



MONTHLY BUDGET STATEMENT – JANUARY 2023

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

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Due date: 14 February 2023

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List of Abbreviations and Acronyms used in the MBS

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

PART 1: IN-YEAR REPORT

TO: THE EXECUTIVE MAYOR

DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): SECTION 71: IN-YEAR MONTHLY BUDGET STATEMENT FOR THE PERIOD ENDING 31 JANUARY 2023

1. Purpose

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

The municipality realises, the critical importance of having a minimum 3 months cash coverage which is a sound directive and required norm from National Treasury. This has been the focus of the municipality for the past few months to ensure that Sol Plaatje Municipality recovers fully to ensure its sustainability and financial viability.

The municipality's main goal is to remain positive and committed in stabilising the municipality, improving its cash position and improving on service delivery. The municipality is facing serious challenges pertaining to the debt owed to Eskom and the Department of Water and Sanitation. The municipality is in the process to finalise debt agreements with both institutions. The municipality had insufficient cash to settle the current accounts for November of both institutions in full. This does not bode well for the vulnerable position that the municipality is facing but we are committed to maintain an amicable relationship with these critical major creditors. And as a show of good faith, the municipality paid R22 million to ESKOM and R17.1 million to DWS in respect of available cash for operations for the month of January 2023.

Currently, the total debtors book is standing at R3,243,662 billion and the municipality is urging government, businesses and households to meet their obligation to the municipality or make payment arrangements with the municipality. In light of this, the municipality has been disconnecting non-paying customers commencing from 8 August 2022 which included government and then moving onto businesses and households. The municipality managed to collect R178,873 million for August 2022 since the inception of the collection drive. However the cash collection has been declining from September 2022 and this does not bode well for the municipality's financial position. *There needs to a major paradigm shift in the payment culture across all debtor groups. This can be achieved when the Credit Control and Debt Collection Policy is strictly, consistently and fairly applied to all customer groups.*

Tough decisions have to be taken to have a meaningful impact and produce positive results. This action is long overdue, especially in light of the municipality's financial crisis and major threat to its financial viability and sustainability. The municipality also envisage to implement our Revenue Collection Action Plan ("**RCA Plan**"), prioritizing the collection of overdue Municipal debt from all our Customer Groups that are in arrears and *are able* to pay their accounts, but are unwilling to make payment or make a payment arrangement.

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

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

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

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

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

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

2. Background

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

Further, Section 71 of the MFMA requires that, "the accounting officer of a municipality must by no later than **10 working days** after the end of each month submit to the Mayor of the municipality, and the relevant national and provincial treasury, a statement in the prescribed format on the state of the municipality's budget reflecting certain particulars for that month and for the financial year up to the end of that month." For the reporting period ending **31 January 2023**, the ten working day reporting limit expires on **14 February 2023**. As per MFMA Budget Circular No. 94 "from 2019/20 onwards, municipalities will no longer be required to continue with the use of the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. The National Treasury will use only the *mSCOA* data strings required for submission as prescribed and all publications will use the data collected from the *mSCOA* data strings" which must be submitted before or on **14 February 2023**, (ten working day limit).

3. Executive summary

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

Summary Statement of Financial Performance: YTD Budget					
Description R thousand (R'000)	YTD Budget January 2023	YTD Actual January 2023	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	1,450,872	1,441,258	(9,613)	99.3%	-0.7%
Total Revenue (including capital transfers and contributions)	1,529,235	1,473,143	(56,092)	96.3%	-3.7%
Total Operational Expenditure	1,437,997	1,359,599	(78,397)	94.5%	-5.5%

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

As indicated in Table 1 above, as at 31 January 2023, the billed revenue excluding capital grants amounted to R1,441,258 billion which resulted in a favourable variance of minus 0.7% when compared to the YTD Budget of R1,450,872 million. The billed revenue including capital grants resulted in a satisfactory variance of minus 3.7% when compared to the YTD budget of R1,519,235 million. Capital grants are recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant have been met. The Total Operational Expenditure resulted in a satisfactory variance of minus 5.5%.

Summary Statement of Financial Performance: Original Budget					
Description R thousand	Original Budget	YTD Actual January 2023	Variance Favourable (Unfavourable)	% YTD Actual vs Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 58.33%
Total Revenue (excluding capital transfers and contributions)	2,487,209	1,441,258	1,233,991	57.9%	-0.39%
Total Revenue (including capital transfers and contributions)	2,621,547	1,473,143	1,254,681	56.2%	-2.14%
Total Operational Expenditure	2,465,128	1,359,599	1,154,172	55.2%	-3.18%

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 58.33% [calculated as follow: (100/12 months x 7 months of the year)] as at the end of January 2023, the Total operational revenue excluding capital grants versus the Original Budget resulted in a satisfactory variance of minus 0.39%. The Total operational revenue including capital grants versus the Original Budget resulted in a satisfactory variance of minus 2.14%. The Total Operational Expenditure resulted in a satisfactory variance of minus 3.18%.

Please note that certain Revenue by source and Expenditure by type categories are showing excessive negative and/or positive variances. This is due to fact that the YTD budgets were all systematically determined on a straight-line basis by dividing the total budget per category per line item by 12. The capital projections were also done in the same fashion. Please note that variances within a 5 to 10 percent range, as prescribed by National Treasury are acceptable and need not necessarily be explained.

4.1 Operating Revenue by Source

Revenue by Source	Original Budget	Monthly actual	YearTD actual	YearTD budget	Achieved YTD Budget	YTD variance	YTD variance	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 58.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Property rates	627,646	46,296	404,282	366,127	110.4%	38,156	10.4%	64.4%	38,156	6.1%
Service charges - electricity revenue	919,854	62,001	435,609	536,581	81.2%	(100,973)	-18.8%	47.4%	(100,973)	-11.0%
Service charges - water revenue	310,717	24,165	168,697	181,252	93.1%	(12,554)	-6.9%	54.3%	(12,554)	-4.0%
Service charges - sanitation revenue	81,700	7,838	54,573	47,658	114.5%	6,914	14.5%	66.8%	6,914	8.5%
Service charges - refuse revenue	60,940	5,775	40,312	35,549	113.4%	4,764	13.4%	66.2%	4,764	7.8%
Rental of facilities and equipment	13,010	2,145	14,970	7,589	197.2%	7,380	97.2%	115.1%	7,380	56.7%
Interest earned - external investments	6,000	385	1,256	3,500	35.9%	(2,244)	-64.1%	20.9%	(2,244)	-37.4%
Interest earned - outstanding debtors	156,500	17,495	106,950	91,292	117.2%	15,659	17.2%	68.3%	15,659	10.0%
Fines, penalties and forfeits	27,730	1,379	22,899	16,176	141.6%	6,723	41.6%	82.6%	6,723	24.2%
Licences and permits	6,850	49	5,468	3,996	136.8%	1,472	36.8%	79.8%	1,472	21.5%
Agency services	-	-	-	-						
Transfers and subsidies	258,117	72,324	169,944	150,568	112.9%	19,376	12.9%	65.8%	19,376	7.5%
Other revenue	18,145	1,982	13,430	10,584	126.9%	2,846	26.9%	74.0%	2,846	15.7%
Gains on disposal of PPE	-	-	2,868	-		2,868			2,868	
Total Revenue (excluding capital transfers and contributions)	2,487,209	241,832	1,441,258	1,450,872	99.3%	(9,613)	-0.7%	57.9%	(9,613)	-0.4%
Transfers and subsidies - capital	134,338	1,282	31,885	78,364	40.7%	(46,479)	-59.3%	23.7%	(46,479)	-34.6%
Total Revenue (including capital transfers and contributions)	2,621,547	243,114	1,473,143	1,529,235	96.3%	(56,092)	-3.7%	56.2%	(56,092)	-2.1%

Table 3: Table C4 Financial Performance (Revenue)

Comparison against the YTD Budget

- ❖ Property Rates is showing a positive YTD variance of 10.4%, due to the annual billing on Property Rates for predominantly Organs of State and businesses.
- ❖ Service charges - Electricity revenue is showing a serious under-recovery of 18.8%. A query was sent to the Billing section for the December 2022 reporting, regarding the lower than anticipated billing on conventional metering which includes Large Power Users. The response provided was that this was as a result of interim reversals and correction of errors. It is imperative that the Billing section does a proper investigation to ensure that all properties are billed accurately. The same applies to all other Service charges where the Original budget comparison is not satisfactory. Service charges Sanitation and Refuse is showing an over-recovery as a result of the YTD billing being higher than anticipated.
Another factor that is negatively influencing Electricity and Water sales is the fact that Council approved a lower tariff increase for Electricity 4.50% instead of 8.61% and for Water 4.00% instead of 5.68% as per the budget. These revenue sources will be adjusted downwards during the Adjustment budget.
- ❖ Rental of facilities and equipment is showing a positive variance of 97.2% as a result of the rental of the Lerato Park flats which was not budgeted for, as the municipality was busy with the finalisation of the asset transfer from COGHSTA. This will be corrected during the Adjustment Budget.
- ❖ Interest earned – External investments shows a negative variance of minus 64.1%, 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.
- ❖ Interest on Outstanding debtors is showing a positive variance of 17.2% due to the increase in specifically debt over 90 days and the recent consecutive interest rate hikes.

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

- ❖ Fines, penalties and forfeits is showing a positive variance of 41.6% as a result of the actuals achieved on Penalties: Disconnection fees is satisfactory at 119.64% against an annual target of R17,500 million, due to the disconnection drive of the municipality.
- ❖ Licences and permits is showing a positive variance of 36.8%, however there are possible outstanding payments due to the Department of Transport, Safety and Liaison. Road & Trsp: Motor Vehicle Licenses, showing an actual achieved of 97.98% against an annual target of R3,950 million.
- ❖ Transfers and subsidies is showing a positive variance of 12.9% as a result of the receipt of the second tranche of the Equitable Share.
- ❖ Other Revenue is higher than anticipated as a result of improved receipts on Building plan approvals with a 130.96% achievement versus a target of R4,700 million with the YTD actual amounting to R6.155 million.
- ❖ Capital grants is showing a negative variance of 59.3%, 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 58.33%, the majority of revenue sources are performing satisfactorily.

- ❖ Property rates is performing satisfactorily and showing a satisfactory variance of 6.1%, due to the annual billing of Property Rates.
- ❖ Service charges is performing satisfactorily when compared to the Original budget, with the exception of Electricity sales is which is showing a negative variance of minus 11%. Same factors are applicable as described in the paragraph above.
- ❖ Rental of facilities and equipment is showing a positive variance of 56.7%. Same factors are applicable as described in the paragraph above.
- ❖ Interest from External Investments is showing an unsatisfactory variance of minus 37.4%. Same factors are applicable as described in the paragraph above.
- ❖ Interest on Outstanding debtors is showing a positive variance of 10.0% due to the increase in specifically debt over 90 days and the recent consecutive interest rate hikes.
- ❖ Fines, penalties and forfeits is showing a positive variance of minus 24.2%. Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits is showing a positive variance of 21.5%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies is satisfactory with a variance of 7.5%. Same factors are applicable as described in the paragraph above.
- ❖ Other Revenue is showing a positive variance of 15.7%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers – recognised capital is showing a negative variance of minus 34.6%. Same factors are applicable as described in the paragraph above.

Indicated in Chart 1 below is the weighting of the YTD Actual on billed Revenue per Source as a percentage of total operational revenue as at 31 January 2023. The main contributors of the municipality's revenue are Service Charges (48.5%), Property Rates (28.1%) and Transfers and subsidies (11.8%). The weighting is distorted due to the annual billing on Property Rates and the allocation of the second tranche of the Equitable Share.

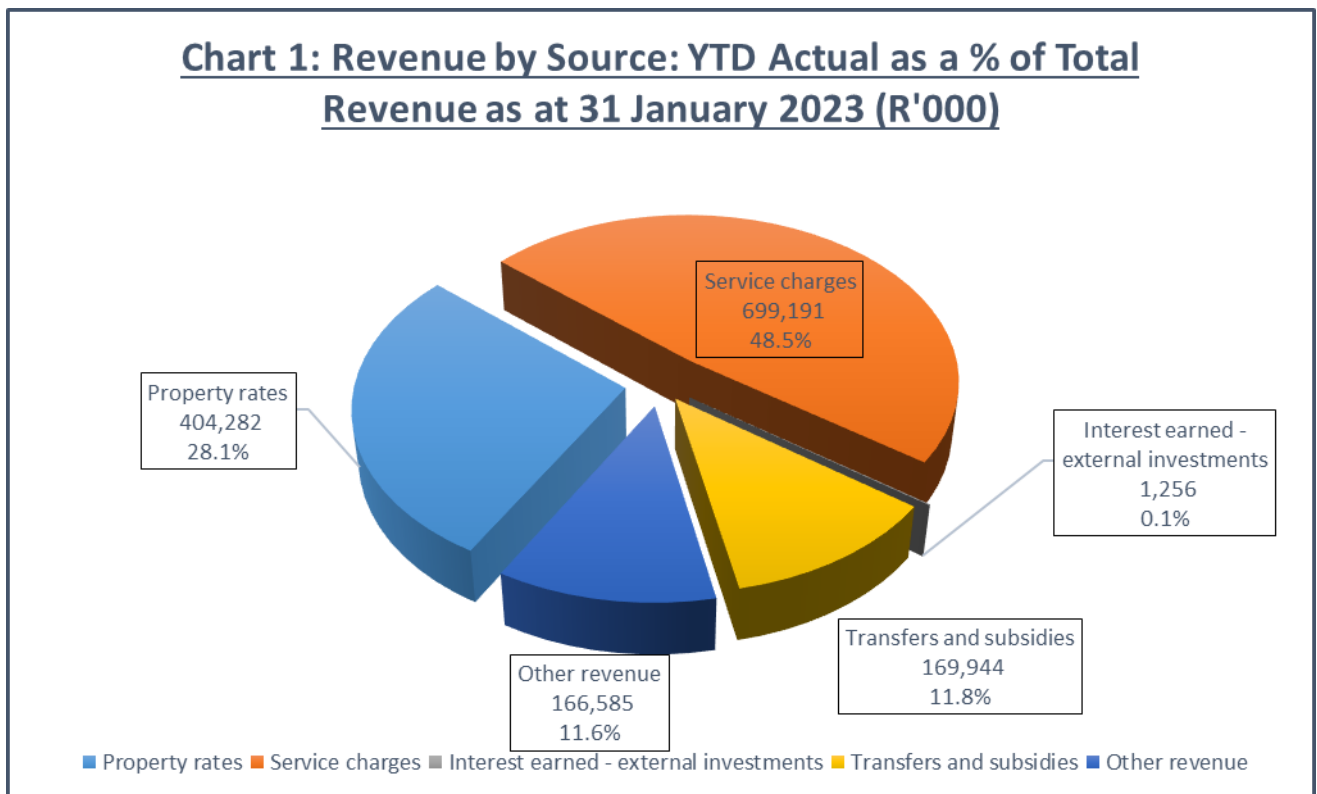


Chart 1: Revenue by Source: YTD Actual as a percentage of Total Revenue

4.2 Operating Expenditure by Type

Expenditure By Type	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 58.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Employee related costs	849,403	63,742	458,932	495,487	92.6%	(36,556)	-7.4%	54.0%	(36,554)	-4.3%
Remuneration of councillors	34,547	2,663	18,426	20,153	91.4%	(1,727)	-8.6%	53.3%	(1,726)	-5.0%
Debt impairment	297,000	-	148,504	173,250	85.7%	(24,746)	-14.3%	50.0%	(24,746)	-8.3%
Depreciation & asset impairment	81,050	-	-	47,279	0.0%	(47,279)	-100.0%	0.0%	(47,279)	-58.3%
Finance charges	38,960	-	23,820	22,727	104.8%	1,094	4.8%	61.1%	1,094	2.8%
Bulk purchases - electricity	682,000	178,646	385,683	397,833	96.9%	(12,150)	-3.1%	56.6%	(12,150)	-1.8%
Inventory consumed	236,627	29,459	179,202	138,040	129.8%	41,162	29.8%	75.7%	41,169	17.4%
Contracted services	46,437	270	9,939	27,088	36.7%	(17,149)	-63.3%	21.4%	(17,149)	-36.9%
Transfers and subsidies	4,460	28	2,474	2,602	95.1%	(128)	-4.9%	55.5%	(128)	-2.9%
Other expenditure	134,643	11,744	93,828	78,537	119.5%	15,290	19.5%	69.7%	15,286	11.4%
Losses	60,000	11,758	38,792	35,000	110.8%	3,792	10.8%	64.7%	3,792	6.3%
Total Expenditure	2,465,128	298,310	1,359,599	1,437,997	94.5%	(78,397)	-5.5%	55.2%	(78,392)	-3.2%

Table 4: Table C4 Financial Performance (Expenditure)

Comparison against YTD Budget

As indicated in the Table 4 above, as at 31 January 2023 current YTD expenditure shows a satisfactory variance of minus 3.2%. The YTD actual amounted to R1,359,599 million against the YTD Budget of R1,437,997 million.

- ❖ Employee related costs shows a satisfactory variance of minus 7.4%. Post-retirement benefit obligations are not factored in and will only be finalised as part of year-end procedures.
- ❖ Remuneration of councillors is showing a negative variance of minus 8.6%. The gazette on the Determination of Upper limits of salaries, allowances and benefits of different members of municipal councils will be issued later in the current financial year.
- ❖ Debt impairment will be provided for on a quarterly basis. The journal for the third quarter will be processed before end of March 2023.
- ❖ Depreciation was projected for on a straight-line basis but will only be provided for, as part of year-end procedures. Herewith the response from the Asset Management Unit, why Depreciation cannot be recognised at least quarterly "The Asset Management System currently do not interface with the Financial System and this make it difficult, to post the transactions for depreciation monthly or quarterly. We currently have to pass journals in the financial system to recognise depreciation in the general ledger. This is due to the fact that the systems do not interface. Once journals are passed for depreciation and changes needs to be done for depreciation due to asset processes like disposals or impairment recognition, we will have to pass new journals for the correction of depreciation. The Asset Management System can currently interface with the Financial System but requires authorization from the service provider of the Financial System. Asset Management is one of the core functions that will be dealt with by the re-established mSCOA Steering Committee."
- ❖ Finance charges is showing a negative variance of 4.8%. Interest on External borrowing is paid bi-annually and the first instalment for the current financial year was settled on 19 December 2022. The budgeted R12,000 million on Interest on overdue accounts for the ESKOM bulk account is fully spent, whilst the YTD actual interest charged amounts to R46,197 million. Interest on overdue accounts will be adjusted upwards during the Adjustment budget. Corrections on the actuals pertaining to Interest paid on overdue accounts will be journalised on the system. All Interest paid on overdue accounts must be recognized as Fruitless and Wasteful expenditure in the Annual Financial Statements.
- ❖ Bulk purchases – Electricity is showing a satisfactory variance of minus 3.1%.
- ❖ Expenditure on Contracted services is lower than anticipated, pertaining to Prepaid Electricity Vendors which is 19.47% spent versus a budget of R29,500 million. The September 2022 invoice is unpaid due to a contractual matter that needs to be resolved between the municipality and the

service provider. The January 2023 invoice was settled 2 February 2023. The municipality awarded the contract to the same prepaid vendor but the new award is based on a significantly lower commission which will result in major savings on this line item. For example the monthly average budgeted cost of R2,4 million reduced to an average of R450 thousand excluding VAT. The budget will be adjusted downwards during the Adjustment budget.

- ❖ Bulk purchases Water is treated in line with GRAP 12. The invoices are captured on the balance sheet under Water:Input Vol: Bulk Purchases and then journalized to the Income Statement and is simultaneously split between Water Inventory and Water losses. This journal for July to December 2022 was processed timeously, whilst the January 2023 actuals will be finalised during February 2023. It should be noted that the municipality is awaiting the February 2023 invoice from DWS.
- ❖ Transfers and subsidies show a satisfactory variance of minus 4.9%. Other grants show minimal movement due to cash flow constraints.
- ❖ Other expenditure is showing an unsatisfactory variance of 21.9% as a result of the following line items under Operational Cost (OC)
 - Cost incurred of R23,117 million on OC: Cash Discount which is currently reflecting as an expense with a zero budget, but this costs will be transferred and debited against Revenue at year-end because it is considered Revenue foregone. The prorata split is done manually per Revenue source excluding Electricity Revenue because the system cannot handle the automated split per Revenue source. This will be discussed again with our service provider.
 - OC: Ext Com Serv Prov - S/Ware Licences is also overspent as a result of annual software licence fees. This expense line items is 76.95% spent versus a preliminary adjustments budget of R5,419 million.
 - OC: Professional Bodies M/Ship & Subs is 95.04% spent as a result of the annual membership fees paid to SALGA amounting to R8,197 million.
 - OC: Uniform & Protective Clothing is 72.08% spent, attributable to a material increase in the cost of uniforms, whilst sections also required more uniform and protective clothing. This line item will be reviewed per section during the Adjustment budget, however with the current pressure on the Adjustment budget line managers will have to make use of savings.
 - OC: Audit Cost: External is 99.53% spent against a preliminary adjustments budget of R6,260 million. Savings and a subsequent virement was done on the system to effect payment of the January 2023 account.

The expenditure on Inventory consumed is showing a negative variance of 26.6%. Water, Roads and Sewerage maintenance budget is under severe strain. It has been reiterated monthly that expenditure on Inventory consumed needs to be monitored closely and remedial action be taken to ensure that funds are spent effectively with good value for money and also that funds will be fully spent at year-end. The major backlog and deterioration of infrastructure and high-level of crisis management is negatively influencing this expenditure line items and sound financial management of budgets is not adequately exercised. Deviations and re-directing of funds to manage crises is severely and rapidly depleting the R&M budget. Lack of maintenance plans and planned maintenance is impeding on the municipality's ability to maintain assets optimally. There are limited resources available with severe budgetary constraints with the current cash flow position putting major strain on the municipality's finances to actually address service delivery challenges. The municipality is obligated to ensure that tariffs are cost-reflective whilst ensuring that tariff increases are inflationary related as prescribed by NT annual MFMA Budget circulars. This is a major impediment for the municipality to increase the R&M to a desired level to actually address backlogs, whilst employee costs, provision for bad debts and other expenditure is putting further strain on the budgets each year.

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

Department	Original Budget	Prelim Adjustment Budget	Curr Mth Exp	YTD Movement	% Spent Original	% Spent Adj Budget	Comment
VOTE 1 - COUNCILLORS AND ADMIN	286,000	286,000	-	52,168	18%	18%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	118,000	117,000	-	33,852	29%	29%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	2,000	2,000	-	-	0%	0%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	166,000	167,000	-	18,317	11%	11%	UNDERSPENT
VOTE 2 - MUNICIPAL AND GENERAL	29,029,000	29,029,000	2,023,435	25,230,410	87%	87%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	670,000	520,000	22,112	389,525	58%	75%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	-	-	-	-			UNDERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	200,000	195,000	30,380	182,565	91%	94%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	-	5,000	-	980			UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	28,159,000	28,309,000	1,970,943	24,657,340	88%	87%	OVERSPENT
VOTE 3 - MUNICIPAL MANAGER	150,000	150,000	-	35,654	24%	24%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	122,000	128,000	-	35,654	29%	28%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	28,000	22,000	-	-	0%	0%	UNDERSPENT
VOTE 4 - CORPORATE SERVICES	2,665,730	2,680,730	172,742	1,081,883	41%	40%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	916,000	936,000	91,194	566,159	62%	60%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	250,000	250,000	17,520	112,905	45%	45%	UNDERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	340,730	345,730	55,253	281,220	83%	81%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	1,159,000	1,149,000	8,775	121,599	10%	11%	UNDERSPENT
VOTE 5 - COMMUNITY SERVICES	33,332,000	33,332,000	2,391,973	15,311,148	46%	46%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,003,900	996,900	64,889	434,430	43%	44%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	53,700	53,700	1,826	3,565	7%	7%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	194,000	194,000	6,610	142,488	73%	73%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	956,000	966,000	69,103	602,093	63%	62%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	6,100,000	6,117,000	1,123,638	5,274,966	86%	86%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	1,194,400	1,194,400	34,612	169,339	14%	14%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	23,830,000	23,810,000	1,091,296	8,684,266	36%	36%	UNDERSPENT
VOTE 6 - FINANCIAL SERVICES	2,487,000	2,487,000	192,890	1,471,316	59%	59%	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,295,000	1,270,000	91,676	612,480	47%	48%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	145,000	170,000	43,587	101,704	70%	60%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	165,000	165,000	15,634	108,217	66%	66%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	-	-	-	-			UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	882,000	882,000	41,994	648,916	74%	74%	OVERSPENT
VOTE 7 - STRATEGY & ECONOMIC DEVELOPMENT	6,517,000	6,517,000	414,672	3,320,697	51%	51%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	465,000	451,000	8,687	166,454	36%	37%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	73,000	74,000	3,492	41,466	57%	56%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	345,000	360,000	28,655	197,147	57%	55%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	8,000	8,000	437	5,789	72%	72%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	5,626,000	5,624,000	373,400	2,909,841	52%	52%	UNDERSPENT
VOTE 8 - INFRASTRUCTURE SERVICES	162,160,249	162,160,249	24,263,759	132,698,476	82%	82%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	836,000	826,000	63,295	207,849	25%	25%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	2,000	2,000	-	-	0%	0%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	9,180,000	9,180,000	988,183	7,955,044	87%	87%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	763,000	742,000	50,308	484,802	64%	65%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	5,850,000	5,718,000	881,653	4,997,736	85%	87%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	263,000	510,000	81,009	496,383	189%	97%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	85,266,249	85,182,249	9,703,040	79,116,870	93%	93%	OVERSPENT
2326600 (INVENTORY - WATER)	60,000,000	60,000,000	12,496,271	39,439,792	66%	66%	OVERSPENT
Grand Total	236,626,979	236,641,979	29,459,471	179,201,752	76%	76%	OVERSPENT

Table 4.1 R&M Expenditure per Directorate per inventory type

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

Service per inventory type	Original Budget	Prelim Adjustment Budget	Curr Mth Exp	YTD Movement	% Spent Original	% Spent Adj Budget	Comment
2480 - REFUSE	20,005,000	20,005,000	1,169,704	8,508,330	43%	43%	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	70,000	70,000	4,738	40,772	58%	58%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	205,000	205,000	467	118,940	58%	58%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	4,050,000	4,050,000	765,526	3,506,804	87%	87%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	1,000,000	1,000,000	-	5,911	1%	1%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	14,680,000	14,680,000	398,974	4,835,902	33%	33%	UNDERSPENT
2830 - ROADS	16,313,000	14,701,880	420,460	13,626,921	84%	93%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	53,000	53,000	14,070	39,719	75%	75%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	55,000	55,000	3,503	37,556	68%	68%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	16,205,000	14,593,880	402,887	13,549,646	84%	93%	OVERSPENT
2840 - HOUSING	1,531,000	1,531,000	230,697	1,119,506	73%	73%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	110,000	105,000	23,258	36,418	33%	35%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0%	0%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	140,000	119,000	8,880	105,552	75%	89%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	110,000	110,000	12,656	83,852	76%	76%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	1,000	1,000	-	-	0%	0%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	1,169,000	1,195,000	185,903	893,685	76%	75%	OVERSPENT
2850 - SEWERAGE	17,377,000	17,377,000	2,245,497	14,553,300	84%	84%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	57,000	57,000	516	5,702	10%	10%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	170,000	170,000	-	91,257	54%	54%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	245,000	245,000	28,224	205,439	84%	84%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	1,600,000	1,423,000	284,646	1,396,575	87%	98%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	100,000	277,000	38,156	275,763	276%	100%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	15,205,000	15,205,000	1,893,955	12,578,564	83%	83%	OVERSPENT
2860 - WATER	97,589,000	97,589,000	17,607,240	77,801,421	80%	80%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	105,000	100,000	2,047	19,942	19%	20%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	9,010,000	9,010,000	988,183	7,863,787	87%	87%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	110,000	110,000	5,419	66,996	61%	61%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	1,300,000	1,245,000	214,919	1,244,049	96%	100%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	162,000	232,000	42,853	220,620	136%	95%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	26,902,000	26,892,000	3,857,548	28,946,236	108%	108%	OVERSPENT
2326600 (INVENTORY - WATER)	60,000,000	60,000,000	12,496,271	39,439,792	66%	66%	OVERSPENT
2880 - ELECTRICITY	32,902,000	32,892,000	3,458,163	23,788,255	72%	72%	OVERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	290,000	290,000	19,417	84,397	29%	29%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0%	0%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	71,000	71,000	945	49,701	70%	70%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	32,540,000	32,530,000	3,437,801	23,654,157	73%	73%	OVERSPENT
Grand Total	185,717,000	184,095,880	25,131,762	139,397,733	75%	76%	OVERSPENT

Table 4.1 R&M Expenditure per Service per inventory type

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 January 2023 is 58.33%. The total operational expenditure against the Original Budget is 55.2% spent, resulting in a satisfactory variance of minus 3.2%.

- ❖ Employee costs and Councillors remuneration is satisfactory.
- ❖ Debt impairment will be provided for on a quarterly basis and the journal for the third quarter will be processed before end of March 2023.
- ❖ Depreciation will be provided for at year-end. Same factors are applicable as explained above.
- ❖ Finance charges is showing an satisfactory variance of 2.8%. Same factors are applicable as explained above.
- ❖ Bulk Electricity is showing a satisfactory variance of minus 1.8%. Same factors are applicable as explained above.
- ❖ Inventory consumed is showing an negative variance of 17.4%. Same factors are applicable as explained above
- ❖ Expenditure on Contracted services is lower than anticipated, same factors are applicable as explained above.
- ❖ Transfers and grants is satisfactory. The same factors are applicable as explained in the paragraph above.

- ❖ Other expenditure is showing an negative variance of 11.4%. Same factors are applicable as explained above
- ❖ Loss on disposal of PPE (Water losses), is satisfactory, journal for January 2023 will be processed in February 2023.

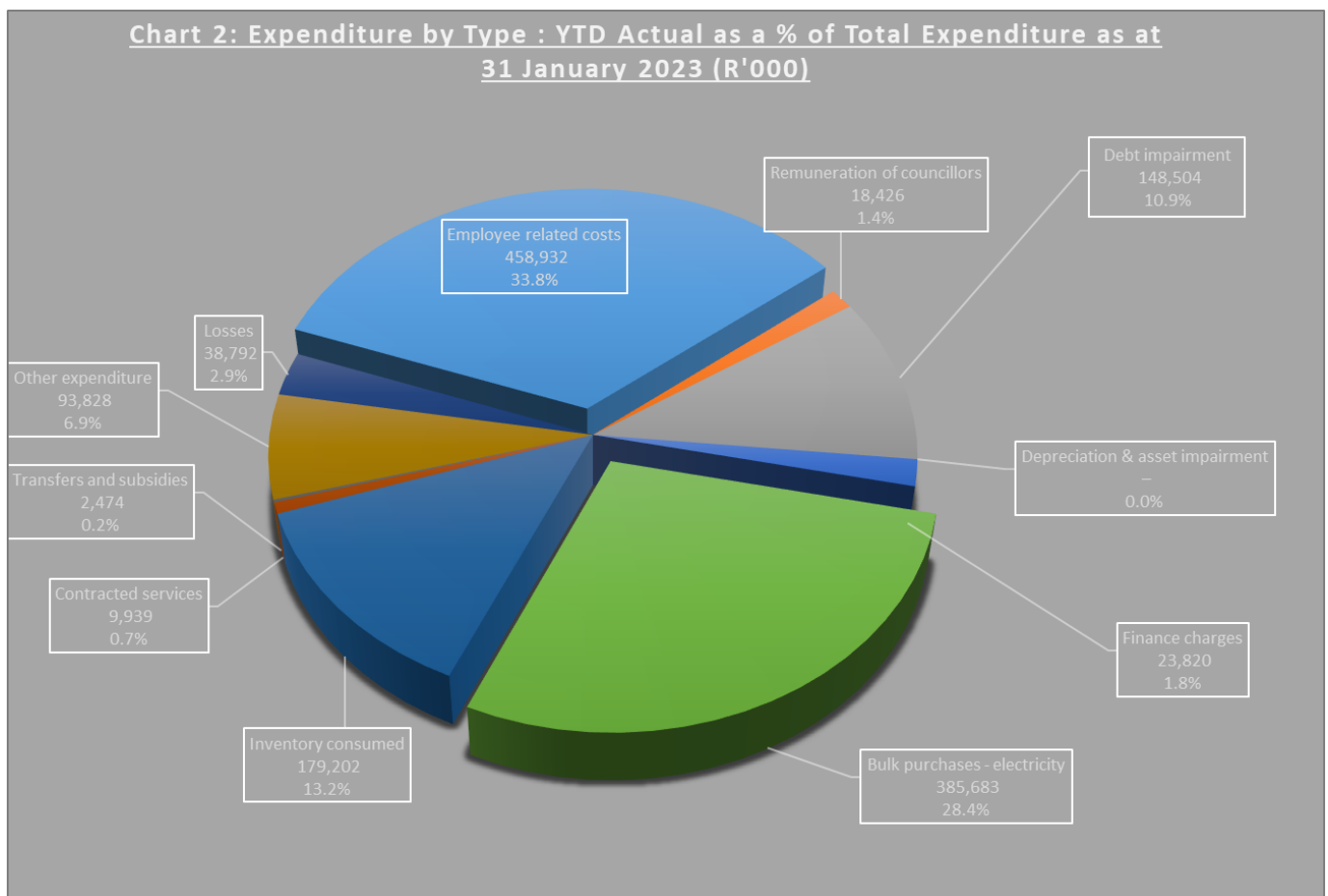


Chart 2: Expenditure by Type: YTD Actual as a percentage of Total Expenditure

Also indicated in Chart 2 above is the weighting of the YTD Actual on Expenditure by Type as a percentage of total operational expenditure as at 31 January 2023. The main cost drivers of the municipality are Employee Related Costs(33.8%), Debt Impairment(10.9%) and Bulk Purchases – Electricity(28.4%). It should be noted that these percentages are slightly distorted as a result of the following:

- ❖ The Post-retirement benefit obligations under Employee related costs will be finalized as part of the year-end procedures.
- ❖ Depreciation is not provided for and will only be finalized at year-end.
- ❖ Finance charges is paid bi-annually. Interest on overdue account needs to be corrected.

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 58.33% as at end of January 2023, Bulk Purchases Electricity is showing a satisfactory variance of minus 1.78%.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 58.33%
BULK PURCHASES: ELECTRICITY	682,000,000	178,646,283	385,683,129	56.55%	-1.78%
Total	682,000,000	178,646,283	385,683,129	56.55%	-1.78%

Table 5.1: Summary of YTD Bulk Electricity expenditure

- ❖ Indicated in Table 5.2 below, is the Water inventory and Water losses which is showing a satisfactory variance of 6.8% when compared to the ideal percentage of 58.33%. During the Adjustment budget for 2021/22 and advised by NT, Bulk purchases Water was split between Inventory Water and Water losses in the Statement of Financial Performance aligned to GRAP 12. A corrective journal was done for July to December 2022. A corrective journal will be passed during February 2023 for the actuals of January 2023.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 58.33%
INVENTORY - WATER	60,000,000	12,496,271	39,439,792	65.7%	7.4%
NON-REVENUE WATER LOSSES	60,000,000	11,758,271	38,701,792	64.5%	6.2%
Total	120,000,000	24,254,542	78,141,585	65.1%	6.8%

Table 5.2: Summary of YTD Bulk Water expenditure

Organ of state	Arrear debt of unpaid invoices	Current Account due (Jan 2023)	Total Outstanding Debt	YTD Interest charged 2022/23
ESKOM	704,898,949.42	59,491,314.63	764,390,264.05	46,197,260.15
DWS (Water boards)	136,749,699.11	18,105,536.24	154,855,235.35	-
Grand Total	841,648,648.53	77,596,850.87	919,245,499.40	46,197,260.15

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 R764,390 million. The debt for 2021/22 has not been settled in full. The municipality is in the process of concluding a payment arrangement for 2022/23 financial year. The current arrangement with ESKOM is that the municipality will at least settle the current account on a monthly basis, whilst the repayment proposal by the municipality must still be approved by ESKOM. The municipality did not have sufficient cash available to settle the November 2022 and December 2022 invoice in full but managed to settle partial payments of R20,000 and R22,000 million for December 2022 and January 2023, respectively. The total year to date interest charged on overdue accounts due to ESKOM amounts to R46,197 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 R154,855 million. There are still outstanding invoices for 2021/22 financial year. The municipality opted to partake in the Department's Debt Incentive Scheme which constitutes of the following conditions:

- Settling 10% of the arrear debt (municipality complied)
- Settling the current account each month (municipality complied since inception of Incentive scheme but defaulted for December 2022, the current account for December 2022 was settled in January 2023)
- Settling the monthly debt instalment (municipality complied)
- Repayment of debt over 12 months (municipality requested 24-month repayment period)

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

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	63,352,701.86	63,352,701.86	
Nov-22	59,086,722.23	59,086,722.23	
Dec-22	58,648,907.34	58,648,907.34	
Dec-22	59,491,314.63		59,491,314.63
Total ESKOM	764,390,264.05	704,898,949.42	59,491,314.63

Table 6.2: Summary of outstanding ESKOM debt

Indicated in Table 6.2 above, is the detailed breakdown of outstanding balances per invoice, amounting to R764,390 million pertaining to ESKOM debt. The outstanding balance is then split into the arrear debt (R704,899 million) and the current account (R59,491 million).

		Payment date	Sum of VOTE AMOUNT
		20210811	6,000,000.00
		20210818	6,000,000.00
		20210825	4,000,000.00
		20210827	2,165,402.07
		20210907	6,000,000.00
		20210915	6,000,000.00
		20210916	6,000,000.00
		20210920	6,000,000.00
		20211005	6,000,000.00
		20211012	6,000,000.00
		20211019	9,954,439.94
		20211108	10,000,000.00
		20211115	10,000,000.00
		20211208	30,000,000.00
		20220104	83,198.46
		20220118	29,903,304.08
		20220225	19,000,000.00
		20220316	20,000,000.00
		20220413	30,000,000.00
		20220512	20,000,000.00
		20220531	30,000,000.00
		20220713	53,019,940.09
		20220815	40,000,000.00
		20220824	39,537,674.82
		20220919	109,064,695.35
		20221028	58,357,071.08
		20221130	59,750,383.02
		20221230	20,000,000.00
		20230131	22,000,000.00
Payments per fin period	Sum of VOTE AMOUNT	Grand Total	664,836,108.91
202108	18,165,402.07		
202109	24,000,000.00		
202110	21,954,439.94		
202111	20,000,000.00		
202112	30,000,000.00		
202201	29,986,502.54		
202202	19,000,000.00		
202203	20,000,000.00		
202204	30,000,000.00		
202205	50,000,000.00		
202206	53,019,940.09		
202208	79,537,674.82		
202209	109,064,695.35		
202210	58,357,071.08		
202211	59,750,383.02		
202212	20,000,000.00		
202301	22,000,000.00		
Grand Total	664,836,108.91	Grand Total	664,836,108.91

Table 6.3: Summary of ESKOM payments

Indicated in Table 6.3 above, is the total amount paid to ESKOM per financial period and per payment date for the 2021/22 and 2022/23 financial year which amounted to R664,836 million. For the month of January 2023, the municipality could only settle R22,000 million on the debt and could not settle the current account for December 2022.

Month	Outstanding Balance	Arrear Debt	Current Acc
INTEREST CHARGES - APR TO JUN 2022	6,191,399.16	6,191,399.16	
AUG 2021 BULK ACCOUNT	15,074,754.70	15,074,754.70	
SEP 2021 BULK ACCOUNT	15,794,682.80	15,794,682.80	
OCT 2021 BULK ACCOUNT	15,275,086.61	15,275,086.61	
NOV 2021 BULK ACCOUNT	14,522,530.48	14,522,530.48	
DEC 2021 BULK ACCOUNT	11,107,773.22	11,107,773.22	
JAN 2022 BULK ACCOUNT	17,098,078.18	17,098,078.18	
FEB 2022 BULK ACCOUNT	16,436,776.66	16,436,776.66	
MAR 2022 BULK ACCOUNT	14,930,212.48	14,930,212.48	
NOV 2022 BULK ACCOUNT	10,318,404.82	10,318,404.82	
JAN 2023 BULK ACCOUNT	18,023,065.00		18,023,065.00
WRM LEVIES JAN 2023	82,471.24		82,471.24
Total DWS	154,855,235.35	136,749,699.11	18,105,536.24

Table 6.4: Summary of outstanding DWS debt

Indicated in Table 6.4 above, is the detailed breakdown of outstanding balances per invoice amounting to R153,869 million pertaining to debt owed to DWS. The outstanding balance is then split into the the arrear debt (R136,750 million) and the current account (R18,106 million). It should be noted that the total debt due to DWS must be concurred with the Department.

		Payment date	Sum of VOTE AMOUNT
		20210811	4,000,000.00
		20210817	2,000,000.00
		20210825	1,000,000.00
		20210831	589,628.61
		20210908	4,000,000.00
		20210915	2,000,000.00
		20210916	2,082,471.24
		20210920	2,000,000.00
		20211020	5,726,867.12
		20211022	82,471.24
		20211108	8,000,000.00
		20211116	8,732,805.33
		20211202	82,471.24
		20211230	82,471.24
		20220203	627,775.68
		20220225	164,942.48
		20220301	4,000,000.00
		20220311	1,937,789.26
		20220316	7,500,000.00
		20220413	6,645,945.63
		20220425	164,942.48
		20220601	4,173,087.07
		20220614	1,788,876.63
		20220714	82,471.24
		20220728	1,388,435.69
		20220802	863,336.64
		20220816	38,036,976.25
		20220901	82,471.24
		20220920	82,471.24
		20221021	82,471.24
		20221031	33,769,424.62
		20221111	82,471.24
		20221124	20,859,449.92
		20221229	7,835,604.54
		20230109	82,471.24
		20230124	16,953,859.72
		20230126	82,471.24
Payments per fin period	Sum of VOTE AMOUNT	Grand Total	187,666,931.31
202108	7,589,628.61		
202109	10,082,471.24		
202110	5,809,338.36		
202111	16,732,805.33		
202112	164,942.48		
202202	792,718.16		
202203	13,437,789.26		
202204	6,810,888.11		
202205	3,637,789.26		
202206	4,658,418.01		
202208	38,036,976.25		
202209	164,942.48		
202210	33,851,895.86		
202211	20,941,921.16		
202212	7,835,604.54		
202301	17,118,802.20		

Table 6.5: Summary of DWS payments

Indicated in Table 6.5 above, is the total amount paid to DWS per financial period and per payment date for the 2021/22 and 2022/23 financial year amounting to R187,667 million. For the month of January 2023, the municipality settled an amount of R17,119 million which included the current account of December 2022 and a partial payment on the November 2022 account of R6,000 million which forms part of the debt repayment instalment.

Monthly and YTD comparison of debt owed to Eskom and DWS

CHART 2.1: MONTHLY & YTD COMPARISON - BULK ELECTRICITY & WATER DEBT FROM JUN 2022 TO JAN 2023

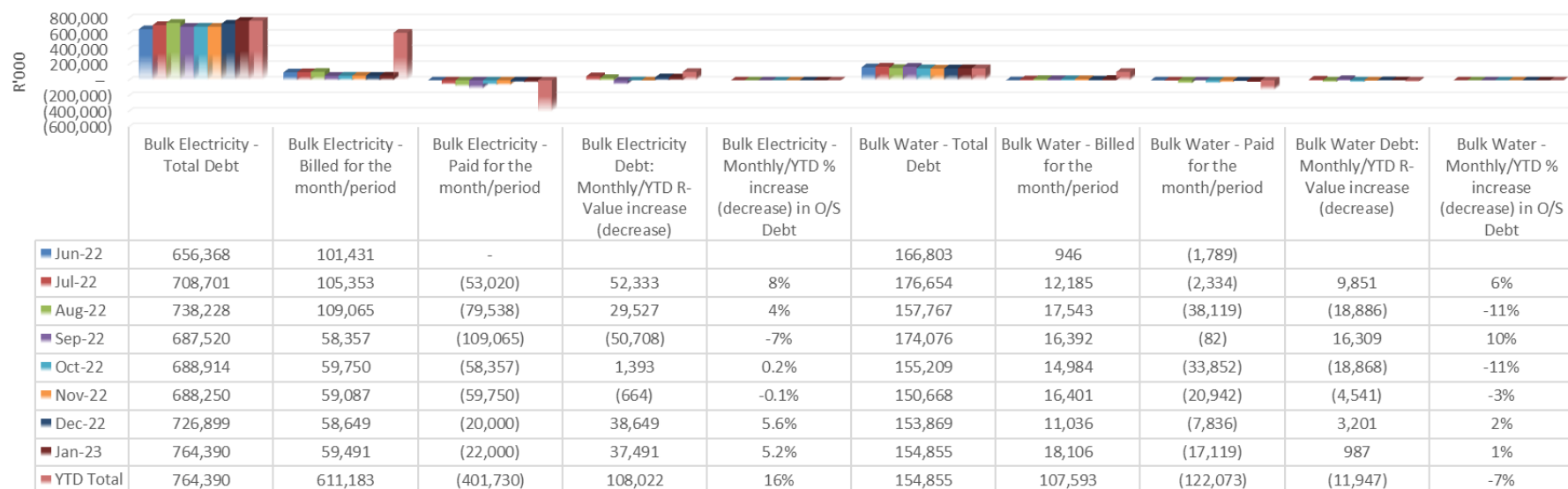


Chart 2.1: Monthly & YTD comparison - Bulk electricity & Water debt

Indicated in Chart 2.1, is the monthly and YTD comparison of Bulk electricity and Water debt. From December 2022 to January 2023, debt owed to ESKOM increased by R37,491 million or 5.2%, from R726,899 million to R764,390 million. When comparing the total outstanding debt to June 2022, the outstanding debt increased by R108,022 million or 16% from R656,368 million to R764,390 million. The total YTD billing from June to January 2023, amounts to R611,183 million, whilst the municipality settled an amount of R401,730 million for the same period.

From December 2022 to January 2023, debt owed to DWS increased by R987 thousand or 1%, from R153,869 million to R154,855 million. When comparing the total outstanding debt to June 2022, the outstanding debt decreased by R11,947 million or 7% from R166,803 million to R154,855 million. The total YTD billing from June to January 2023, amounts to R107,593 million, whilst the municipality settled an amount of R122,073 million for the same period.

4.3 Capital expenditure

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure - January 2023										
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 % - 58.33%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	190,043	8,320	46,315	110,858	41.8%	(64,544)	-58.2%	24.4%	(64,544)	-34.0%
Funded by										
Capital transfers recognised	134,338	3,139	34,164	78,364	43.6%	(44,200)	-56.4%	25.4%	(44,200)	-32.9%
Internally generated funds	55,705	5,180	12,151	32,495	37.4%	(20,343)	-62.6%	21.8%	(20,343)	-36.5%
Weighting Capital transfer recognised	70.7%	37.7%	73.8%	70.7%						
Weighting Internally generated funds	29.3%	62.3%	26.2%	29.3%						

Table 7: High level summary: Capital Expenditure

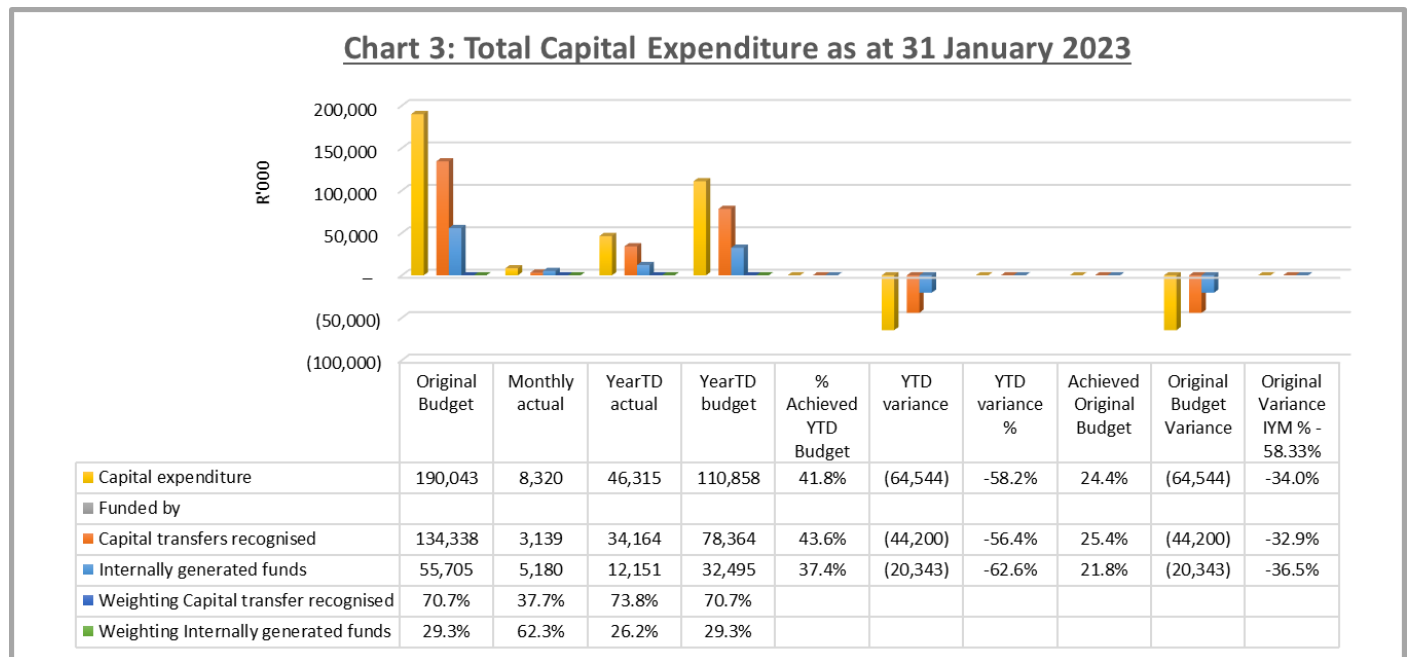


Chart 3: Total Capital expenditure

As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of January 2023 amounted to R46,315 million and 41.8% spent when compared to the YTD budget of R110,858 million and 24.4% spent when compared to the Original Budget of R190,043 million. The total YTD capex is funded from Capital grants R34,164 million (73.8%) and Internally generated funds R12,151 million (26.2%). Capex is extremely low and major intervention is required for the financial year. Planning of project managers also needs to improve going forward. One of the major challenges that the municipality is experiencing is in respect of tendering processes.

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

4.4 Cash flows

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

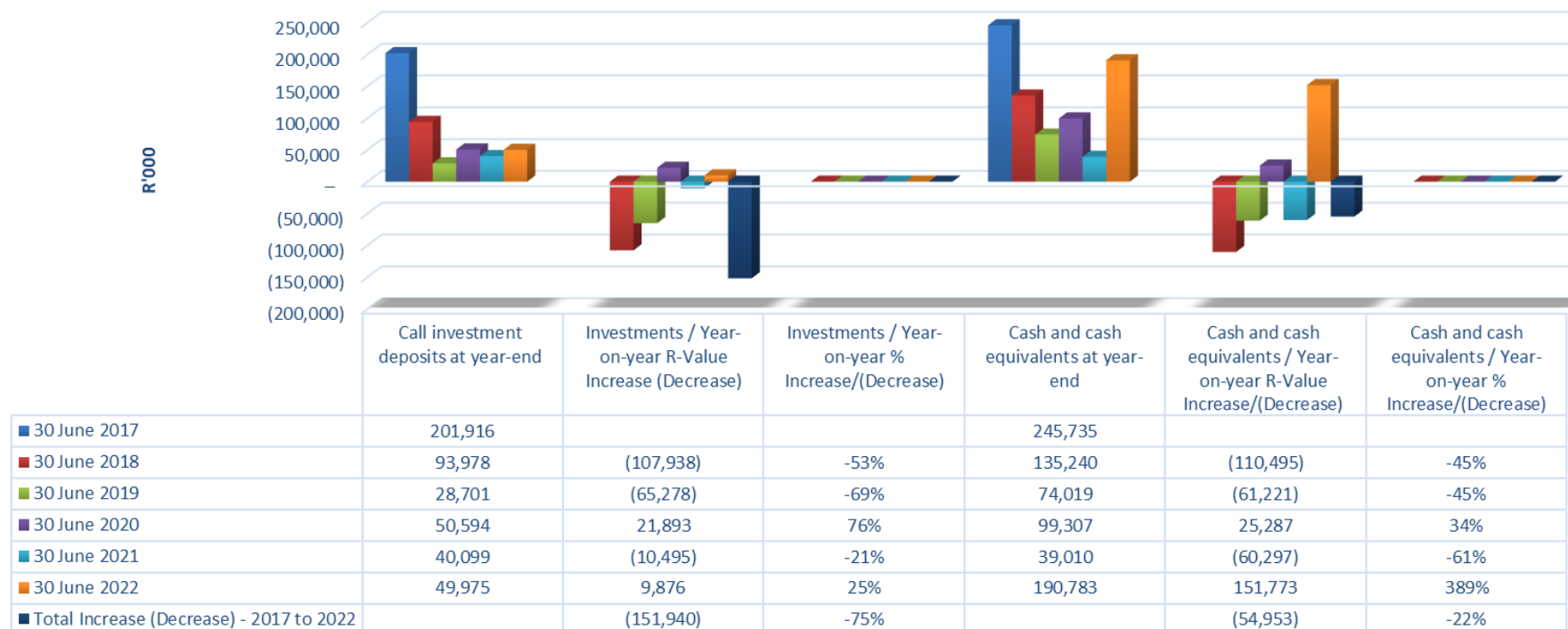


Chart 4: Call investment deposits and Cash & cash equivalents at year-end

Investments decreased by R107,938 million or 53% from 2017 to 2018. Investments decreased by R65,278 million or 69% from 2018 to 2019. Investments increased by R21,893 million or 76% from 2019 to 2020. Investments decreased by R10,495 million or 21% from 2020 to 2021. Investments increased by R9,876 million or 25% from 2021 to 2022. From 2017 to 2022, the total investments decreased by R151,940 million. The same trend can be seen year-on-year, as indicated in the chart above in respect of the Cash and cash equivalents. There has been a substantial increase in the Cash and Cash equivalents for the year ended 30 June 2022, due to portion of the Equitable Share that was held as reserve, to avert a crisis situation, where the municipality cannot pay salaries. This is attributable to various factors inter alia, the lower collection rate, increased capital expenditure, especially increase on CRR funding year-on-year, the non-implementation of the basic charge for the 2018/19 financial year, increase in bulk purchases, operational expenditure, including excessive expenditure on Overtime and EPWP, variation orders on contracts, excessive water and electricity losses. And the servicing of the long-term loan. The decline in investments and Cash & cash equivalents is concerning and must be addressed by management.

Chart 5: Call investment deposits incl interest for the period ending 31 January 2023

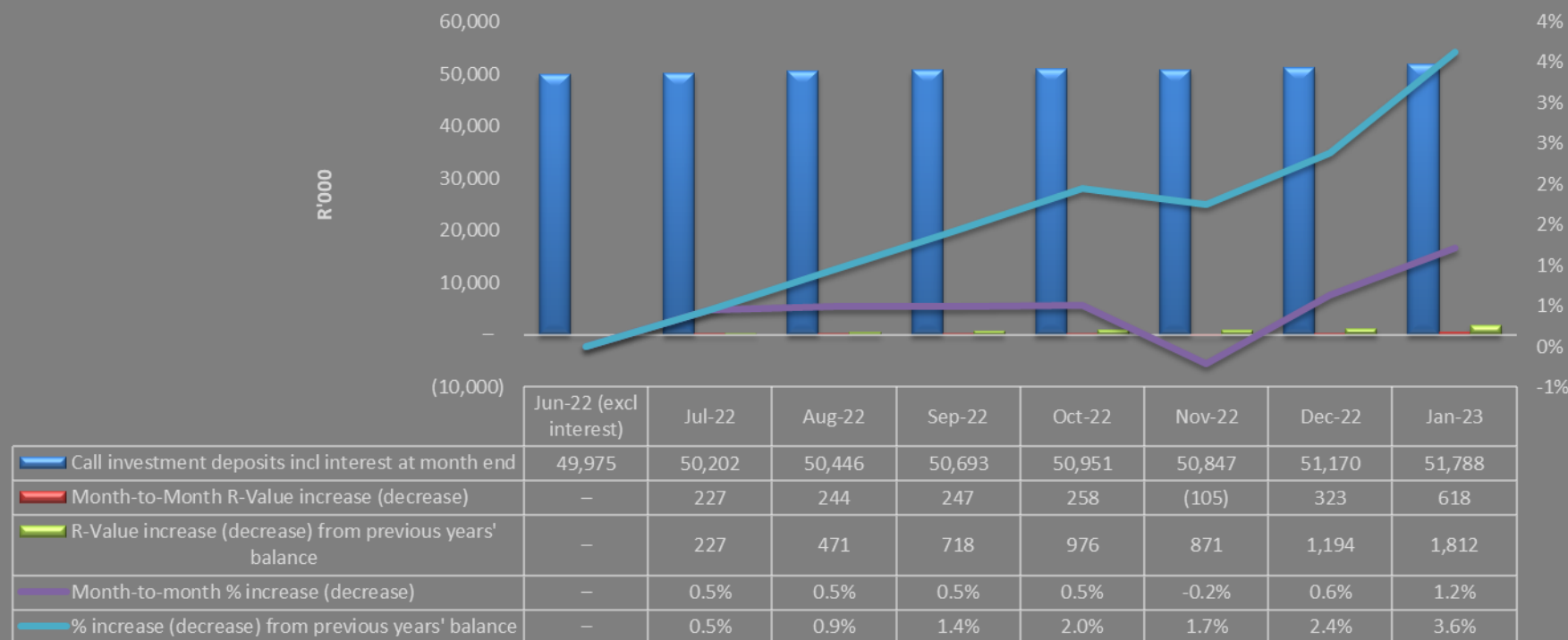


Chart 5: Call investment deposits at month-end

As indicated in the Chart 5 above from December 2022 to January 2023 investments incl interest increased by R618 thousand or 1.2%, in respect of the month-to-month comparison. Investments increased by R1,812 million or 3.6% when compared to the previous years' audited figure of R49,975 million. Various commitments must be met monthly including Salaries, Bulk Electricity, Bulk Water in the billing period and capital expenditure. The majority of staff receive their annual bonuses in December of each year. Bi-annual long-term loan repayments. The non-charging of the basic charge for the 2018/19 financial year for domestic consumers also had a negative impact on the income from Sale of Electricity and thus negatively affecting the municipality's cash flow. The movement on investments should be monitored going forward and a concerted effort should be done to collect current and long outstanding debt. Capital and Operational expenditure overall, also needs to be reviewed and prioritised.

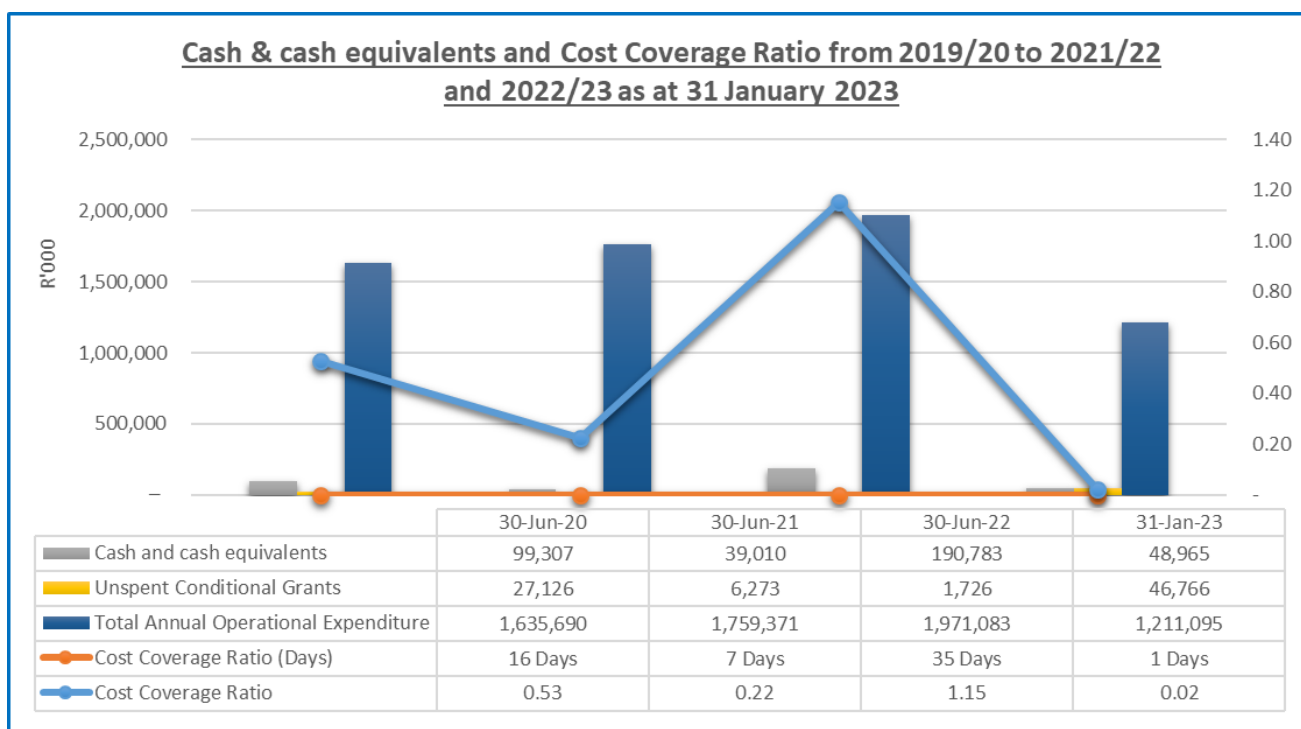


Chart 6: Cash & cash equivalents and Cost coverage ratio

Indicated in Chart 6 above, is the Cost coverage ratio and the Cash and cash equivalents for 2019/20 (0.53 or 16 days; R99,307m) and 2020/21 (0.22 or 7 days; R39,010m). There was a marginal improvement for 2021/22 (1.15 or 35 days; R190,783m), but this was as a result of increased Cash and cash equivalents, which was predominantly Equitable share funds that the municipality was saving to build up some kind of reserve. The Cost coverage ratio as at 31 January 2023 is 0.02 or 1 day, whilst the NT norm is 3 months. Cash at this stage is monitored on a daily basis. The Cost coverage ratio is a critical indicator that the municipality is in a severe cash flow crisis and not in the conducive position to settle short-term commitments. This is a critical threat to the municipality's ability to pay salaries, bulk accounts and day-to-day operations which can have a detrimental effect on service delivery and irrevocably damage the municipality's relationship with its service providers and further tarnishing the municipality's reputation. This is also evident by the escalation in debt owed to Eskom and DWS. The only way to address these issues, is to work as a collective team, enforce accountability within all departments and to collect outstanding debt and improve the collection rate. Therefore, the municipality must apply the Credit Control Policy diligently, consistently and fairly to ensure the credibility of the municipality. Generally, the payment culture of all consumers and stakeholders must improve. The municipality also needs to spend funds effectively and efficiently with good value for money. Cost containment measures must be stringently applied.

4. In-year budget statement tables

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

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

PART 2: SUPPORTING DOCUMENTATION

5. Debtors' Analysis

NC091 Sol Plaatje - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January

Description	NT Code	Budget Year 2022/23											
		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	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	30,876	17,858	16,965	17,300	14,338	15,246	80,170	470,633	663,386	597,687	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	42,793	14,426	12,391	10,001	11,859	11,803	44,156	145,231	292,660	223,049	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	35,240	16,415	14,101	12,722	11,967	11,540	139,313	616,902	858,201	792,445	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	7,838	5,410	4,979	4,777	4,586	4,458	23,795	149,804	205,648	187,420	–	–
Receivables from Exchange Transactions - Waste Management	1600	6,177	4,133	3,735	3,556	3,437	3,367	17,894	115,882	158,181	144,136	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	1,622	1,573	1,558	1,532	1,516	1,497	6,959	42,694	58,950	54,197	–	–
Interest on Arrear Debtor Accounts	1810	17,121	16,706	15,293	14,982	13,782	13,129	65,483	592,174	748,670	699,551	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									–	–		
Other	1900	4,471	6,164	14,521	8,560	4,577	7,669	17,484	194,520	257,966	232,810	–	–
Total By Income Source	2000	146,138	82,686	83,543	73,430	66,063	68,709	395,254	2,327,839	3,243,662	2,931,295	–	–
2021/22 - totals only										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	21,626	12,725	10,380	10,313	11,643	15,063	122,775	637,088	841,613	796,882	–	–
Commercial	2300	54,142	19,424	17,514	13,368	12,502	13,394	63,862	337,319	531,523	440,444	–	–
Households	2400	68,490	49,001	54,073	48,432	40,244	39,129	202,234	1,303,817	1,805,419	1,633,856	–	–
Other	2500	1,881	1,536	1,577	1,317	1,674	1,122	6,384	49,615	65,107	60,113	–	–
Total By Customer Group	2600	146,138	82,686	83,543	73,430	66,063	68,709	395,254	2,327,839	3,243,662	2,931,295	–	–

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 R3,243,662 billion as at the end of January 2023. The Credit control office implemented the following contingencies. In the light of current cash flow and very low cashier collection at points, disconnection and blocking of institutions, businesses and Government Departments without valid arrangements or not in discussions with the municipality, should be done with immediate effect. On 8 August 2022 and going forward defaulting debtors were disconnected, starting with government and businesses and then moving onto households.

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

Chart 7 below, depicts the month-on-month summary of Debt over 90 days as a percentage of total O/S Debt which remained constant at 90% for the month under review. Debt over 90 days increased by R55,151 million in respect of the month-to-month comparison. The month-to-month increase on Total debt amounted to R53,448 million. It is concerning that total debt over 90 days is hovering at an average of 85 percent. During the Adjustment Budget funding assessment for 2019/20, NT advised that the municipality should consider writing off debtors that we know we are not realistically going to collect. To this end, the amounts written off as uncollectable amounted to R403,262 million for the year ended 30 June 2020. For the year ended 30 June 2021, the amounts written off as uncollectable amounted to R330,209 million. For the year ended 30 June 2022, the amounts written off as uncollectable amounted to R35,270 million. The total amounts written off as uncollectable for the past three financial years amounts to R768,740 million.

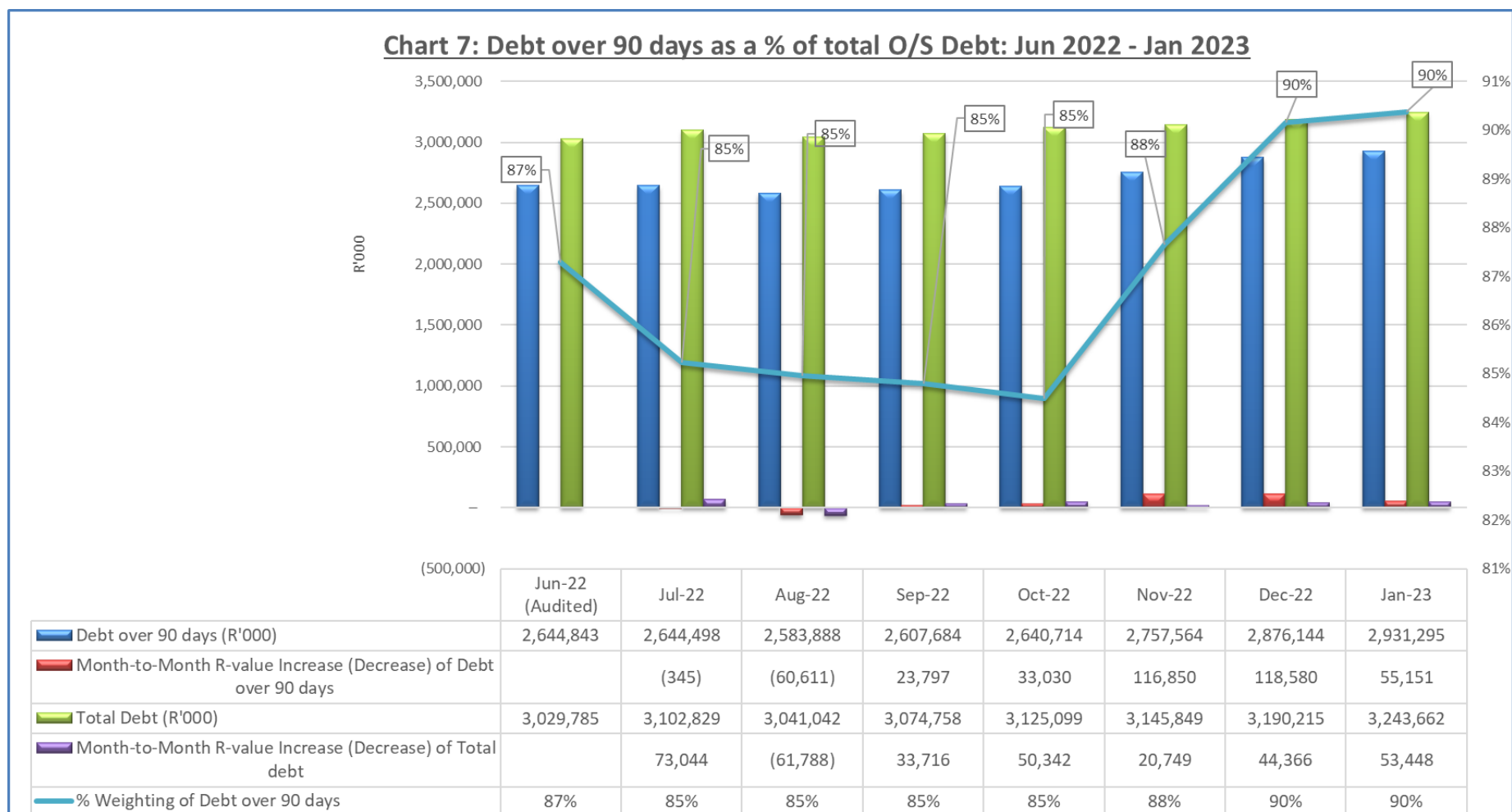


Chart 7: Debt over 90 days as a percentage of Total O/S Debt

Chart 8: Outstanding Debt by Income Source as at 31 January 2023

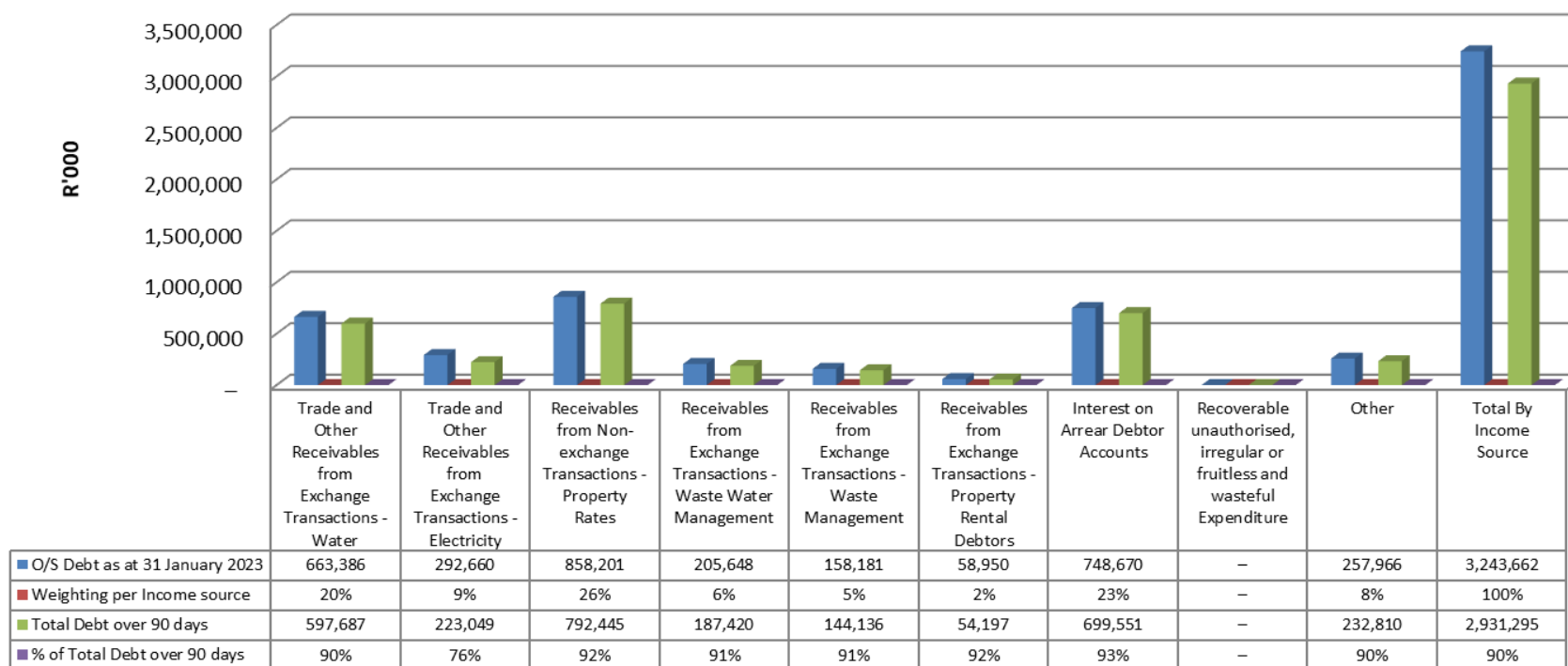


Chart 8: Outstanding Debt by Income Source

Indicated in Chart 8 above, is the total outstanding debt per Income Source, including the weighting and the percentage of Total Debt over 90 days as at the end of January 2023. The highest percentage weighting of debt owed is attributable to:

- ❖ Receivables from Non-exchange Transactions - Property Rates at 26%
- ❖ Interest on Arrear Debtor Accounts 23%, and
- ❖ Trade and Other Receivables from Exchange Transactions – Water at 20%

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

- ❖ Interest on Arrear Debtor Accounts and Other at 93%, respectively;
- ❖ Receivables from Exchange Transactions - Property Rental Debtors at 92%
- ❖ Receivables from Non-exchange Transactions - Property Rates at 92%

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

Debtors Age Analysis By Income Source	Item code	O/S Debt as at 31 December 2022	O/S Debt as at 31 January 2023	Percentage month-on-month Increase/(Decrease) in Debtors	R-Value Increase/(Decrease)	Weighting of Debt per Category as a % of Total O/S
Debtors Age Analysis By Income Source	1100					
Trade and Other Receivables from Exchange Transactions - Water	1200	651,370,615	663,385,950	1.8%	12,015,335	20%
Trade and Other Receivables from Exchange Transactions - Electricity	1300	286,560,067	292,659,796	2.1%	6,099,729	9%
Receivables from Non-exchange Transactions - Property Rates	1400	850,364,882	858,200,504	0.9%	7,835,622	26%
Receivables from Exchange Transactions - Waste Water Management	1500	201,617,592	205,647,557	2.0%	4,029,965	6%
Receivables from Exchange Transactions - Waste Management	1600	155,192,554	158,181,283	1.9%	2,988,729	5%
Receivables from Exchange Transactions - Property Rental Debtors	1700	57,524,927	58,950,393	2.4%	1,425,466	2%
Interest on Arrear Debtor Accounts	1810	732,654,068	748,670,430	2.1%	16,016,362	23%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	1820		-			
Other	1900	254,929,803	257,966,401	1.2%	3,036,598	8%
Total By Income Source	2000	3,190,214,508	3,243,662,314	1.6%	53,447,806	100%
Debtors Age Analysis By Customer Group	2100					
Organs of State	2200	834,205,657	841,612,701	0.9%	7,407,044	26%
Commercial	2300	520,435,300	531,523,224	2.1%	11,087,924	16%
Households	2400	1,771,866,746	1,805,419,289	1.9%	33,552,543	56%
Other	2500	63,706,805	65,107,100	2.2%	1,400,295	2%
Total By Customer Group	2600	3,190,214,508	3,243,662,314	1.6%	53,447,806	100%

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

Indicated in Table 9 above is the month-on-month growth in outstanding debt, per Income Source and per Customer Group, from December 2022 to January 2023, the municipality's total O/S debt increased by 1.6% or R53,448 million.

O/S debt per Income Source

- ❖ Trade and Other Receivables from Exchange Transactions - Water increased by 1.8%.
- ❖ Trade and Other Receivables from Exchange Transactions - Electricity increased by 2.1%.
- ❖ Receivables from Non-exchange Transactions - Property Rates increased by 0.9%.
- ❖ Receivables from Exchange Transactions - Waste Water Management increased by 2.0%;
- ❖ Receivables from Exchange Transactions - Waste Management increased by 1.9%.
- ❖ Receivables from Exchange Transactions - Property Rental Debtors increased by 2.4%.
- ❖ Interest on Arrear Debtor Accounts increased by 1.2%.
- ❖ Other decreased by 0.1%.

O/S debt per Customer Group

- ❖ Organs of State increased by 0.9%.
- ❖ Commercial debtors increased by 2.1%.
- ❖ Debt owed by Households increased by 1.9%.
- ❖ Other Debt decreased by 2.2%.

Weighting per Customer Group

- ❖ Government debt constitutes 26%, Businesses 16%, Households 56% and Other 2% of the total outstanding debt.

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

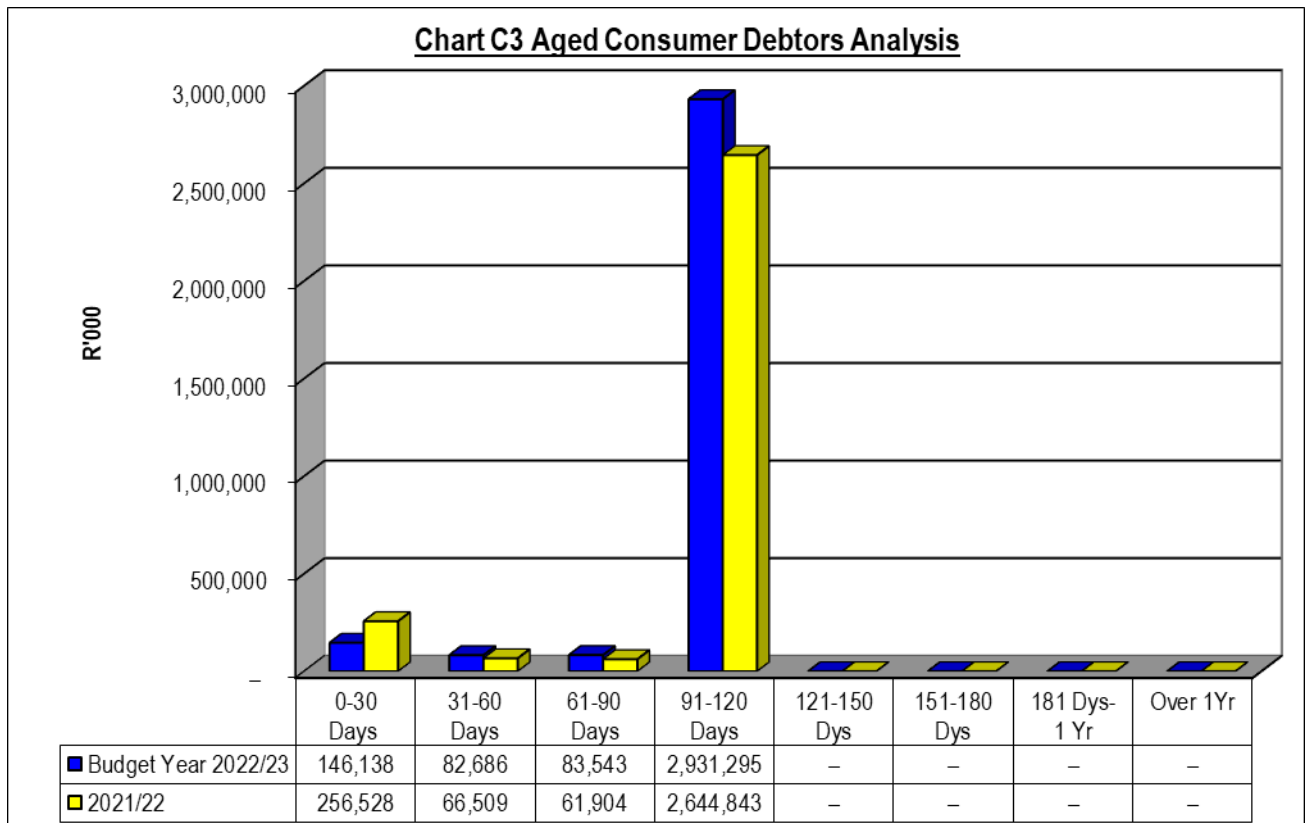


Chart 9: Aged Consumer Debtor Analysis

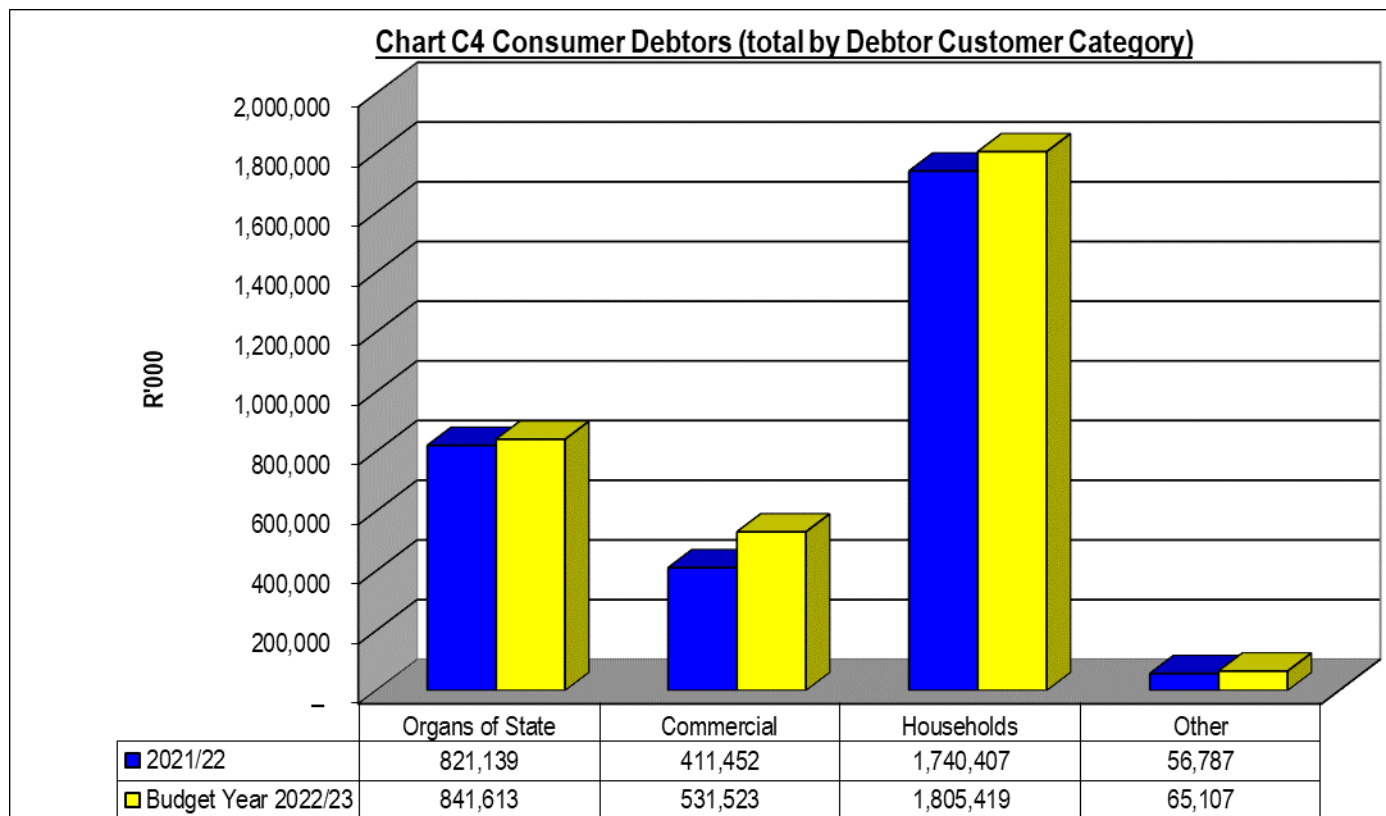


Chart 10: Consumer Debtors (total by Debtor Customer Category)

Chart 11: Debtor's Age Analysis per Customer Group as at 31 January 2023

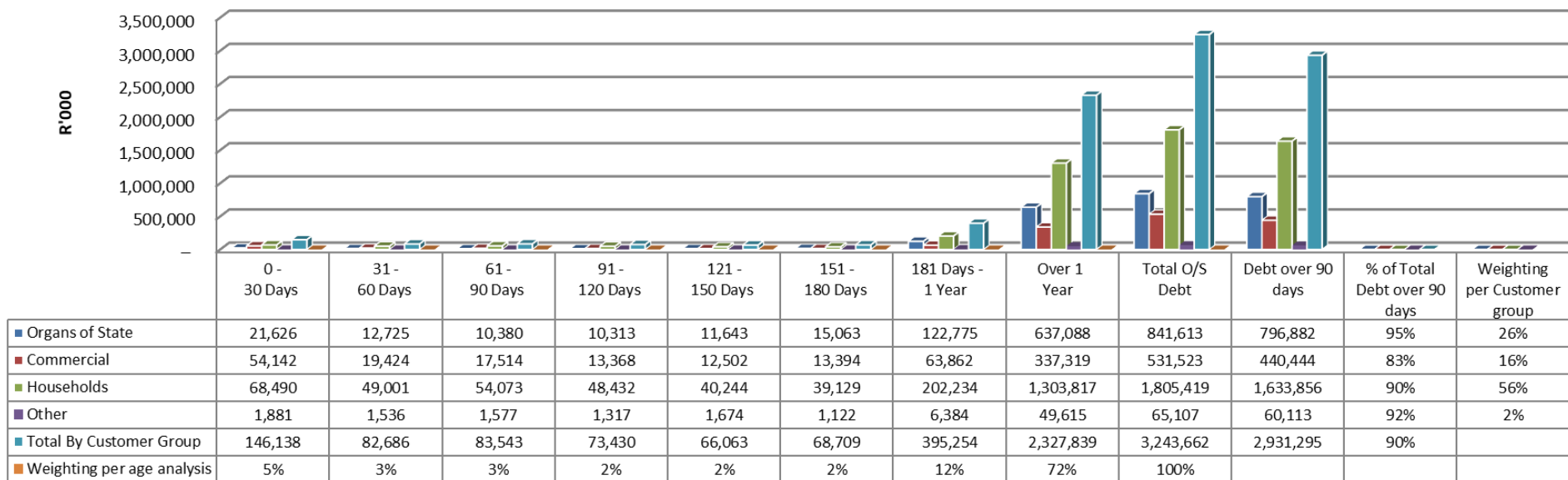


Chart 11: Debtor's Age Analysis per Customer Group

Chart 11 above, illustrates that the bulk of SPM debt is aged over 90 days with a total weighting of 90%. An analysis revealed that the catalysts for this condition are the sheer volume of accountholders in arrears, the poor economic circumstances of a large number of our accountholders, and the increasing cost of services beyond the Municipality's control. This is compounded by the large number of water leaks that go unreported which causes the accountholder's account to escalate beyond their means to pay. In addition to this, there is a substantial portion of irrecoverable, stagnant debt that attracts interest every month. We have a backlog of processing this debt and submitting this to Council for approval to write off. We have revised our policies to make our processes more effective. This will allow us to focus on preventing debt from ageing where possible in tracing and updating our debtors' information and of course recovering outstanding amounts. We anticipate a marked turnaround of this trend and in conjunction with a concerted effort to retard the escalation of ageing debt, we are focusing on improving the accuracy and regularity of our billing as well as our communication with our accountholders. Indigent verification is a continuous process and we are encouraging accountholders whose households qualify, to approach the Municipality for an assessment and possible registration as an Indigent Household. The benefits of this are the provision of free basic services and assistance with arrear debt owed to the Municipality. The Covid-19 pandemic also adversely affected consumer's ability to pay, this is evident by the average monthly collection rate of 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 December 2022 and received in January 2023, the monthly collection rate is 53%. The low collection rate is not an ideal situation and is having a dire impact on the cash flow of the municipality. The current status quo cannot continue and drastic action will have to be taken to address this critical issue, hence the disconnection drive implemented by the Executive Mayor and the Municipal Manager during August 2022. Indicated in Table 11 below is the revised average collection of 76.2% for the period under review.

When considering the average collection rate, various factors are taken into account, like the receipts on Prepaid Electricity, unallocated credits, etc. The YTD billing on Property Rates and Service Charges are obtained from the general ledger. Billing on Other is obtained from the BS902 report (Debits Raised Versus Payments). The BS566 report (Payments per Service per Day/Period) includes all monies received from 1 January to 31 January 2023. Unallocated credits are obtained from the cashbook. Government in particular and businesses/households that opt to get billed annually, had until the end of September/October 2022 to settle their outstanding accounts. However, this is not materializing for the current financial year.

Monthly Collection Rate	Debits (Billed Dec 2022)	Credits (Received Jan 2023)	% Collected
PROPERTY RATES	46,310,187	27,900,956	60%
ELECTRICITY	39,097,710	27,858,020	71%
WATER	26,334,476	9,202,350	35%
SEWERAGE	9,211,177	3,097,709	34%
REFUSE	7,073,204	2,609,621	37%
OTHER	22,715,127	9,859,434	43%
Total	150,741,881	80,528,089	53%

Table 10: Monthly collection rate

REVENUE BY SOURCE	YTD ACTUAL DEC 2022	YTD RECEIPTS	Rate
PROPERTY RATES	R 404,282,323	R 245,920,465	60.8%
SERVICE CHARGE ELECTRICITY	R 271,631,534	R 290,375,706	106.9%
SERVICE CHARGE ELECTRICITY - PREPAIDS	R 163,976,975	R 163,976,975	100.0%
SERVICE CHARGE WATER	R 168,697,234	R 99,348,847	58.9%
SERVICE CHARGE SANITATION	R 54,572,625	R 27,486,200	50.4%
SERVICE CHARGE REFUSE	R 40,312,271	R 21,975,991	54.5%
OTHER	R 140,590,128	R 93,525,731	66.5%
UNALLOCATED CREDITS		R 5,769,777	
REVISED AVERAGE COLLECTION RATE - JANUARY 2023	R 1,244,063,090	R 948,379,691	76.2%

Table 11: Revised Average collection rate

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

BS566 Payments per Service per Day/Period - Service									
Per Service	Tariff Code	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	TOTAL
PROPERTY RATES	VA	-	-	60.36	400.00	-	-	-	460.36
PROPERTY RATES	VA2010	-	1,849.29	-	465.29	3.28	82.57	-	2,400.43
PROPERTY RATES	VARESD	11,554,158.61	17,670,066.22	12,208,358.82	14,335,666.41	13,401,856.55	12,649,633.80	13,165,441.23	94,985,181.64
PROPERTY RATES	VASRA	52,536.92	54,152.01	769,061.35	284,846.81	207,468.32	500,750.19	235,375.09	2,104,190.69
PROPERTY RATES	VABCOM	14,239,294.76	21,846,957.19	12,270,773.22	15,392,575.58	13,132,889.99	14,505,036.18	13,477,391.06	104,864,917.98
PROPERTY RATES	VAIND	1,456,382.45	1,878,851.67	1,742,027.75	1,844,963.60	1,421,384.40	1,670,098.14	1,434,242.59	11,447,950.60
PROPERTY RATES	VAFAG	78,107.79	185,427.86	123,573.26	127,936.22	78,944.20	129,991.54	98,454.04	822,434.91
PROPERTY RATES	VAFARE	15,683.92	14,676.48	33,053.52	16,538.55	19,362.01	11,530.66	13,883.69	124,728.83
PROPERTY RATES	VAMUN	199.46	-	-	-	1,062.67	-	-	1,262.13
PROPERTY RATES	VAGOVN	296,275.54	23,880,726.22	280,487.89	2,835,598.37	1,185,280.23	454,836.04	286,213.20	29,219,417.49
PROPERTY RATES	VARESV	174,601.31	231,176.12	153,641.62	178,155.13	157,086.39	137,832.88	188,094.27	1,220,587.72
PROPERTY RATES	VAGOV	-	434,078.55	-	-	-	-	-	434,078.55
PROPERTY RATES	VAPBO	-	-	-	-	1,021.64	2,141.92	-	3,163.56
PROPERTY RATES	VAFABC	358,956.69	35,270.09	45,033.07	118,322.67	37,699.57	39,737.90	54,669.92	689,689.91
TOTAL PROPERTY RATES		28,226,197.45	66,233,231.70	27,626,070.86	35,135,468.63	29,644,059.25	30,101,671.82	28,953,765.09	245,920,464.80
BASIC ELECTRICITY	BE	494,200.67	545,453.29	489,992.75	537,039.22	487,294.81	500,612.01	463,544.27	3,518,137.02
ELECTRICITY	EL	32,497,782.86	48,611,370.59	47,585,554.73	44,670,767.80	53,505,090.62	30,393,993.19	29,593,008.74	286,857,568.53
PREPAID ELECTRICITY		25,829,774.07	25,632,451.85	22,249,757.55	22,882,980.11	22,350,166.95	23,118,197.21	21,913,646.77	163,976,974.51
TOTAL ELECTRICITY		58,821,757.60	74,789,275.73	70,325,305.03	68,090,787.13	76,342,552.38	54,012,802.41	51,970,199.78	454,352,680.06
BASIC WATER	BW	101,803.68	55,922.48	64,206.98	70,825.99	41,189.81	63,736.17	22,772.06	420,457.17
WATER CONSUMPTION	WA	13,941,872.36	12,400,373.56	14,717,126.02	12,195,251.89	18,082,021.88	14,709,853.90	12,881,890.08	98,928,389.69
TOTAL WATER		14,043,676.04	12,456,296.04	14,781,333.00	12,266,077.88	18,123,211.69	14,773,590.07	12,904,662.14	99,348,846.86
BASIC SEWERAGE	BS	342,863.46	302,922.72	235,156.10	281,603.65	260,050.02	246,188.11	177,262.52	1,846,046.58
SANITATION	SE	3,328,774.23	4,065,980.24	3,428,966.01	4,035,967.62	4,023,272.13	3,627,960.55	3,129,232.73	25,640,153.51
TOTAL SANITATION		3,671,637.69	4,368,902.96	3,664,122.11	4,317,571.27	4,283,322.15	3,874,148.66	3,306,495.25	27,486,200.09
REFUSE	BR	2,688,210.78	3,131,446.45	2,710,585.87	3,108,569.57	3,045,428.17	2,819,991.86	2,604,307.53	20,108,540.23
ADD REFUSE	RF	318,771.58	326,586.51	245,012.08	266,253.60	249,901.54	276,635.00	184,290.89	1,867,451.20
TOTAL REFUSE		3,006,982.36	3,458,032.96	2,955,597.95	3,374,823.17	3,295,329.71	3,096,626.86	2,788,598.42	21,975,991.43
INTEREST ON ARREARS	IN0001	14,837.31	3,640.45	2,470.57	16.68	1,068.96	1,221.54	3.54	23,259.05
INTEREST ON ARREARS	INBR	110,061.36	64,483.08	54,660.69	69,001.79	77,903.59	63,344.69	39,949.78	479,404.98
INTEREST ON ARREARS	INSE	82,526.81	94,674.13	81,504.57	97,432.46	107,665.78	94,424.97	57,911.53	616,140.25
INTEREST ON ARREARS	INWA	246,746.07	290,224.03	220,163.16	319,086.20	316,341.30	264,977.03	166,114.89	1,823,652.68
INTEREST ON ARREARS	INSU	35,590.37	57,346.76	28,269.57	45,406.60	32,745.01	36,601.13	25,521.85	261,481.29
INTEREST ON ARREARS	INBS	34,685.00	4,845.76	2,532.27	7,869.47	7,136.62	6,632.41	3,733.39	67,434.92
INTEREST ON ARREARS	INEL	326,560.38	2,724,558.14	359,027.60	1,124,794.17	210,379.34	230,348.94	223,293.53	5,198,962.10
INTEREST ON ARREARS	INBE	38,137.40	6,483.64	14,212.25	16,840.83	6,038.95	9,031.39	2,458.98	93,203.44
INTEREST ON ARREARS	INBW	37,732.01	3,096.67	10,653.57	16,023.45	4,224.75	4,494.71	848.72	77,073.88
INTEREST ON ARREARS	INRF	21,990.58	1,154.84	1,620.18	5,838.20	1,818.87	1,762.24	2,507.32	36,692.23
INTEREST ON ARREARS	INVA	706,259.98	646,360.93	452,995.24	409,305.74	343,658.90	537,831.91	223,885.44	3,320,298.14
TOTAL INTEREST ON ARREARS		1,655,127.27	3,896,868.43	1,228,109.67	2,111,615.59	1,108,982.07	1,250,670.96	746,228.97	11,997,602.96
DEPOSITS	DEWE	365,159.66	381,981.42	451,824.84	217,638.65	258,271.01	205,457.02	194,681.14	2,075,013.74
CREDITS NOT YET ALLOCATED	EX	7,627,503.75	11,554,653.70	11,726,210.01	9,708,655.48	9,857,353.70	10,530,848.50	8,257,630.71	69,262,855.85
SUNDRY DEBTORS	SU	512,870.99	1,466,084.21	1,030,213.47	1,362,847.09	1,320,298.13	1,458,063.96	704,258.11	7,854,635.96
HOUSE RENTALS	SU10	73,465.93	94,208.22	87,329.14	99,936.22	176,515.18	103,096.90	113,888.26	748,439.85
MISC 1	SU50	94,739.60	72,875.12	59,570.95	71,858.85	97,938.38	164,708.19	71,279.40	632,970.49
MISC 2	SU11	99,481.13	76,357.05	172,970.34	135,231.57	146,582.91	116,081.47	76,909.66	823,614.13
MISC 3	SU15	-	4,220.39	-	-	-	-	173.91	4,394.30
INFORMAL HOUSING	SU60	4,474.71	8,391.05	5,083.64	8,219.13	5,915.08	25,846.82	8,742.83	66,673.26
ARREARS MAGIC	SU70	1,695.42	172.83	2,433.38	2,180.77	1,292.90	1,108.19	1,685.80	10,569.29
SUNDRY COMMISSION	SUCOMM	991.09	1,278.14	857.69	1,542.45	2,545.43	1,250.33	1,259.89	9,725.02
COMM ON FNP	SUEASY	2,109.35	9,765.07	1,743.88	11,178.26	2,352.24	2,363.56	9,723.79	39,236.15
OTHER		8,782,491.63	13,669,987.20	13,538,237.34	11,619,288.47	11,869,064.96	12,608,824.94	9,440,233.50	81,528,128.04
VAT	VAT	8,089,456.63	10,488,292.57	10,479,872.63	9,921,109.36	12,096,375.59	8,036,363.35	7,420,042.02	66,531,512.15
TOTAL RECEIPTS		100,467,552.60	163,728,435.74	122,348,891.04	123,953,761.39	134,412,730.85	104,636,501.86	95,616,578.40	845,164,451.88
TOTAL RECEIPTS LESS VAT		92,378,095.97	153,240,143.17	111,869,018.41	114,032,652.03	122,316,355.26	96,600,138.51	88,196,536.38	778,632,939.73
TOTAL RECEIPTS INCL PREPAIDS		118,207,870.04	178,872,595.02	134,118,775.96	136,915,632.14	144,666,522.21	119,718,335.72	110,110,183.15	942,609,914.24

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

Table 12.1: BS566 report on receipts per service

BS566 Payments per Service per Day/Period - Debtor type									
Debtor Type Description	Debtor Type	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	TOTAL
BUSINESS KVA	BK	11,547,917.82	14,327,185.00	15,546,638.79	14,461,607.72	11,902,866.97	12,799,536.24	11,018,652.52	91,604,405.06
BUSINESS RESIDENTIAL	BR	835,840.27	1,188,696.75	844,809.17	914,624.49	837,863.57	724,823.80	889,298.96	6,235,957.01
BUSINESS	BU	29,968,288.25	46,819,684.30	26,846,493.36	32,149,999.11	25,207,570.93	25,818,817.76	24,378,558.56	211,189,412.27
CHURCHES	CH	91,275.28	130,874.41	110,856.66	139,916.33	94,664.01	143,824.54	77,828.01	789,239.24
COUNCILLOR	CL	56,270.39	66,802.86	65,584.34	65,092.22	61,244.18	60,145.81	64,039.71	439,179.51
COMMERCIAL	CO	2,729,940.06	2,029,891.91	2,222,372.44	1,748,928.79	1,348,308.72	1,771,073.86	1,595,922.72	13,446,438.50
DECEASED ESTATE	DE	-	-	-	-	792.17	-	-	792.17
GOVERNMENT - OTHER	GO	-	-	-	-	747.29	549.89	535.39	1,832.57
SCHOOLS	GS	1,197,867.47	2,510,094.10	2,088,529.90	2,605,982.52	2,422,792.15	2,136,737.87	2,005,450.17	14,967,454.18
INDIGENTS CANCELLED	IC	633,036.38	694,958.83	703,191.21	1,049,527.72	1,062,810.80	938,189.10	641,735.71	5,723,449.75
INDIGENTS	ID	1,054,344.19	1,232,590.33	1,170,301.88	1,568,054.33	1,687,299.37	1,576,919.26	1,225,181.80	9,514,691.16
INDIGENTS INFORMAL SETTLEMENT	IF	59,443.39	99,438.29	63,222.06	141,768.39	80,338.35	233,398.50	57,422.10	735,031.08
INDIGENT - LATE ESTATE	IL	397.93	949.84	1,636.11	514.63	-	1,241.13	514.63	5,254.27
INDIGENT PENDING	IP	204,417.84	277,024.23	272,465.26	423,645.19	490,741.99	432,553.01	386,138.43	2,486,985.95
INDUSTRIAL	IN	993,734.63	771,133.73	1,014,654.37	1,735,505.25	850,475.70	816,430.94	831,042.00	7,012,976.62
MUNICIPAL	MU	685,302.78	288,808.18	272,173.18	689,600.78	706,567.78	952,266.16	390,253.66	3,984,972.52
NAT: POLICE	N3	15,038.78	7,595.82	17,291.00	16,471.65	7,891.88	11,618.12	11,674.51	87,581.76
NAT: DEFENCE AND MILITARY VETERA	ND	1,234.35	-	3,957.78	1,319.26	1,319.26	1,319.26	1,319.26	10,469.17
NAT: CORRECTIONAL SERVICES	NN	361,328.89	552,271.73	575,333.24	-	859,898.98	383,053.80	-	2,731,886.64
NAT: PUBLIC WORKS	NP	7,455,421.23	11,602,897.77	13,187,350.50	5,483,030.35	13,541,933.87	9,870,539.44	7,582,385.40	68,723,558.56
NON-STAFF ACCOUNTS PAID BY STAFF	NS	323,835.66	363,831.38	379,090.26	488,910.83	379,582.58	363,257.20	368,554.85	2,667,062.76
OPEN SPACE	OP	8,441.61	13,611.51	12,379.18	12,372.62	28,098.28	7,986.37	11,451.36	94,340.93
OTHER	OT	301,386.25	348,571.12	259,916.13	339,425.63	201,522.44	428,340.23	483,559.26	2,362,721.06
PUBLIC: OTHER: PROV PUBLIC ENTIT	P0	5,393.39	5,632.91	5,608.96	5,608.96	5,608.96	5,608.96	5,608.96	39,071.10
PROV: SOCIAL DEVELOPMENT	P1	27,059.98	935,367.98	1,862.97	16,856.78	15,054.97	778,145.20	279,910.36	2,054,258.24
PROV: HOUSING AND LOCAL GOVERNME	P2	443.02	86,726.36	216,372.43	150,780.84	239,207.68	35,843.42	617.31	729,991.06
PROV: OFFICE OF THE PREMIER	P3	5,276.35	517,708.11	164,295.23	173,336.09	113,903.28	111,421.10	105,948.72	1,191,888.88
PROV: OTHER DEPARTMENTS	P4	76,653.78	590,854.62	168,816.57	168,905.12	114,858.77	23,677.65	185,977.46	1,329,743.97
PROV: AGRICULTURE	PA	27,510.91	265,913.95	-	30,609.82	151,878.78	-	58,076.94	533,990.40
PROV: EDUCATION	PE	2,211,381.44	1,664,978.34	2,723,448.95	4,694,497.57	24,505,666.72	1,148,821.92	2,860,702.22	39,809,497.16
PROV: HEALTH	PH	1,536,941.61	3,760,019.48	10,263,121.69	6,230,753.95	250,312.78	388,112.12	1,520,356.29	23,949,617.92
PROV: PUBLIC WORKS, ROADS & TRAN	PP	1,503,563.87	27,462,755.50	2,431,526.60	2,955,952.69	2,177,560.76	1,492,645.12	1,400,445.64	39,424,450.18
PROV: SPORT, ARTS & CULTURE	PS	671,444.11	261,735.11	176,788.68	289,399.16	34,061.62	310,733.30	141,973.39	1,886,135.37
RESIDENTIAL	RE	27,147,522.41	33,352,093.54	28,899,699.89	34,219,143.42	31,802,668.19	30,025,005.75	28,957,371.64	214,403,504.84
SUNDRY DEBTOR	SD	2,076.14	282.08	7,932.78	57,393.21	359.47	2,432.90	733.09	71,209.67
STALE REFUNDS	SR	-	-	-	300.00	-	-	-	300.00
STAFF	ST	627,487.30	641,627.83	760,157.42	616,392.10	805,157.38	708,122.69	636,108.85	4,795,053.57
UNKNOWN	UN	245.23	356,558.99	381,414.28	368,738.87	313,913.94	2,084,337.80	6,449.14	3,511,658.25
EXCEPTIONAL CIRCUMSTANCES	IE	10,332.98	10,976.28	9,725.14	17,685.64	10,810.69	12,608.29	14,737.36	86,876.38
VAT	VAT	8,089,456.63	10,488,292.57	10,479,872.63	9,921,109.36	12,096,375.59	8,036,363.35	7,420,042.02	66,531,512.15
TOTAL RECEIPTS		100,467,552.60	163,728,435.74	122,348,891.04	123,953,761.39	134,412,730.85	104,636,501.86	95,616,578.40	845,164,451.88
TOTAL RECEIPTS LESS VAT		92,378,095.97	153,240,143.17	111,869,018.41	114,032,652.03	122,316,355.26	96,600,138.51	88,196,536.38	778,632,939.73

Table 12.2: BS566 report on receipts per debtor type

Chart 12.1: Month-to-month - Total Billing Receipts incl Prepaid Electricity from Jun 2022 to Jan 2023

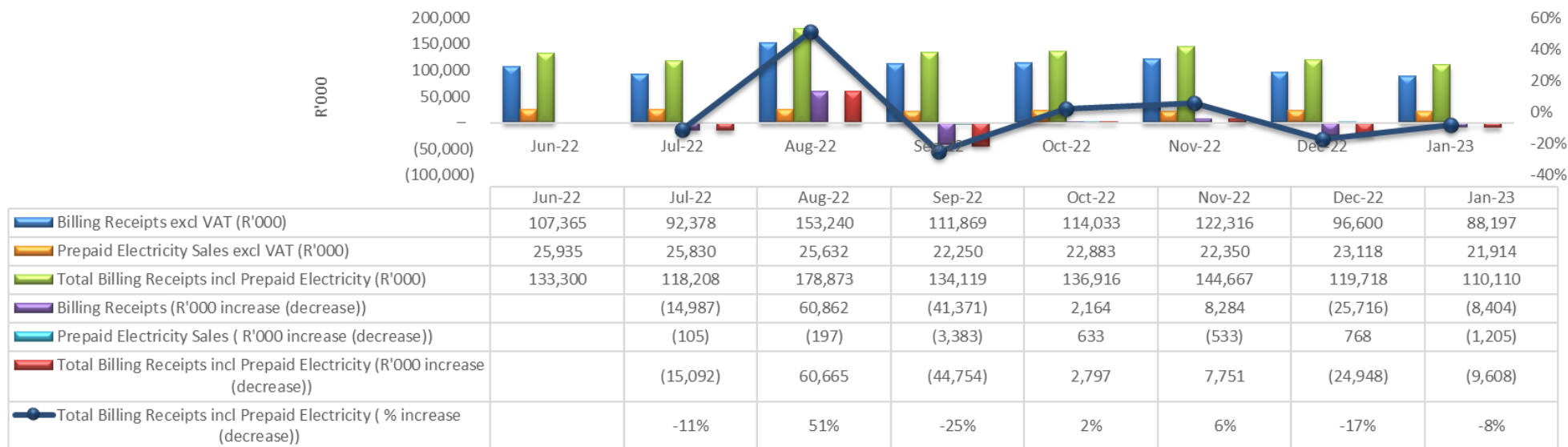


Chart 12.1: Month-to-month - Total Billing Receipts incl Prepaid Electricity

As indicated in Chart 12.1 above, the Total Billing Receipts including Prepaid Electricity amounted to R110,110 million which resulted in a decrease of R9,608 million or 8% in respect of the month-to-month comparison. This does not bode well for the municipality's cash flow. Unallocated billing receipts at month end amounted to R5,770 million. Unallocated receipts are not factored into the actual receipts as per the chart above. All unallocated receipts are investigated and assistance from the bank is also requested when the municipality is unable to trace receipts so that it can be allocated accurately.

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

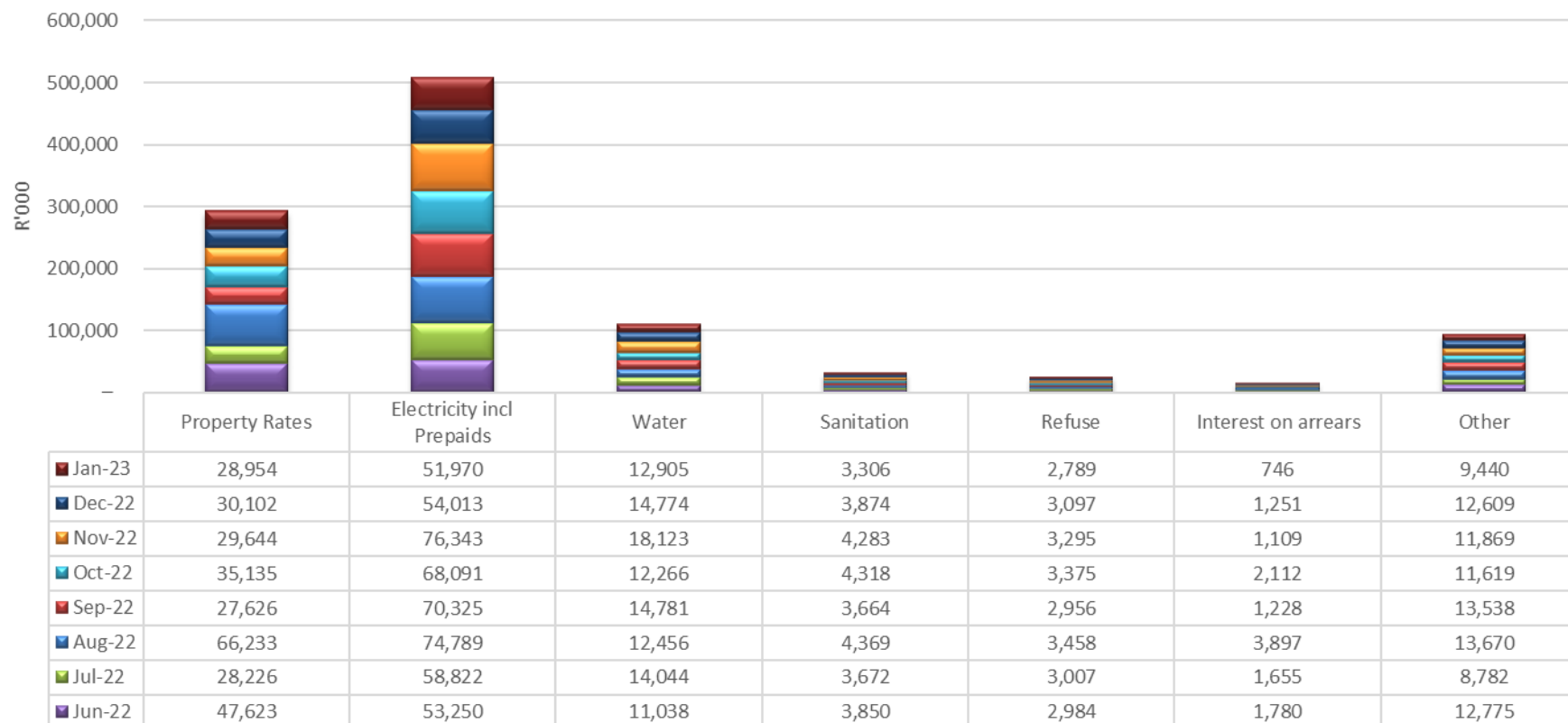


Chart 12.2: Monthly billing receipts per revenue source

Indicated in Chart 12.2 above, is the month-to-month receipts per Revenue source. Receipts are relatively constant based on the month-to-month comparison. The upward trend for August 2022 was significant and indicative of the fact that the municipality can collect its outstanding debt, provided that the Credit Control and Debt Collection Policy is strictly, consistently and fairly applied. Unfortunately, there has been a sharp decline in cash collected compared to August 2022 with the biggest impact being the collection on Property rates. All the Revenue streams are lower in relation to the monthly comparison.

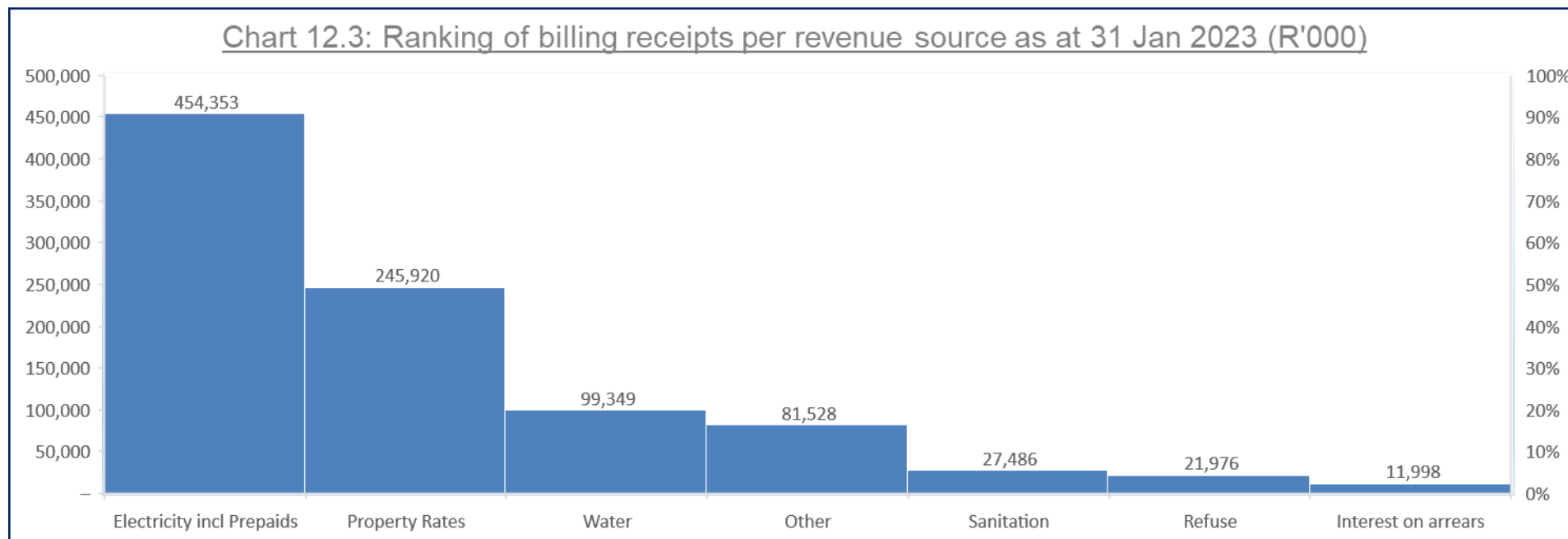


Chart 12.3: Ranking of billing receipts per revenue source

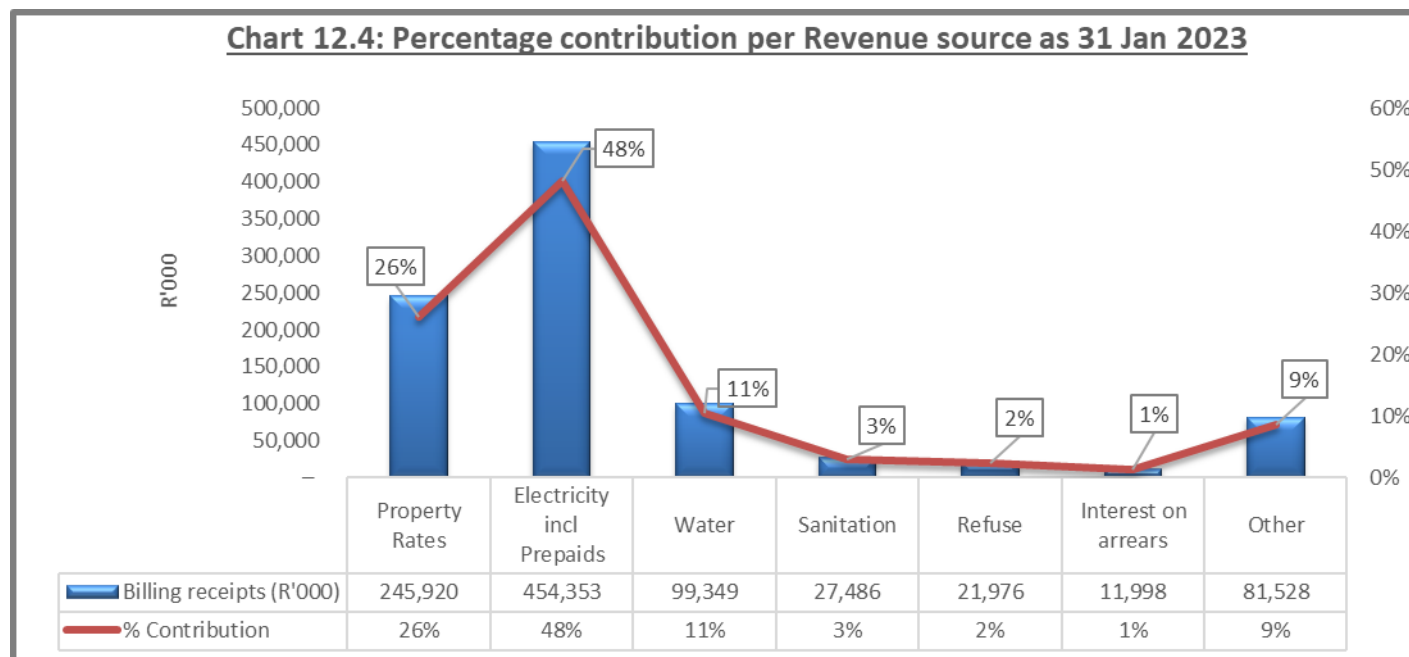


Chart 12.4: Percentage contribution of billing receipts per revenue source

Indicated in Chart 12.3 and 12.4 above, is the ranking and percentage contribution of receipts per revenue source as 31 January 2023. Data from the above pareto chart, clearly indicates that Electricity incl Prepays is the highest contributor at R454,353 million (48%) being received. This illustrates the sensitivity and vulnerability in respect of Electricity sales that the municipality is facing. Any major reductions in this revenue source can severely affect the municipality's financial position and this was clearly demonstrated when the municipality had to abolish the implementation of the basic charge in 2018/19 financial year. The second highest contributor is Property Rates at R245,920 million (26%), however more measures should be implemented to ensure that receipts from annual Property rates billing materialises. Receipts from Water constitutes 11% and Other 9% overall.

Receipts from Sanitation and Refuse is extremely low and on average the municipality collects approximately 54% from these revenue sources. The lowest contributor in respect of actual receipts, is Interest on arrears at R11,998 million. This demonstrates the fact that the municipality is facing challenges in collecting long outstanding debt. It should be noted that in terms of the approved Customer Care, Credit Control and Debt Collection Policy, it outlines that "the municipality shall implement an incentive for settlement of arrears accounts as illustrated below:

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

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

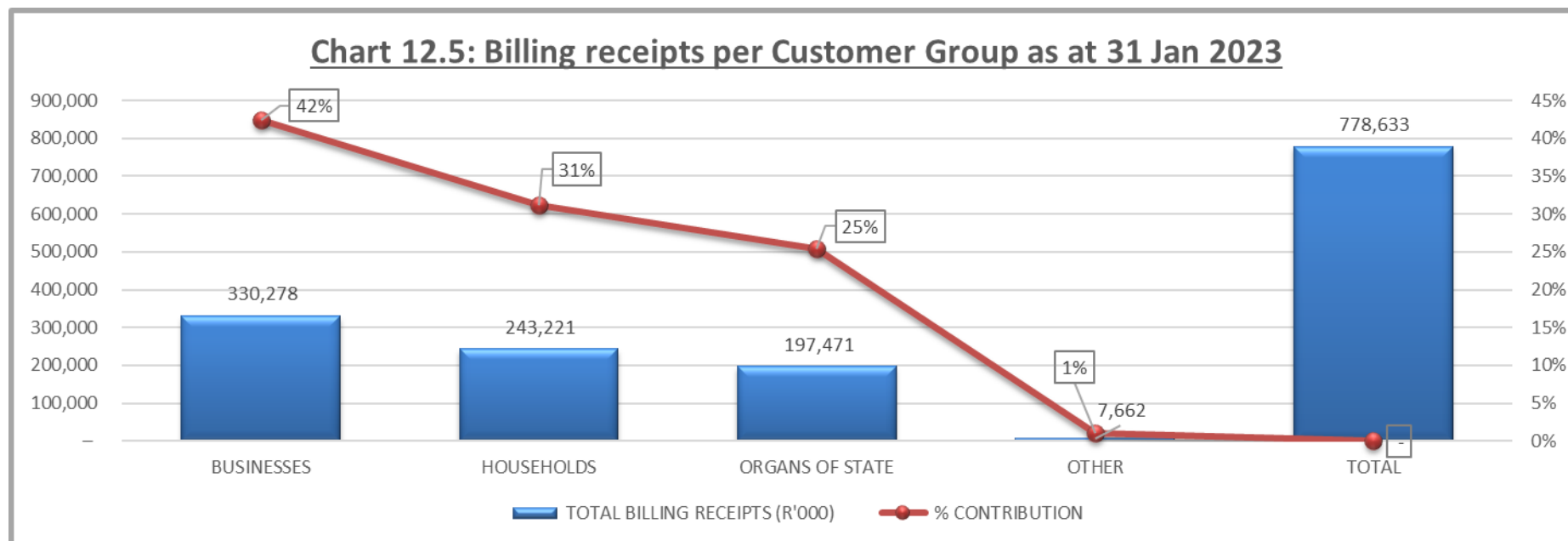


Chart 12.5: Billing receipts per Customer Group

MONTHLY BILLING RECEIPTS PER DEBTOR GROUP (R'000)	Sum of Jul-22	Sum of Aug-22	Sum of Sep-22	Sum of Oct-22	Sum of Nov-22	Sum of Dec-22	Sum of Jan-23	Sum of TOTAL
BUSINESSES	46,167	65,267	46,586	51,151	40,242	42,075	38,791	330,278
HOUSEHOLDS	30,418	37,089	32,585	38,930	36,583	34,780	32,835	243,221
ORGANS OF STATE	15,097	50,225	32,024	22,824	44,443	16,699	16,161	197,471
OTHER	696	659	674	1,128	1,049	3,047	409	7,662
Grand Total	92,378	153,240	111,869	114,033	122,316	96,600	88,197	778,633

Table 12.3: Monthly Billing Receipts Per Debtor Group

Indicated in Chart 12.5 above, is the billing receipts and percentage contribution per major Customer group as at 31 January 2023. The municipality received R330,278 million (42%) from Businesses, Households R243,221 million (31%), Organs of State R197,471 million (25%) and Other R7,662 million (1%). Indicated in Table 12.3, is the monthly billing receipts per Debtor Group.

6. Creditors' Analysis

NC091 Sol Plaatje - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

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	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	59,491	58,649	59,087	–	–	–	380,542	206,621	764,390	458,179
Bulk Water	0200	18,106	–	10,318	–	–	–	37,558	88,873	154,855	121,195
PAYE deductions	0300	9,877	–	–	–	–	–	–	–	9,877	11,388
VAT (output less input)	0400									–	
Pensions / Retirement deductions	0500	7,812	–	–	–	–	–	–	–	7,812	7,391
Loan repayments	0600									–	
Trade Creditors	0700	10,270	228	66	125	–	–	–	–	10,690	4,095
Auditor General	0800	90	–	–	–	–	–	–	–	90	272
Other	0900	16,379	–	–	4,599	–	749	1,122	–	22,849	5,241
Total By Customer Type	1000	122,026	58,877	69,471	4,725	–	749	419,222	295,494	970,563	607,760

Table 14: Supporting Table SC4: Aged Creditors

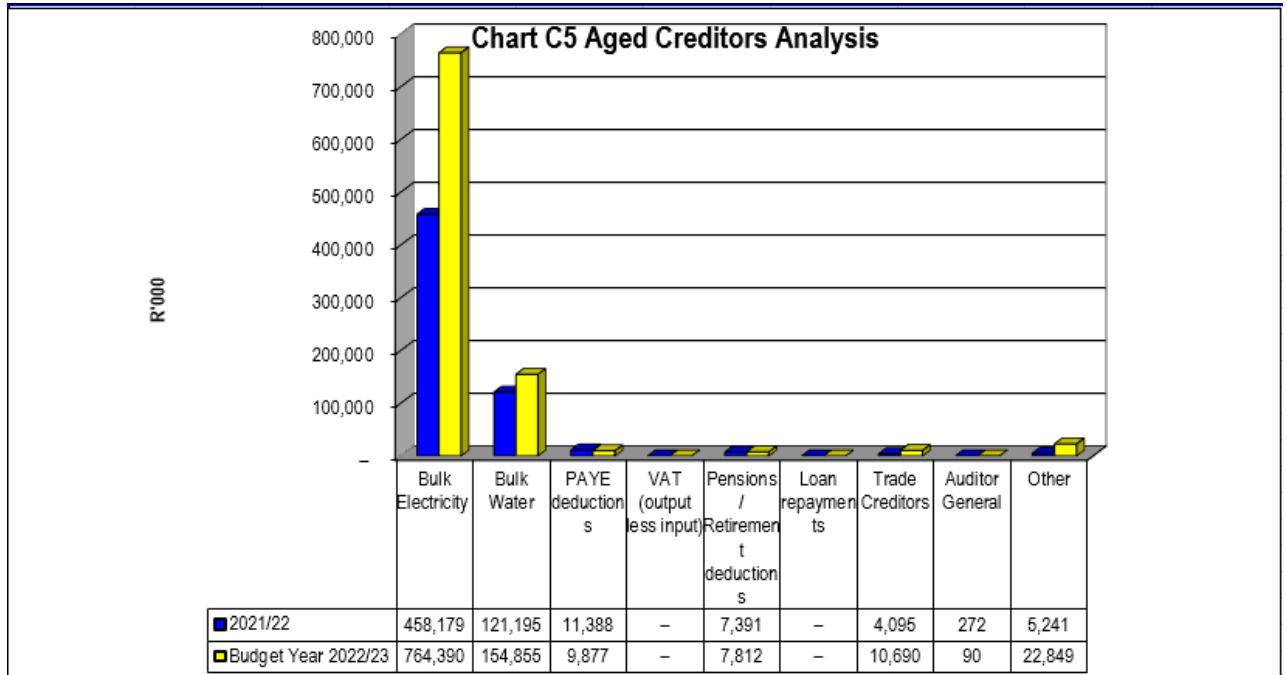


Chart 13: Aged Creditors Analysis

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

Bulk Electricity – As at the 31 January 2023, the outstanding debt owed to ESKOM amounted to R764,390 million. The municipality is in the process to conclude a payment agreement with ESKOM for the 2022/23 financial year.

Bulk Water – As at the 31 January 2023, the outstanding debt owed to DWS is R154,855 million. The municipality is in the process to conclude a payment agreement with DWS for the 2022/23 financial year and is participating in the Incentive scheme that the Department is providing to municipalities.

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

VAT – after the monthly VAT reconciliation, we paid an amount of R4,151 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 was not yet received by the reporting date.

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

7. Investment portfolio analysis

The market value of the investment portfolio has been utilized and for the period ending 31 January 2023, the value of total investments made was R51,788 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 - M07 January														
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commissio n Paid (Rands)	Commissio n Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
First National Bank 62776321293		6 months	Call a/c	No	Variable	5.2	0			5,661	32	–	–	5,693
Absa Bank 9286041059		6 months	Call a/c	No	Variable	0	0			–	–	–	–	–
Investec 1400093272500		6 months	Call a/c	No	Variable	5.35	0			618	3	–	–	621
Standard Bank 04846627-014		6 months	Call a/c	No	Variable	5.5	0			5,177	33	–	–	5,211
Absa Bank 92 7195 3033		6 months	Call a/c	No	Variable	4.3	0			5,626	28	–	–	5,654
Nedbank 9002324052		6 months	Call a/c	Yes	Variable	5.25	0		2019/06/06	5,157	23	–	–	5,179
Standard Bank 048466271-085		12 months	Notice	No	Fixed	585.00%	0		2022/11/10	0	–	–	–	0
Absa Bank 20-6295-4443		12 months	Notice	Yes	Fixed	740.00%	0		2023/06/28	7,696	339	–	–	8,035
Standard Bank 048466271-086		12 months	Notice	No	Fixed	902.50%	0		2023/11/10	21,235	160	–	–	21,395
Municipality sub-total										51,170		–	–	51,788

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 - M07 January

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		223,255	250,317	250,317	72,324	165,595	146,018	19,577	13.4%	250,317
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–	–	–
Equitable Share		212,328	239,158	239,158	72,324	165,595	139,509	26,086	18.7%	239,158
Expanded Public Works Programme Integrated Grant		3,362	3,959	3,959	–	–	2,309	(2,309)	-100.0%	3,959
Infrastructure Skills Development Grant		4,901	5,500	5,500	–	–	3,208	(3,208)	-100.0%	5,500
Local Government Financial Management Grant		1,650	1,700	1,700	–	–	992	(992)	-100.0%	1,700
Municipal Disaster Relief Grant	3	1,015	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Municipal Systems Improvement Grant		–	–	–	–	–	–	–	–	–
Other transfers and grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		12,731	7,800	7,800	–	4,349	4,550	(201)	-4.4%	7,800
Capacity Building and Other Grants		8,561	7,800	7,800	–	–	4,550	(4,550)	-100.0%	7,800
Infrastructure Grant		4,170	–	–	–	4,349	–	4,349	–	–
Other transfers and grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
European Union		–	–	–	–	–	–	–	–	–
Higher Education SA (HESA)		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	235,986	258,117	258,117	72,324	169,944	150,568	19,376	12.9%	258,117
Capital Transfers and Grants										
National Government:		105,767	134,338	134,338	1,282	31,885	78,364	(46,479)	-59.3%	134,338
Energy Efficiency and Demand Side Management Grant		–	4,000	4,000	13	2,318	2,333	(15)	-0.7%	4,000
Integrated National Electrification Programme Grant		35,458	40,000	40,000	–	2,716	23,333	(20,617)	-88.4%	40,000
Integrated Urban Development Grant		54,266	70,390	70,390	1,269	26,851	41,061	(14,210)	-34.6%	70,390
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Regional Bulk Infrastructure Grant		–	–	–	–	–	–	–	–	–
Water Services Infrastructure Grant		16,043	19,948	19,948	–	–	11,636	(11,636)	-100.0%	19,948
Provincial Government:		76,850	–	–	–	–	–	–	–	–
Infrastructure Grant		76,850	–	–	–	–	–	–	–	–
District Municipality:		3,500	–	–	–	–	–	–	–	–
Specify (Add grant description)		3,500	–	–	–	–	–	–	–	–
Other grant providers:		14,400	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
European Union		14,400	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	200,517	134,338	134,338	1,282	31,885	78,364	(46,479)	-59.3%	134,338
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	436,504	392,455	392,455	73,606	201,829	228,932	(27,103)	-11.8%	392,455

Table 16: Supporting Table SC6: Transfers and grant receipts

Operational grant monies received for the month under review.

Equitable share R72,324 million was received during December 2022 which was not allocated timeously but was subsequently allocated on 5 January 2023.
Grant funds received EPWP amounting to R1,782 million.

Capital grant monies received for the month under review.

IUDG – R14,078 million which was received during December 2022 which was not allocated timeously but was subsequently allocated on 5 January 2023.

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

Operational and Capital Grants: Expenditure

NC091 Sol Plaatje - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		109,818	116,565	116,425	8,458	74,646	67,973	6,673	9.8%	116,425
Equitable Share		99,625	105,406	105,266	4,236	67,517	61,464	6,053	9.8%	105,266
Expanded Public Works Programme Integrated Grant		3,362	3,959	3,959	3,959	3,962	2,309	1,652	71.5%	3,959
Infrastructure Skills Development Grant		4,920	5,500	5,500	237	2,188	3,208	(1,020)	-31.8%	5,500
Local Government Financial Management Grant		1,650	1,700	1,700	25	979	992	(13)	-1.3%	1,700
Municipal Disaster Relief Grant		261	–	–	–	–	–	–	–	–
Provincial Government:		8,275	7,800	9,411	5,456	6,014	5,154	860	16.7%	9,411
Capacity Building and Other Grants		6,795	7,800	7,800	5,405	5,630	4,550	1,080	23.7%	7,800
Infrastructure Grant		1,480	–	1,611	52	384	604	(220)	-36.4%	1,611
District Municipality:		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
European Union		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:		118,093	124,365	125,836	13,914	80,660	73,127	7,533	10.3%	125,836
Capital expenditure of Transfers and Grants										
National Government:		95,428	134,338	134,338	3,139	34,164	78,364	(44,200)	-56.4%	134,338
Energy Efficiency and Demand Side Management Grant		–	4,000	4,000	13	2,344	2,333	10	0.4%	4,000
Integrated National Electrification Programme Grant		30,833	40,000	40,000	1,858	4,573	23,333	(18,760)	-80.4%	40,000
Integrated Urban Development Grant		48,552	70,390	70,390	1,269	27,247	41,061	(13,814)	-33.6%	70,390
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Regional Bulk Infrastructure Grant		–	–	–	–	–	–	–	–	–
Water Services Infrastructure Grant		16,043	19,948	19,948	–	–	11,636	(11,636)	-100.0%	19,948
Provincial Government:		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
District Municipality:		3,500	–	–	–	–	–	–	–	–
Specify (Add grant description)		3,500	–	–	–	–	–	–	–	–
Other grant providers:		13,891	–	–	–	–	–	–	–	–
European Union		13,891	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		112,818	134,338	134,338	3,139	34,164	78,364	(44,200)	-56.4%	134,338
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		230,912	258,703	260,174	17,053	114,824	151,491	(36,667)	-24.2%	260,174

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 R13,288 million. For reporting purposes to NT and the Dept of Public Works, the municipality is only expected to report up until the allocation amount. The current years' gazetted allocation for the EPWP is R3,959 million. In addition to this, the municipality budgeted R10,000 million for this programme. Management has been in a process of reviewing this programme.

Description	Original Budget	Adjustment Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	40,000,000	40,000,000	1,857,585	4,573,468	14,283,785	11.4%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	70,390,000	70,390,000	1,268,659	27,246,618	22,574,715	38.7%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	19,948,000	19,948,000	-	-	538,915	0.0%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	4,000,000	12,928	2,343,546	-	58.6%
Grand Total	134,338,000	134,338,000	3,139,173	34,163,632	37,397,414	25.4%

Table 18: Summary of expenditure per grant

As indicated in Table 18 above, the YTD grant expenditure amounts to R34,164 million or 25.4% spent against the Original capital grant allocation of R134,338 million. Capex is usually slow for the first quarter mainly as a result of finalization of procurement processes and/or work still in progress. It remains concerning that YTD capital expenditure is so low, as we are already in month seven of the current year. It should be noted that grant expenditure excludes VAT which will be recognized at year-end in the Statement of Financial performance, when all conditions of the grant have been met. Capex also excludes Commitments. Please refer to Section 4.3 in the Executive Summary *Sol Plaatje (NC091): Monthly Budget Statement: January 2023*

which highlights some of the factors that negatively influences the delay in grant expenditure.

Rollover Grants: Expenditure

The municipality submitted the rollover request on 31 August 2022. Indicated below is an extract of the feedback received from NT.

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

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

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

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

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

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

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

9. Councillor and board member allowances and employee benefits

NC091 Sol Plaatje - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January

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										
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages								-		
Pension and UIF Contributions		496	-	860	64	487	143	344	240%	860
Medical Aid Contributions		267	-	390	33	218	65	153	235%	390
Motor Vehicle Allowance								-		
Cellphone Allowance		2,845	3,243	3,283	224	1,548	1,898	(350)	-18%	3,283
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		27,129	31,305	30,015	2,341	16,173	18,046	(1,873)	-10%	30,015
Sub Total - Councillors		30,737	34,547	34,547	2,663	18,426	20,153	(1,727)	-9%	34,547
% increase	4		12.4%	12.4%						12.4%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		8,265	8,853	8,846	1,117	4,404	5,163	(759)	-15%	8,846
Pension and UIF Contributions		1,068	1,209	1,199	172	695	704	(9)	-1%	1,199
Medical Aid Contributions		222	253	263	45	165	149	16	11%	263
Overtime								-		
Performance Bonus								-		
Motor Vehicle Allowance		1,849	1,939	1,939	257	1,072	1,131	(59)	-5%	1,939
Cellphone Allowance		157	202	202	25	90	118	(28)	-24%	202
Housing Allowances		26	42	49	8	20	26	(6)	-22%	49
Other benefits and allowances		17	77	77	2	11	45	(34)	-75%	77
Payments in lieu of leave								-		
Long service awards		67	65	65	1	39	38	1	2%	65
Post-retirement benefit obligations	2							-		
Sub Total - Senior Managers of Municipality		11,671	12,640	12,640	1,627	6,496	7,373	(878)	-12%	12,640
% increase	4		8.3%	8.3%						8.3%
Other Municipal Staff										
Basic Salaries and Wages		417,872	464,246	456,105	34,856	252,766	268,579	(15,813)	-6%	456,105
Pension and UIF Contributions		64,301	77,509	76,354	5,462	38,841	45,022	(6,181)	-14%	76,354
Medical Aid Contributions		49,309	58,279	59,294	5,369	35,091	34,166	926	3%	59,294
Overtime		52,688	39,796	42,368	6,667	37,432	23,643	13,789	58%	42,368
Performance Bonus		28,946	36,221	36,999	839	21,339	21,259	80	0%	36,999
Motor Vehicle Allowance		42,071	51,296	50,515	3,337	24,252	29,792	(5,541)	-19%	50,515
Cellphone Allowance		1,401	1,415	1,646	107	847	864	(17)	-2%	1,646
Housing Allowances		2,636	2,895	2,960	218	1,600	1,700	(99)	-6%	2,960
Other benefits and allowances		30,433	28,018	31,843	2,724	18,527	17,856	671	4%	31,843
Payments in lieu of leave		10,507	15,000	15,000	379	6,207	8,750	(2,543)	-29%	15,000
Long service awards		24,418	23,189	24,779	2,158	15,534	13,792	1,742	13%	24,779
Post-retirement benefit obligations	2	36,522	38,900	38,900	-	-	22,692	(22,692)	-100%	38,900
Sub Total - Other Municipal Staff		761,106	836,763	836,763	62,115	452,436	488,114	(35,678)	-7%	836,763
% increase	4		9.9%	9.9%						9.9%
Total Parent Municipality		803,514	883,950	883,950	66,405	477,358	515,640	(38,282)	-7%	883,950
TOTAL SALARY, ALLOWANCES & BENEFITS		803,514	883,950	883,950	66,405	477,358	515,640	(38,282)	-7%	883,950
% increase	4		10.0%	10.0%						10.0%
TOTAL MANAGERS AND STAFF		772,777	849,403	849,403	63,742	458,932	495,487	(36,556)	-7%	849,403

Table 20: Supporting Table SC8: Councillor and staff benefits

As depicted in Table 20 above, Employee related costs is satisfactory and showing a variance of minus 7%. This is attributable to Post-retirement benefit obligations that will be finalized as part of the year-end procedures. It should be noted that the disclosure under Performance bonus, is the annual bonuses or 13th cheques that is budgeted for and paid out to employees. This is not subject to any performance appraisal. Councillors Remuneration is showing a negative variance of minus 9% when compared to the YTD Budget. The gazette on the Determination of Upper limits of salaries, allowances and benefits of different members of municipal councils will be issued later in the current financial year.

Management started to address the issues on Overtime which is higher than the ideal IYM percentage of 58.33%, at 100.1% 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 transpired for the current year with the budget already fully spent. Overtime can be monitored by implementing more stringent control measures. The municipality should also ensure that critical positions to compliment capacity on the ground is expedited and filled with qualified personnel. The lack of capacity in certain departments, like Water services and the severe service delivery challenges is negatively impacting on the management of Overtime expenditure. Overtime hours are limited to 30 hours per month within most departments. The Overtime policy was developed and approved by Council. There are some challenges with the implementation, especially pertaining to time-off in lieu of Overtime remuneration.

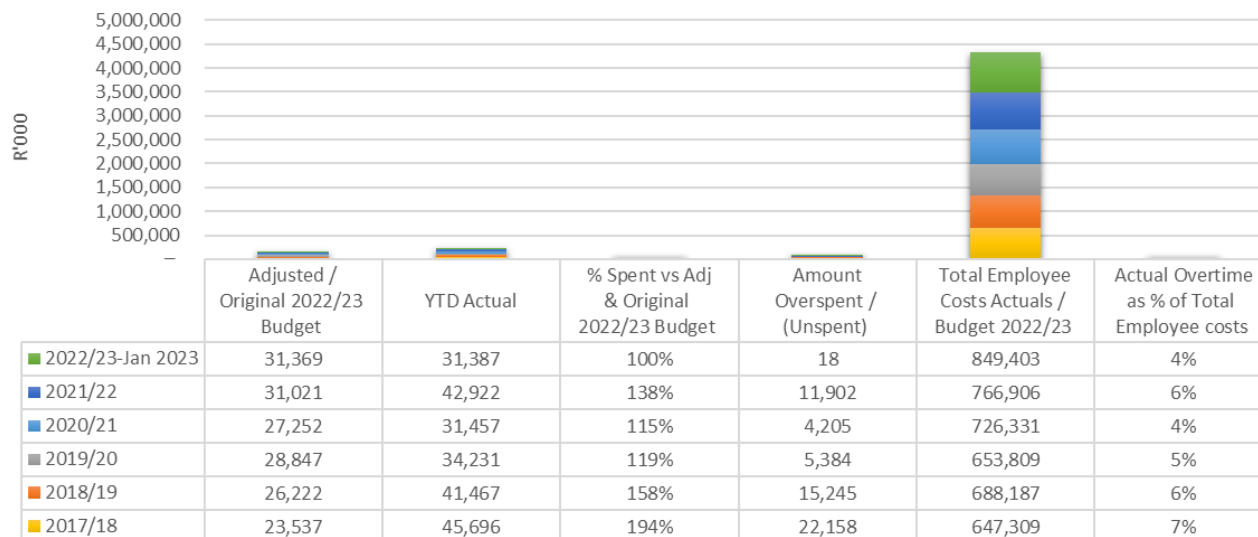
And indicated in Table 21 below, is the YTD Overtime expenditure excluding Night-shift allowance per line item and also per Directorate as at end of January 2023.

Description per line item (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	% Variance (Favourable) Unfavourable Ideal IYM % - 58.33%
MS: OVERTIME - NON STRUCTURED	22,392,000	5,475,198	29,076,662	129.9%	71.5%
MS: OVERTIME - STRUCTURED	8,976,841	239,355	2,310,084	25.7%	-32.6%
Overtime as at 31 January 2023	31,368,841	5,714,553	31,386,746	100.1%	41.7%
Directorate (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	% Variance (Favourable) Unfavourable Ideal IYM % - 58.33%
20-EXECUTIVE AND COUNCIL	175,000	58,116	383,760	219.3%	161.0%
21-MUNICIPAL AND GENERAL	-	-	-	-	
22-MUNICIPAL MANAGER	-	6,010	19,693	-	
23-CORPORATE SERVICES	1,650,000	227,486	1,301,462	78.9%	20.5%
24-COMMUNITY SERVICES	13,167,441	2,003,357	10,383,217	78.9%	20.5%
26-FINANCIAL SERVICES	459,000	157,575	1,324,287	288.5%	230.2%
27-STRATEGY, ECONOMIC DEVELOPMENT & PLANNING	330,000	50,663	725,389	219.8%	161.5%
28-INFRASTRUCTURE SERVICES	15,587,400	3,211,347	17,248,939	110.7%	52.3%
Overtime as at 31 January 2023	31,368,841	5,714,553	31,386,746	100.1%	41.7%

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 R31,387 million and 100.1% spent, resulting in a negative variance of 41.7%, when compared to the ideal percentage of 58.33% for the period under review.

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



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

Indicated in Chart 14.2, is the monthly and annual Overtime comparison from July 2018 to January 2023. There has been a substantial decrease in Overtime expenditure from 2018/19 to 2020/21. As reiterated, controls to curb Overtime is no longer as effective and the YTD actual for 2022/23 financial year is already overspent. Serious remedial action will have to be implemented to reduce Overtime expenditure.

Chart 14.1: Overtime Actual vs Budget

Chart 14.2: Monthly and Annual Overtime Comparison - Jul 2018 to Jan 2023

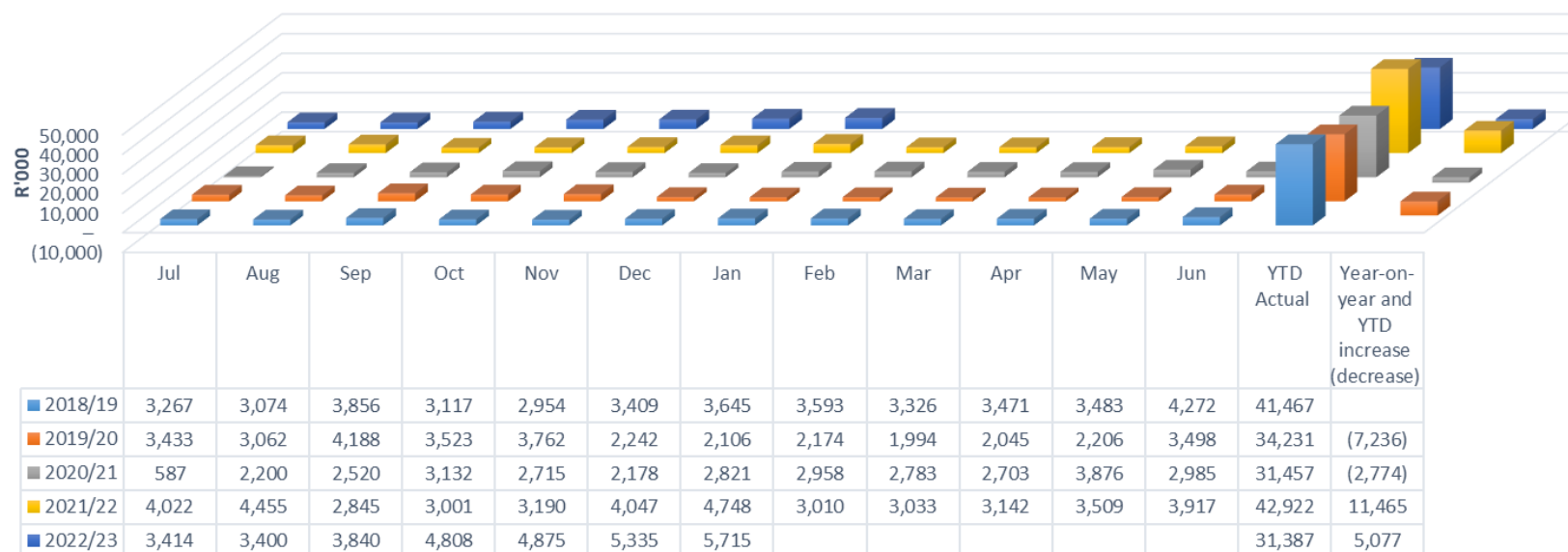


Chart 14.2: Monthly and Annual Overtime Comparison

The BTO office recommended the following precautionary measures.

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

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

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

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

Material variances pertaining to financial performance are primarily addressed in the Executive summary under Sections 4.1 to 4.3 or emphasised elsewhere in this Monthly Budget Statement. Any other material variances to the SDBIP will be included in the quarterly Section 52 (d) report for the period ending 31 January 2023.

11. Capital programme performance

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

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

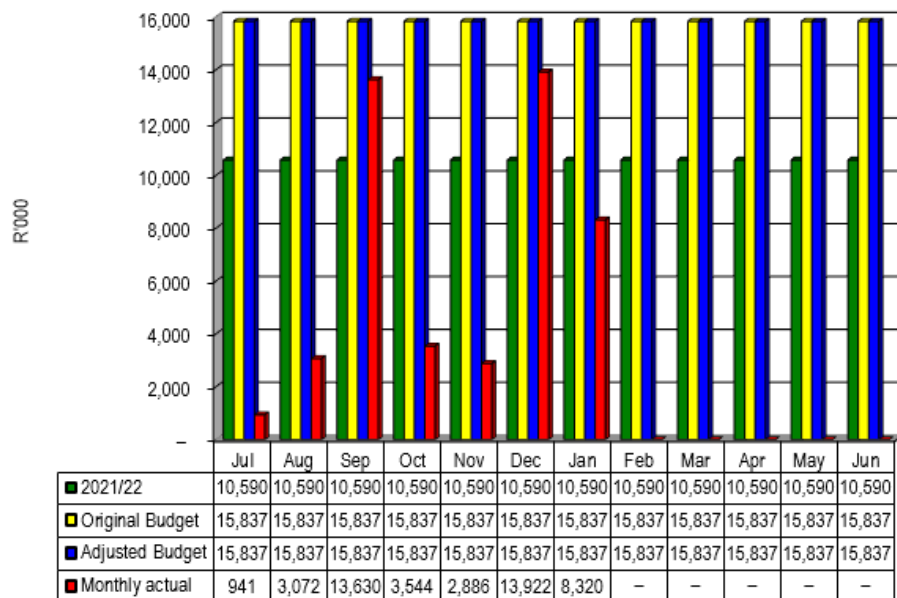


Chart 15: Capital Expenditure Monthly Trend: actual v target

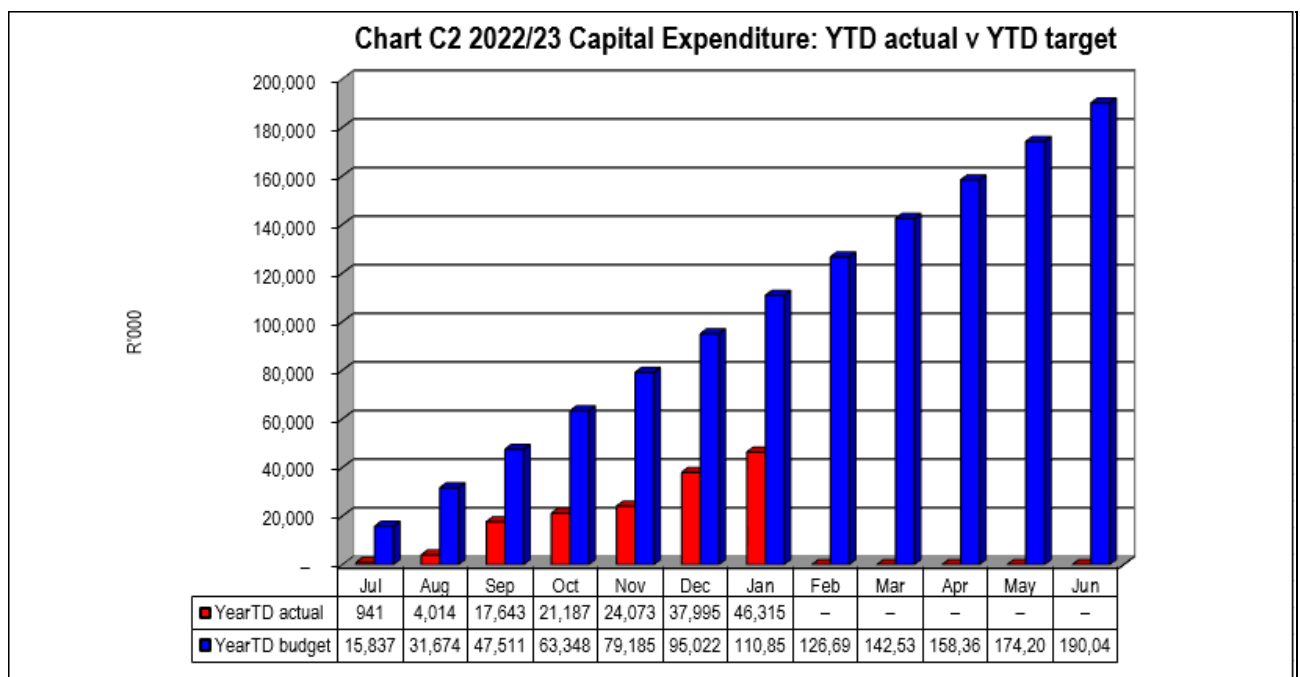


Chart 16: Capital Expenditure: YTD actual vs YTD target

Indicated in Table 22 below, is a list of projects with the applicable funding source. The total capex is normally slow during the start of the financial year. However, capital expenditure is extremely poor compared to prior years for the same period. Urgent intervention from management is required to remedy the situation. The actual monthly expenditure for January 2023 amounted to R8,320 million. The total YTD Capex amounts to R46,315 million. Please note that Commitments amounting to R45,630 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	-	-	823,875	2,176,125	27.5%	27.5%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ-FLEET REPLACEMENT	35,405,000	14,905,000	3,553,337	5,105,543	9,759,748	5,145,252	27.6%	65.5%	INTERNALLY GENERATED FUNDS
ACQ-FURNITURE AND OFFICE EQUIP REPLACEM	2,000,000	2,000,000	-	-	-	2,000,000	0.0%	0.0%	INTERNALLY GENERATED FUNDS
ACQ-COMPUTER EQUIPMENT REPLACEMENT	11,300,000	11,300,000	-	3,125,374	16,087	11,283,913	0.1%	0.1%	INTERNALLY GENERATED FUNDS
CRAVEN STREET TRADE CENTRE	8,300,000	8,300,000	-	-	2,895,192	5,404,808	34.9%	34.9%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
P-CIER RDS ROAD STRUCTURE/R31	-	7,500,000	-	-	-	7,500,000	-	0.0%	INTERNALLY GENERATED FUNDS
P-CIER RDS ROADS	15,000,000	15,000,000	1,268,659	391,304	14,559,565	440,435	97.1%	97.1%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
UPGRADE GRAVEL ROADS WARDS VARIOUS	12,000,000	12,000,000	-	2,008,183	8,053,213	3,946,787	67.1%	67.1%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
RECONSTRUCTION OLD SINK TOILETS PHASE 1	1,000,000	1,000,000	-	-	-	1,000,000	0.0%	0.0%	INTERNALLY GENERATED FUNDS
LERATOPARK SEWER UPGRAD DOWNSTREAM INFRA	21,090,000	21,090,000	-	20,175,227	914,773	20,175,227	4.3%	4.3%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ - CARTERS GLEN SEWER PUMP STATION	19,948,000	19,948,000	-	538,915	-	19,948,000	0.0%	0.0%	WSIG (WATER SERVICES INFRASTRUCTURE GRANT)
DSITRBUTION-ACQ-WAT METER REPLACEME	2,000,000	2,000,000	-	1,903	-	2,000,000	0.0%	0.0%	INTERNALLY GENERATED FUNDS
ELEVATED WATER TANKS DISTRIBUTION	1,000,000	1,000,000	-	-	-	1,000,000	0.0%	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
WATER PIPES REFURB PROG VARIOUS WARDS	10,000,000	10,000,000	-	-	-	10,000,000	0.0%	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
HV SUB ACQ-CARTGLEN TRANSF/GALASH SUBS	7,000,000	7,000,000	-	-	1,773,415	5,226,585	25.3%	25.3%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
ELECTRIFICATION LERATO PARK	-	13,000,000	1,627,028	-	2,357,143	10,642,857	-	18.1%	INTERNALLY GENERATED FUNDS
STREET LIGHTS REPLACE 125W MV with 36W L	3,000,000	3,000,000	12,928	-	2,343,546	656,454	78.1%	78.1%	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	1,857,585	14,283,785	2,800,052	30,199,948	8.5%	8.5%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
CAPITAL SPARES-ACQ-PREPAID METERS	2,000,000	2,000,000	-	-	18,149	1,981,851	0.9%	0.9%	INTERNALLY GENERATED FUNDS
TOTAL	190,043,000	190,043,000	8,319,538	45,630,234	46,314,759	143,728,241	24.4%	24.4%	

Table 22: Detailed capital expenditure report

Description	Original Budget	Adjustment Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original Budget
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	40,000,000	40,000,000	1,857,585	4,573,468	14,283,785	11.4%
INTERNALLY GENERATED FUNDS	55,705,000	55,705,000	5,180,365	12,151,127	8,232,820	21.8%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	70,390,000	70,390,000	1,268,659	27,246,618	22,574,715	38.7%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	19,948,000	19,948,000	-	-	538,915	0.0%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	4,000,000	12,928	2,343,546	-	58.6%
Grand Total	190,043,000	190,043,000	8,319,538	46,314,759	45,630,234	24.4%

Table 23: Summary of capital expenditure per funding source

Indicated in Table 23 above, is a summary of the capital expenditure per funding source compared to the Original budget. Overall spending on grants is extremely low, whilst spending on IUDG and EEDSM is showing improvement. The expenditure on IUDG (38.7%), INEP (11.4%), WSIG (0%) and EEDSM (58.6%). Spending on Internally generated funds is also 21.8% spent. Implementation of projects normally delayed due to the finalization of procurement processes. Payment certificates are settled once work is completed. Capex for the first quarter is normally slow for this reason, in that commencement procurement processes is not aligned to the budget approval and specifications are not done early so that it can be advertised timeously.

12. Other supporting documents

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

13. Conclusion

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

Communication

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

14. Annexures

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

NC091 Sol Plaatje - Table C1 Monthly Budget Statement Summary - M07 January

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<u>Financial Performance</u>									
Property rates	599,898	627,646	627,646	46,296	404,282	366,127	38,156	10%	627,646
Service charges	1,145,790	1,373,211	1,373,211	99,778	699,191	801,040	(101,849)	-13%	1,373,211
Investment revenue	3,124	6,000	6,000	385	1,256	3,500	(2,244)	-64%	6,000
Transfers and subsidies	235,986	258,117	258,117	72,324	169,944	150,568	19,376	13%	258,117
Other own revenue	193,499	222,235	222,235	23,049	166,585	129,637	36,948	29%	222,235
Total Revenue (excluding capital transfers and contributions)	2,178,297	2,487,209	2,487,209	241,832	1,441,258	1,450,872	(9,613)	-1%	2,487,209
Employee costs	772,777	849,403	849,403	63,742	458,932	495,487	(36,556)	-7%	849,403
Remuneration of Councillors	30,737	34,547	34,547	2,663	18,426	20,153	(1,727)	-9%	34,547
Depreciation & asset impairment	70,060	81,050	81,050	–	–	47,279	(47,279)	-100%	81,050
Finance charges	64,720	38,960	38,960	–	23,820	22,727	1,094	5%	38,960
Inventory consumed and bulk purchases	784,727	918,627	918,642	208,106	564,885	535,873	29,012	5%	918,642
Transfers and subsidies	2,546	4,460	4,460	28	2,474	2,602	(128)	-5%	4,460
Other expenditure	492,665	538,080	538,065	23,772	291,063	313,876	(22,813)	-7%	538,065
Total Expenditure	2,218,232	2,465,128	2,465,128	298,310	1,359,599	1,437,997	(78,397)	-5%	2,465,128
Surplus/(Deficit)	(39,935)	22,081	22,081	(56,478)	81,659	12,875	68,784	534%	22,081
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	109,267	134,338	134,338	1,282	31,885	78,364	###	-59%	134,338
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	91,250	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	160,582	156,419	156,419	(55,197)	113,544	91,239	22,305	24%	156,419
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	160,582	156,419	156,419	(55,197)	113,544	91,239	22,305	24%	156,419
<u>Capital expenditure & funds sources</u>									
Capital expenditure	127,081	190,043	190,043	8,320	46,315	110,858	(64,544)	-58%	190,043
Capital transfers recognised	112,818	134,338	134,338	3,139	34,164	78,364	(44,200)	-56%	134,338
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	14,263	55,705	55,705	5,180	12,151	32,495	(20,343)	-63%	55,705
Total sources of capital funds	127,081	190,043	190,043	8,320	46,315	110,858	(64,544)	-58%	190,043
<u>Financial position</u>									
Total current assets	2,383,380	2,701,046	2,701,046		2,434,406				2,701,046
Total non current assets	2,245,857	2,052,265	2,052,265		2,292,172				2,052,265
Total current liabilities	1,139,609	1,050,980	1,050,980		1,129,196				1,050,980
Total non current liabilities	437,303	408,150	408,150		431,514				408,150
Community wealth/Equity	2,955,900	3,294,182	3,294,182		3,165,869				3,294,182
<u>Cash flows</u>									
Net cash from (used) operating	(584,356)	106,800	106,800	(61,759)	780,019	62,300	(717,719)	-1152%	106,800
Net cash from (used) investing	(127,081)	(154,327)	(190,043)	(8,320)	(46,315)	(90,024)	(43,709)	49%	(154,327)
Net cash from (used) financing	–	(9,390)	(9,390)	–	–	(5,477)	(5,477)	100%	(9,390)
Cash/cash equivalents at the month/year end	(668,430)	116,006	80,289	–	774,875	139,721	(635,154)	-455%	(15,746)
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
<u>Debtors Age Analysis</u>									
Total By Income Source	146,138	82,686	83,543	73,430	66,063	68,709	395,254	#####	3,243,662
<u>Creditors Age Analysis</u>									
Total Creditors	121,935	58,877	69,471	4,725	–	749	419,222	295,494	970,473

NC091 Sol Plaatje - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M07 January

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		1,098,135	1,126,167	1,126,167	131,677	689,089	656,931	32,158	5%	1,126,167
Executive and council		480,231	470,256	470,256	82,513	254,286	274,316	(20,030)	-7%	470,256
Finance and administration		617,905	655,911	655,911	49,164	434,802	382,615	52,188	14%	655,911
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		28,981	26,474	26,474	1,826	14,957	15,443	(486)	-3%	26,474
Community and social services		11,158	11,348	11,348	280	1,926	6,619	(4,693)	-71%	11,348
Sport and recreation		1,889	1,905	1,905	490	1,789	1,111	677	61%	1,905
Public safety		720	340	340	8	304	198	105	53%	340
Housing		12,192	12,801	12,801	1,042	7,403	7,467	(64)	-1%	12,801
Health		3,023	80	80	7	3,535	47	3,489	7477%	80
<i>Economic and environmental services</i>		28,997	16,015	16,015	785	8,941	9,342	(401)	-4%	16,015
Planning and development		15,823	5,525	5,525	411	6,453	3,223	3,230	100%	5,525
Road transport		13,174	10,490	10,490	374	2,488	6,119	(3,632)	-59%	10,490
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1,212,755	1,444,171	1,444,171	108,750	754,463	842,433	(87,970)	-10%	1,444,171
Energy sources		742,172	935,854	935,854	63,518	445,320	545,915	(100,595)	-18%	935,854
Water management		307,957	345,167	345,167	28,931	197,886	201,347	(3,462)	-2%	345,167
Waste water management		93,896	92,200	92,200	9,357	63,830	53,783	10,046	19%	92,200
Waste management		68,729	70,950	70,950	6,944	47,428	41,388	6,041	15%	70,950
<i>Other</i>	4	9,946	8,720	8,720	76	5,694	5,087	607	12%	8,720
Total Revenue - Functional	2	2,378,815	2,621,547	2,621,547	243,114	1,473,143	1,529,235	(56,092)	-4%	2,621,547
Expenditure - Functional										
<i>Governance and administration</i>		616,540	712,851	712,851	35,017	358,444	415,832	(57,389)	-14%	712,851
Executive and council		374,197	428,654	428,654	15,547	209,783	250,049	(40,266)	-16%	428,654
Finance and administration		235,566	277,659	277,659	19,056	145,728	161,970	(16,241)	-10%	277,659
Internal audit		6,778	6,538	6,538	415	2,932	3,814	(882)	-23%	6,538
<i>Community and public safety</i>		176,753	181,961	181,961	15,447	108,696	106,145	2,551	2%	181,961
Community and social services		42,959	43,119	43,119	3,837	27,636	25,153	2,483	10%	43,119
Sport and recreation		53,032	53,283	53,283	5,013	33,806	31,082	2,723	9%	53,283
Public safety		42,229	43,948	43,948	3,366	23,687	25,637	(1,950)	-8%	43,948
Housing		19,874	22,768	22,768	1,716	12,304	13,282	(978)	-7%	22,768
Health		18,659	18,842	18,842	1,515	11,263	10,991	272	2%	18,842
<i>Economic and environmental services</i>		124,668	141,936	141,936	9,836	81,695	82,797	(1,102)	-1%	141,936
Planning and development		39,022	47,872	47,872	3,582	24,570	27,926	(3,357)	-12%	47,872
Road transport		84,946	93,326	93,326	6,187	56,622	54,441	2,181	4%	93,326
Environmental protection		700	737	737	66	504	430	74	17%	737
<i>Trading services</i>		1,277,222	1,402,477	1,402,477	236,224	797,160	818,113	(20,952)	-3%	1,402,477
Energy sources		786,085	915,683	915,683	186,853	505,068	534,148	(29,080)	-5%	915,683
Water management		326,816	322,469	322,469	36,899	199,277	188,107	11,170	6%	322,469
Waste water management		92,343	93,375	93,375	7,225	53,265	54,469	(1,204)	-2%	93,375
Waste management		71,978	70,950	70,950	5,247	39,550	41,388	(1,838)	-4%	70,950
<i>Other</i>		23,049	25,903	25,903	1,786	13,605	15,110	(1,505)	-10%	25,903
Total Expenditure - Functional	3	2,218,232	2,465,128	2,465,128	298,310	1,359,599	1,437,997	(78,397)	-5%	2,465,128
Surplus/ (Deficit) for the year		160,582	156,419	156,419	(55,197)	113,544	91,239	22,305	24%	156,419

NC091 Sol Plaatje - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M07 January

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-		-
Vote 02 - Municipal And General		480,231	470,256	470,256	82,513	254,286	274,316	(20,030)	-7.3%	470,256
Vote 03 - Municipal Manager		-	-	-	-	-	-	-		-
Vote 04 - Corporate Services		6,869	6,873	6,873	576	822	4,009	(3,187)	-79.5%	6,873
Vote 05 - Community Services		106,478	101,913	101,913	8,106	62,568	59,449	3,119	5.2%	101,913
Vote 06 - Financial Services		610,429	648,238	648,238	48,539	433,551	378,139	55,412	14.7%	648,238
Vote 07 - Strategy Econ Development And Planning		17,626	7,945	7,945	467	6,943	4,635	2,309	49.8%	7,945
Vote 08 - Infrastructure And Services		1,157,181	1,386,322	1,386,322	102,912	714,972	808,688	(93,716)	-11.6%	1,386,322
Vote 09 -		-	-	-	-	-	-	-		-
Vote 10 -		-	-	-	-	-	-	-		-
Vote 11 -		-	-	-	-	-	-	-		-
Vote 12 -		-	-	-	-	-	-	-		-
Vote 13 -		-	-	-	-	-	-	-		-
Vote 14 -		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Revenue by Vote	2	2,378,815	2,621,547	2,621,547	243,114	1,473,143	1,529,235	(56,092)	-3.7%	2,621,547
Expenditure by Vote	1									
Vote 01 - Executive & Council		53,270	58,915	58,915	4,662	34,015	34,367	(352)	-1.0%	58,915
Vote 02 - Municipal And General		309,950	357,885	357,885	10,068	169,680	208,767	(39,086)	-18.7%	357,885
Vote 03 - Municipal Manager		20,618	23,528	23,528	1,698	11,610	13,725	(2,115)	-15.4%	23,528
Vote 04 - Corporate Services		64,274	74,419	74,419	5,724	40,905	43,412	(2,506)	-5.8%	74,419
Vote 05 - Community Services		286,713	297,675	297,675	23,753	172,992	173,645	(653)	-0.4%	297,675
Vote 06 - Financial Services		126,129	157,404	157,404	9,466	75,335	91,820	(16,485)	-18.0%	157,404
Vote 07 - Strategy Econ Development And Planning		54,596	61,468	61,468	4,524	34,168	35,857	(1,688)	-4.7%	61,468
Vote 08 - Infrastructure And Services		1,302,682	1,433,833	1,433,833	238,415	820,893	836,404	(15,512)	-1.9%	1,433,833
Vote 09 -		-	-	-	-	-	-	-		-
Vote 10 -		-	-	-	-	-	-	-		-
Vote 11 -		-	-	-	-	-	-	-		-
Vote 12 -		-	-	-	-	-	-	-		-
Vote 13 -		-	-	-	-	-	-	-		-
Vote 14 -		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Expenditure by Vote	2	2,218,232	2,465,128	2,465,128	298,310	1,359,599	1,437,997	(78,397)	-5.5%	2,465,128
Surplus/ (Deficit) for the year	2	160,582	156,419	156,419	(55,197)	113,544	91,239	22,305	24.4%	156,419

NC091 Sol Plaatje - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

R 2021/22 Budget Statement - Financial Performance (Revenue and expenditure) - 1st January										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		599,898	627,646	627,646	46,296	404,282	366,127	38,156	10%	627,646
Service charges - electricity revenue		728,486	919,854	919,854	62,001	435,609	536,581	(100,973)	-19%	919,854
Service charges - water revenue		273,280	310,717	310,717	24,165	168,697	181,252	(12,554)	-7%	310,717
Service charges - sanitation revenue		83,392	81,700	81,700	7,838	54,573	47,658	6,914	15%	81,700
Service charges - refuse revenue		60,632	60,940	60,940	5,775	40,312	35,549	4,764	13%	60,940
Rental of facilities and equipment		16,755	13,010	13,010	2,145	14,970	7,589	7,380	97%	13,010
Interest earned - external investments		3,124	6,000	6,000	385	1,256	3,500	(2,244)	-64%	6,000
Interest earned - outstanding debtors		131,160	156,500	156,500	17,495	106,950	91,292	15,659	17%	156,500
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		15,405	27,730	27,730	1,379	22,899	16,176	6,723	42%	27,730
Licences and permits		8,532	6,850	6,850	49	5,468	3,996	1,472	37%	6,850
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		235,986	258,117	258,117	72,324	169,944	150,568	19,376	13%	258,117
Other revenue		14,517	18,145	18,145	1,982	13,430	10,584	2,846	27%	18,145
Gains		7,130	-	-	-	2,868	-	2,868	#DIV/0!	-
Total Revenue (excluding capital transfers and contributions)		2,178,297	2,487,209	2,487,209	241,832	1,441,258	1,450,872	(9,613)	-1%	2,487,209
Expenditure By Type										
Employee related costs		772,777	849,403	849,403	63,742	458,932	495,487	(36,556)	-7%	849,403
Remuneration of councillors		30,737	34,547	34,547	2,663	18,426	20,153	(1,727)	-9%	34,547
Debt impairment		267,518	297,000	297,000	-	148,504	173,250	(24,746)	-14%	297,000
Depreciation & asset impairment		70,060	81,050	81,050	-	-	47,279	(47,279)	-100%	81,050
Finance charges		64,720	38,960	38,960	-	23,820	22,727	1,094	5%	38,960
Bulk purchases - electricity		551,452	682,000	682,000	178,646	385,683	397,833	(12,150)	-3%	682,000
Inventory consumed		233,275	236,627	236,642	29,459	179,202	138,040	41,162	30%	236,642
Contracted services		38,163	46,437	46,437	270	9,939	27,088	(17,149)	-63%	46,437
Transfers and subsidies		2,546	4,460	4,460	28	2,474	2,602	(128)	-5%	4,460
Other expenditure		110,302	134,643	134,628	11,744	93,828	78,537	15,290	19%	134,628
Losses		76,681	60,000	60,000	11,758	38,792	35,000	3,792	11%	60,000
Total Expenditure		2,218,232	2,465,128	2,465,128	298,310	1,359,599	1,437,997	(78,397)	-5%	2,465,128
Surplus/(Deficit)		(39,935)	22,081	22,081	(56,478)	81,659	12,875	68,784	0	22,081
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		109,267	134,338	134,338	1,282	31,885	78,364	(46,479)	(0)	134,338
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		14,400	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		76,850	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		160,582	156,419	156,419	(55,197)	113,544	91,239			156,419
Taxation								-		
Surplus/(Deficit) after taxation		160,582	156,419	156,419	(55,197)	113,544	91,239			156,419
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		160,582	156,419	156,419	(55,197)	113,544	91,239			156,419
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		160,582	156,419	156,419	(55,197)	113,544	91,239			156,419

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		7,197	40,405	19,905	3,553	10,584	18,605	(8,022)	-43%	19,905
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	-	2,895	4,842	(1,946)	-40%	8,300
Vote 08 - Infrastructure And Services		88,488	79,038	99,538	2,896	25,885	51,070	(25,185)	-49%	99,538
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	113,924	127,743	127,743	6,449	39,364	74,517	(35,153)	-47%	127,743
Single Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		4,041	13,300	13,300	-	16	7,758	(7,742)	-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	1,871	6,935	28,583	(21,648)	-76%	49,000
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	13,157	62,300	62,300	1,871	6,951	36,342	(29,390)	-81%	62,300
Total Capital Expenditure		127,081	190,043	190,043	8,320	46,315	110,858	(64,544)	-58%	190,043
Capital Expenditure - Functional Classification										
Governance and administration		11,238	53,705	33,205	3,553	10,600	26,364	(15,764)	-60%	33,205
Executive and council		11,238	53,705	33,205	3,553	10,600	26,364	(15,764)	-60%	33,205
Finance and administration		-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		52,457	35,300	42,800	1,269	25,508	21,842	3,666	17%	42,800
Planning and development		18,239	8,300	8,300	-	2,895	4,842	(1,946)	-40%	8,300
Road transport		34,218	27,000	34,500	1,269	22,613	17,000	5,613	33%	34,500
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		63,386	101,038	114,038	3,498	10,207	62,653	(52,446)	-84%	114,038
Energy sources		34,548	46,000	59,000	3,498	9,292	30,548	(21,255)	-70%	59,000
Water management		624	13,000	13,000	-	-	7,583	(7,583)	-100%	13,000
Waste water management		28,214	42,038	42,038	-	915	24,522	(23,607)	-96%	42,038
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	127,081	190,043	190,043	8,320	46,315	110,858	(64,544)	-58%	190,043
Funded by:										
National Government		95,428	134,338	134,338	3,139	34,164	78,364	(44,200)	-56%	134,338
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		3,500	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private		13,891	-	-	-	-	-	-	-	-
Transfers recognised - capital		112,818	134,338	134,338	3,139	34,164	78,364	(44,200)	-56%	134,338
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		14,263	55,705	55,705	5,180	12,151	32,495	(20,343)	-63%	55,705
Total Capital Funding		127,081	190,043	190,043	8,320	46,315	110,858	(64,544)	-58%	190,043

NC091 Sol Plaatje - Table C6 Monthly Budget Statement - Financial Position - M07 January

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash		197,591	(1,939)	(1,939)	48,965	(1,939)
Call investment deposits		–	–	–	–	–
Consumer debtors		1,990,522	2,244,736	2,244,736	2,175,971	2,244,736
Other debtors		145,813	418,926	418,926	149,763	418,926
Current portion of long-term receivables		–	–	–	–	–
Inventory		49,454	39,322	39,322	59,708	39,322
Total current assets		2,383,380	2,701,046	2,701,046	2,434,406	2,701,046
Non current assets						
Long-term receivables		–	35,716	35,716	–	35,716
Investments						
Investment property		209,106	208,312	208,312	209,930	208,312
Investments in Associate						
Property, plant and equipment		2,003,442	1,795,402	1,795,402	2,048,933	1,795,402
Biological						
Intangible		21,238	2,908	2,908	21,238	2,908
Other non-current assets		12,071	9,926	9,926	12,071	9,926
Total non current assets		2,245,857	2,052,265	2,052,265	2,292,172	2,052,265
TOTAL ASSETS		4,629,237	4,753,311	4,753,311	4,726,578	4,753,311
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		43,176	49,224	49,224	44,675	49,224
Trade and other payables		1,096,433	907,727	907,727	1,087,854	907,727
Provisions		–	94,029	94,029	(3,333)	94,029
Total current liabilities		1,139,609	1,050,980	1,050,980	1,129,196	1,050,980
Non current liabilities						
Borrowing		171,517	148,630	148,630	165,728	148,630
Provisions		265,786	259,520	259,520	265,786	259,520
Total non current liabilities		437,303	408,150	408,150	431,514	408,150
TOTAL LIABILITIES		1,576,912	1,459,129	1,459,129	1,560,710	1,459,129
NET ASSETS	2	3,052,325	3,294,182	3,294,182	3,165,869	3,294,182
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		2,865,773	3,213,305	3,213,305	3,075,742	3,213,305
Reserves		90,127	80,876	80,876	90,127	80,876
TOTAL COMMUNITY WEALTH/EQUITY	2	2,955,900	3,294,182	3,294,182	3,165,869	3,294,182

NC091 Sol Plaatje - Table C7 Monthly Budget Statement - Cash Flow - M07 January

Description		Ref	2021/22	Budget Year 2022/23							
			Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		1									
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates			438,882	533,499	533,499	28,696	245,360	311,208	(65,848)	-21%	533,499
Service charges			1,146,393	1,093,079	1,093,079	73,426	615,474	637,630	(22,155)	-3%	1,093,079
Other revenue			288,367	403,395	403,395	99,183	594,012	235,314	358,698	152%	403,395
Transfers and Subsidies - Operational			31,741	18,959	18,959	–	9,780	11,059	(1,279)	-12%	18,959
Transfers and Subsidies - Capital			100,630	134,338	134,338	14,078	77,608	78,364	(756)	-1%	134,338
Interest			–	6,000	6,000	–	–	3,500	(3,500)	-100%	6,000
Dividends									–		
Payments											
Suppliers and employees			(2,589,329)	(2,039,050)	(2,039,050)	(277,142)	(762,216)	(1,189,446)	(427,230)	36%	(2,039,050)
Finance charges			(1,039)	(38,960)	(38,960)	–	–	(22,727)	(22,727)	100%	(38,960)
Transfers and Grants			–	(4,460)	(4,460)	–	–	(2,602)	(2,602)	100%	(4,460)
NET CASH FROM/(USED) OPERATING ACTIVITIES			(584,356)	106,800	106,800	(61,759)	780,019	62,300	(717,719)	-1152%	106,800
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									–		
Decrease (increase) in non-current receivables			–	35,716	–	–	–	20,835	(20,835)	-100%	35,716
Decrease (increase) in non-current investments									–		
Payments											
Capital assets			(127,081)	(190,043)	(190,043)	(8,320)	(46,315)	(110,858)	(64,544)	58%	(190,043)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(127,081)	(154,327)	(190,043)	(8,320)	(46,315)	(90,024)	(43,709)	49%	(154,327)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–		
Borrowing long term/refinancing									–		
Increase (decrease) in consumer deposits									–		
Payments											
Repayment of borrowing			–	(9,390)	(9,390)	–	–	(5,477)	(5,477)	100%	(9,390)
NET CASH FROM/(USED) FINANCING ACTIVITIES			–	(9,390)	(9,390)	–	–	(5,477)	(5,477)	100%	(9,390)
NET INCREASE/ (DECREASE) IN CASH HELD			(711,437)	(56,917)	(92,633)	(70,078)	733,704	(33,201)			(56,917)
Cash/cash equivalents at beginning:			43,007	172,922	172,922	7,795	41,171	172,922			41,171
Cash/cash equivalents at month/year end:			(668,430)	116,006	80,289		774,875	139,721			(15,746)

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

As per C6, the Cash and cash equivalents is R48,965 million as per the Cash book balance.

15. Municipal Manager's quality certification

Quality Certificate

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

☒

the Monthly Budget Statement

☐

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

☐

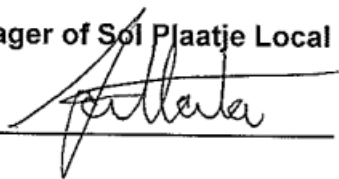
Mid-year Budget and Performance Assessment

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

Print name: Mr. BS Matlala

Municipal Manager of Sol Plaatje Local Municipality (NC091)

Signature: _____



Date: 8 /02/2023