
<b>TOTAL</b>	<b>190,043,000</b>	<b>190,043,000</b>	<b>13,629,674</b>	<b>54,588,959</b>	<b>17,643,270</b>	<b>172,399,730</b>	<b>9.3%</b>	<b>9.3%</b>	

Table 22: Detailed capital expenditure report

Description	Original Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original Budget
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	40,000,000	942,467	2,715,883	29,841,370	6.8%
INTERNALLY GENERATED FUNDS	55,705,000	-	-	1,298,530	0.0%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	70,390,000	12,687,207	14,689,674	22,910,144	20.9%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	19,948,000	-	-	538,915	0.0%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	-	237,713	-	5.9%
<b>Grand Total</b>	<b>190,043,000</b>	<b>13,629,674</b>	<b>17,643,270</b>	<b>54,588,959</b>	<b>9.3%</b>

Table 23: Summary of capital expenditure per funding source

Indicated in Table 23 above, is a summary of the capital expenditure per funding source compared to the Original budget. Overall spending on grants is extremely slow. The expenditure on IUDG (20.9%), INEP (6.8%), WSIG (0%) and EEDSM (5.9%). Spending on Internally generated funds is also 0% spent. Implementation of projects normally delayed due to the finalization of procurement processes. Payment certificates are settled once work is completed. Capex for the first quarter is normally slow for this reason, in that commencement procurement processes is not aligned to the budget approval and not advertised timeously.

## 12. Other supporting documents

There is no additional information or supporting documentation for September 2022. All Audited outcomes are based on pre-audited figures for the year ended 30 June 2022

## 13. Conclusion

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

### Communication

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

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

## 14. Annexures

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

### NC091 Sol Plaatje - Table C1 Monthly Budget Statement Summary - M03 September

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	599,898	627,646	627,646	46,212	219,642	156,911	62,730	40%	627,646
Service charges	1,145,790	1,373,211	1,373,211	86,180	287,921	343,303	(55,382)	-16%	1,373,211
Investment revenue	3,124	6,000	6,000	437	(47)	1,500	(1,547)	-103%	6,000
Transfers and subsidies	235,986	258,117	258,117	660	93,931	64,529	29,402	46%	258,117
Other own revenue	196,605	222,235	222,235	21,378	61,347	55,559	5,789	10%	222,235
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,181,403</b>	<b>2,487,209</b>	<b>2,487,209</b>	<b>154,867</b>	<b>662,794</b>	<b>621,802</b>	<b>40,992</b>	<b>7%</b>	<b>2,487,209</b>
Employee costs	773,189	849,403	849,403	63,665	186,141	212,352	(26,211)	-12%	849,403
Remuneration of Councillors	30,737	34,547	34,547	1,567	7,876	8,637	(760)	-9%	34,547
Depreciation & asset impairment	69,999	81,050	81,050	-	-	20,263	(20,263)	-100%	81,050
Finance charges	72,909	38,960	38,960	7,670	12,931	9,740	3,191	33%	38,960
Inventory consumed and bulk purchases	877,205	918,627	918,627	119,718	239,607	229,657	9,949	4%	918,627
Transfers and subsidies	2,546	4,460	4,460	-	-	1,115	(1,115)	-100%	4,460
Other expenditure	488,485	538,080	538,080	35,120	61,448	134,521	(73,073)	-54%	538,080
<b>Total Expenditure</b>	<b>2,315,070</b>	<b>2,465,128</b>	<b>2,465,128</b>	<b>227,740</b>	<b>508,003</b>	<b>616,284</b>	<b>(108,282)</b>	<b>-18%</b>	<b>2,465,128</b>
<b>Surplus/(Deficit)</b>	<b>(133,667)</b>	<b>22,081</b>	<b>22,081</b>	<b>(72,873)</b>	<b>154,791</b>	<b>5,518</b>	<b>149,274</b>	<b>2705%</b>	<b>22,081</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	109,267	134,338	134,338	13,630	17,643	33,584	###	-47%	134,338
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	91,250	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>66,851</b>	<b>156,419</b>	<b>156,419</b>	<b>(59,243)</b>	<b>172,435</b>	<b>39,102</b>	<b>133,332</b>	<b>341%</b>	<b>156,419</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>66,851</b>	<b>156,419</b>	<b>156,419</b>	<b>(59,243)</b>	<b>172,435</b>	<b>39,102</b>	<b>133,332</b>	<b>341%</b>	<b>156,419</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>127,081</b>	<b>190,043</b>	<b>190,043</b>	<b>13,630</b>	<b>17,643</b>	<b>47,511</b>	<b>(29,867)</b>	<b>-63%</b>	<b>190,043</b>
Capital transfers recognised	112,818	134,338	134,338	13,630	17,643	33,585	(15,941)	-47%	134,338
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	14,263	55,705	55,705	-	-	13,926	(13,926)	-100%	55,705
<b>Total sources of capital funds</b>	<b>127,081</b>	<b>190,043</b>	<b>190,043</b>	<b>13,630</b>	<b>17,643</b>	<b>47,511</b>	<b>(29,867)</b>	<b>-63%</b>	<b>190,043</b>
<b>Financial position</b>									
Total current assets	2,395,153	2,701,046	2,701,046	-	2,481,828	-	-	-	2,701,046
Total non current assets	2,246,066	2,052,265	2,052,265	-	2,263,710	-	-	-	2,052,265
Total current liabilities	1,249,479	1,050,980	1,050,980	-	1,181,362	-	-	-	1,050,980
Total non current liabilities	433,147	408,150	408,150	-	433,147	-	-	-	408,150
Community wealth/Equity	2,958,594	3,294,182	3,294,182	-	3,127,810	-	-	-	3,294,182
<b>Cash flows</b>									
Net cash from (used) operating	(583,944)	106,800	106,800	(180,683)	128,060	26,700	(101,360)	-380%	106,800
Net cash from (used) investing	(127,081)	(154,327)	(190,043)	(13,630)	(17,643)	(38,582)	(20,938)	54%	(154,327)
Net cash from (used) financing	-	(9,390)	(9,390)	-	-	(2,347)	(2,347)	100%	(9,390)
<b>Cash/cash equivalents at the month/year end</b>	<b>(668,018)</b>	<b>116,006</b>	<b>80,289</b>	<b>-</b>	<b>333,557</b>	<b>158,693</b>	<b>(174,864)</b>	<b>-110%</b>	<b>166,223</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	251,441	149,026	66,606	2,607,684	-	-	-	-	3,074,758
<b>Creditors Age Analysis</b>									
Total Creditors	113,913	17,499	119,146	113,932	57,826	51,835	406,187	30,869	911,207

NC091 Sol Plaatje - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M03 September

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		1,102,703	1,126,167	1,126,167	71,644	358,638	281,542	77,096	27%	1,126,167
Executive and council		484,799	470,256	470,256	21,961	131,516	117,564	13,952	12%	470,256
Finance and administration		617,905	655,911	655,911	49,683	227,122	163,978	63,144	39%	655,911
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		28,981	26,474	26,474	1,767	4,697	6,618	(1,921)	-29%	26,474
Community and social services		11,158	11,348	11,348	302	785	2,837	(2,052)	-72%	11,348
Sport and recreation		1,889	1,905	1,905	326	612	476	136	28%	1,905
Public safety		720	340	340	9	50	85	(35)	-41%	340
Housing		12,192	12,801	12,801	1,121	3,230	3,200	30	1%	12,801
Health		3,023	80	80	9	21	20	1	3%	80
<b>Economic and environmental services</b>		27,535	16,015	16,015	704	4,690	4,004	686	17%	16,015
Planning and development		15,823	5,525	5,525	323	3,696	1,381	2,315	168%	5,525
Road transport		11,712	10,490	10,490	381	994	2,622	(1,629)	-62%	10,490
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		1,212,755	1,444,171	1,444,171	93,551	309,471	361,043	(51,572)	-14%	1,444,171
Energy sources		742,533	935,854	935,854	51,099	184,243	233,963	(49,721)	-21%	935,854
Water management		307,596	345,167	345,167	26,781	78,282	86,292	(8,010)	-9%	345,167
Waste water management		93,896	92,200	92,200	8,991	26,916	23,050	3,867	17%	92,200
Waste management		68,729	70,950	70,950	6,681	20,030	17,738	2,292	13%	70,950
<b>Other</b>	4	9,946	8,720	8,720	830	2,941	2,180	761	35%	8,720
<b>Total Revenue - Functional</b>	2	2,381,920	2,621,547	2,621,547	168,497	680,437	655,387	25,051	4%	2,621,547
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		616,891	712,851	712,851	37,457	114,897	178,214	(63,317)	-36%	712,851
Executive and council		374,547	428,654	428,654	16,307	50,643	107,164	(56,520)	-53%	428,654
Finance and administration		235,566	277,659	277,659	20,757	63,076	69,416	(6,339)	-9%	277,659
Internal audit		6,778	6,538	6,538	393	1,177	1,635	(458)	-28%	6,538
<b>Community and public safety</b>		176,753	181,961	181,961	14,615	43,771	45,491	(1,719)	-4%	181,961
Community and social services		42,959	43,119	43,119	3,885	11,103	10,780	323	3%	43,119
Sport and recreation		53,032	53,283	53,283	4,420	13,339	13,321	18	0%	53,283
Public safety		42,229	43,948	43,948	3,186	9,681	10,987	(1,306)	-12%	43,948
Housing		19,874	22,768	22,768	1,551	4,860	5,692	(832)	-15%	22,768
Health		18,659	18,842	18,842	1,573	4,788	4,711	78	2%	18,842
<b>Economic and environmental services</b>		124,730	141,936	141,936	14,771	34,969	35,484	(515)	-1%	141,936
Planning and development		39,084	47,872	47,872	3,563	10,241	11,968	(1,728)	-14%	47,872
Road transport		84,946	93,326	93,326	11,142	24,528	23,332	1,196	5%	93,326
Environmental protection		700	737	737	66	200	184	16	9%	737
<b>Trading services</b>		1,373,647	1,402,477	1,402,477	159,109	308,863	350,620	(41,757)	-12%	1,402,477
Energy sources		882,510	915,683	915,683	109,004	216,625	228,921	(12,296)	-5%	915,683
Water management		326,816	322,469	322,469	39,693	59,657	80,617	(20,960)	-26%	322,469
Waste water management		92,343	93,375	93,375	5,188	17,430	23,344	(5,914)	-25%	93,375
Waste management		71,978	70,950	70,950	5,225	15,151	17,738	(2,587)	-15%	70,950
<b>Other</b>		23,049	25,903	25,903	1,788	5,503	6,476	(973)	-15%	25,903
<b>Total Expenditure - Functional</b>	3	2,315,070	2,465,128	2,465,128	227,740	508,003	616,284	(108,282)	-18%	2,465,128
<b>Surplus/ (Deficit) for the year</b>		66,851	156,419	156,419	(59,243)	172,435	39,102	133,332	341%	156,419

**NC091 Sol Plaatje - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September**

Vote Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		484,799	470,256	470,256	21,961	131,516	117,564	13,952	11.9%	470,256
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		6,869	6,873	6,873	5	232	1,718	(1,486)	-86.5%	6,873
Vote 05 - Community Services		105,016	101,913	101,913	8,461	25,158	25,478	(320)	-1.3%	101,913
Vote 06 - Financial Services		610,429	648,238	648,238	49,630	226,765	162,059	64,706	39.9%	648,238
Vote 07 - Strategy Econ Development And Planning		17,626	7,945	7,945	381	3,847	1,986	1,861	93.7%	7,945
Vote 08 - Infrastructure And Services		1,157,181	1,386,322	1,386,322	88,059	292,919	346,580	(53,662)	-15.5%	1,386,322
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>2,381,920</b>	<b>2,621,547</b>	<b>2,621,547</b>	<b>168,497</b>	<b>680,437</b>	<b>655,387</b>	<b>25,051</b>	<b>3.8%</b>	<b>2,621,547</b>
<b>Expenditure by Vote</b>	1									
Vote 01 - Executive & Council		53,270	58,915	58,915	3,836	15,059	14,729	330	2.2%	58,915
Vote 02 - Municipal And General		310,300	357,885	357,885	11,580	33,152	89,471	(56,319)	-62.9%	357,885
Vote 03 - Municipal Manager		20,679	23,528	23,528	1,645	4,630	5,882	(1,253)	-21.3%	23,528
Vote 04 - Corporate Services		64,274	74,419	74,419	5,686	16,987	18,605	(1,618)	-8.7%	74,419
Vote 05 - Community Services		286,713	297,675	297,675	23,963	70,003	74,419	(4,416)	-5.9%	297,675
Vote 06 - Financial Services		126,129	157,404	157,404	11,139	34,683	39,351	(4,668)	-11.9%	157,404
Vote 07 - Strategy Econ Development And Planning		54,596	61,468	61,468	4,881	13,855	15,367	(1,512)	-9.8%	61,468
Vote 08 - Infrastructure And Services		1,399,107	1,433,833	1,433,833	165,010	319,634	358,459	(38,825)	-10.8%	1,433,833
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>2,315,070</b>	<b>2,465,128</b>	<b>2,465,128</b>	<b>227,740</b>	<b>508,003</b>	<b>616,284</b>	<b>(108,282)</b>	<b>-17.6%</b>	<b>2,465,128</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>66,851</b>	<b>156,419</b>	<b>156,419</b>	<b>(59,243)</b>	<b>172,435</b>	<b>39,102</b>	<b>133,332</b>	<b>341.0%</b>	<b>156,419</b>

**NC091 Sol Plaatje - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September**

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		599,898	627,646	627,646	46,212	219,642	156,911	62,730	40%	627,646
Service charges - electricity revenue		728,847	919,854	919,854	49,771	180,188	229,963	(49,776)	-22%	919,854
Service charges - water revenue		272,919	310,717	310,717	22,910	67,045	77,679	(10,635)	-14%	310,717
Service charges - sanitation revenue		83,392	81,700	81,700	7,762	23,377	20,425	2,952	14%	81,700
Service charges - refuse revenue		60,632	60,940	60,940	5,737	17,312	15,235	2,076	14%	60,940
Rental of facilities and equipment		16,755	13,010	13,010	2,125	6,421	3,252	3,168	97%	13,010
Interest earned - external investments		3,124	6,000	6,000	437	(47)	1,500	(1,547)	-103%	6,000
Interest earned - outstanding debtors		131,160	156,500	156,500	14,366	41,219	39,125	2,094	5%	156,500
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		13,943	27,730	27,730	2,553	4,257	6,932	(2,676)	-39%	27,730
Licences and permits		8,532	6,850	6,850	801	2,857	1,712	1,145	67%	6,850
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		235,986	258,117	258,117	660	93,931	64,529	29,402	46%	258,117
Other revenue		14,517	18,145	18,145	1,304	6,364	4,536	1,827	40%	18,145
Gains		11,698	-	-	230	230	-	230	#DIV/0!	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>2,181,403</b>	<b>2,487,209</b>	<b>2,487,209</b>	<b>154,867</b>	<b>662,794</b>	<b>621,802</b>	<b>40,992</b>	<b>7%</b>	<b>2,487,209</b>
<b>Expenditure By Type</b>										
Employee related costs		773,189	849,403	849,403	63,665	186,141	212,352	(26,211)	-12%	849,403
Remuneration of councillors		30,737	34,547	34,547	1,567	7,876	8,637	(760)	-9%	34,547
Debt impairment		267,518	297,000	297,000	2	3	74,250	(74,247)	-100%	297,000
Depreciation & asset impairment		69,999	81,050	81,050	-	-	20,263	(20,263)	-100%	81,050
Finance charges		72,909	38,960	38,960	7,670	12,931	9,740	3,191	33%	38,960
Bulk purchases - electricity		639,689	682,000	682,000	88,447	176,571	170,500	6,071	4%	682,000
Inventory consumed		237,516	236,627	236,627	31,271	63,036	59,157	3,879	7%	236,627
Contracted services		38,163	46,437	46,437	6,001	7,083	11,609	(4,526)	-39%	46,437
Transfers and subsidies		2,546	4,460	4,460	-	-	1,115	(1,115)	-100%	4,460
Other expenditure		110,364	134,643	134,643	15,621	40,866	33,662	7,204	21%	134,643
Losses		72,440	60,000	60,000	13,496	13,496	15,000	(1,504)	-10%	60,000
<b>Total Expenditure</b>		<b>2,315,070</b>	<b>2,465,128</b>	<b>2,465,128</b>	<b>227,740</b>	<b>508,003</b>	<b>616,284</b>	<b>(108,282)</b>	<b>-18%</b>	<b>2,465,128</b>
<b>Surplus/(Deficit)</b>		<b>(133,667)</b>	<b>22,081</b>	<b>22,081</b>	<b>(72,873)</b>	<b>154,791</b>	<b>5,518</b>	<b>149,274</b>	<b>0</b>	<b>22,081</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		109,267	134,338	134,338	13,630	17,643	33,584	(15,941)	(0)	134,338
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		14,400	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		76,850	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>66,851</b>	<b>156,419</b>	<b>156,419</b>	<b>(59,243)</b>	<b>172,435</b>	<b>39,102</b>			<b>156,419</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>		<b>66,851</b>	<b>156,419</b>	<b>156,419</b>	<b>(59,243)</b>	<b>172,435</b>	<b>39,102</b>			<b>156,419</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>		<b>66,851</b>	<b>156,419</b>	<b>156,419</b>	<b>(59,243)</b>	<b>172,435</b>	<b>39,102</b>			<b>156,419</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>		<b>66,851</b>	<b>156,419</b>	<b>156,419</b>	<b>(59,243)</b>	<b>172,435</b>	<b>39,102</b>			<b>156,419</b>

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03  
September

Vote 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>Multi-Year expenditure appropriation</b>	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		7,197	40,405	40,405	-	-	10,101	(10,101)	-100%	40,405
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	-	-	-	-	-	-	-
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Strategy Econ Development And Planning		18,239	8,300	8,300	-	-	2,075	(2,075)	-100%	8,300
Vote 08 - Infrastructure And Services		88,488	79,038	79,038	12,687	14,690	19,760	(5,070)	-26%	79,038
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	<b>113,924</b>	<b>127,743</b>	<b>127,743</b>	<b>12,687</b>	<b>14,690</b>	<b>31,936</b>	<b>(17,246)</b>	<b>-54%</b>	<b>127,743</b>
<b>Single Year expenditure appropriation</b>	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		4,041	13,300	13,300	-	-	3,325	(3,325)	-100%	13,300
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	-	-	-	-	-	-	-
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Strategy Econ Development And Planning		-	-	-	-	-	-	-	-	-
Vote 08 - Infrastructure And Services		9,116	49,000	49,000	942	2,954	12,250	(9,296)	-76%	49,000
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	<b>13,157</b>	<b>62,300</b>	<b>62,300</b>	<b>942</b>	<b>2,954</b>	<b>15,575</b>	<b>(12,621)</b>	<b>-81%</b>	<b>62,300</b>
<b>Total Capital Expenditure</b>		<b>127,081</b>	<b>190,043</b>	<b>190,043</b>	<b>13,630</b>	<b>17,643</b>	<b>47,511</b>	<b>(29,867)</b>	<b>-63%</b>	<b>190,043</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>11,238</b>	<b>53,705</b>	<b>53,705</b>	<b>-</b>	<b>-</b>	<b>13,426</b>	<b>(13,426)</b>	<b>-100%</b>	<b>53,705</b>
Executive and council		11,238	53,705	53,705	-	-	13,426	(13,426)	-100%	53,705
Finance and administration		-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>52,457</b>	<b>35,300</b>	<b>35,300</b>	<b>12,687</b>	<b>14,395</b>	<b>8,825</b>	<b>5,570</b>	<b>63%</b>	<b>35,300</b>
Planning and development		18,239	8,300	8,300	-	-	2,075	(2,075)	-100%	8,300
Road transport		34,218	27,000	27,000	12,687	14,395	6,750	7,645	113%	27,000
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>63,386</b>	<b>101,038</b>	<b>101,038</b>	<b>942</b>	<b>3,248</b>	<b>25,260</b>	<b>(22,011)</b>	<b>-87%</b>	<b>101,038</b>
Energy sources		34,548	46,000	46,000	942	2,954	11,500	(8,546)	-74%	46,000
Water management		624	13,000	13,000	-	-	3,250	(3,250)	-100%	13,000
Waste water management		28,214	42,038	42,038	-	295	10,510	(10,215)	-97%	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>190,043</b>	<b>13,630</b>	<b>17,643</b>	<b>47,511</b>	<b>(29,867)</b>	<b>-63%</b>	<b>190,043</b>
<b>Funded by:</b>										
National Government		95,428	134,338	134,338	13,630	17,643	33,585	(15,941)	-47%	134,338
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		3,500	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		13,891	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		<b>112,818</b>	<b>134,338</b>	<b>134,338</b>	<b>13,630</b>	<b>17,643</b>	<b>33,585</b>	<b>(15,941)</b>	<b>-47%</b>	<b>134,338</b>
<b>Borrowing</b>	6	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>14,263</b>	<b>55,705</b>	<b>55,705</b>	<b>-</b>	<b>-</b>	<b>13,926</b>	<b>(13,926)</b>	<b>-100%</b>	<b>55,705</b>
<b>Total Capital Funding</b>		<b>127,081</b>	<b>190,043</b>	<b>190,043</b>	<b>13,630</b>	<b>17,643</b>	<b>47,511</b>	<b>(29,867)</b>	<b>-63%</b>	<b>190,043</b>

**NC091 Sol Plaatje - Table C6 Monthly Budget Statement - Financial Position - M03 September**

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)	(1,939)	109,965	(1,939)
Call investment deposits		–	–	–	–	–
Consumer debtors		1,989,170	2,244,736	2,244,736	2,149,238	2,244,736
Other debtors		158,939	418,926	418,926	168,261	418,926
Current portion of long-term receivables		–	–	–	–	–
Inventory		49,454	39,322	39,322	54,363	39,322
<b>Total current assets</b>		<b>2,395,153</b>	<b>2,701,046</b>	<b>2,701,046</b>	<b>2,481,828</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	209,106	208,312
Investments in Associate						
Property, plant and equipment		2,003,442	1,795,402	1,795,402	2,021,086	1,795,402
Biological						
Intangible		21,447	2,908	2,908	21,447	2,908
Other non-current assets		12,071	9,926	9,926	12,071	9,926
<b>Total non current assets</b>		<b>2,246,066</b>	<b>2,052,265</b>	<b>2,052,265</b>	<b>2,263,710</b>	<b>2,052,265</b>
<b>TOTAL ASSETS</b>		<b>4,641,220</b>	<b>4,753,311</b>	<b>4,753,311</b>	<b>4,745,537</b>	<b>4,753,311</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		43,176	49,224	49,224	44,057	49,224
Trade and other payables		1,206,303	907,727	907,727	1,137,305	907,727
Provisions		–	94,029	94,029	–	94,029
<b>Total current liabilities</b>		<b>1,249,479</b>	<b>1,050,980</b>	<b>1,050,980</b>	<b>1,181,362</b>	<b>1,050,980</b>
<b>Non current liabilities</b>						
Borrowing		171,517	148,630	148,630	171,517	148,630
Provisions		261,630	259,520	259,520	261,630	259,520
<b>Total non current liabilities</b>		<b>433,147</b>	<b>408,150</b>	<b>408,150</b>	<b>433,147</b>	<b>408,150</b>
<b>TOTAL LIABILITIES</b>		<b>1,682,626</b>	<b>1,459,129</b>	<b>1,459,129</b>	<b>1,614,509</b>	<b>1,459,129</b>
<b>NET ASSETS</b>	2	<b>2,958,594</b>	<b>3,294,182</b>	<b>3,294,182</b>	<b>3,131,028</b>	<b>3,294,182</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		2,868,467	3,213,305	3,213,305	3,037,683	3,213,305
Reserves		90,127	80,876	80,876	90,127	80,876
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>2,958,594</b>	<b>3,294,182</b>	<b>3,294,182</b>	<b>3,127,810</b>	<b>3,294,182</b>

NC091 Sol Plaatje - Table C7 Monthly Budget Statement - Cash Flow - M03 September

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	533,499	27,845	119,307	133,375	(14,068)	-11%	533,499
Service charges		1,140,533	1,093,079	1,093,079	73,194	249,723	273,270	(23,547)	-9%	1,093,079
Other revenue		294,227	403,395	403,395	26,515	186,490	100,849	85,641	85%	403,395
Transfers and Subsidies - Operational		31,741	18,959	18,959	1,700	4,700	4,740	(40)	-1%	18,959
Transfers and Subsidies - Capital		100,630	134,338	134,338	-	31,556	33,584	(2,028)	-6%	134,338
Interest		-	6,000	6,000	-	-	1,500	(1,500)	-100%	6,000
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		(2,588,917)	(2,039,050)	(2,039,050)	(309,937)	(463,716)	(509,763)	(46,047)	9%	(2,039,050)
Finance charges		(1,039)	(38,960)	(38,960)	-	-	(9,740)	(9,740)	100%	(38,960)
Transfers and Grants		-	(4,460)	(4,460)	-	-	(1,115)	(1,115)	100%	(4,460)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(583,944)</b>	<b>106,800</b>	<b>106,800</b>	<b>(180,683)</b>	<b>128,060</b>	<b>26,700</b>	<b>(101,360)</b>	<b>-380%</b>	<b>106,800</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	35,716	-	-	-	8,929	(8,929)	-100%	35,716
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets		(127,081)	(190,043)	(190,043)	(13,630)	(17,643)	(47,511)	(29,867)	63%	(190,043)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(127,081)</b>	<b>(154,327)</b>	<b>(190,043)</b>	<b>(13,630)</b>	<b>(17,643)</b>	<b>(38,582)</b>	<b>(20,938)</b>	<b>54%</b>	<b>(154,327)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowing		-	(9,390)	(9,390)	-	-	(2,347)	(2,347)	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>(2,347)</b>	<b>(2,347)</b>	<b>100%</b>	<b>(9,390)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(711,025)</b>	<b>(56,917)</b>	<b>(92,633)</b>	<b>(194,313)</b>	<b>110,417</b>	<b>(14,229)</b>			<b>(56,917)</b>
Cash/cash equivalents at beginning:		43,007	172,922	172,922	(113,175)	223,140	172,922			223,140
Cash/cash equivalents at month/year end:		(668,018)	116,006	80,289		333,557	158,693			166,223

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

## 15. Municipal Manager's quality certification

### Quality Certificate

I, BS Matlala, the Municipal Manager of Sol Plaatje Local Municipality, hereby certify that  
(mark as appropriate)

the Monthly Budget Statement

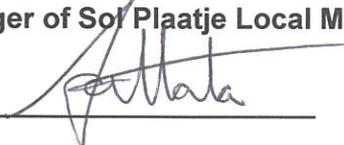
Quarterly Report on the implementation of the budget and financial state affairs  
of the municipality

Mid-year Budget and Performance Assessment

For the month of **September 2022** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

**Print name: Mr. BS Matlala**

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

**Signature:** 

**Date:** 12/10/2022