



## **MONTHLY BUDGET STATEMENT – AUGUST 2022**

To comply with section 71 of the MFMA and the requirements as promulgated in the MBRR Government Gazette No 32141 of 17 April 2009 by submitting the Monthly Budget Statement to the Executive Julyor, 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 September 2022**

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

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

## PART 1: IN-YEAR REPORT

TO: THE EXECUTIVE MAYOR

**DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): SECTION 71: IN-YEAR MONTHLY BUDGET STATEMENT FOR THE PERIOD ENDING 31 AUGUST 2022**

### 1. Purpose

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

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

The municipality's main goal is to remain positive and committed in stabilising the municipality, improving its cash position and improving on service delivery. The re-instatement of the Chief Financial Officer and the appointment of the new Municipal Manager, will positively contribute to the stabilisation of the municipality and improve accountability. The municipality is facing serious challenges pertaining to the debt owed to Eskom and Department of Water and Sanitation, which is escalating on a monthly basis. The ESKOM debt is exacerbated with the billing of the high months from July to August 2022 with an average monthly billing of R100 million. The municipality scheduled a meeting with Eskom representatives for 9 September 2022, to discuss some of the following critical issues:

- Notice of disconnection for non-payment
- Proposed payment arrangement
- Interest charges

From this fruitful meeting, it was resolved that the municipality will going forward settle the current account in full and agree to a repayment arrangement over a longer term to be able to commit at least R70m to Eskom on a monthly basis. Currently the total debtors book is standing at R3,042,042 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. This is a substantial improvement compared to the average cash collection of R120 million in prior months. Tough decisions have to be taken to have a meaningful impact and produce positive results. This action is long overdue, especially in light of the municipality's financial crisis and major threat to its financial viability and sustainability. The municipality also envisage to implement our Revenue Collection Action Plan ("**RCA Plan**"), prioritizing the collection of overdue Municipal debt from all our Customer Groups that are in arrears and *are able* to pay their accounts, but are unwilling to make payment or make a payment arrangement..

The Plan further provides for a Credit Control, Indigent Assistance Awareness and Account Payment Campaign. We believe that this campaign will be informative and create an awareness to Customers as to the assistance provided by the Municipality in relation to the payment of accounts and the social package offered to indigents (including child headed households). The Municipality will offer its Customers payment discounts for accounts settled before the due date and discount incentives to all Customers that settle their outstanding accounts in full. The campaign will also educate Consumers on the importance of the payment of accounts and the detrimental effect non-payment has on service delivery

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

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

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

## **2. Background**

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

Further, Section 71 of the MFMA requires that, "the accounting officer of a municipality must by no later than **10 working days** after the end of each month submit to the Mayor of the municipality, and the relevant national and provincial treasury, a statement in the prescribed format on the state of the municipality's budget reflecting certain particulars for that month and for the financial year up to the end of that month." For the reporting period ending **31 August 2022**, the ten working day reporting limit expires on **14 September 2022**. As per MFMA Budget Circular No. 94 "from 2019/20 onwards, municipalities will no longer be required to continue with the use of the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database for publication purposes. The National Treasury will use only the *mSCOA* data strings required for submission as prescribed and all publications will use the data collected from the *mSCOA* data strings" which must be submitted before or on **14 September 2022**, (ten working day limit).

### 3. Executive summary

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

Summary Statement of Financial Performance: YTD Budget					
Description R thousand (R'000)	YTD Budget August 2022	YTD Actual August 2022	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	414,535	507,927	93,392	122.5%	22.5%
Total Revenue (including capital transfers and contributions)	436,924	511,940	75,016	117.2%	17.2%
Total Operational Expenditure	410,856	280,262	(130,594)	68.2%	-31.8%

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

As indicated in Table 1 above, as at 31 August 2022, the billed revenue excluding capital grants amounted to R507,927 million which resulted in a favourable variance of 22.5% when compared to the YTD Budget of R414,536 million. The billed revenue including capital grants resulted in a satisfactory variance of 17.2% when compared to the YTD budget of R436,924 million. Going forward, Capital grants will be recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant has been met. The Total Operational Expenditure resulted in a negative variance of minus 31.8%.

Summary Statement of Financial Performance: Original Budget					
Description R thousand	Original Budget	YTD Actual August 2022	Variance Favourable (Unfavourable)	% YTD Actual vs Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 16.67%
Total Revenue (excluding capital transfers and contributions)	2,487,209	507,927	300,659	20.4%	3.75%
Total Revenue (including capital transfers and contributions)	2,621,547	511,940	293,478	19.5%	2.86%
Total Operational Expenditure	2,465,128	280,262	74,835	11.4%	-5.30%

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 16.67% [calculated as follow: (100/12 months x 2 months of the year)] as at the end of August 2022, the Total operational revenue excluding capital grants versus the Original Budget resulted in a positive variance of 3.75%. The Total operational revenue including capital grants versus the Original Budget resulted in a satisfactory variance of 2.86%. The Total Operational Expenditure resulted in a negative satisfactory variance of minus 5.30%.

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



## 4.1 Operating Revenue by Source

Revenue by Source	Original Budget	Monthly actual	YearTD actual	YearTD budget	Achieved YTD Budget	YTD variance	YTD variance %	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 16.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Property rates	627,646	42,486	173,430	104,608	165.8%	68,822	65.8%	27.6%	68,822	11.0%
Service charges - electricity revenue	919,854	74,271	130,417	153,309	85.1%	(22,892)	-14.9%	14.2%	(22,892)	-2.5%
Service charges - water revenue	310,717	23,588	44,134	51,786	85.2%	(7,652)	-14.8%	14.2%	(7,652)	-2.5%
Service charges - sanitation revenue	81,700	7,780	15,615	13,617	114.7%	1,999	14.7%	19.1%	1,999	2.4%
Service charges - refuse revenue	60,940	5,722	11,574	10,157	114.0%	1,418	14.0%	19.0%	1,418	2.3%
Rental of facilities and equipment	13,010	2,012	4,296	2,168	198.1%	2,128	98.1%	33.0%	2,128	16.4%
Interest earned - external investments	6,000	(691)	(484)	1,000	-48.4%	(1,484)	-148.4%	-8.1%	(1,484)	-24.7%
Interest earned - outstanding debtors	156,500	13,844	26,853	26,083	103.0%	770	3.0%	17.2%	770	0.5%
Fines, penalties and forfeits	27,730	1,452	1,703	4,622	36.9%	(2,918)	-63.1%	6.1%	(2,918)	-10.5%
Licences and permits	6,850	781	2,057	1,142	180.1%	915	80.1%	30.0%	915	13.4%
Agency services	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	258,117	-	93,271	43,019	216.8%	50,252	116.8%	36.1%	50,252	19.5%
Other revenue	18,145	4,126	5,060	3,024	167.3%	2,036	67.3%	27.9%	2,036	11.2%
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,487,209</b>	<b>175,371</b>	<b>507,927</b>	<b>414,535</b>	<b>122.5%</b>	<b>93,392</b>	<b>22.5%</b>	<b>20.4%</b>	<b>93,392</b>	<b>3.8%</b>
Transfers and subsidies - capital	134,338	4,014	4,014	22,390	17.9%	(18,376)	-82.1%	3.0%	(18,376)	-13.7%
<b>Total Revenue (including capital transfers and contributions)</b>	<b>2,621,547</b>	<b>179,385</b>	<b>511,940</b>	<b>436,924</b>	<b>117.2%</b>	<b>75,016</b>	<b>17.2%</b>	<b>19.5%</b>	<b>75,016</b>	<b>2.9%</b>

Table 3: Table C4 Financial Performance (Revenue)

### Comparison against the YTD Budget

- ❖ Property Rates is showing a positive YTD variance of 65.8%, due to the annual billing on Property Rates for predominantly Organs of State and businesses.
- ❖ Service charges - Electricity revenue is showing a very concerning under-recovery of minus 14.9%, attributable to the actual billing being lower than anticipated, however based on the Original budget comparison it is satisfactory at minus 2.5%. It will be prudent that the Billing section does a proper investigation to ensure that all properties are billed accurately. The same applies to all other Service charges where the Original budget comparison is satisfactory.
- ❖ Interest earned – External investments shows a negative variance of minus 148.4%, 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 preventing the municipality from actually earning more interest. Due to financial constraints the municipality could not increase its investments which largely contributes to the lower interest earned. The reduced interest rate by the Reserve bank, prior to the latest interest rate hikes, also had a negative impact on Interest earned. The bulk of the interest earned normally gets recognised at year-end.
- ❖ Fines, penalties and forfeits is showing a negative variance of 63.1% as a result of the under-recovery of Law enforcements fines with a 4.1% achieved versus a target of R10,000 million. The unit is experiencing various challenges in terms of capacity and the process of the reconciliation of fines with the Department of Justice needs to improve. Penalties: Disconnection fees achieved an actual of 7.2% against an annual target of R17,500 million. The municipality also implemented disconnection of customers commencing from 8 August 2022.
- ❖ Licences and permits is showing a positive variance of 80.1%, however there are possible outstanding payments due to the Department of Transport, Safety and Liaison. This is possibly attributable to an over-recovery on Road & Trsp: Driver Licence Applicat Fee and Road & Trsp: Motor Vehicle Licenses, showing an actual achieved of 25.84% and 36.47% respectively



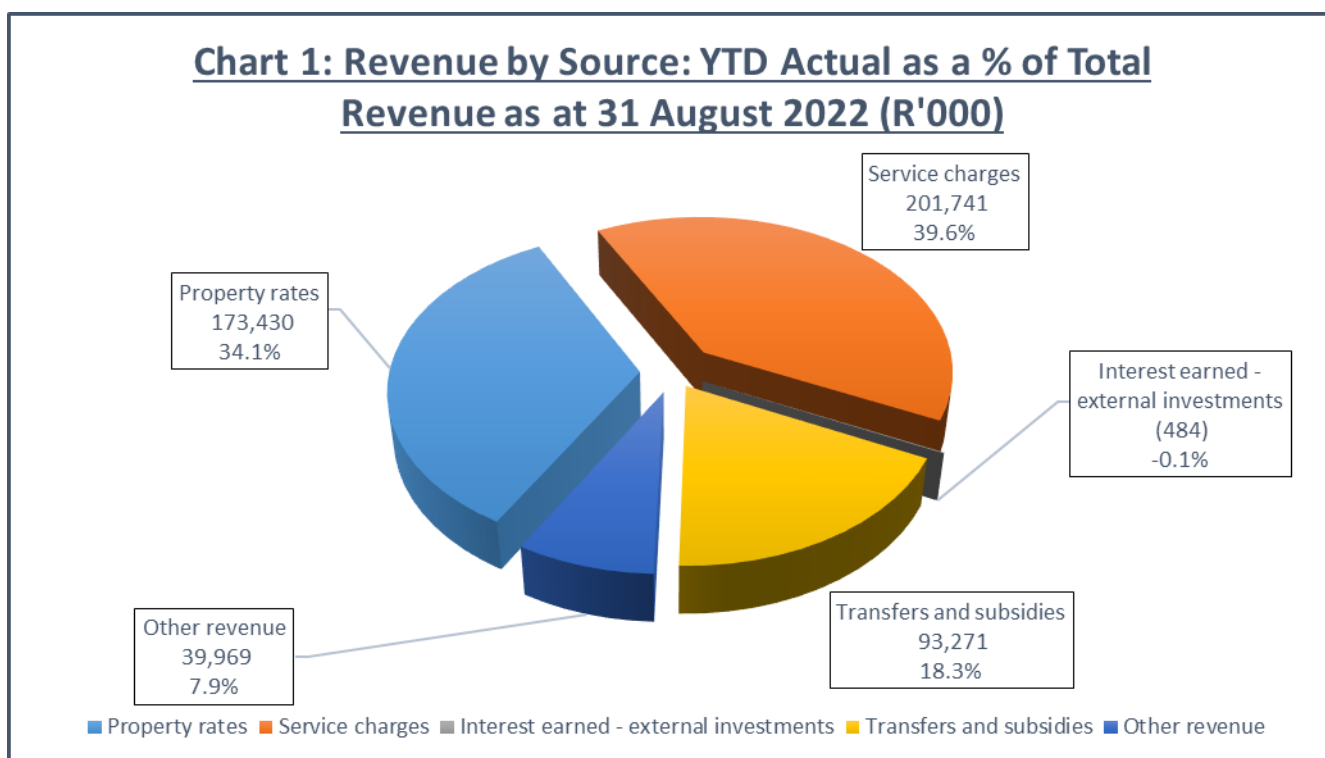
- ❖ Transfers and subsidies is showing a positive variance of 116.8% due to the recognition of the first tranche of the Equitable Share that was received in July 2022.
- ❖ Capital grants is showing a negative variance of 82.1%, as a result of the lower than anticipated capital grant expenditure. Serious 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 8.33%, the majority of revenue sources are performing satisfactorily.

- ❖ Property rates is performing satisfactorily and showing a positive variance of 11%, due to the annual billing of Property Rates.
- ❖ Service charges is performing satisfactorily when compared to the Original budget.
- ❖ Interest from External Investments is showing an unsatisfactory variance of 24.7%. Same factors are applicable as described in the paragraph above.
- ❖ Fines, penalties and forfeits is showing a negative variance of 10.5%. Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits is showing a positive variance of 13.4%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies is showing a positive variance of 19.5%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers – recognised capital is showing a negative variance of 13.7%. Same factors are applicable as described in the paragraph above.

Also indicated in Chart 1 below is the weighting of the YTD Actual on billed Revenue per Source as a percentage of total operational revenue as at 31 August 2022. The main contributors of the municipality's revenue are Service Charges (39.6%), Property Rates (34.1%) and Transfers and subsidies (18.3%). The weighting is distorted due to the annual billing on Property Rates and the receipt of the first tranche of the Equitable Share allocation.



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

## 4.2 Operating Expenditure by Type

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 % - 16.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Employee related costs	849,403	62,485	122,475	141,568	86.5%	(19,092)	-13.5%	14.4%	(19,092)	-2.2%
Remuneration of councillors	34,547	3,278	6,310	5,758	109.6%	552	9.6%	18.3%	552	1.6%
Debt impairment	297,000	1	1	49,500	0.0%	(49,499)	-100.0%	0.0%	(49,499)	-16.7%
Depreciation & asset impairment	81,050	-	-	13,508	0.0%	(13,508)	-100.0%	0.0%	(13,508)	-16.7%
Finance charges	38,960	5,261	5,261	6,493	81.0%	(1,233)	-19.0%	13.5%	(1,233)	-3.2%
Bulk purchases - electricity	682,000	88,124	88,124	113,667	77.5%	(25,543)	-22.5%	12.9%	(25,543)	-3.7%
Inventory consumed	236,627	20,296	31,765	39,438	80.5%	(7,673)	-19.5%	13.4%	(7,673)	-3.2%
Contracted services	46,437	426	1,082	7,740	14.0%	(6,658)	-86.0%	2.3%	(6,658)	-14.3%
Transfers and subsidies	4,460	-	-	743	0.0%	(743)	-100.0%	0.0%	(743)	-16.7%
Other expenditure	134,643	8,569	25,245	22,441	112.5%	2,804	12.5%	18.7%	2,805	2.1%
Loss on disposal of PPE	60,000	-	-	10,000	0.0%	(10,000)	-100.0%	0.0%	(10,000)	-16.7%
<b>Total Expenditure</b>	<b>2,465,128</b>	<b>188,439</b>	<b>280,262</b>	<b>410,856</b>	<b>68.2%</b>	<b>(130,594)</b>	<b>-31.8%</b>	<b>11.4%</b>	<b>(130,592)</b>	<b>-5.3%</b>

Table 4: Table C4 Financial Performance (Expenditure)

### Comparison against YTD Budget

As indicated in the Table 4 above, as at 31 August 2022 current YTD expenditure shows an unsatisfactory variance of minus 31.8%. The YTD actual amounted to R280,262 million against the YTD Budget of R410,856 million.

- ❖ Employee related costs shows an unsatisfactory variance of minus 13.5%. Post-retirement benefit obligations are not factored in and will only be finalised as part of year-end procedures.
- ❖ Remuneration of councillors is showing an over-expenditure of 9.6%. This is attributable to the backpay of 2021/22 that was paid in August 2022, which will be corrected via a journal in September 2022.
- ❖ Depreciation was projected for on a straight-line basis but will only be provided for, as part of year-end procedures. Herewith the response from the Asset Management Unit, why Depreciation cannot be recognised at least quarterly "The Asset Management System currently do not interface with the Financial System and this make it difficult, to post the transactions for depreciation monthly or quarterly. We currently have to pass journals in the financial system to recognise depreciation in the general ledger. This is due to the fact that the systems do not interface. Once journals are passed for depreciation and changes needs to be done for depreciation due to asset processes like disposals or impairment recognition, we will have to pass new journals for the correction of depreciation. The Asset Management System can currently interface with the Financial System but requires authorization from the service provider of the Financial System. Asset Management is one of the core functions that will be dealt with by the re-established mSCOA Steering Committee."
- ❖ Debt impairment will be provided for on a quarterly basis.
- ❖ Expenditure on Contracted services is lower than anticipated, especially pertaining to Legal Cost Advice & Litigation which is 2.27% spent versus an Original budget of R5,965 million. Prepaid Electricity Vendors is 0% spent versus a budget of R29,500 million, due to the fact that the July 2022 account for Ontec was not paid timeously. The August 2022 account is due at the end of September 2022.
- ❖ Bulk purchases – Electricity is unsatisfactory and based on accrual accounting principles, the June 2022 account was recognised in the 2021/22 financial year. The July 2022 ESKOM invoice was captured on the system during August 2022. The August 2022 invoice is not yet reflected on the system but will be captured during September 2022.
- ❖ Bulk purchases Water is treated in line with GRAP 12. Actuals are understated because the municipality captured the July 2022 invoice on the system during August 2022. 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

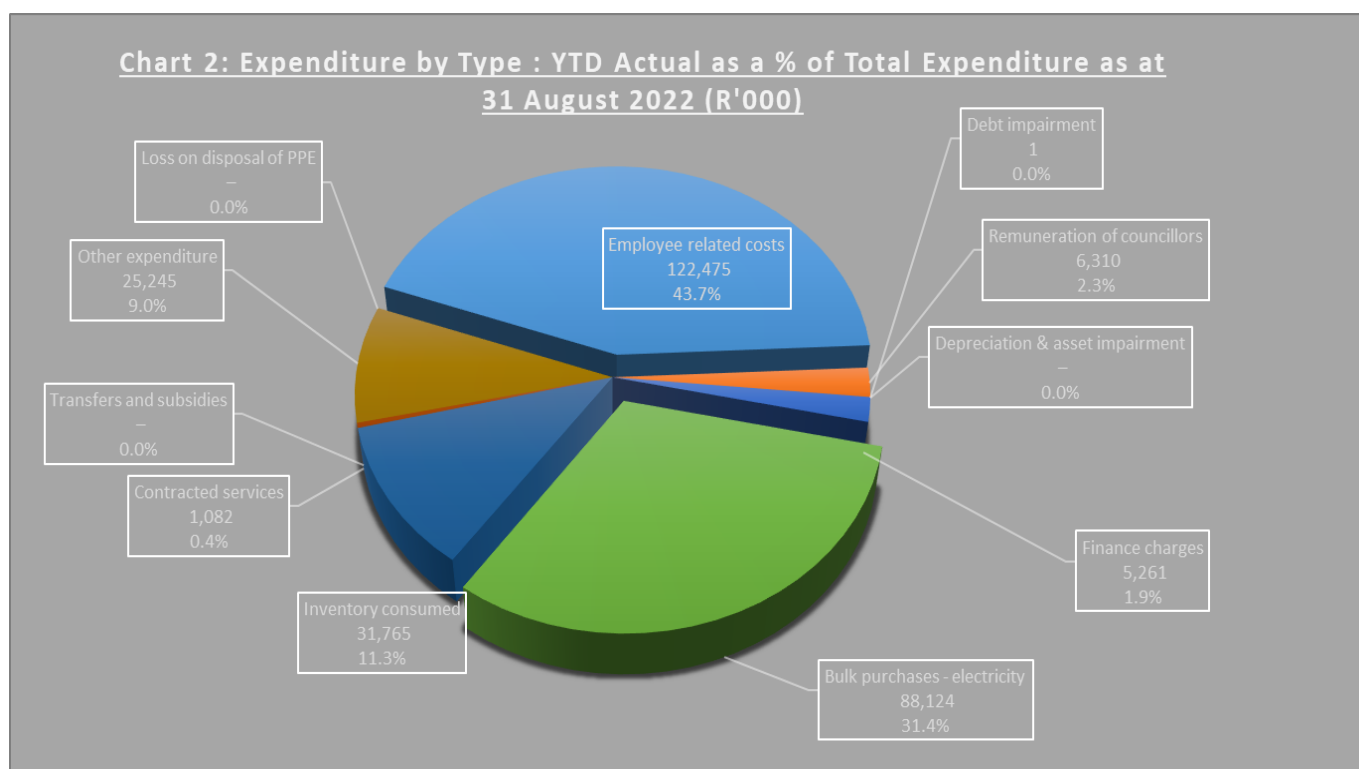
journal was not processed timeously but the municipality will endeavour to recognise this on a monthly basis.

- ❖ Transfers and subsidies show a negative variance of 100%. The grant funding of R2,300 is still due to the SPCA. Other grants also show no movement due to cash flow constraints.
- ❖ Finance charges is showing a negative variance of 19.0%. Interest on External borrowing is paid bi-annually and the first instalment for the current financial year is due at the end of December 2022. Interest on overdue accounts will be adjusted upwards during the Adjustment budget. Corrections on the actuals pertaining to Interest paid on overdue accounts will be journalised on the system. All Interest paid on overdue accounts must be recognized as Fruitless and Wasteful expenditure in the Annual Financial Statements.
- ❖ The expenditure on Inventory consumed is showing an unsatisfactory variance of 19.5%. It has been reiterated monthly that expenditure on Inventory consumed needs to be monitored closely and remedial action be taken to ensure that funds are spent effectively with good value for money and also that funds will be fully spent at year-end. The journal for Water Inventory must also be passed.

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

Indicated in Table 4 above, is the YTD actual compared to the Original Budget. The ideal In-Year-Monitoring percentage as at the end of August 2022 is 16.67%. The total operational expenditure against the Original Budget is 11.4% spent, resulting in a unsatisfactory variance of minus 5.3%.

- ❖ Employee costs and Councillors remuneration is satisfactory.
- ❖ Depreciation will be provided for at year-end. Same factors are applicable as explained above.
- ❖ The variance on Finance charges is satisfactory.
- ❖ Debt impairment will be provided for on a quarterly basis. However, the municipality has been treating debt write-offs erroneously and all write-offs must be done directly against the expenditure vote and not against the Statement of Financial Position. This will be corrected during the financial year as and when write-offs are done.
- ❖ Expenditure on Contracted services is lower than anticipated, same factors are applicable as explained above.
- ❖ Transfers and grants is unsatisfactory with a variance of minus 1.67%. The same factors are applicable as explained in the paragraph above.
- ❖ Water inventory under Inventory consumed and Loss on disposal of PPE (Water losses), corrective journals will be passed but the actuals are understated, due to the issue described above.



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

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

### **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 16.67% as at end of August 2022, Bulk Purchases Electricity is showing a satisfactory variance of minus 3.75%. The July 2022 invoice was captured in August 2022, whilst the August 2022 invoice will be captured during September 2022.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 16.67%
BULK PURCHASES: ELECTRICITY	682,000,000	88,123,567	88,123,567	12.92%	-3.75%
<b>Total</b>	<b>682,000,000</b>	<b>88,123,567</b>	<b>88,123,567</b>	<b>12.92%</b>	<b>-3.75%</b>

**Table 5.1: Summary of YTD Bulk Electricity expenditure**

- ❖ Indicated in Table 5.2 below, is the Water inventory which is showing a negative variance of minus 16.6% when compared to the ideal percentage of 16.67%. 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 for July and August 2022 will be done to correct the year-to-date actuals. The movement of R60 thousand must also be corrected as payments must be made directly against the balance sheet line item.

Description	Original Budget	Adjusted budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 16.67%
INVENTORY - WATER	60,000,000	60,000,000	60,477	60,477	0.1%	-16.6%
NON-REVENUE WATER LOSSES	60,000,000	60,000,000	-	-	0.0%	-16.7%
<b>Total</b>	<b>120,000,000</b>	<b>120,000,000</b>	<b>60,477</b>	<b>60,477</b>	<b>0.1%</b>	<b>-16.6%</b>

Table 5.2: Summary of YTD Bulk Water expenditure

Organ of state	Arrear debt of unpaid invoices	Current Account due (Aug 2022)	Total Outstanding Debt	YTD Interest charged 2022/23
ESKOM	629,163,319.85	109,064,695.35	738,228,015.20	11,743,431.05
DWS (Water boards)	140,224,436.01	17,542,608.04	157,767,044.05	-
<b>Grand Total</b>	<b>769,387,755.86</b>	<b>126,607,303.39</b>	<b>895,995,059.25</b>	<b>11,743,431.05</b>

Table 6.1: Summary of outstanding Bulk costs debt

Indicated in Table 6.1 above, is the total outstanding debt owed to ESKOM amounting to R738,228 million. The debt for 2021/22 has not been settled in full. Due to the severe financial constraints the municipality could not enter into a payment agreement with ESKOM. The municipality is in the process of concluding a payment arrangement for 2022/23 financial year. At this stage after careful consideration of the cash position, the municipality pays what it can afford for the month in terms of available cash. The total year to date interest charged on overdue accounts due to ESKOM amounts to R11,743 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 R157,767 million. The total year to date interest charged on overdue accounts to DWS is not disclosed as the municipality is still awaiting the outstanding interest document from the Department. Interest on overdue accounts incurred must be disclosed as Fruitless and Wasteful Expenditure for the year under review. The debt for 2020/21 has been settled in full, whilst there are still outstanding invoices for 2021/22 financial year. To date, the municipality could not enter into a payment agreement with DWS due to severe financial constraints. However, the municipality is in negotiations with the Department to conclude a new payment arrangement for 2022/23 financial year.

Month	Invoice amount	Paid to date on O/S invoices	Outstanding Balance	Arrear Debt	Current Acc
Oct-21	51,027,860.62	-	51,027,860.62	51,027,860.62	
Nov-21	50,812,779.51	-	50,812,779.51	50,812,779.51	
Dec-21	51,379,198.31	-	51,379,198.31	51,379,198.31	
Jan-22	53,401,058.31	-	53,401,058.31	53,401,058.31	
Feb-22	51,445,498.50	-	51,445,498.50	51,445,498.50	
Mar-22	54,651,968.15	-	54,651,968.15	54,651,968.15	
Apr-22	51,834,528.52	-	51,834,528.52	51,834,528.52	
May-22	57,826,269.53	-	57,826,269.53	57,826,269.53	
Jun-22	101,431,456.54	-	101,431,456.54	101,431,456.54	
Jul-22	105,352,701.86	-	105,352,701.86	105,352,701.86	
Aug-22	109,064,695.35	-	109,064,695.35		109,064,695.35
<b>Total ESKOM</b>	<b>738,228,015.20</b>	<b>-</b>	<b>738,228,015.20</b>	<b>629,163,319.85</b>	<b>109,064,695.35</b>

Table 6.2: Summary of outstanding ESKOM debt

Indicated in Table 6.2 above, is the detailed breakdown of billed charges, amounts paid on the outstanding invoices and the outstanding balances per invoice. The outstanding balance is then split into the arrear debt (R629,163m) and the current account (R109,065m).

		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
<b>Payments per fin period</b>	<b>Sum of VOTE AMOUNT</b>	<b>Grand Total</b>	<b>395,663,959.46</b>
202108	18,165,402.07		
202109	24,000,000.00		
202110	21,954,439.94		
202111	20,000,000.00		
202112	30,000,000.00		
202201	29,986,502.54		
202202	19,000,000.00		
202203	20,000,000.00		
202204	30,000,000.00		
202205	50,000,000.00		
202206	53,019,940.09		
202208	79,537,674.82		
<b>Grand Total</b>	<b>395,663,959.46</b>	<b>Grand Total</b>	<b>395,663,959.46</b>

Table 6.3: Summary of ESKOM payments

Indicated in Table 6.3 above, is the total amount paid to ESKOM per financial period and per payment date for the 2021/22 and 2022/23 financial year. For the month of August 2022, the municipality settled an amount of R79,538 million on the outstanding invoices. The municipality does not have sufficient cash to settle the monthly current account.



Month	Invoice amount	Paid to date on O/S invoices	Outstanding Balance	Arrear Debt	Current Acc
INTEREST CHARGES - APR TO JUN 2022	6,191,399.16	-	6,191,399.16	6,191,399.16	
AUG 2021 BULK ACCOUNT	15,074,754.70	-	15,074,754.70	15,074,754.70	
SEP 2021 BULK ACCOUNT	15,794,682.80	-	15,794,682.80	15,794,682.80	
OCT 2021 BULK ACCOUNT	15,275,086.61	-	15,275,086.61	15,275,086.61	
NOV 2021 BULK ACCOUNT	14,522,530.48	-	14,522,530.48	14,522,530.48	
DEC 2021 BULK ACCOUNT	11,107,773.22	-	11,107,773.22	11,107,773.22	
JAN 2022 BULK ACCOUNT	17,098,078.18	-	17,098,078.18	17,098,078.18	
FEB 2022 BULK ACCOUNT	16,436,776.66	-	16,436,776.66	16,436,776.66	
MAR 2022 BULK ACCOUNT	14,930,212.48	-	14,930,212.48	14,930,212.48	
JUL 2022 BULK ACCOUNT	13,793,141.72	-	13,793,141.72	13,793,141.72	
AUG 2022 BULK ACCOUNT	17,460,136.80	-	17,460,136.80		17,460,136.80
WRM LEVIES AUG 2022	82,471.24	-	82,471.24		82,471.24
<b>Total DWS</b>	<b>157,767,044.05</b>	<b>-</b>	<b>157,767,044.05</b>	<b>140,224,436.01</b>	<b>17,542,608.04</b>

Table 6.4: Summary of outstanding DWS debt

Indicated in Table 6.4 above, is the detailed breakdown of billed charges, amounts paid on outstanding invoices and the outstanding balances per invoice. The outstanding balance is then split into the the arrear debt (R140,224m) and the current account (R17,543m). It should be noted that the total debt due to DWS needs to concurred with the Department. The municipality also submitted a request to have interest written off, due to billing errors and late billing on their side.

		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
<b>Payments per fin period</b>	<b>Sum of VOTE AMOUNT</b>	<b>Grand Total</b>	<b>107,836,236.31</b>
202108	7,589,628.61		
202109	10,082,471.24		
202110	5,809,338.36		
202111	16,732,805.33		
202112	164,942.48		
202202	792,718.16		
202203	13,437,789.26		
202204	6,810,888.11		
202205	3,637,789.26		
202206	4,658,418.01		
202208	38,036,976.25		
202209	82,471.24		
<b>Grand Total</b>	<b>107,836,236.31</b>	<b>Grand Total</b>	<b>107,836,236.31</b>

Table 6.5: Summary of DWS payments



Indicated in Table 6.5 above, is the total amount paid to DWS per financial period and per payment date for the 2021/22 and 2022/23 financial year. For the month of August 2022, the municipality settled an amount of R38,037 million on outstanding invoices and settled an amount of R82 thousand on 1 September 2022. The municipality does not have sufficient cash to settle the current account due to DWS but make payments as cash becomes available.

The Head Office team of DWS has introduced an Incentive scheme for customers, that should a customer be on the scheme the interest will be written off meaning the customer will only be liable to pay the capital amount within a duration of 12 months and on that note the interest will also be halted within that period. This incentive scheme drive is only available for a duration of 6 months. Another prerequisite is that the current account must be settled in full each month. The municipality is doing its due diligence in terms of affordability to partake in the Incentive scheme.

## Monthly and YTD comparison of debt owed to Eskom and DWS

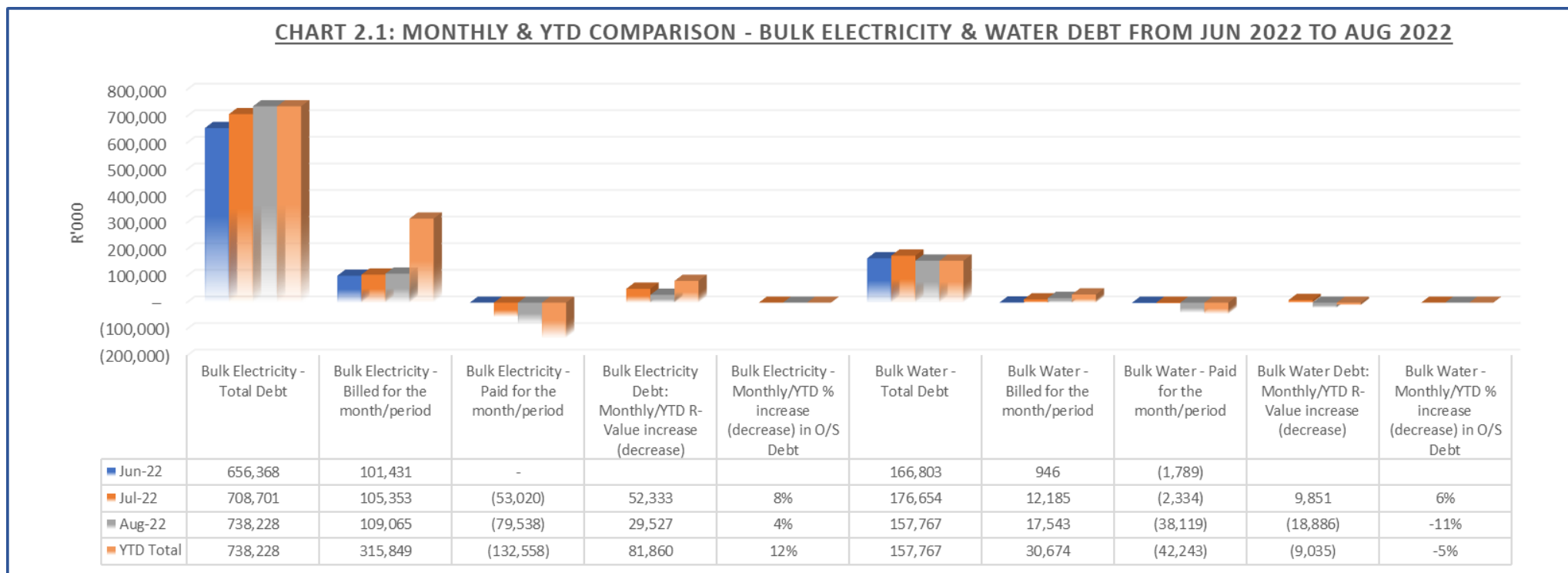


Chart 2.1: Monthly & YTD comparison - Bulk electricity & Water debt

Indicated in Chart 2.1, is the monthly and YTD comparison of Bulk electricity and Water debt. From July to August 2022, debt owed to ESKOM increased by R29,527 million or 4%, from R708,701 million to R738,228 million. When comparing the total outstanding debt to June 2022, the outstanding debt increased by R81,860 million or 12%. Debt owed to DWS decreased by R18,886 million or 11%, from R176,654 million to R157,767 million. When comparing the total outstanding debt to June 2022, the outstanding debt decreased by R9,035 million or 5%

### 4.3 Capital expenditure

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure - August 2022										
Capital expenditure	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance %	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 16.67%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	190,043	3,072	4,014	31,674	12.7%	(27,660)	-87.3%	2.1%	(27,660)	-14.6%
Funded by										
Capital transfers recognised	134,338	3,072	4,014	22,390	17.9%	(18,376)	-82.1%	3.0%	(18,376)	-13.7%
Internally generated funds	55,705	-	-	9,284	0.0%	(9,284)	-100.0%	0.0%	(9,284)	-16.7%
Weighting Capital transfer recognised	71%	100%	100%	71%						
Weighting Internally generated funds	29%	0%	0%	29%						

Table 7: High level summary: Capital Expenditure

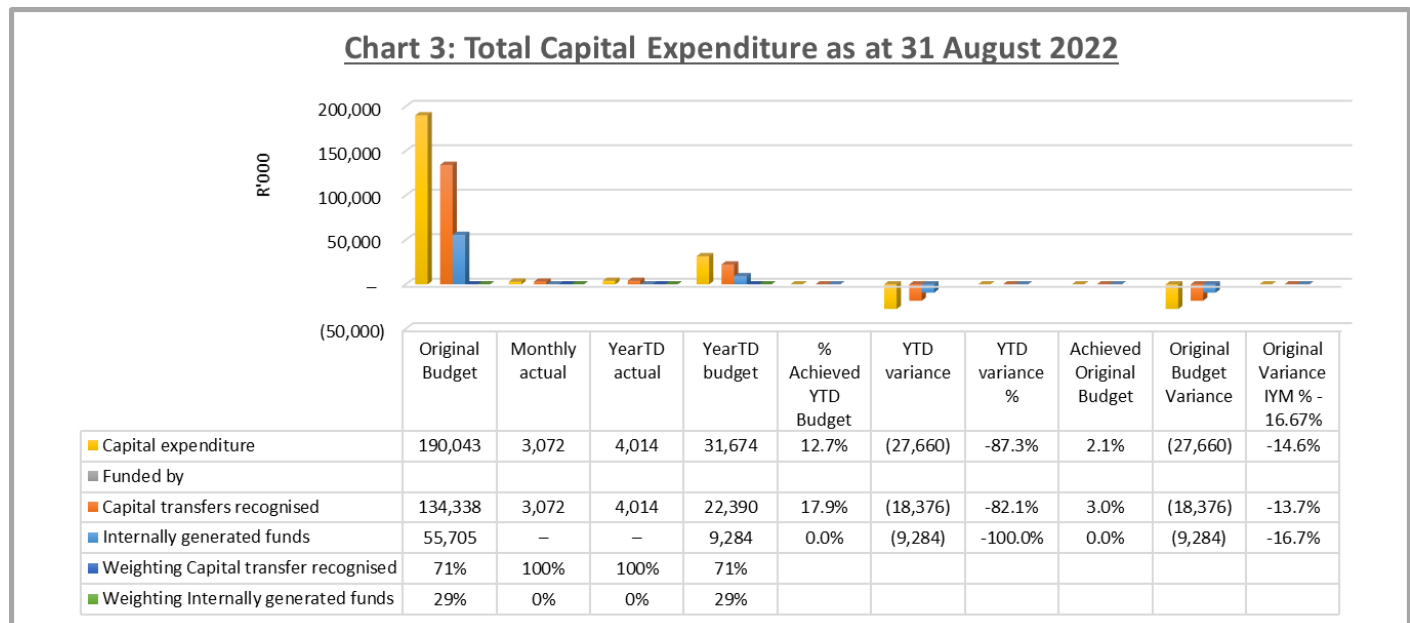


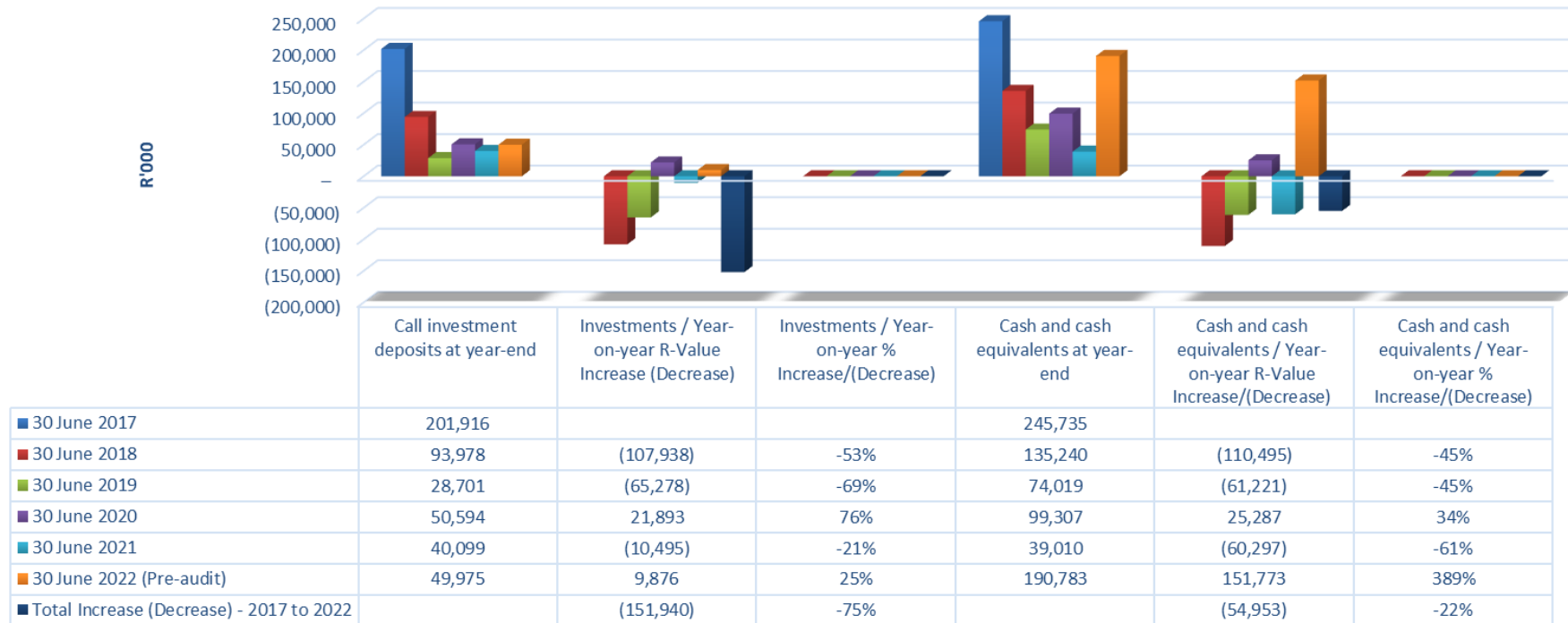
Chart 3: Total Capital expenditure

As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of August 2022 amounted to R4,014 million and 12.7% spent when compared to the YTD budget of R31,674 million and 2.1% spent when compared to the Original Budget of R190,043 million. The total YTD capex is funded from Capital grants R4,014 million (100%) and Internally generated funds zero rand (0%). Capex is extremely low and major intervention is required for the new 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

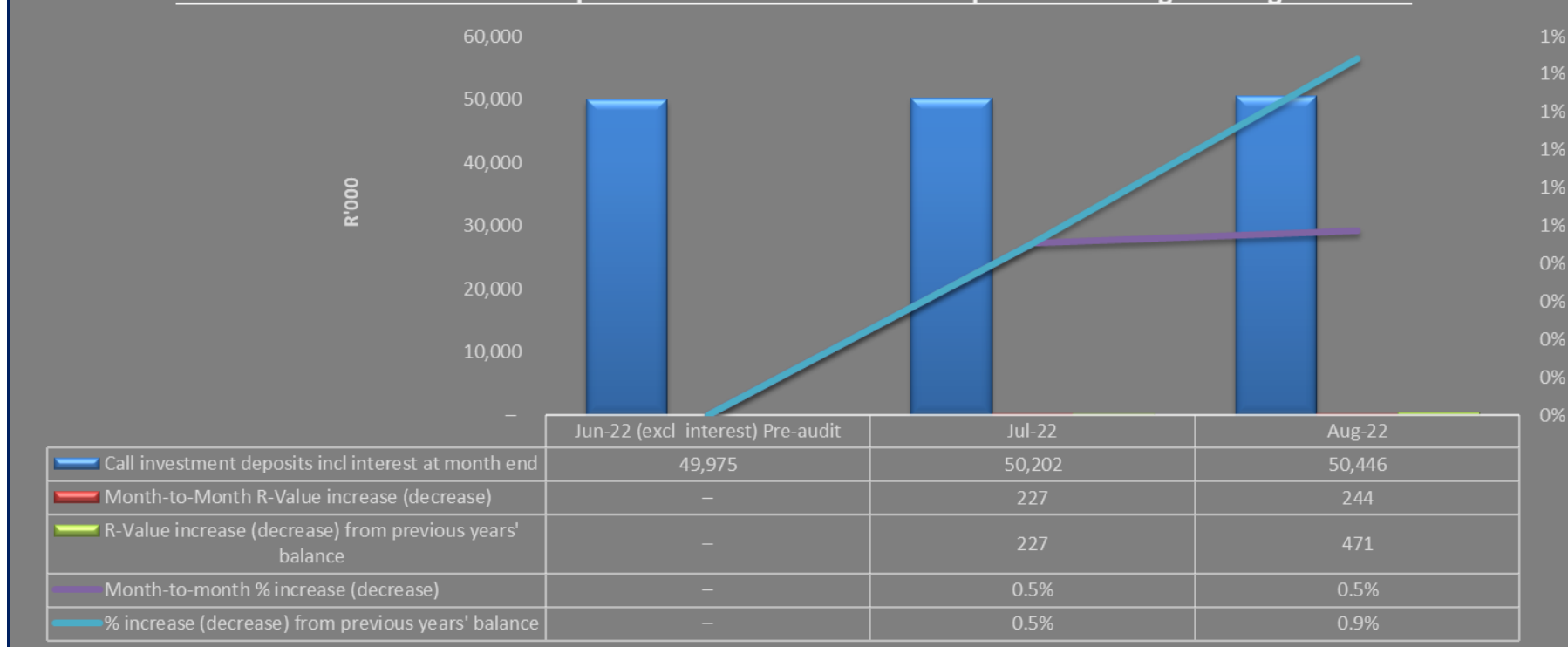
**Chart 4: Current investment deposits and Cash & cash equivalents at year-end**



**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 July 2022, due to portion of the Equitable Share that was saved to avert a crisis situation, where the municipality cannot pay salaries. This is attributable to various factors inter alia, the lower collection rate, increased capital expenditure, especially increase on CRR funding year-on-year, the non-implementation of the basic charge for the 2018/19 financial year, increase in bulk purchases, operational expenditure, including excessive expenditure on Overtime and EPWP, variation orders on contracts, excessive water and electricity losses. And the servicing of the long-term loan. The decline in investments and Cash & cash equivalents is concerning and must be addressed by management.

**Chart 5: Call investment deposits incl interest for the period ending 31 August 2022**



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

As indicated in the Chart 5 above from July to August 2022 investments incl interest increased by R244 thousand or 0.5%, in respect of the month-to-month comparison. Investments increased by R322 thousand or 0.6% when compared to the previous years' pre-audited figure of R49,975 million. Various commitments must be met monthly including Salaries, Bulk Electricity, Bulk Water in the billing period and capital expenditure. The majority of staff receive their annual bonuses in December of each year. Bi-annual long-term loan repayments. The non-charging of the basic charge for the 2018/19 financial year for domestic consumers also had a negative impact on the income from Sale of Electricity and thus negatively affecting the municipality's cash flow. The movement on investments should be monitored going forward and a concerted effort should be done to collect current and long outstanding debt. Capital and Operational expenditure overall, also needs to be reviewed and prioritised.

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

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

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

**Chart 6.2: Cost coverage ratio**

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

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

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

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

## PART 2: SUPPORTING DOCUMENTATION

### 5. Debtors' Analysis

NC091 Sol Plaatje - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

Supporting Table 600 Monthly Budget Statement - aged debtors - 18/02/2023													
Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	46,152	14,966	14,211	538,046	-	-	-	-	613,376	538,046	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	81,158	18,725	8,216	197,665	-	-	-	-	305,764	197,665	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	127,851	14,391	13,153	670,756	-	-	-	-	826,151	670,756	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	13,059	4,747	4,411	167,164	-	-	-	-	189,382	167,164	-	-
Receivables from Exchange Transactions - Waste Management	1600	10,179	3,562	3,329	128,356	-	-	-	-	145,425	128,356	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	1,606	1,637	2,206	47,027	-	-	-	-	52,476	47,027	-	-
Interest on Arrear Debtor Accounts	1810	26,159	12,103	11,167	629,678	-	-	-	-	679,107	629,678	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	18,193	3,828	2,146	205,195	-	-	-	-	229,361	205,195	-	-
Total By Income Source	2000	324,357	73,958	58,839	2,583,888	-	-	-	-	3,041,042	2,583,888	-	-
2021/22 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	120,905	15,326	9,642	681,145	-	-	-	-	827,020	681,145	-	-
Commercial	2300	87,315	18,507	12,695	390,900	-	-	-	-	509,417	390,900	-	-
Households	2400	110,769	38,840	35,310	1,458,027	-	-	-	-	1,642,946	1,458,027	-	-
Other	2500	5,368	1,285	1,192	53,815	-	-	-	-	61,660	53,815	-	-
Total By Customer Group	2600	324,357	73,958	58,839	2,583,888	-	-	-	-	3,041,042	2,583,888	-	-

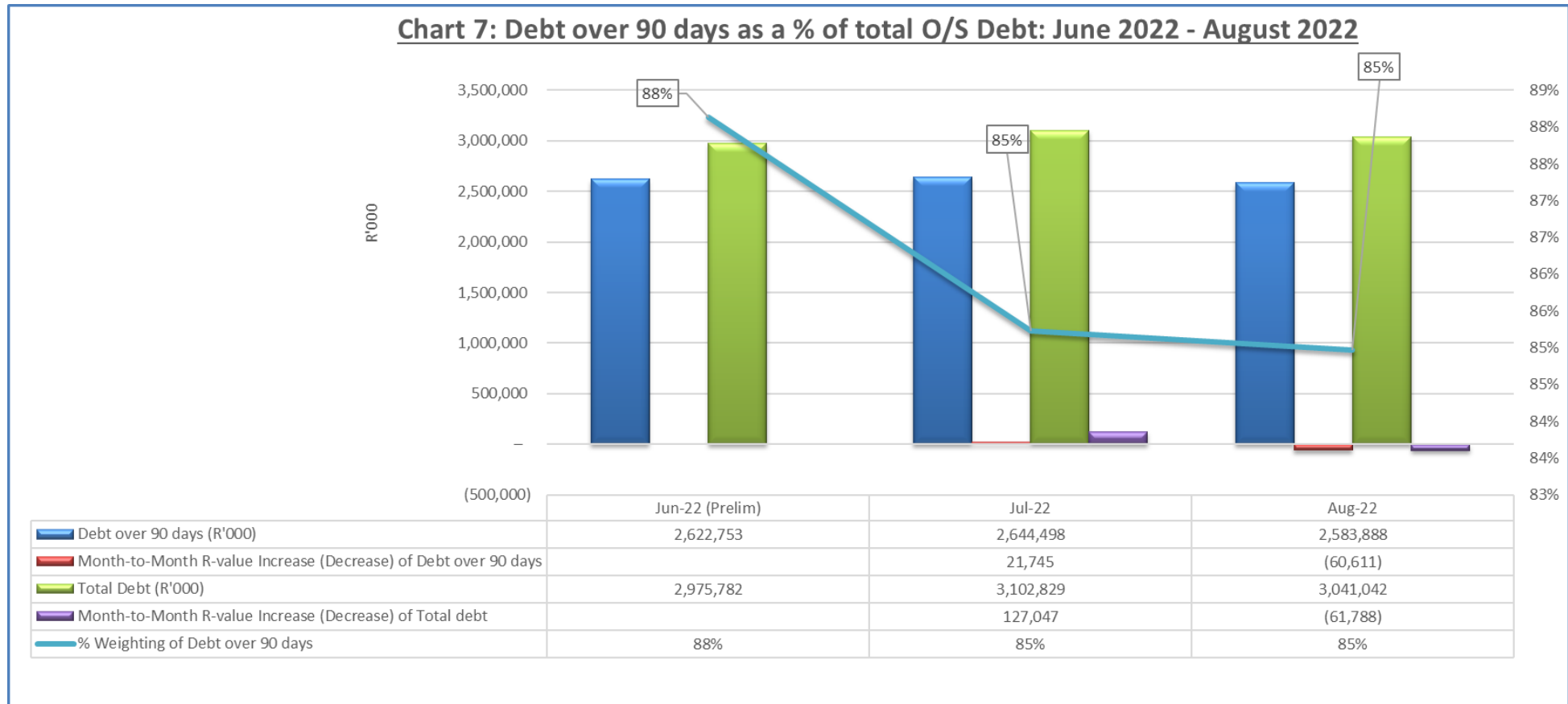
Table 8: Supporting Table SC3: Aged Debtors

Indicated in Table 8 above, is the total outstanding debt by Income Source and Customer Group, with the total O/S Debt amounting to R3,041,042 billion as at the end of August 2022. The Credit control office implemented the following contingencies. In the light of current cash flow and very low cashier collection at points, disconnection and blocking of institutions, businesses and Government Departments without valid arrangements or not in discussions with the municipality, should be done with immediate effect. On 8 August 2022 and going forward defaulting debtors were disconnected, starting with government and businesses and then moving onto households.

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

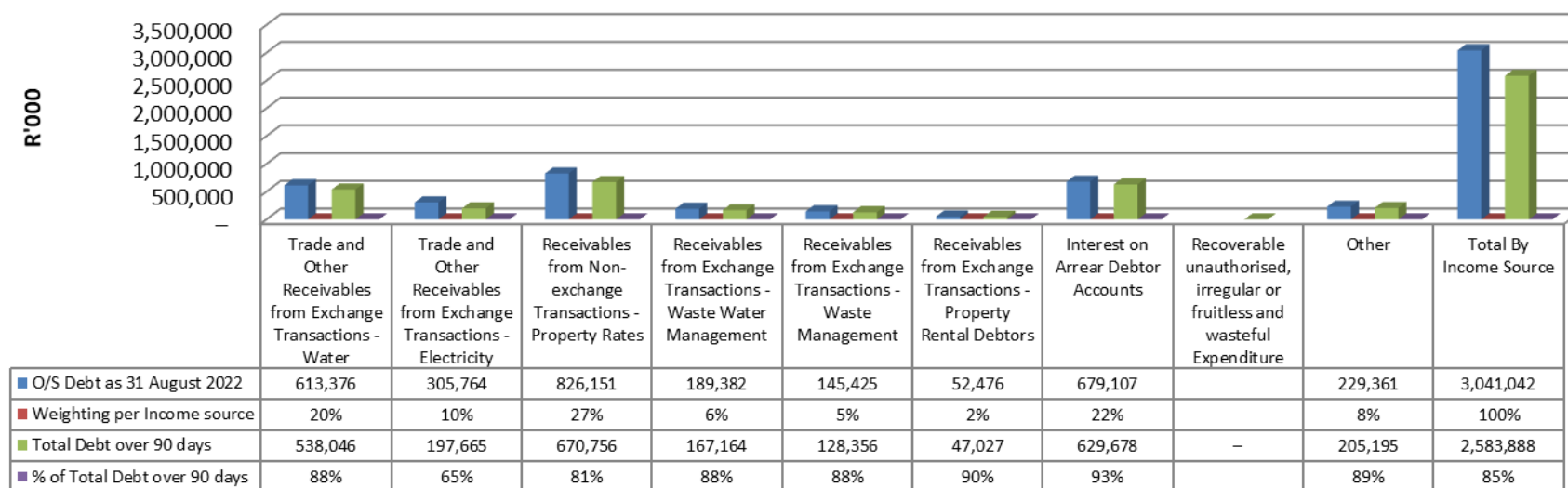


Chart 7 below, depicts the month-on-month summary of Debt over 90 days as a percentage of total O/S Debt which remained the same at 85% for the month under review. Debt over 90 days decreased by R60,611 million in respect of the month-to-month comparison. The month-to-month decrease on Total debt amounted to R61,788 million. It is concerning that total debt over 90 days is hovering at an average of 87 percent. During the Adjustment Budget funding assessment for 2019/20, NT advised that the municipality should consider writing off debtors that we know we are not realistically going to collect. To this end, the amounts written off as uncollectable amounted to R403,262 million for the year ended 30 June 2020. For the year ended 30 June 2021, the amounts written off as uncollectable amounted to R330,209 million. For the year ended 30 June 2022, the amounts written off as uncollectable amounted to R35,270 million. The total amounts written off as uncollectable for the past three financial years amounts to R768,740 million.



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

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



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

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

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

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

- ❖ Interest on Arrear Debtor Accounts and Other at 93%, respectively;
- ❖ Receivables from Exchange Transactions - Property Rental Debtors at 90%
- ❖ Other at 89%

Debtors Age Analysis By Income Source	O/S Debt as 31 July 2022	O/S Debt as 31 August 2022	Percentage month-on-month Increase/ (Decrease) in Debtors	R-Value Increase/(Decrease)	Weighting of Debt per Category as a % of Total O/S
Trade and Other Receivables from Exchange Transactions - Water	602,816,908	613,375,595	1.7%	10,558,687	20%
Trade and Other Receivables from Exchange Transactions - Electricity	310,694,486	305,764,115	-1.6%	-4,930,371	10%
Receivables from Non-exchange Transactions - Property Rates	890,027,669	826,150,812	-7.7%	-63,876,857	27%
Receivables from Exchange Transactions - Waste Water Management	186,770,620	189,381,965	1.4%	2,611,345	6%
Receivables from Exchange Transactions - Waste Management	143,352,861	145,424,817	1.4%	2,071,956	5%
Receivables from Exchange Transactions - Property Rental Debtors	51,059,258	52,475,753	2.7%	1,416,495	2%
Interest on Arrear Debtor Accounts	698,155,382	679,107,162	-2.8%	-19,048,220	22%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-	-		-	
Other	219,952,098	229,361,323	4.1%	9,409,225	8%
<b>Total By Income Source</b>	<b>3,102,829,282</b>	<b>3,041,041,542</b>	<b>-2.0%</b>	<b>-61,787,740</b>	<b>100%</b>
<b>Debtors Age Analysis By Customer Group</b>					
Organs of State	905,806,500	827,019,573	-9.5%	-78,786,927	27%
Commercial	520,559,318	509,416,825	-2.2%	-11,142,493	17%
Households	1,618,563,882	1,642,945,587	1.5%	24,381,705	54%
Other	57,899,582	61,659,557	6.1%	3,759,975	2%
<b>Total By Customer Group</b>	<b>3,102,829,282</b>	<b>3,041,041,542</b>	<b>-2.0%</b>	<b>-61,787,740</b>	<b>100%</b>

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

Indicated in Table 9 above is the month-on-month growth in outstanding debt, per Income Source and per Customer Group, from July 2022 to August 2022, the municipality's total O/S debt decreased by 2.0% or R61,788 million.

#### O/S debt per Income Source

- ❖ Trade and Other Receivables from Exchange Transactions - Water increased by 1.7%.
- ❖ Trade and Other Receivables from Exchange Transactions - Electricity decreased by 1.6%.
- ❖ Receivables from Non-exchange Transactions - Property Rates decreased by 7.7%, due to the payments received on Property Rates from government and businesses
- ❖ Receivables from Exchange Transactions - Waste Water Management increased by 1.4%;
- ❖ Receivables from Exchange Transactions - Waste Management increased by 1.4%.
- ❖ Receivables from Exchange Transactions - Property Rental Debtors decreased by 2.7%.
- ❖ Interest on Arrear Debtor Accounts decreased by 2.8%, due to settlement discounts granted.
- ❖ Other increased by 4.1%.

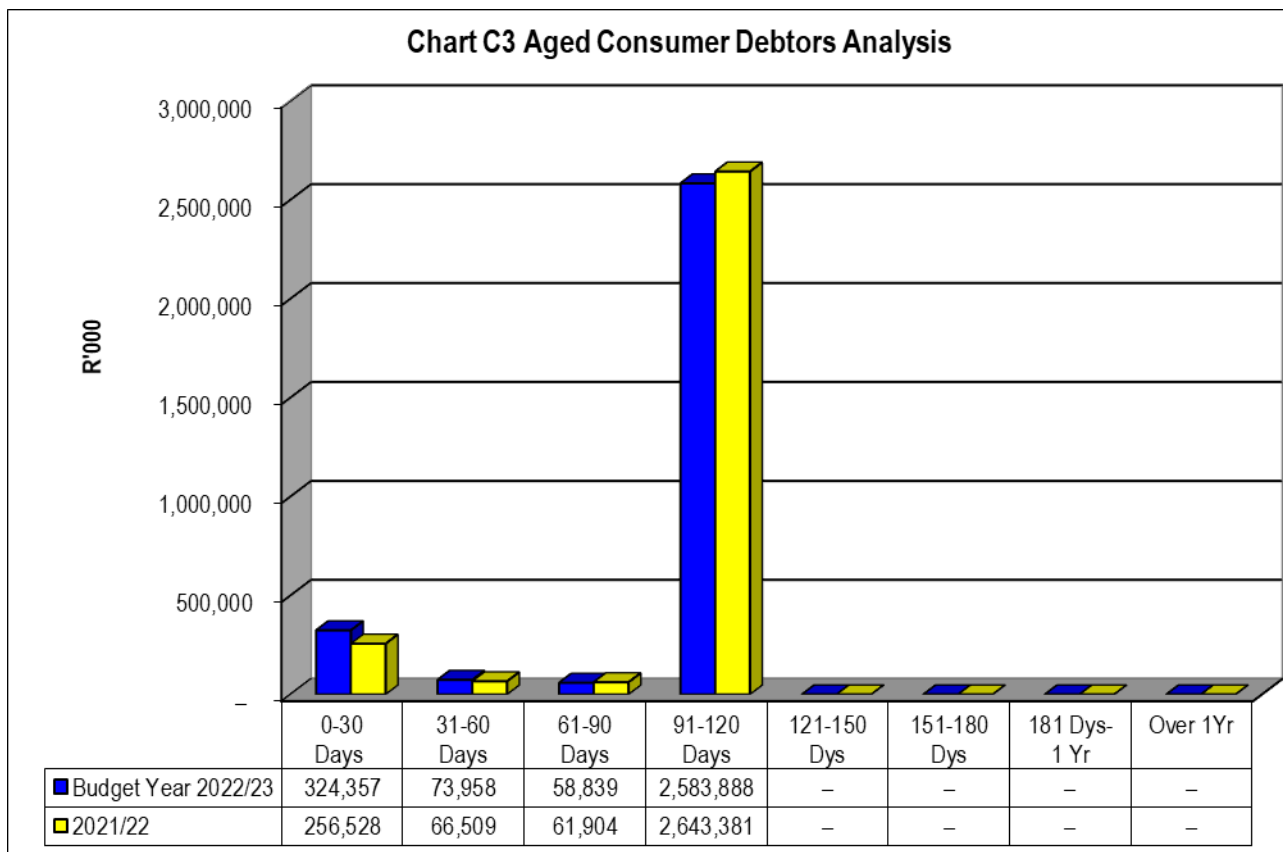
#### O/S debt per Customer Group

- ❖ Organs of State decreased by 9.5%.
- ❖ Commercial debtors decreased by 2.2%.
- ❖ Debt owed by Households increased by 1.5%.
- ❖ Other Debt increased by 6.1%.

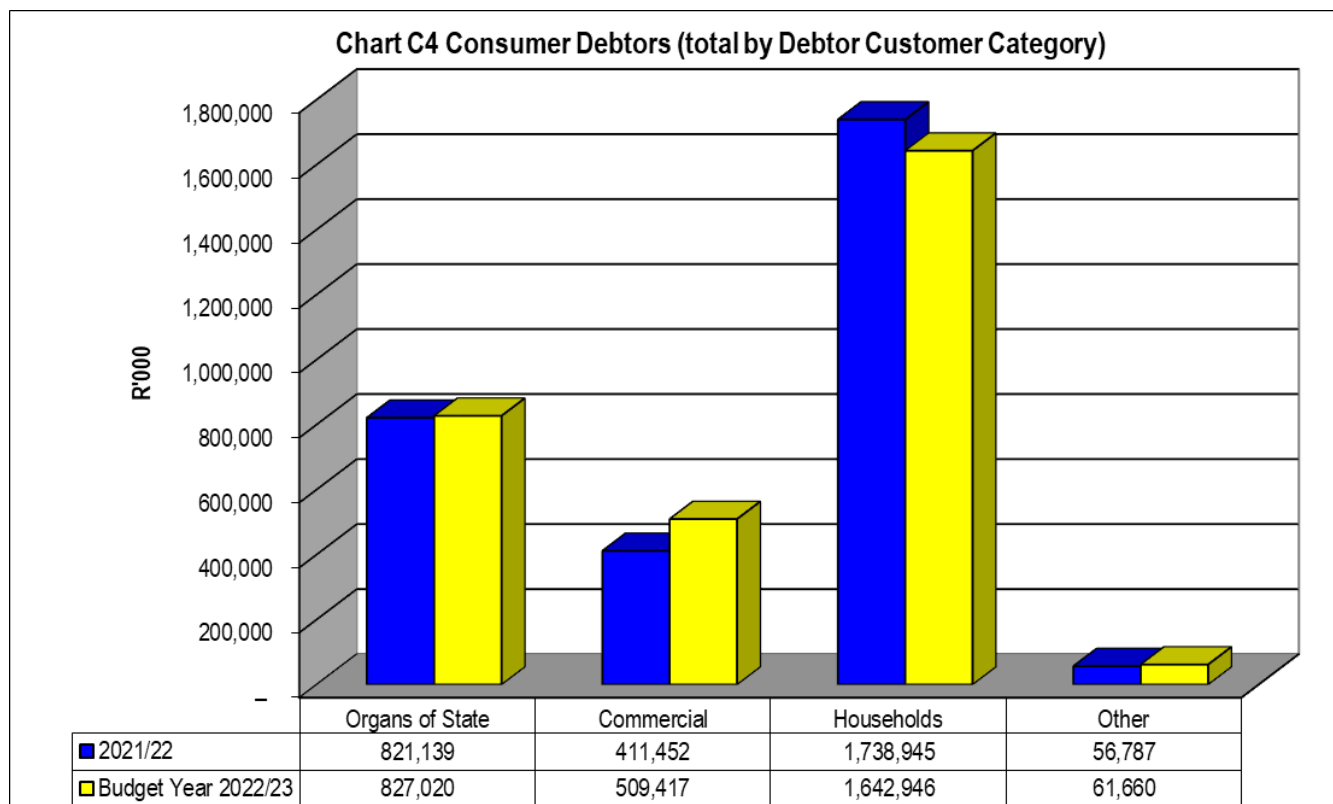
#### Weighting per Customer Group

- ❖ Government debt constitutes 29%, Businesses 17%, Households 54% and Other 2% of the total outstanding debt.

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

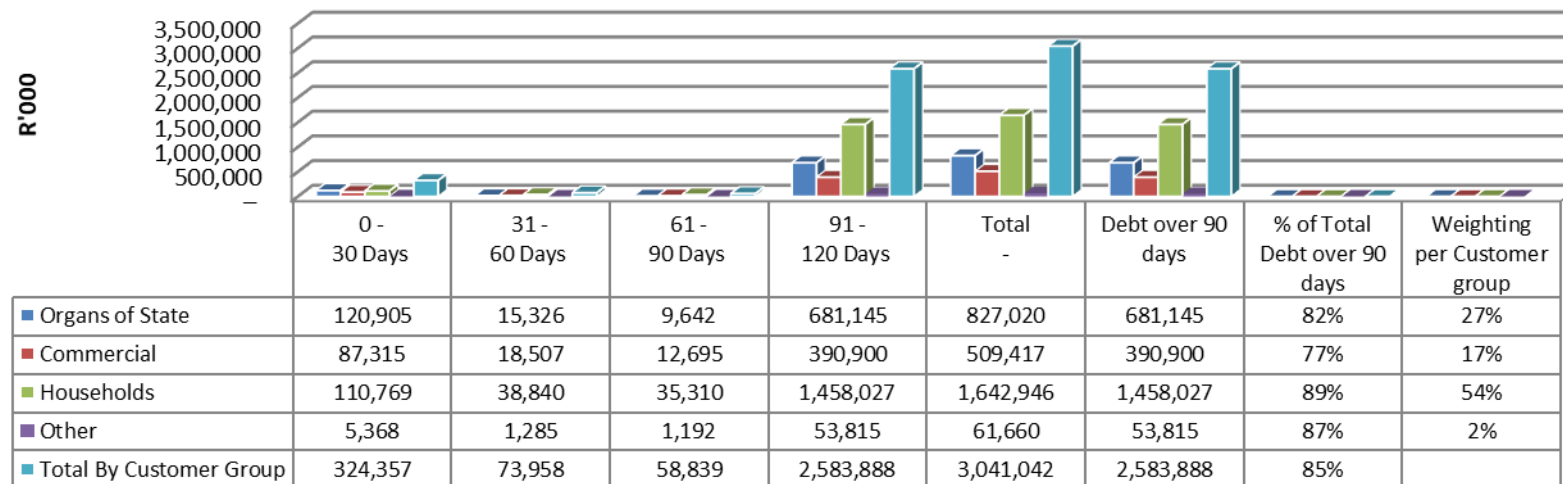


**Chart 9: Aged Consumer Debtor Analysis**



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

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



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

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

We have revised our policies to make our processes more effective. This will allow us to focus on preventing debt from ageing where possible in tracing and updating our debtors' information and of course recovering outstanding amounts. We anticipate a marked turnaround of this trend and in conjunction with a concerted effort to retard the escalation of ageing debt, we are focusing on improving the accuracy and regularity of our billing as well as our communication with our accountholders. Indigent verification is a continuous process and we are encouraging accountholders whose households qualify, to approach the Municipality for an assessment and possible registration as an Indigent Household. The benefits of this are the provision of free basic services and assistance with arrear debt owed to the Municipality. The Covid-19 pandemic also adversely affected consumer's ability to pay, this is evident by the average monthly collection rate of 69%. 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 July 2022 and received in August 2022, the monthly collection rate is 59%. This is slight distorted, due to the annual billing of Property rates. The average monthly collection rate was 69% for the 2021/22 financial year. This was not an ideal situation and the lower collection rate is having a dire impact on the cash flow of the municipality. The current status quo cannot continue and drastic action will have to be taken to address this critical issue, hence the disconnection drive implemented by the Executive Mayor and the Municipal Manager during August 2022. Indicated in Table 11 below is the revised average collection of 78.2% for the period under review. The average collection rate is distorted due to the annual billing on Property Rates. When considering the average collection rate, various factors are taken into account, like the receipts on Prepaid Electricity, unallocated credits, etc. The YTD billing on Property Rates and Service Charges are obtained from the general ledger. Billing on Other is obtained from the BS902 report (Debits Raised Versus Payments). The BS566 report (Payments per Service per Day/Period) includes all monies received from 1 August to 31 August 2022. Unallocated credits are obtained from the cashbook. Government in particular and businesses/households that opt to get billed annually, have until the end of September/October 2021 to settle their outstanding accounts. However, this was not materializing during the 2021/22 financial year.

Monthly Collection Rate	Debits (Billed Jul 2022)	Credits (Received Aug 2022)	% Collected
PROPERTY RATES	130,973,036	60,651,706	46%
ELECTRICITY	50,624,052	43,563,694	86%
WATER	21,444,989	12,001,612	56%
SEWERAGE	9,145,610	4,131,416	45%
REFUSE	7,045,820	3,314,668	47%
OTHER	16,061,277	15,121,715	94%
<b>Total</b>	<b>235,294,784</b>	<b>138,784,810</b>	<b>59%</b>

<u>Monthly collection rate per service</u>			
Revenue source	Jul-22	Aug-22	Average
Property Rates	101%	46%	60%
Electricity excl Prepays	79%	86%	83%
Water	79%	56%	67%
Sewerage	44%	45%	44%
Refuse	45%	47%	46%
Other	98%	94%	96%
<b>Monthly collection rate</b>	<b>85%</b>	<b>59%</b>	<b>68%</b>
<b>Average monthly collection rate as at 31 August 2022</b>			<b>72%</b>

Table 10: Monthly collection rate

REVENUE BY SOURCE	YTD ACTUAL AUG 2022		YTD RECEIPTS	Rate
PROPERTY RATES	R	173,429,794	R 94,459,429	54.5%
SERVICE CHARGE ELECTRICITY	R	78,954,785	R 82,148,807	104.0%
SERVICE CHARGE ELECTRICITY - PREPAIDS	R	51,462,226	R 51,462,226	100.0%
SERVICE CHARGE WATER	R	44,134,216	R 26,499,972	60.0%
SERVICE CHARGE SANITATION	R	15,615,227	R 8,040,541	51.5%
SERVICE CHARGE REFUSE	R	11,574,406	R 6,465,015	55.9%
OTHER	R	31,812,645	R 28,004,475	88.0%
UNALLOCATED CREDITS			R 21,142,753	
<b>REVISED AVERAGE COLLECTION RATE - AUGUST 2022</b>	<b>R</b>	<b>406,983,300</b>	<b>R 318,223,218</b>	<b>78.2%</b>

Table 11: Revised Average collection rate



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

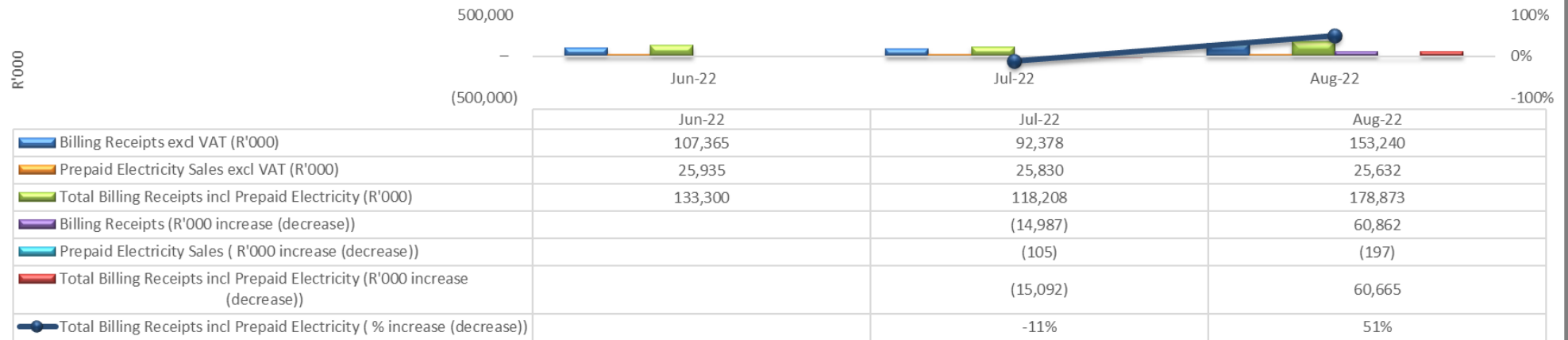
BS566 Payments per Service per Day/Period - Service				
Per Service	Tariff Code	Jul-22	Aug-22	TOTAL
PROPERTY RATES	VA2010	-	1,849.29	1,849.29
PROPERTY RATES	VARESD	11,554,158.61	17,670,066.22	29,224,224.83
PROPERTY RATES	VASRA	52,536.92	54,152.01	106,688.93
PROPERTY RATES	VABCOM	14,239,294.76	21,846,957.19	36,086,251.95
PROPERTY RATES	VAIND	1,456,382.45	1,878,851.67	3,335,234.12
PROPERTY RATES	VAFAAG	78,107.79	185,427.86	263,535.65
PROPERTY RATES	VAFARE	15,683.92	14,676.48	30,360.40
PROPERTY RATES	VAMUN	199.46	-	199.46
PROPERTY RATES	VAGOVN	296,275.54	23,880,726.22	24,177,001.76
PROPERTY RATES	VARESV	174,601.31	231,176.12	405,777.43
PROPERTY RATES	VAGOVV	-	434,078.55	434,078.55
PROPERTY RATES	VAFABC	358,956.69	35,270.09	394,226.78
<b>TOTAL PROPERTY RATES</b>		<b>28,226,197.45</b>	<b>66,233,231.70</b>	<b>94,459,429.15</b>
BASIC ELECTRICITY	BE	494,200.67	545,453.29	1,039,653.96
ELECTRICITY	EL	32,497,782.86	48,611,370.59	81,109,153.45
PREPAID ELECTRICITY		25,829,774.07	25,632,451.85	51,462,225.92
<b>TOTAL ELECTRICITY</b>		<b>58,821,757.60</b>	<b>74,789,275.73</b>	<b>133,611,033.33</b>
BASIC WATER	BW	101,803.68	55,922.48	157,726.16
WATER CONSUMPTION	WA	13,941,872.36	12,400,373.56	26,342,245.92
<b>TOTAL WATER</b>		<b>14,043,676.04</b>	<b>12,456,296.04</b>	<b>26,499,972.08</b>
BASIC SEWERAGE	BS	342,863.46	302,922.72	645,786.18
SANITATION	SE	3,328,774.23	4,065,980.24	7,394,754.47
<b>TOTAL SANITATION</b>		<b>3,671,637.69</b>	<b>4,368,902.96</b>	<b>8,040,540.65</b>
REFUSE	BR	2,688,210.78	3,131,446.45	5,819,657.23
ADD REFUSE	RF	318,771.58	326,586.51	645,358.09
<b>TOTAL REFUSE</b>		<b>3,006,982.36</b>	<b>3,458,032.96</b>	<b>6,465,015.32</b>
INTEREST ON ARREARS	IN0001	14,837.31	3,640.45	18,477.76
INTEREST ON ARREARS	INBR	110,061.36	64,483.08	174,544.44
INTEREST ON ARREARS	INSE	82,526.81	94,674.13	177,200.94
INTEREST ON ARREARS	INWA	246,746.07	290,224.03	536,970.10
INTEREST ON ARREARS	INSU	35,590.37	57,346.76	92,937.13
INTEREST ON ARREARS	INBS	34,685.00	4,845.76	39,530.76
INTEREST ON ARREARS	INEL	326,560.38	2,724,558.14	3,051,118.52
INTEREST ON ARREARS	INBE	38,137.40	6,483.64	44,621.04
INTEREST ON ARREARS	INBW	37,732.01	3,096.67	40,828.68
INTEREST ON ARREARS	INRF	21,990.58	1,154.84	23,145.42
INTEREST ON ARREARS	INVA	706,259.98	646,360.93	1,352,620.91
<b>TOTAL INTEREST ON ARREARS</b>		<b>1,655,127.27</b>	<b>3,896,868.43</b>	<b>5,551,995.70</b>
DEPOSITS	DEWE	365,159.66	381,981.42	747,141.08
CREDITS NOT YET ALLOCATED	EX	7,627,503.75	11,554,653.70	19,182,157.45
SUNDRY DEBTORS	SU	512,870.99	1,466,084.21	1,978,955.20
HOUSE RENTALS	SU10	73,465.93	94,208.22	167,674.15
MISC 1	SU50	94,739.60	72,875.12	167,614.72
MISC 2	SU11	99,481.13	76,357.05	175,838.18
MISC 3	SU15		4,220.39	4,220.39
INFORMAL HOUSING	SU60	4,474.71	8,391.05	12,865.76
ARREARS MAGIC	SU70	1,695.42	172.83	1,868.25
SUNDRY COMMISSION	SUCOMM	991.09	1,278.14	2,269.23
COMM ON PNP	SUEASY	2,109.35	9,765.07	11,874.42
<b>OTHER</b>		<b>8,782,491.63</b>	<b>13,669,987.20</b>	<b>22,452,478.83</b>
VAT	VAT	8,089,456.63	10,488,292.57	18,577,749.20
<b>TOTAL RECEIPTS</b>		<b>100,467,552.60</b>	<b>163,728,435.74</b>	<b>264,195,988.34</b>
<b>TOTAL RECEIPTS LESS VAT</b>		<b>92,378,095.97</b>	<b>153,240,143.17</b>	<b>245,618,239.14</b>
<b>TOTAL RECEIPTS INCL PREPAIDS</b>		<b>118,207,870.04</b>	<b>178,872,595.02</b>	<b>297,080,465.06</b>

Table 12: BS566 report on receipts per service

BS566 Payments per Service per Day/Period - Debtor type				
Debtor Type Description	Debtor Type	Jul-22	Aug-22	TOTAL
BUSINESS KVA	BK	11,547,917.82	14,327,185.00	25,875,102.82
BUSINESS RESIDENTIAL	BR	835,840.27	1,188,696.75	2,024,537.02
BUSINESS	BU	29,968,288.25	46,819,684.30	76,787,972.55
CHURCHES	CH	91,275.28	130,874.41	222,149.69
COUNCILLOR	CL	56,270.39	66,802.86	123,073.25
COMMERCIAL	CO	2,729,940.06	2,029,891.91	4,759,831.97
SCHOOLS	GS	1,197,867.47	2,510,094.10	3,707,961.57
INDIGENTS CANCELLED	IC	633,036.38	694,958.83	1,327,995.21
INDIGENTS	ID	1,054,344.19	1,232,590.33	2,286,934.52
INDIGENTS INFORMAL SETTLEMENT	IF	59,443.39	99,438.29	158,881.68
INDIGENT - LATE ESTATE	IL	397.93	949.84	1,347.77
INDIGENT PENDING	IP	204,417.84	277,024.23	481,442.07
INDUSTRIAL	IN	993,734.63	771,133.73	1,764,868.36
MUNICIPAL	MU	685,302.78	288,808.18	974,110.96
NAT: POLICE	N3	15,038.78	7,595.82	22,634.60
NAT: DEFENCE AND MILITARY VETERA	ND	1,234.35	-	1,234.35
NAT: CORRECTIONAL SERVICES	NN	361,328.89	552,271.73	913,600.62
NAT: PUBLIC WORKS	NP	7,455,421.23	11,602,897.77	19,058,319.00
NON-STAFF ACCOUNTS PAID BY STAFF	NS	323,835.66	363,831.38	687,667.04
OPEN SPACE	OP	8,441.61	13,611.51	22,053.12
OTHER	OT	301,386.25	348,571.12	649,957.37
PUBLIC: OTHER: PROV PUBLIC ENTIT	P0	5,393.39	5,632.91	11,026.30
PROV: SOCIAL DEVELOPMENT	P1	27,059.98	935,367.98	962,427.96
PROV: HOUSING AND LOCAL GOVERNME	P2	443.02	86,726.36	87,169.38
PROV: OFFICE OF THE PREMIER	P3	5,276.35	517,708.11	522,984.46
PROV: OTHER DEPARTMENTS	P4	76,653.78	590,854.62	667,508.40
PROV: AGRICULTURE	PA	27,510.91	265,913.95	293,424.86
PROV: EDUCATION	PE	2,211,381.44	1,664,978.34	3,876,359.78
PROV: HEALTH	PH	1,536,941.61	3,760,019.48	5,296,961.09
PROV: PUBLIC WORKS, ROADS & TRAN	PP	1,503,563.87	27,462,755.50	28,966,319.37
PROV: SPORT, ARTS & CULTURE	PS	671,444.11	261,735.11	933,179.22
RESIDENTIAL	RE	27,147,522.41	33,352,093.54	60,499,615.95
SUNDRY DEBTOR	SD	2,076.14	282.08	2,358.22
STAFF	ST	627,487.30	641,627.83	1,269,115.13
UNKNOWN	UN	245.23	356,558.99	356,804.22
EXCEPTIONAL CIRCUMSTANCES	IE	10,332.98	10,976.28	21,309.26
VAT	VAT	8,089,456.63	10,488,292.57	18,577,749.20
<b>TOTAL RECEIPTS</b>		<b>100,467,552.60</b>	<b>163,728,435.74</b>	<b>264,195,988.34</b>
<b>TOTAL RECEIPTS LESS VAT</b>		<b>92,378,095.97</b>	<b>153,240,143.17</b>	<b>245,618,239.14</b>

Table 13: BS566 report on receipts per debtor type

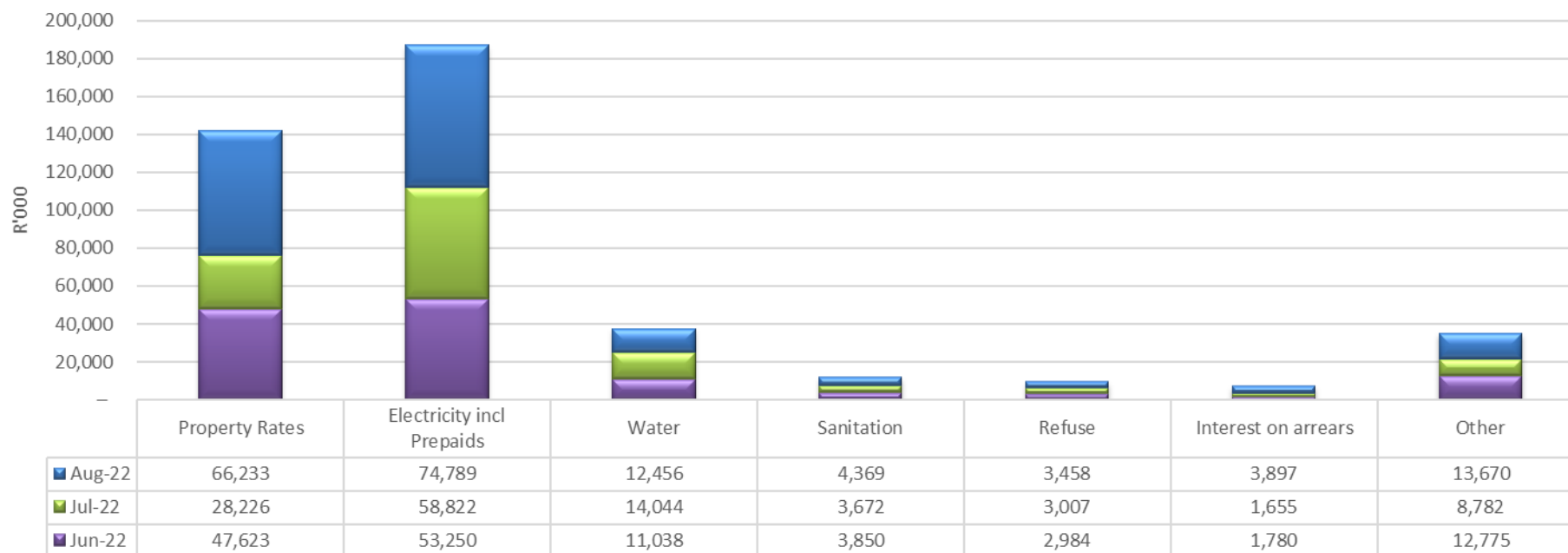
**Chart 12.1: Month-to-month - Total Billing Receipts incl Prepaid Electricity from Jun 2022 to Aug 2022**



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

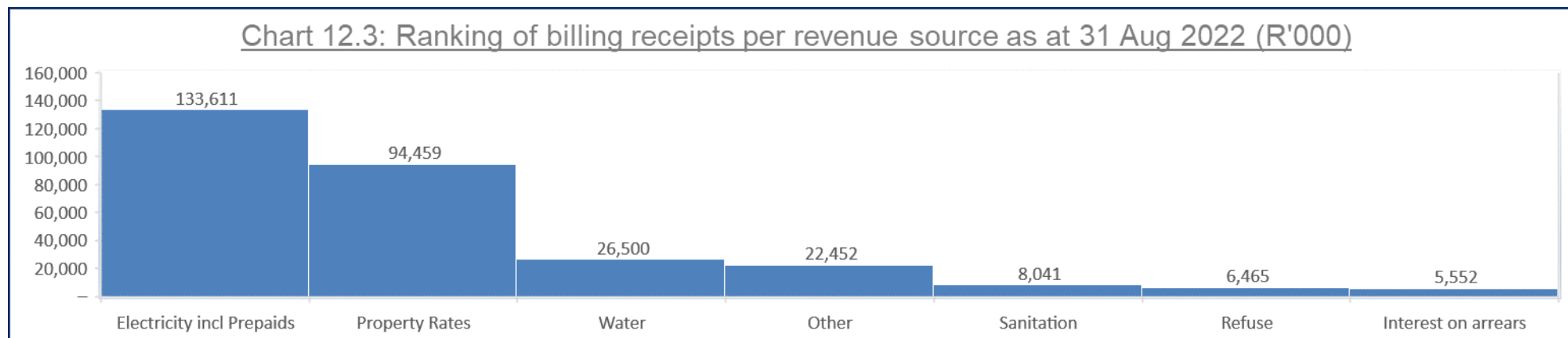
As indicated in Chart 12.1 above, the Total Billing Receipts including Prepaid Electricity amounted to R178,873 million which resulted in an increase of R60,664 million or 51% in respect of the month-to-month comparison. Unallocated billing receipts at month end amounted to R21,143 million. Unallocated receipts are not factored into the actual receipts as per the chart above.

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

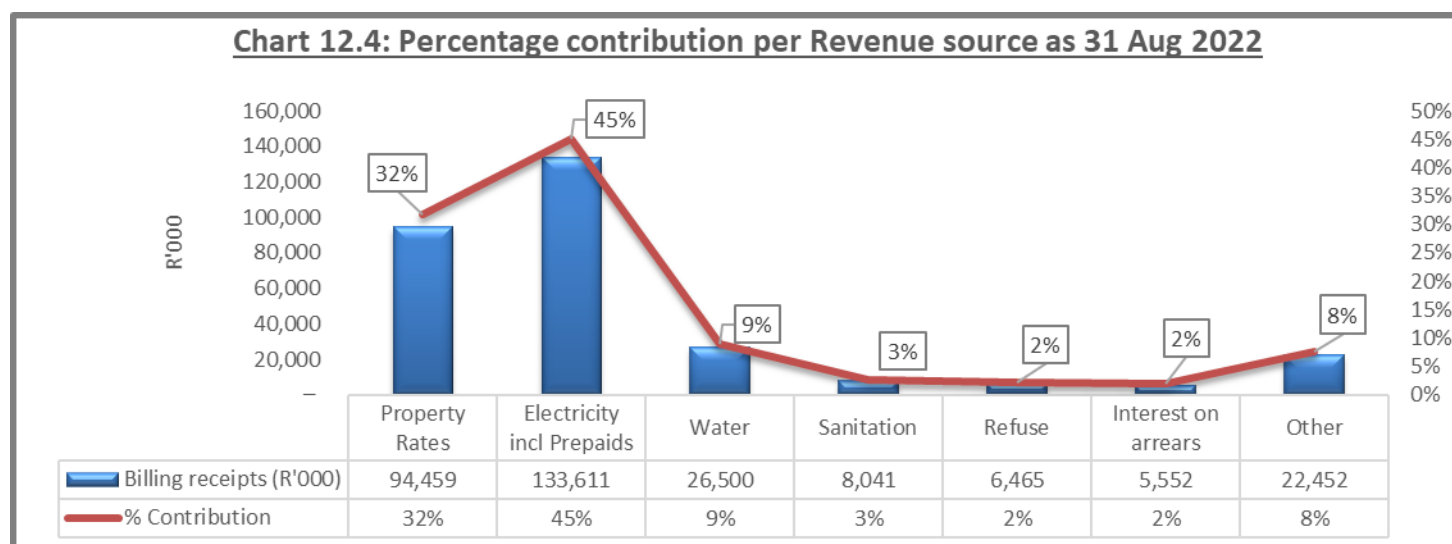


**Chart 12.2: Monthly billing receipts per revenue source**

Indicated in Chart 12.2 above, is the month-to-month receipts per Revenue source. Receipts are relatively constant based on the month-to-month comparison. The upward trend is significant and indicative of the fact that the municipality can collect its outstanding debt, provided that the Credit Control Policy is strictly, consistently and fairly applied. All Revenue sources are showing an improvement in cash collected when compared to the previous month.



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



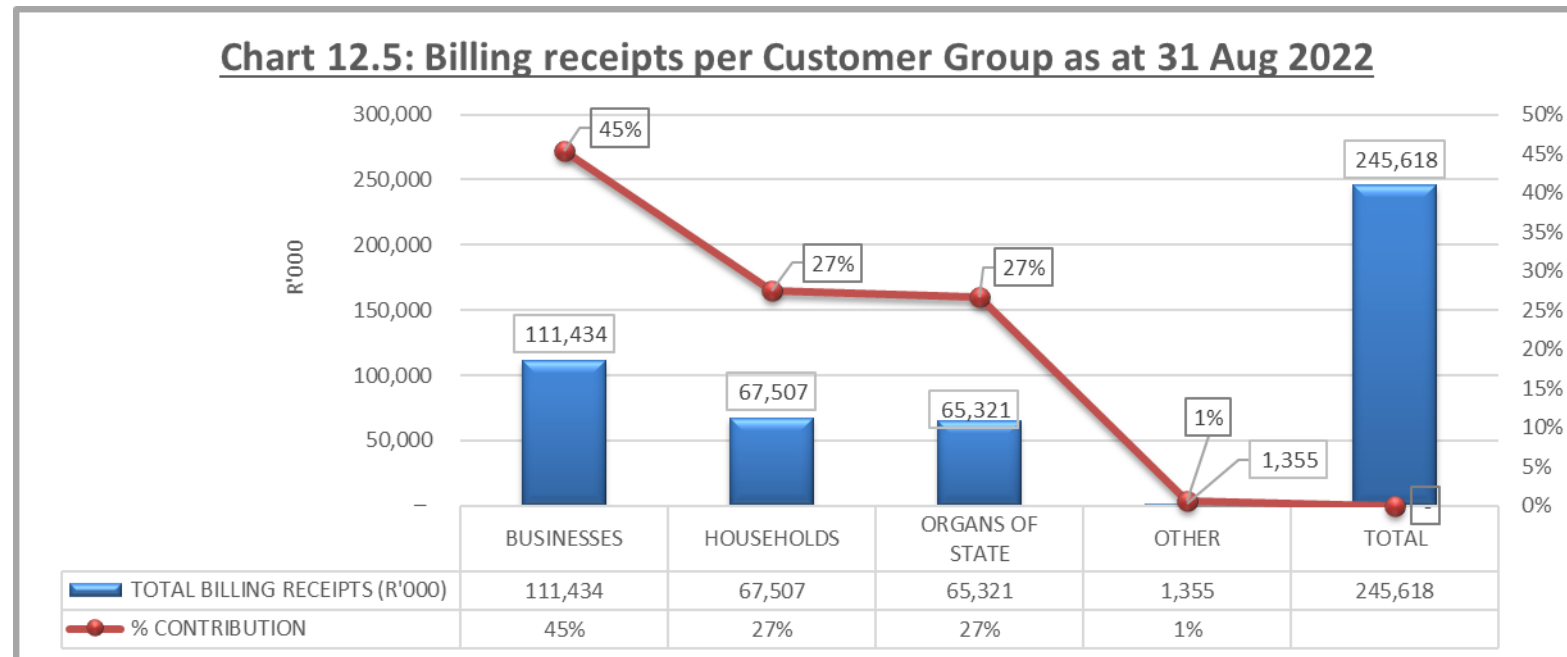
**Chart 12.4: Percentage contribution of billing receipts per revenue source**

Indicated in Chart 12.3 and 12.4 above, is the ranking and percentage contribution of receipts per revenue source as 31 August 2022. Data from the above pareto chart, clearly indicates that Electricity incl Prepays is the highest contributor at R133,611 million (45%) 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 R94,459 million (32%), however more measures should be implemented to ensure that receipts from annual Property rates billing materialises. Receipts from Water constitutes 9% and Other 8% overall.

Receipts from Sanitation and Refuse is extremely low and on average the municipality collects approximately 54% from these revenue sources. The lowest contributor in respect of actual receipts, is Interest on arrears at R5,552 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:

- 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.
- 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.
- 50 % of all interest charges and penalties not yet paid and still reflecting on the consumer’s most recent account will be written off if such account is settled in full over a period of three consecutive months.”

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



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

Indicated in Chart 12.5 above, is the billing receipts and percentage contribution per major Customer group as at 31 August 2022. The municipality received R111,434 million (45%) from Businesses, Households R60,507 million (27%) and Organs of State R65,321 million (27%).

## 6. Creditors' Analysis

NC091 Sol Plaatje - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August

Description	NT Code	Budget Year 2022/23								Total	Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year		
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	109,065	105,353	101,431	57,826	51,835	54,652	258,066	–	738,228	323,277
Bulk Water	0200	17,543	13,793	6,191	–	–	14,930	90,235	15,075	157,767	79,176
PAYE deductions	0300	10,316	–	–	–	–	–	–	–	10,316	9,059
VAT (output less input)	0400									–	
Pensions / Retirement deductions	0500	7,755	–	–	–	–	–	–	–	7,755	7,352
Loan repayments	0600									–	
Trade Creditors	0700	3	–	–	–	–	–	–	–	3	4,378
Auditor General	0800	918								918	
Other	0900	18,184	2,803	4,708	2,156		–	–	–	27,851	2,936
Total By Customer Type	1000	163,784	121,949	112,331	59,982	51,835	69,582	348,301	15,075	942,839	426,179

Table 14: Supporting Table SC4: Aged Creditors

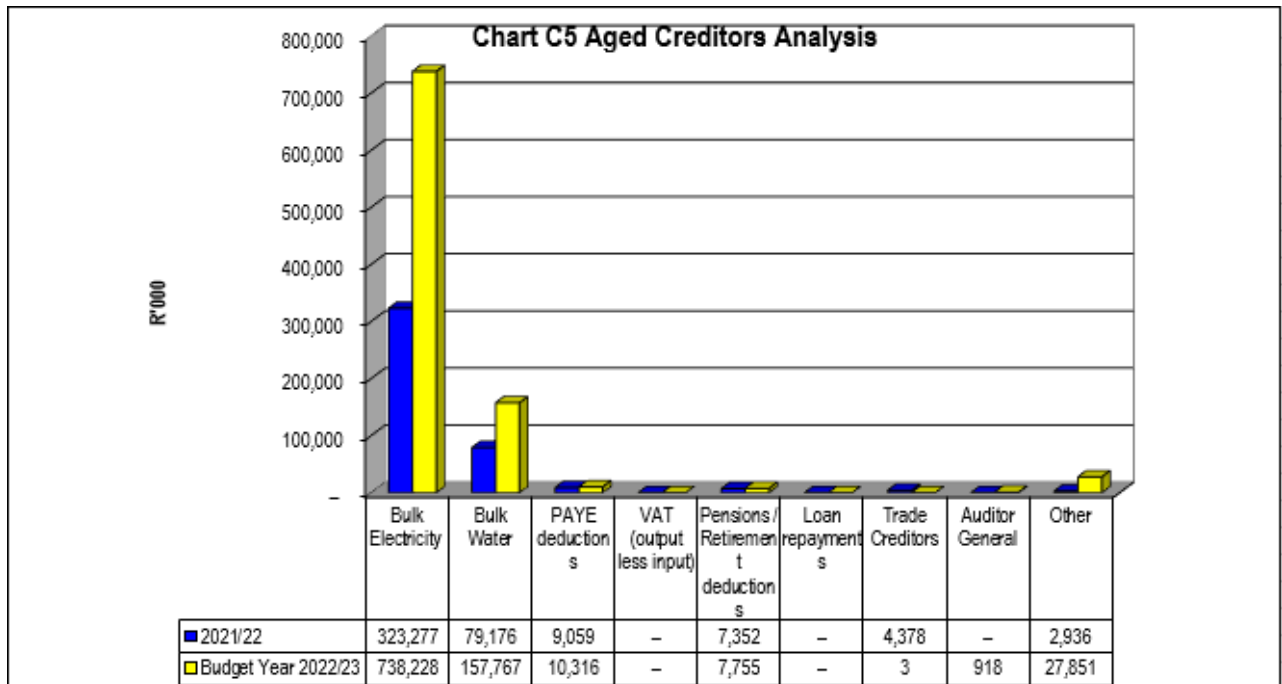


Chart 13: Aged Creditors Analysis

**Bulk Electricity** – As at the 31 August 2022, the outstanding debt owed to ESKOM amounted to R738,228 million. The municipality could not conclude a payment agreement with ESKOM for the 2021/22 financial year, due to cash flow constraints.

**Bulk Water** – As at the 31 August 2022, the outstanding debt owed to DWS is R157,767 million. The municipality could not conclude a payment agreement with DWS for the 2021/22 financial year, due to cash flow constraints.

**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, an amount of R1,065 million was paid to SARS.

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

**Auditor General** – the current account due to the AGSA is R918 thousand.

**Other creditors** – includes Sundry creditors which were unpaid as at 31 August 2022 of which the biggest contributor is third party salary payments amounting to R15,417 million which was paid by 7 September 2022.



## 7. Investment portfolio analysis

The market value of the investment portfolio has been utilized and for the period ending 31 August 2022, the value of total investments made was R50,446 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 - M02 August

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												
<b>Municipality</b>														
First National Bank 62776321293		6 months	Call a/c	No	Variable	5.2	0			5,522	24	-	-	5,546
Absa Bank 9286041059		6 months	Call a/c	No	Variable	0	0			-	-	-	-	-
Investec 1400093272500		6 months	Call a/c	No	Variable	5.35	0			602	3	-	-	605
Standard Bank 04846627-014		6 months	Call a/c	No	Variable	5.5	0			5,023	23	-	-	5,047
Absa Bank 92 7195 3033		6 months	Call a/c	No	Variable	4.3	0			5,511	20	-	-	5,531
Nedbank 9002324052		6 months	Call a/c	Yes	Variable	5.25	0		2019/06/06	5,021	22	-	-	5,044
Standard Bank 048466271-085		12 months	Notice	No	Fixed	585.00%	0		2022/11/10	21,074	105	-	-	21,179
Absa Bank 20-6295-4443		12 months	Notice	Yes	Fixed	740.00%	0		2023/06/28	7,448	47	-	-	7,494
<b>Municipality sub-total</b>										<b>50,202</b>		<b>-</b>	<b>-</b>	<b>50,446</b>

Table 15: Supporting Table SC5: Investment portfolio

## 8. Allocation and grant receipts and expenditure

### Operational and Capital Grants: Receipts

NC091 Sol Plaatje - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M02 August

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		223,255	250,317	250,317	–	93,271	41,719	51,552	123.6%	250,317
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–		–
Equitable Share		212,328	239,158	239,158	–	93,271	39,860	53,411	134.0%	239,158
Expanded Public Works Programme Integrated Grant		3,362	3,959	3,959	–	–	660	(660)	-100.0%	3,959
Infrastructure Skills Development Grant		4,901	5,500	5,500	–	–	917	(917)	-100.0%	5,500
Local Government Financial Management Grant		1,650	1,700	1,700	–	–	283	(283)	-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	–	–	1,300	(1,300)	-100.0%	7,800
Capacity Building and Other Grants		8,561	7,800	7,800	–	–	1,300	(1,300)	-100.0%	7,800
Infrastructure Grant		4,170	–	–	–	–	–	–		–
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	–	93,271	43,019	50,252	116.8%	258,117
Capital Transfers and Grants										
National Government:		105,767	134,338	134,338	4,014	4,014	22,390	(18,376)	-82.1%	134,338
Energy Efficiency and Demand Side Management Grant		–	4,000	4,000	238	238	667	(429)	-64.3%	4,000
Integrated National Electrification Programme Grant		35,458	40,000	40,000	1,773	1,773	6,667	(4,893)	-73.4%	40,000
Integrated Urban Development Grant		54,266	70,390	70,390	2,002	2,002	11,732	(9,729)	-82.9%	70,390
Municipal Infrastructure Grant		–	–	–	–	–	–	–		–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–		–
Regional Bulk Infrastructure Grant		–	–	–	–	–	–	–		–
Water Services Infrastructure Grant		16,043	19,948	19,948	–	–	3,325	(3,325)	-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	4,014	4,014	22,390	(18,376)	-82.1%	134,338
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	436,504	392,455	392,455	4,014	97,285	65,409	31,875	48.7%	392,455

Table 16: Supporting Table SC6: Transfers and grant receipts

Operational grant monies received for the month under review.

FMG – R1,700 million

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

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

## Operational and Capital Grants: Expenditure

NC091 Sol Plaatje - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M02 August

NC051 S01 Page 2 - Supporting Table S07(1) Monthly Budget Statement - transfers and grant expenditure - W02 August										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		109,818	116,565	116,565	13,906	21,707	19,428	2,279	11.7%	116,565
								-		
Equitable Share		99,625	105,406	105,406	13,505	20,959	17,568	3,391	19.3%	105,406
Expanded Public Works Programme Integrated Grant		3,362	3,959	3,959	-	-	660	(660)	-100.0%	3,959
Infrastructure Skills Development Grant		4,920	5,500	5,500	350	665	917	(252)	-27.5%	5,500
Local Government Financial Management Grant		1,650	1,700	1,700	52	83	283	(201)	-70.8%	1,700
Municipal Disaster Relief Grant		261	-	-	-	-	-	-		-
Provincial Government:		8,275	7,800	7,800	105	157	1,300	(1,143)	-87.9%	7,800
								-		
Capacity Building and Other Grants		6,795	7,800	7,800	41	53	1,300	(1,247)	-95.9%	7,800
Infrastructure Grant		1,480	-	-	64	104	-	104		-
District Municipality:		-	-	-	-	-	-	-		-
								-		
Other grant providers:		-	-	-	-	-	-	-		-
								-		
European Union		-	-	-	-	-	-	-		-
Total operating expenditure of Transfers and Grants:		118,093	124,365	124,365	14,011	21,864	20,728	1,137	5.5%	124,365
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		95,428	134,338	134,338	3,072	4,014	22,390	(18,376)	-82.1%	134,338
Energy Efficiency and Demand Side Management Grant		-	4,000	4,000	238	238	667	(429)	-64.3%	4,000
Integrated National Electrification Programme Grant		30,833	40,000	40,000	1,773	1,773	6,667	(4,893)	-73.4%	40,000
Integrated Urban Development Grant		48,552	70,390	70,390	1,065	2,002	11,732	(9,729)	-82.9%	70,390
Municipal Infrastructure Grant		-	-	-	(4)	-	-	-		-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-		-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-		-
Water Services Infrastructure Grant		16,043	19,948	19,948	-	-	3,325	(3,325)	-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	3,072	4,014	22,390	(18,376)	-82.1%	134,338
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		230,912	258,703	258,703	17,084	25,878	43,117	(17,240)	-40.0%	258,703

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 R3,419 million. For reporting purposes to NT and the Dept of Public Works, the municipality is only expected to report up until the allocation amount. The current years' gazetted allocation for the EPWP is R3,959 million. In addition to this, the municipality budgeted R10,000 million for this programme. Management has been in a process of reviewing this programme.

Description	Original Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	40,000,000	1,773,415	1,773,415	-	4.4%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	70,390,000	1,061,026	2,002,467	29,435,436	2.8%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	19,948,000	-	-	538,915	0.0%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	237,713	237,713	-	5.9%
<b>Grand Total</b>	<b>134,338,000</b>	<b>3,072,155</b>	<b>4,013,596</b>	<b>29,974,350</b>	<b>3.0%</b>

Table 18: Summary of expenditure per grant

As indicated in Table 18 above, the YTD grant expenditure amounts to R4,014 million or .% spent against the Original capital grant allocation of R134,338 million. Capex is usually slow for the first quarter mainly as a result of finalization of procurement processes and/or work still in progress. It remains concerning that YTD expenditure is so low. It should be noted that grant expenditure excludes VAT which will be recognized at year-end in the Statement of Financial performance, when

all conditions of the grant have been met. Please refer to Section 4.3 in the Executive Summary which highlights some of the factors that negatively influences the delay in grant expenditure.

### **Rollover Grants: Expenditure**

The municipality submitted the rollover request on 31 August 2022. Awaiting feedback from NT.

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

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

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

NC091 Sol Plaatje - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August

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
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages								-		
Pension and UIF Contributions		496	-	-	76	167	-	167	#DIV/0!	-
Medical Aid Contributions		267	-	-	31	63	-	63	#DIV/0!	-
Motor Vehicle Allowance								-		
Cellphone Allowance		2,845	3,243	3,243	215	447	540	(93)	-17%	3,243
Housing Allowances		-	-	-	3	7	-	7	#DIV/0!	-
Other benefits and allowances		27,129	31,305	31,305	2,954	5,625	5,217	408	8%	31,305
<b>Sub Total - Councillors</b>		<b>30,737</b>	<b>34,547</b>	<b>34,547</b>	<b>3,278</b>	<b>6,310</b>	<b>5,758</b>	<b>552</b>	<b>10%</b>	<b>34,547</b>
<b>% increase</b>	4		<b>12.4%</b>	<b>12.4%</b>						<b>12.4%</b>
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages		8,265	8,853	8,853	593	1,105	1,475	(370)	-25%	8,853
Pension and UIF Contributions		1,068	1,209	1,209	91	181	201	(20)	-10%	1,209
Medical Aid Contributions		222	253	253	21	41	42	(1)	-2%	253
Overtime								-		
Performance Bonus								-		
Motor Vehicle Allowance		1,849	1,939	1,939	141	283	323	(41)	-13%	1,939
Cellphone Allowance		157	202	202	11	22	34	(11)	-33%	202
Housing Allowances		26	42	42	2	4	7	(3)	-42%	42
Other benefits and allowances		17	77	77	2	3	13	(10)	-75%	77
Payments in lieu of leave								-		
Long service awards		67	65	65	6	12	11	1	8%	65
Post-retirement benefit obligations								-		
<b>Sub Total - Senior Managers of Municipality</b>		<b>11,671</b>	<b>12,640</b>	<b>12,640</b>	<b>866</b>	<b>1,652</b>	<b>2,107</b>	<b>(455)</b>	<b>-22%</b>	<b>12,640</b>
<b>% increase</b>	4		<b>8.3%</b>	<b>8.3%</b>						<b>8.3%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		417,872	464,246	462,368	36,205	71,410	77,139	(5,729)	-7%	462,368
Pension and UIF Contributions		64,301	77,509	77,509	5,504	10,997	12,918	(1,921)	-15%	77,509
Medical Aid Contributions		49,721	58,279	58,279	4,504	9,495	9,713	(219)	-2%	58,279
Overtime		52,688	39,796	39,796	4,253	8,498	6,633	1,866	28%	39,796
Performance Bonus		28,946	36,221	36,221	1,102	2,045	6,037	(3,992)	-66%	36,221
Motor Vehicle Allowance		42,071	51,296	51,296	3,438	6,873	8,549	(1,677)	-20%	51,296
Cellphone Allowance		1,401	1,415	1,415	111	217	236	(19)	-8%	1,415
Housing Allowances		2,636	2,895	2,895	254	483	483	0	0%	2,895
Other benefits and allowances		30,433	28,018	29,896	3,001	4,953	4,905	48	1%	29,896
Payments in lieu of leave		10,507	15,000	15,000	1,053	1,411	2,500	(1,089)	-44%	15,000
Long service awards		24,418	23,189	23,189	2,194	4,442	3,865	578	15%	23,189
Post-retirement benefit obligations		36,522	38,900	38,900	-	-	6,483	(6,483)	-100%	38,900
<b>Sub Total - Other Municipal Staff</b>		<b>761,518</b>	<b>836,763</b>	<b>836,763</b>	<b>61,619</b>	<b>120,824</b>	<b>139,461</b>	<b>(18,638)</b>	<b>-13%</b>	<b>836,763</b>
<b>% increase</b>	4		<b>9.9%</b>	<b>9.9%</b>						<b>9.9%</b>
<b>Total Parent Municipality</b>		<b>803,926</b>	<b>883,950</b>	<b>883,950</b>	<b>65,763</b>	<b>128,785</b>	<b>147,326</b>	<b>(18,540)</b>	<b>-13%</b>	<b>883,950</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>803,926</b>	<b>883,950</b>	<b>883,950</b>	<b>65,763</b>	<b>128,785</b>	<b>147,326</b>	<b>(18,540)</b>	<b>-13%</b>	<b>883,950</b>
<b>% increase</b>	4		<b>10.0%</b>	<b>10.0%</b>						<b>10.0%</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>773,189</b>	<b>849,403</b>	<b>849,403</b>	<b>62,485</b>	<b>122,475</b>	<b>141,568</b>	<b>(19,092)</b>	<b>-13%</b>	<b>849,403</b>

Table 20: Supporting Table SC8: Councillor and staff benefits

As depicted in Table 20 above, Employee related costs is underspent and showing a variance of minus 13%. This is attributable to Post-retirement benefit obligations that will be finalized as part of the year-end procedures. It should be noted that the disclosure under Performance bonus, is the annual bonuses or 13<sup>th</sup> cheques that is budgeted for and paid out to employees. This is not subject to any performance appraisal.

Councillors Remuneration is overspent with a variance of 10%. This is as a result of back-pay for 2021/22 which will be corrected. 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 16.67%, at 21.7% spent.

For reporting purposes on Overtime, the municipality is only concentrating on (Overtime Structured and Non-structured). However, as per NT mapping Night-shift allowance and Payments - Shift Add Remuneration is also mapped to Overtime.

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

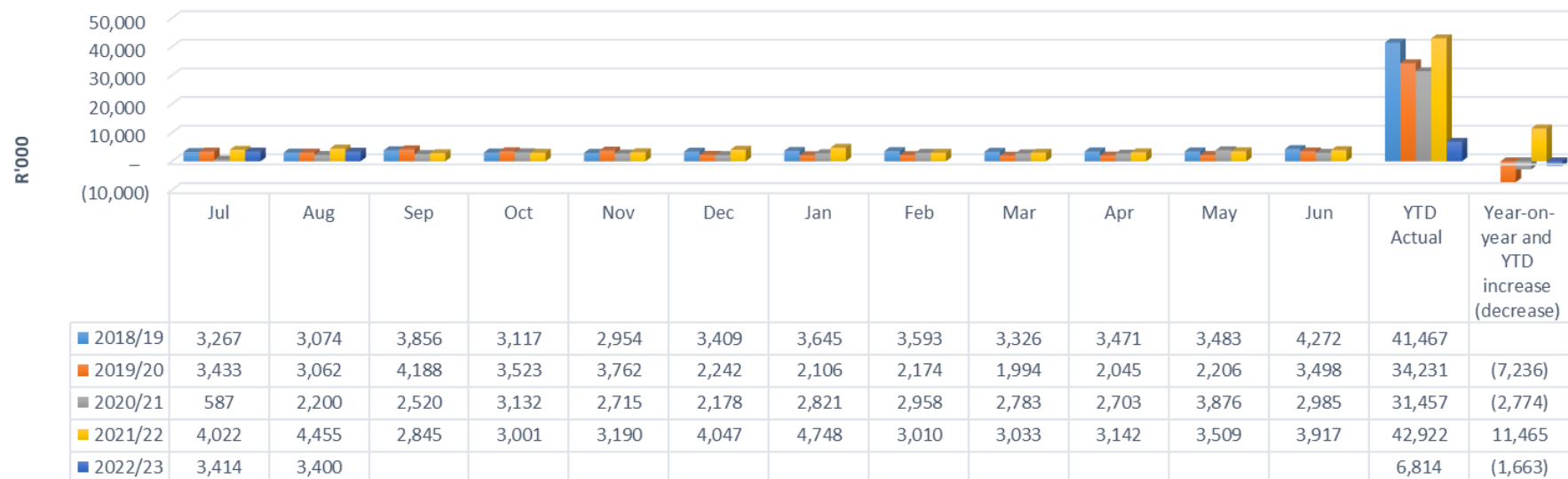
And indicated in Table 21 below, is the YTD Overtime expenditure excluding Night-shift allowance per line item and also per Directorate as at end of August 2022.

Description per line item (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	% Variance vs ideal of 16.67%
MS: OVERTIME - NON STRUCTURED	22,392,000	3,165,186	6,407,465	28.6%	11.9%
MS: OVERTIME - STRUCTURED	8,976,841	235,200	407,002	4.5%	-12.1%
<b>Overtime as at 31 August 2022</b>	<b>31,368,841</b>	<b>3,400,386</b>	<b>6,814,467</b>	<b>21.7%</b>	<b>5.1%</b>
Directorate (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	% Variance vs ideal of 16.67%
20-EXECUTIVE AND COUNCIL	175,000	33,096	75,914	43.4%	26.7%
21-MUNICIPAL AND GENERAL	-	-	-	-	
22-MUNICIPAL MANAGER	-	-	-	-	
23-CORPORATE SERVICES	1,650,000	157,641	345,657	20.9%	4.3%
24-COMMUNITY SERVICES	13,167,441	1,091,444	2,429,180	18.4%	1.8%
26-FINANCIAL SERVICES	459,000	315,967	483,563	105.4%	88.7%
27-STRATEGY, ECONOMIC DEVELOPMENT & PLANN	330,000	105,546	230,773	69.9%	53.3%
28-INFRASTRUCTURE SERVICES	15,587,400	1,696,691	3,249,379	20.8%	4.2%
<b>Overtime as at 31 August 2022</b>	<b>31,368,841</b>	<b>3,400,386</b>	<b>6,814,467</b>	<b>21.7%</b>	<b>5.1%</b>

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

Overtime has been capped at 30 hours across most units within the municipality. The YTD Overtime expenditure is R6,814 million and 21.7% spent, resulting in a negative variance of 5.1%, when compared to the ideal percentage of 16.67% for the period under review.

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



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

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

The BTO office recommended the following precautionary measures.

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



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

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

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

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

## 11. Capital programme performance

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

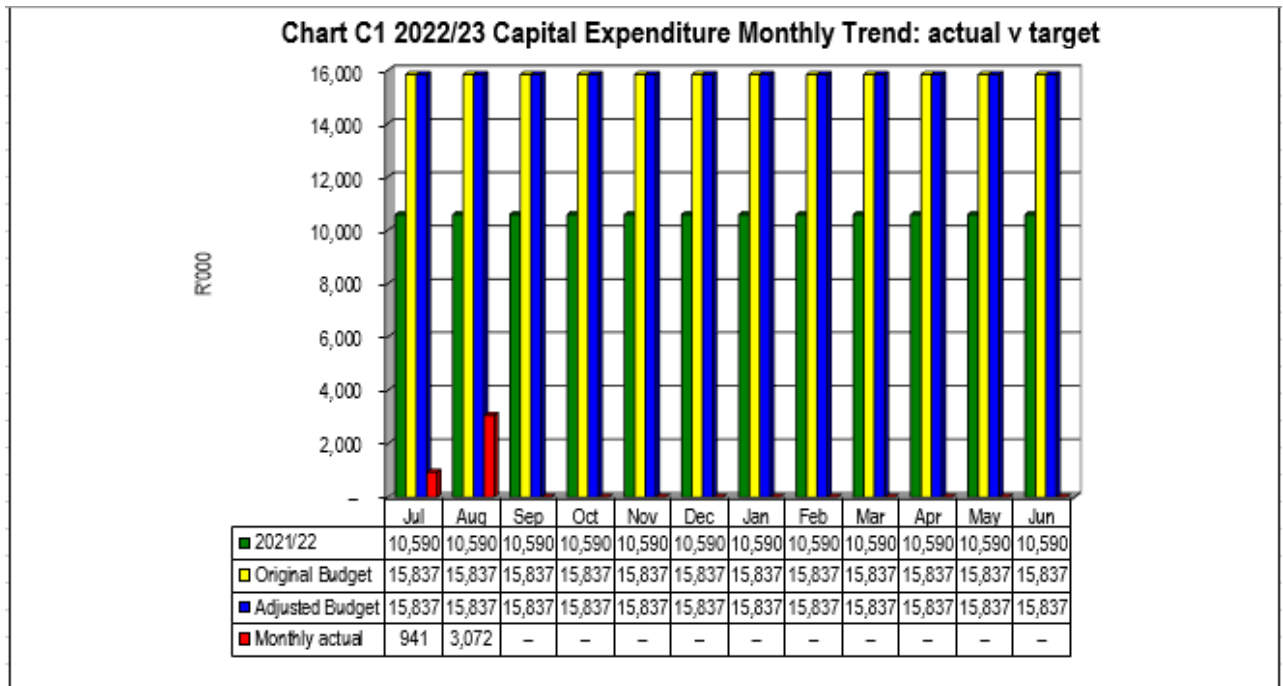


Chart 15: Capital Expenditure Monthly Trend: actual v target

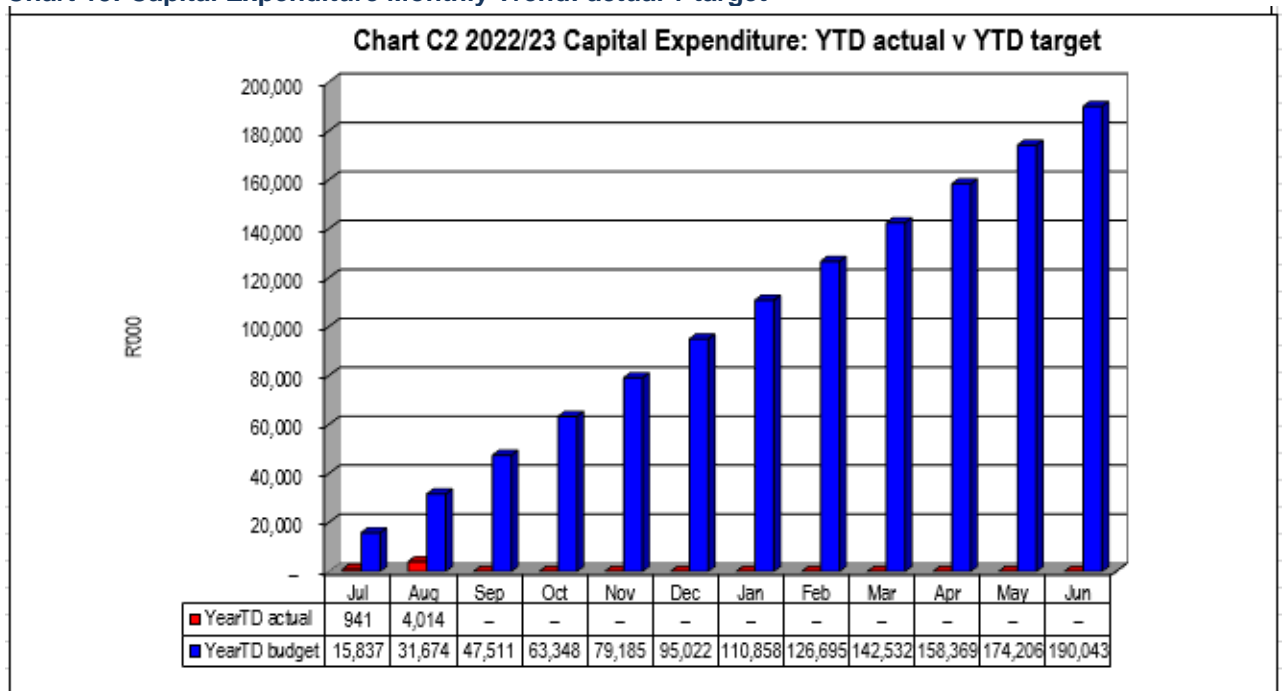


Chart 16: Capital Expenditure: YTD actual vs YTD target

Indicated in Table 22 below, is a list of projects with the applicable funding source. The total capex is normally slow during the start of the financial year. However, capital expenditure is extremely poor compared to prior years for the same period. Urgent intervention from management is required to remedy the situation. The actual monthly expenditure for August 2022 amounted to R3,072 million. The total YTD Capex amounts to R4,014 million. Please note that Commitments amounting to R31,259 million is excluded from the YTD movement. Capital expenditure is also exclusive of VAT.

Project Description	Original Budget	Adj Budget	Curr Mth Exp	Commitment	YTD Movement	Unspend Budget	% Original	% Adj Budget	Funding source
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	2,000,000	2,000,000	-	-	-	2,000,000	0.0%	0.0%	INTERNALLY GENERATED FUNDS
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	3,000,000	3,000,000	-	-	-	3,000,000	0.0%	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ-FLEET REPLACEMENT	35,405,000	35,405,000	-	1,157,391	-	34,247,609	0.0%	0.0%	INTERNALLY GENERATED FUNDS
ACQ-FURNITURE AND OFFICE EQUIP REPLACEM	2,000,000	2,000,000	-	-	-	2,000,000	0.0%	0.0%	INTERNALLY GENERATED FUNDS
ACQ-COMPUTER EQUIPMENT REPLACEMENT	11,300,000	11,300,000	-	107,391	-	11,192,609	0.0%	-	INTERNALLY GENERATED FUNDS
UPGRADE GRAVEL ROADS WARDS 6;7;9;10;15	-	-	-4,050	-	-	-	#DIV/0!	-	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
CRAVEN STREET TRADE CENTRE	8,300,000	8,300,000	-	-	-	8,300,000	0.0%	-	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
P-CIER RDS ROADS	15,000,000	15,000,000	3,949	6,826,087	941,340	7,232,573	6.3%	-	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
UPGRADE GRAVEL ROADS WARDS VARIOUS	12,000,000	12,000,000	766,354	1,814,122	766,354	9,419,525	-	6.4%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
RECONSTRUCTION OLD SINK TOILETS PHASE 1	1,000,000	1,000,000	-	-	-	1,000,000	-	0.0%	INTERNALLY GENERATED FUNDS
LERATOPARK SEWER UPGRAD DOWNSTREAM INFRA	21,090,000	21,090,000	294,773	20,795,227	294,773	-	1.4%	1.4%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
ACQ - CARTERS GLEN SEWER PUMP STATION	19,948,000	19,948,000	-	538,915	-	19,409,085	-	0.0%	WSIG (WATER SERVICES INFRASTRUCTURE GRANT)
DSITRBUTION-ACQ-WAT METER REPLACEME	2,000,000	2,000,000	-	1,903	-	1,998,097	-	0.0%	INTERNALLY GENERATED FUNDS
ELEVATED WATER TANKS DISTRIBUTION	1,000,000	1,000,000	-	-	-	1,000,000	-	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
WATER PIPES REFURB PROG VARIOUS WARDS	10,000,000	10,000,000	-	-	-	10,000,000	-	0.0%	IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)
HV SUB ACQ-CARTGLEN TRANSF/GALASH SUBS	7,000,000	7,000,000	1,773,415	-	1,773,415	5,226,585	-	25.3%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
STREET LIGHTS REPLACE 125W MV with 36W L	3,000,000	3,000,000	237,713	-	237,713	2,762,287	7.9%	7.9%	EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)
INSTALL VSD'S AT NEWTON RESEVIOR	1,000,000	1,000,000	-	-	-	1,000,000	0.0%	0.0%	EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)
NW ACQ - ELE CTR LERATO PARK	33,000,000	33,000,000	-	-	-	33,000,000	0.0%	0.0%	INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)
CAPITAL SPARES-ACQ-PREPAID METERS	2,000,000	2,000,000	-	18,149	-	1,981,851	-	0.0%	INTERNALLY GENERATED FUNDS
<b>TOTAL</b>	<b>190,043,000</b>	<b>190,043,000</b>	<b>3,072,155</b>	<b>31,259,185</b>	<b>4,013,596</b>	<b>154,770,219</b>	<b>2.1%</b>	<b>2.1%</b>	

Table 22: Detailed capital expenditure report

Description	Original Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original Budget
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	40,000,000	1,773,415	1,773,415	-	4.4%
INTERNALLY GENERATED FUNDS	55,705,000	-	-	1,284,834	0.0%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	70,390,000	1,061,026	2,002,467	29,435,436	2.8%
WSIG (WATER SERVICES INFRASTRUCTURE GRANT)	19,948,000	-	-	538,915	0.0%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000,000	237,713	237,713	-	5.9%
<b>Grand Total</b>	<b>190,043,000</b>	<b>3,072,155</b>	<b>4,013,596</b>	<b>31,259,185</b>	<b>2.1%</b>

Table 23: Summary of capital expenditure per funding source

Indicated in Table 23 above, is a summary of the capital expenditure per funding source compared to the Original budget. Overall spending on grants is extremely slow. The expenditure on IUDG (2.8%), INEP (4.4%), WSIG (0%) and EEDSM (5.9%). Spending on Internally generated funds is also 0% spent. Implementation of projects normally delayed due to the finalization of procurement processes. Payment certificates are settled once work is completed. Capex for the first quarter is normally slow for this reason, in that commencement procurement processes is not aligned to the budget approval and not advertised timeously.

## 12. Other supporting documents

There is no additional information or supporting documentation for August 2022.

All Audited outcomes are based on pre-audited figures for the year ended 30 June 2022

## 13. Conclusion

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

### Communication

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

## 14. Annexures

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

NC091 Sol Plaatje - Table C1 Monthly Budget Statement Summary - M02 August

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	599,898	627,646	627,646	42,486	173,430	104,608	68,822	66%	627,646
Service charges	1,145,790	1,373,211	1,373,211	111,361	201,741	228,869	(27,128)	-12%	1,373,211
Investment revenue	3,124	6,000	6,000	(691)	(484)	1,000	(1,484)	-148%	6,000
Transfers and subsidies	235,986	258,117	258,117	–	93,271	43,019	50,252	117%	258,117
Other own revenue	196,605	222,235	222,235	22,215	39,969	37,039	2,930	8%	222,235
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,181,403</b>	<b>2,487,209</b>	<b>2,487,209</b>	<b>175,371</b>	<b>507,927</b>	<b>414,535</b>	<b>93,392</b>	<b>23%</b>	<b>2,487,209</b>
Employee costs	773,189	849,403	849,403	62,485	122,475	141,568	(19,092)	-13%	849,403
Remuneration of Councillors	30,737	34,547	34,547	3,278	6,310	5,758	552	10%	34,547
Depreciation & asset impairment	69,999	81,050	81,050	–	–	13,508	(13,508)	-100%	81,050
Finance charges	72,909	38,960	38,960	5,261	5,261	6,493	(1,233)	-19%	38,960
Inventory consumed and bulk purchases	877,205	918,627	918,627	108,420	119,889	153,105	(33,216)	-22%	918,627
Transfers and subsidies	2,546	4,460	4,460	–	–	743	(743)	-100%	4,460
Other expenditure	488,485	538,080	538,080	8,996	26,328	89,681	(63,353)	-71%	538,080
<b>Total Expenditure</b>	<b>2,315,070</b>	<b>2,465,128</b>	<b>2,465,128</b>	<b>188,439</b>	<b>280,262</b>	<b>410,856</b>	<b>(130,594)</b>	<b>-32%</b>	<b>2,465,128</b>
<b>Surplus/(Deficit)</b>	<b>(133,667)</b>	<b>22,081</b>	<b>22,081</b>	<b>(13,068)</b>	<b>227,664</b>	<b>3,679</b>	<b>223,986</b>	<b>6089%</b>	<b>22,081</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	109,267	134,338	134,338	4,014	4,014	22,390	###	-82%	134,338
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	91,250	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>66,851</b>	<b>156,419</b>	<b>156,419</b>	<b>(9,054)</b>	<b>231,678</b>	<b>26,068</b>	<b>205,610</b>	<b>789%</b>	<b>156,419</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>66,851</b>	<b>156,419</b>	<b>156,419</b>	<b>(9,054)</b>	<b>231,678</b>	<b>26,068</b>	<b>205,610</b>	<b>789%</b>	<b>156,419</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>127,081</b>	<b>190,043</b>	<b>190,043</b>	<b>3,072</b>	<b>4,014</b>	<b>31,674</b>	<b>(27,660)</b>	<b>-87%</b>	<b>190,043</b>
Capital transfers recognised	112,818	134,338	134,338	3,072	4,014	22,390	(18,376)	-82%	134,338
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	14,263	55,705	55,705	–	–	9,284	(9,284)	-100%	55,705
<b>Total sources of capital funds</b>	<b>127,081</b>	<b>190,043</b>	<b>190,043</b>	<b>3,072</b>	<b>4,014</b>	<b>31,674</b>	<b>(27,660)</b>	<b>-87%</b>	<b>190,043</b>
<b>Financial position</b>									
Total current assets	2,395,153	2,701,046	2,701,046		2,553,560				2,701,046
Total non current assets	2,246,066	2,052,265	2,052,265		2,250,080				2,052,265
Total current liabilities	1,249,479	1,050,980	1,050,980		1,180,221				1,050,980
Total non current liabilities	433,147	408,150	408,150		433,147				408,150
Community wealth/Equity	2,958,594	3,294,182	3,294,182		3,188,121				3,294,182
<b>Cash flows</b>									
Net cash from (used) operating	(583,944)	106,800	106,800	(118,761)	166,040	17,800	(148,240)	-833%	106,800
Net cash from (used) investing	(127,081)	(154,327)	(190,043)	(3,072)	(4,014)	(25,721)	(21,708)	84%	(154,327)
Net cash from (used) financing	–	(9,390)	(9,390)	–	–	(1,565)	(1,565)	100%	(9,390)
<b>Cash/cash equivalents at the month/year end</b>	<b>(668,018)</b>	<b>116,006</b>	<b>80,289</b>	<b>–</b>	<b>434,072</b>	<b>163,436</b>	<b>(270,636)</b>	<b>-166%</b>	<b>215,129</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	324,357	73,958	58,839	2,583,888	–	–	–	–	3,041,042
<b>Creditors Age Analysis</b>									
Total Creditors	163,784	121,949	112,331	59,982	51,835	69,582	348,301	15,075	942,839

NC091 Sol Plaatje - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M02 August

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		<b>1,102,703</b>	<b>1,126,167</b>	<b>1,126,167</b>	<b>55,030</b>	<b>286,994</b>	<b>187,694</b>	99,300	53%	<b>1,126,167</b>
Executive and council		484,799	470,256	470,256	9,765	109,555	78,376	31,179	40%	470,256
Finance and administration		617,905	655,911	655,911	45,265	177,439	109,318	68,121	62%	655,911
Internal audit		—	—	—	—	—	—	—	—	—
<i><b>Community and public safety</b></i>		<b>28,981</b>	<b>26,474</b>	<b>26,474</b>	<b>1,359</b>	<b>2,930</b>	<b>4,412</b>	(1,483)	-34%	<b>26,474</b>
Community and social services		11,158	11,348	11,348	296	483	1,891	(1,408)	-74%	11,348
Sport and recreation		1,889	1,905	1,905	113	286	318	(32)	-10%	1,905
Public safety		720	340	340	19	41	57	(16)	-28%	340
Housing		12,192	12,801	12,801	923	2,109	2,133	(25)	-1%	12,801
Health		3,023	80	80	9	12	13	(2)	-13%	80
<i><b>Economic and environmental services</b></i>		<b>27,535</b>	<b>16,015</b>	<b>16,015</b>	<b>3,406</b>	<b>3,986</b>	<b>2,669</b>	1,317	49%	<b>16,015</b>
Planning and development		15,823	5,525	5,525	3,070	3,373	921	2,452	266%	5,525
Road transport		11,712	10,490	10,490	336	613	1,748	(1,136)	-65%	10,490
Environmental protection		—	—	—	—	—	—	—	—	—
<i><b>Trading services</b></i>		<b>1,212,755</b>	<b>1,444,171</b>	<b>1,444,171</b>	<b>118,777</b>	<b>215,920</b>	<b>240,695</b>	(24,775)	-10%	<b>1,444,171</b>
Energy sources		742,533	935,854	935,854	75,716	133,144	155,976	(22,832)	-15%	935,854
Water management		307,596	345,167	345,167	27,419	51,501	57,528	(6,027)	-10%	345,167
Waste water management		93,896	92,200	92,200	8,990	17,926	15,367	2,559	17%	92,200
Waste management		68,729	70,950	70,950	6,651	13,349	11,825	1,524	13%	70,950
<i><b>Other</b></i>	<b>4</b>	<b>9,946</b>	<b>8,720</b>	<b>8,720</b>	<b>813</b>	<b>2,111</b>	<b>1,453</b>	<b>658</b>	<b>45%</b>	<b>8,720</b>
<b>Total Revenue - Functional</b>	<b>2</b>	<b>2,381,920</b>	<b>2,621,547</b>	<b>2,621,547</b>	<b>179,385</b>	<b>511,940</b>	<b>436,924</b>	<b>75,016</b>	<b>17%</b>	<b>2,621,547</b>
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		<b>616,891</b>	<b>712,851</b>	<b>712,851</b>	<b>34,301</b>	<b>77,440</b>	<b>118,809</b>	(41,370)	-35%	<b>712,851</b>
Executive and council		374,547	428,654	428,654	13,179	34,337	71,443	(37,106)	-52%	428,654
Finance and administration		235,566	277,659	277,659	20,774	42,319	46,277	(3,958)	-9%	277,659
Internal audit		6,778	6,538	6,538	348	784	1,090	(306)	-28%	6,538
<i><b>Community and public safety</b></i>		<b>176,753</b>	<b>181,961</b>	<b>181,961</b>	<b>15,308</b>	<b>29,156</b>	<b>30,327</b>	(1,171)	-4%	<b>181,961</b>
Community and social services		42,959	43,119	43,119	3,692	7,218	7,187	32	0%	43,119
Sport and recreation		53,032	53,283	53,283	4,789	8,919	8,881	38	0%	53,283
Public safety		42,229	43,948	43,948	3,386	6,495	7,325	(830)	-11%	43,948
Housing		19,874	22,768	22,768	1,814	3,309	3,795	(486)	-13%	22,768
Health		18,659	18,842	18,842	1,627	3,215	3,140	75	2%	18,842
<i><b>Economic and environmental services</b></i>		<b>124,730</b>	<b>141,936</b>	<b>141,936</b>	<b>11,008</b>	<b>20,198</b>	<b>23,656</b>	(3,458)	-15%	<b>141,936</b>
Planning and development		39,084	47,872	47,872	3,749	6,678	7,979	(1,301)	-16%	47,872
Road transport		84,946	93,326	93,326	7,192	13,386	15,554	(2,168)	-14%	93,326
Environmental protection		700	737	737	68	134	123	11	9%	737
<i><b>Trading services</b></i>		<b>1,373,647</b>	<b>1,402,477</b>	<b>1,402,477</b>	<b>125,853</b>	<b>149,754</b>	<b>233,746</b>	(83,992)	-36%	<b>1,402,477</b>
Energy sources		882,510	915,683	915,683	99,974	107,621	152,614	(44,993)	-29%	915,683
Water management		326,816	322,469	322,469	14,798	19,964	53,745	(33,780)	-63%	322,469
Waste water management		92,343	93,375	93,375	5,465	12,242	15,563	(3,321)	-21%	93,375
Waste management		71,978	70,950	70,950	5,616	9,927	11,825	(1,899)	-16%	70,950
<i><b>Other</b></i>		<b>23,049</b>	<b>25,903</b>	<b>25,903</b>	<b>1,970</b>	<b>3,714</b>	<b>4,317</b>	<b>(603)</b>	<b>-14%</b>	<b>25,903</b>
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>2,315,070</b>	<b>2,465,128</b>	<b>2,465,128</b>	<b>188,439</b>	<b>280,262</b>	<b>410,856</b>	<b>(130,594)</b>	<b>-32%</b>	<b>2,465,128</b>
<b>Surplus/ (Deficit) for the year</b>		<b>66,851</b>	<b>156,419</b>	<b>156,419</b>	<b>(9,054)</b>	<b>231,678</b>	<b>26,068</b>	<b>205,610</b>	<b>789%</b>	<b>156,419</b>

**NC091 Sol Plaatje - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August**

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			484,799	470,256	470,256	9,765	109,555	78,376	31,179	39.8%	470,256
Vote 03 - Municipal Manager			-	-	-	-	-	-	-	-	
Vote 04 - Corporate Services			6,869	6,873	6,873	223	227	1,145	(918)	-80.1%	6,873
Vote 05 - Community Services			105,016	101,913	101,913	8,144	16,697	16,986	(288)	-1.7%	101,913
Vote 06 - Financial Services			610,429	648,238	648,238	44,990	177,135	108,040	69,096	64.0%	648,238
Vote 07 - Strategy Econ Development And Planning			17,626	7,945	7,945	3,131	3,466	1,324	2,142	161.8%	7,945
Vote 08 - Infrastructure And Services			1,157,181	1,386,322	1,386,322	113,131	204,859	231,054	(26,194)	-11.3%	1,386,322
Vote 09 -			-	-	-	-	-	-	-	-	-
Vote 10 -			-	-	-	-	-	-	-	-	-
Vote 11 -			-	-	-	-	-	-	-	-	-
Vote 12 -			-	-	-	-	-	-	-	-	-
Vote 13 -			-	-	-	-	-	-	-	-	-
Vote 14 -			-	-	-	-	-	-	-	-	-
Vote 15 - Other			-	-	-	-	-	-	-	-	-
Total Revenue by Vote		2	2,381,920	2,621,547	2,621,547	179,385	511,940	436,924	75,016	17.2%	2,621,547
Expenditure by Vote		1									
Vote 01 - Executive & Council			53,270	58,915	58,915	6,088	11,223	9,819	1,404	14.3%	58,915
Vote 02 - Municipal And General			310,300	357,885	357,885	6,181	21,572	59,648	(38,075)	-63.8%	357,885
Vote 03 - Municipal Manager			20,679	23,528	23,528	1,681	2,985	3,921	(937)	-23.9%	23,528
Vote 04 - Corporate Services			64,274	74,419	74,419	5,796	11,300	12,403	(1,103)	-8.9%	74,419
Vote 05 - Community Services			286,713	297,675	297,675	24,538	46,041	49,613	(3,572)	-7.2%	297,675
Vote 06 - Financial Services			126,129	157,404	157,404	11,058	23,544	26,234	(2,691)	-10.3%	157,404
Vote 07 - Strategy Econ Development And Planning			54,596	61,468	61,468	4,881	8,974	10,245	(1,271)	-12.4%	61,468
Vote 08 - Infrastructure And Services			1,399,107	1,433,833	1,433,833	128,216	154,624	238,973	(84,348)	-35.3%	1,433,833
Vote 09 -			-	-	-	-	-	-	-	-	-
Vote 10 -			-	-	-	-	-	-	-	-	-
Vote 11 -			-	-	-	-	-	-	-	-	-
Vote 12 -			-	-	-	-	-	-	-	-	-
Vote 13 -			-	-	-	-	-	-	-	-	-
Vote 14 -			-	-	-	-	-	-	-	-	-
Vote 15 - Other			-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		2	2,315,070	2,465,128	2,465,128	188,439	280,262	410,856	(130,594)	-31.8%	2,465,128
Surplus/ (Deficit) for the year		2	66,851	156,419	156,419	(9,054)	231,678	26,068	205,610	788.7%	156,419



NC091 Sol Plaatje - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

R0051 G01 Haage - Table G4 Monthly Budget Statement - Financial Performance (Revenue and expenditure) - M02 August										
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	42,486	173,430	104,608	68,822	66%	627,646
Service charges - electricity revenue		728,847	919,854	919,854	74,271	130,417	153,309	(22,892)	-15%	919,854
Service charges - water revenue		272,919	310,717	310,717	23,588	44,134	51,786	(7,652)	-15%	310,717
Service charges - sanitation revenue		83,392	81,700	81,700	7,780	15,615	13,617	1,999	15%	81,700
Service charges - refuse revenue		60,632	60,940	60,940	5,722	11,574	10,157	1,418	14%	60,940
Rental of facilities and equipment		16,755	13,010	13,010	2,012	4,296	2,168	2,128	98%	13,010
Interest earned - external investments		3,124	6,000	6,000	(691)	(484)	1,000	(1,484)	-148%	6,000
Interest earned - outstanding debtors		131,160	156,500	156,500	13,844	26,853	26,083	770	3%	156,500
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		13,943	27,730	27,730	1,452	1,703	4,622	(2,918)	-63%	27,730
Licences and permits		8,532	6,850	6,850	781	2,057	1,142	915	80%	6,850
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		235,986	258,117	258,117	-	93,271	43,019	50,252	117%	258,117
Other revenue		14,517	18,145	18,145	4,126	5,060	3,024	2,036	67%	18,145
Gains		11,698	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		2,181,403	2,487,209	2,487,209	175,371	507,927	414,535	93,392	23%	2,487,209
Expenditure By Type										
Employee related costs		773,189	849,403	849,403	62,485	122,475	141,568	(19,092)	-13%	849,403
Remuneration of councillors		30,737	34,547	34,547	3,278	6,310	5,758	552	10%	34,547
Debt impairment		267,518	297,000	297,000	1	1	49,500	(49,499)	-100%	297,000
Depreciation & asset impairment		69,999	81,050	81,050	-	-	13,508	(13,508)	-100%	81,050
Finance charges		72,909	38,960	38,960	5,261	5,261	6,493	(1,233)	-19%	38,960
Bulk purchases - electricity		639,689	682,000	682,000	88,124	88,124	113,667	(25,543)	-22%	682,000
Inventory consumed		237,516	236,627	236,627	20,296	31,765	39,438	(7,673)	-19%	236,627
Contracted services		38,163	46,437	46,437	426	1,082	7,740	(6,658)	-86%	46,437
Transfers and subsidies		2,546	4,460	4,460	-	-	743	(743)	-100%	4,460
Other expenditure		110,364	134,643	134,643	8,569	25,245	22,441	2,804	12%	134,643
Losses		72,440	60,000	60,000	-	-	10,000	(10,000)	-100%	60,000
Total Expenditure		2,315,070	2,465,128	2,465,128	188,439	280,262	410,856	(130,594)	-32%	2,465,128
Surplus/(Deficit)		(133,667)	22,081	22,081	(13,068)	227,664	3,679	223,986	0	22,081
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		109,267	134,338	134,338	4,014	4,014	22,390	(18,376)	(0)	134,338
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		14,400	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		76,850	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		66,851	156,419	156,419	(9,054)	231,678	26,068			156,419
Taxation								-		
Surplus/(Deficit) after taxation		66,851	156,419	156,419	(9,054)	231,678	26,068			156,419
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		66,851	156,419	156,419	(9,054)	231,678	26,068			156,419
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		66,851	156,419	156,419	(9,054)	231,678	26,068			156,419

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		7,197	40,405	40,405	(4)	-	6,734	(6,734)	-100%	40,405
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	-	-	-	-	-	-	-
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Strategy Econ Development And Planning		18,239	8,300	8,300	-	-	1,383	(1,383)	-100%	8,300
Vote 08 - Infrastructure And Services		88,488	79,038	79,038	1,065	2,002	13,173	(11,171)	-85%	79,038
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	113,924	127,743	127,743	1,061	2,002	21,291	(19,288)	-91%	127,743
<b>Single Year expenditure appropriation</b>	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		4,041	13,300	13,300	-	-	2,217	(2,217)	-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	2,011	2,011	8,167	(6,156)	-75%	49,000
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	13,157	62,300	62,300	2,011	2,011	10,383	(8,372)	-81%	62,300
<b>Total Capital Expenditure</b>		127,081	190,043	190,043	3,072	4,014	31,674	(27,660)	-87%	190,043
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		11,238	53,705	53,705	(4)	-	8,951	(8,951)	-100%	53,705
Executive and council		11,238	53,705	53,705	(4)	-	8,951	(8,951)	-100%	53,705
Finance and administration		-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		52,457	35,300	35,300	770	1,708	5,883	(4,176)	-71%	35,300
Planning and development		18,239	8,300	8,300	-	-	1,383	(1,383)	-100%	8,300
Road transport		34,218	27,000	27,000	770	1,708	4,500	(2,792)	-62%	27,000
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		63,386	101,038	101,038	2,306	2,306	16,840	(14,534)	-86%	101,038
Energy sources		34,548	46,000	46,000	2,011	2,011	7,667	(5,656)	-74%	46,000
Water management		624	13,000	13,000	-	-	2,167	(2,167)	-100%	13,000
Waste water management		28,214	42,038	42,038	295	295	7,006	(6,712)	-96%	42,038
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	127,081	190,043	190,043	3,072	4,014	31,674	(27,660)	-87%	190,043
<b>Funded by:</b>										
National Government		95,428	134,338	134,338	3,072	4,014	22,390	(18,376)	-82%	134,338
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		3,500	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		13,891	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		112,818	134,338	134,338	3,072	4,014	22,390	(18,376)	-82%	134,338
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		14,263	55,705	55,705	-	-	9,284	(9,284)	-100%	55,705
<b>Total Capital Funding</b>		127,081	190,043	190,043	3,072	4,014	31,674	(27,660)	-87%	190,043

**NC091 Sol Plaatje - Table C6 Monthly Budget Statement - Financial Position - M02 August**

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	<b>1</b>					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		197,591	(1,939)	(1,939)	223,140	(1,939)
Call investment deposits		–	–	–	–	–
Consumer debtors		1,989,170	2,244,736	2,244,736	2,111,542	2,244,736
Other debtors		158,939	418,926	418,926	158,864	418,926
Current portion of long-term receivables		–	–	–	–	–
Inventory		49,454	39,322	39,322	60,013	39,322
<b>Total current assets</b>		<b>2,395,153</b>	<b>2,701,046</b>	<b>2,701,046</b>	<b>2,553,560</b>	<b>2,701,046</b>
<b>Non current assets</b>						
Long-term receivables		–	35,716	35,716	–	35,716
Investments						
Investment property		209,106	208,312	208,312	209,106	208,312
Investments in Associate						
Property, plant and equipment		2,003,442	1,795,402	1,795,402	2,007,456	1,795,402
Biological						
Intangible		21,447	2,908	2,908	21,447	2,908
Other non-current assets		12,071	9,926	9,926	12,071	9,926
<b>Total non current assets</b>		<b>2,246,066</b>	<b>2,052,265</b>	<b>2,052,265</b>	<b>2,250,080</b>	<b>2,052,265</b>
<b>TOTAL ASSETS</b>		<b>4,641,220</b>	<b>4,753,311</b>	<b>4,753,311</b>	<b>4,803,639</b>	<b>4,753,311</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		43,176	49,224	49,224	43,697	49,224
Trade and other payables		1,206,303	907,727	907,727	1,136,524	907,727
Provisions		–	94,029	94,029	–	94,029
<b>Total current liabilities</b>		<b>1,249,479</b>	<b>1,050,980</b>	<b>1,050,980</b>	<b>1,180,221</b>	<b>1,050,980</b>
<b>Non current liabilities</b>						
Borrowing		171,517	148,630	148,630	171,517	148,630
Provisions		261,630	259,520	259,520	261,630	259,520
<b>Total non current liabilities</b>		<b>433,147</b>	<b>408,150</b>	<b>408,150</b>	<b>433,147</b>	<b>408,150</b>
<b>TOTAL LIABILITIES</b>		<b>1,682,626</b>	<b>1,459,129</b>	<b>1,459,129</b>	<b>1,613,368</b>	<b>1,459,129</b>
<b>NET ASSETS</b>	<b>2</b>	<b>2,958,594</b>	<b>3,294,182</b>	<b>3,294,182</b>	<b>3,190,272</b>	<b>3,294,182</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		2,868,467	3,213,305	3,213,305	3,097,994	3,213,305
Reserves		90,127	80,876	80,876	90,127	80,876
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>2,958,594</b>	<b>3,294,182</b>	<b>3,294,182</b>	<b>3,188,121</b>	<b>3,294,182</b>

NC091 Sol Plaatje - Table C7 Monthly Budget Statement - Cash Flow - M02 August

RCOUST 2021/22 - Table C7 Monthly Budget Statement - Cash Flow - Mo2 August										
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	66,214	91,462	88,917	2,545	3%	533,499
Service charges		1,140,533	1,093,079	1,093,079	101,651	176,529	182,180	(5,651)	-3%	1,093,079
Other revenue		294,227	403,395	403,395	44,990	159,975	67,232	92,743	138%	403,395
Transfers and Subsidies - Operational		31,741	18,959	18,959	3,000	3,000	3,160	(160)	-5%	18,959
Transfers and Subsidies - Capital		100,630	134,338	134,338	3,400	31,556	22,390	9,166	41%	134,338
Interest		-	6,000	6,000	-	-	1,000	(1,000)	-100%	6,000
Dividends								-		
Payments										
Suppliers and employees		(2,588,917)	(2,039,050)	(2,039,050)	(338,016)	(296,482)	(339,842)	(43,360)	13%	(2,039,050)
Finance charges		(1,039)	(38,960)	(38,960)	-	-	(6,493)	(6,493)	100%	(38,960)
Transfers and Grants		-	(4,460)	(4,460)	-	-	(743)	(743)	100%	(4,460)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(583,944)	106,800	106,800	(118,761)	166,040	17,800	(148,240)	-833%	106,800
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								-		
Decrease (increase) in non-current receivables		-	35,716	-	-	-	5,953	(5,953)	-100%	35,716
Decrease (increase) in non-current investments								-		
Payments										
Capital assets		(127,081)	(190,043)	(190,043)	(3,072)	(4,014)	(31,674)	(27,660)	87%	(190,043)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(127,081)	(154,327)	(190,043)	(3,072)	(4,014)	(25,721)	(21,708)	84%	(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)	-	-	(1,565)	(1,565)	100%	(9,390)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(9,390)	(9,390)	-	-	(1,565)	(1,565)	100%	(9,390)
NET INCREASE/ (DECREASE) IN CASH HELD		(711,025)	(56,917)	(92,633)	(121,834)	162,026	(9,486)			(56,917)
Cash/cash equivalents at beginning:		43,007	172,922	172,922	(48,906)	272,046	172,922			272,046
Cash/cash equivalents at month/year end:		(668,018)	116,006	80,289		434,072	163,436			215,129

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

## 15. Municipal Manager's quality certification

### Quality Certificate

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

☒

the Monthly Budget Statement

☐

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

☐

Mid-year Budget and Performance Assessment

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

Print name: Mr. BS Matlala

Municipal Manager of Sol Plaatje Local Municipality (NC091)

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



Date: 13 /09/2022