



***MONTHLY BUDGET STATEMENT:  
S71 MONTHLY REPORT: SEPTEMBER 2023***

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

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**Due date: 13 October 2023**

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## **List of Abbreviations and Acronyms used in the Monthly Budget Statement**

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: S71 MONTHLY REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2023**

### **1. Purpose**

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

The municipality realises, the critical importance of having a minimum 3 month's 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. Serious actions will have to be taken to realise this target and Council's buy-in be secured, to the turn the municipality around is critically important.

The municipality's main goal is to remain positive and committed in stabilising the municipality, improving its cash position and improving on quality service being rendered. The municipality is facing serious challenges pertaining to the debt owed to Eskom and the Department of Water and Sanitation. And as a show of good faith, the municipality has been paying what it can afford in terms of available cash, however both commitments are one of our top priorities. The municipality's main objective is to keep communication open and maintain an amicable working relationship with both institutions, as formal disputes and litigation can have serious repercussions for the municipality and the community at large. The escalation in debt owed to ESKOM and DWS is a major concern. The three high months billed for electricity is detrimental to the cash flow of the municipality and a mammoth task to settle in full, based on our current collection trend. The municipality settled the June 2023 account excluding interest in full by using EQS received for July 2023, and the subsequent months we paid over what we received from electricity sales. However, due to the debt agreement with DWS and the Incentive scheme initiated by the Department, the municipality has made significant strides in reducing the arrear debt owed to the Department and settled all invoices raised for the 2022/23 financial year in full.

The municipality submitted the Municipal Debt Relief application to National Treasury for consideration. It is imperative that the municipality abides with the conditions as non-compliance may have serious repercussions for the municipality and its electricity business. As per MFMA Circular 124, Section 5, articulated below are the consequence for failure to comply with the conditions of the Municipal Debt Relief and related initiatives:

"Municipalities are urged to maintain their behavioral change post the support. If a municipality fails to perform during the duration of the Municipal Debt Relief:

- a. The benefits of the Relief to that municipality will immediately cease;
- b. This means that Eskom will be obliged to implement its credit control and debt management policy on the defaulting municipality and the municipality must immediately start repaying its Eskom arrears, interest and penalties;
- c. Eskom may resume any legal proceedings (relating to the municipality's arrear debt, interest and penalties as of 31 March 2023), including attaching the municipal bank account; and
- d. The normal penalties applicable to the wider local government will also apply.

It is important to note that the work to resolve non-payment by municipalities is progressive and that the National Treasury intends to enforce the existing penalties available in the legislative framework and add additional penalties, including exploring but not limited to –

- A take-over of a defaulting municipality's electricity business;
- NERSA strengthening of license conditions;
- A National Treasury dispute resolution process;
- Strengthening and adding consequences and related consequence management processes as part of the ongoing review of the MFMA, including to facilitate the upfront resolve of budget issues and to instil a payment culture; and
- A wider special mechanism/ ombud system to facilitate organs of state payment and related disputes, including instituting consequences for organs of state failure to pay; etc.

In terms of the National Treasury's local government revenue improvement programme, all municipalities that benefit from the Municipal Debt Relief will continue to receive support towards strengthening their revenue value chains.

Municipalities are cautioned that the National Treasury considers the conditions set out in paragraph 6.1 to 6.14 as critical financial management minimum best practice and confirms that if a municipality fails to meet any and/ or a combination of the conditions set out in this Municipal Debt Relief framework, it could (over-and-above the consequences set out in 5.1 above) constitute a serious breach of its financial management fiduciary responsibilities and may also constitute financial misconduct as envisaged in the MFMA and Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014. The National Treasury reserves the right to immediately invoke section 216 of the Constitution and/ or any other remedies available to government in terms of the prevailing legislative framework in such a situation (including instituting individual financial misconduct and/ or criminal proceedings).

***Municipalities are reminded of MFMA s.173 to the effect that the accounting officer of a municipality is guilty of an offence if that accounting officer, deliberately or in a gross negligent way contravenes or fails to comply with MFMA s. 65(2)(f). Moreover, MFMA s.174 provides for penalties, to the extent where a person is liable on conviction of an offence in terms of section 173 to imprisonment for a period not exceeding five years or to an appropriate fine determined in terms of applicable legislation."***

Currently, the total debtor's book is standing at R3,621,131 billion, of which 86% of the debt is owed in excess of 90 days. The municipality is urging government, businesses and households to meet their obligation to the municipality or make payment arrangements with the municipality. The cash collection is not at a desired level and this does not bode well for the municipality's financial position. *There needs to a major paradigm shift in the payment culture across all customer groups. This can only be achieved when the Credit Control and Debt Collection Policy is strictly, consistently and fairly applied to all customer groups.* Consumers that are not paying for services, must remember that no municipality will remain sustainable and functional if it expected to provide "services for free". And in the same breath, the municipality must employ all measures to ensure that customers receive quality and reliable services. The value of providing these services, should never be underestimated by the municipality as there is a direct correlation between providing quality services and consumers' willingness to pay.

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

payment or make a payment arrangement. The Plan further provides for a Credit Control, Indigent Assistance Awareness and Account Payment Campaign. We believe that this campaign will be informative and create an awareness to customers as to the assistance provided by the Municipality in relation to the payment of accounts and the social package offered to indigents (including child headed households). The Municipality will offer its customers payment discounts for accounts settled before the due date and discount incentives to all customers that settle their outstanding accounts in full. The campaign will also educate consumers on the importance of the payment of accounts and the detrimental effect non-payment has on service delivery. The Revenue team also embarked on a Back-to-Basics approach across the full revenue cycle/chain in order to improve on billing, collections and customer care.

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 those specific financial particulars be reported on and in the format prescribed, hence this report to meet legislative compliance. "The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required Tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act."

Further, Section 71 of the MFMA requires that, "the accounting officer of a municipality must by no later than **10 working days** after the end of each month submit to the Mayor of the municipality, and the relevant national and provincial treasury, a statement in the prescribed format on the state of the municipality's budget reflecting certain particulars for that month and for the financial year up to the end of that month." For the reporting period ending **30 September 2023**, the ten working day reporting limit expires on **13 October 2023**. The National Treasury will use only the *m*SCOA data strings required for submission as prescribed and all publications will use the data collected from the *m*SCOA data strings" which must be submitted before or on **13 October 2023**, (ten working day limit).

### 3. Executive summary

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

Summary Statement of Financial Performance: YTD Budget					
Description R thousand	YTD Budget September 2023	YTD Actual September 2023	Variance Favourable (Unfavourable)	% YTD Actual vs YTD Budget	% Variance Favourable (Unfavourable)
Total Revenue (excluding capital transfers and contributions)	679,901	852,871	172,970	125.4%	25.4%
Total Revenue (including capital transfers and contributions)	733,459	862,900	129,441	117.6%	17.6%
Total Operational Expenditure	672,816	572,678	(100,137)	85.1%	-14.9%

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

As indicated in Table 1 above, as at 30 September 2023, the billed revenue excluding capital grants amounted to R852,871 million which resulted in a satisfactory variance of 25.4% when compared to the YTD Budget of R679,901 million. Reasons for the variances are articulated in Section 4.1 below. The billed revenue including capital grants amounted to R862,900 million, resulting in a satisfactory variance of 17.6% when compared to the YTD budget of R733,459 million. Capital grants are recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant have been met. The Total Operational Expenditure resulted in an unsatisfactory variance of minus 14.9%. Reasons for the variance are articulated in Section 4.2 below.

Summary Statement of Financial Performance: Original Budget					
Description R thousand	Original Budget	YTD Actual September 2023	Variance Favourable (Unfavourable)	% YTD Actual vs Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 25%
Total Revenue (excluding capital transfers and contributions)	2,719,604	852,871	626,237	31.4%	6.4%
Total Revenue (including capital transfers and contributions)	2,933,837	862,900	618,413	29.4%	4.4%
Total Operational Expenditure	2,691,252	572,678	348,407	21.3%	-3.7%

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

Indicated in Table 2 above is the YTD actual compared to the Original Budget. When calculating the ideal In-Year-Monitoring percentage of 25% [calculated as follow: (100/12 months x 3 months of the year)] as at the end of September 2023, the Total operational revenue excluding capital grants versus the Original Budget resulted in a satisfactory variance of 6.4%. The Total operational revenue including capital grants versus the Original Budget resulted in a satisfactory variance of 4.4%. The Total Operational Expenditure resulted in a satisfactory variance of minus 3.7%.

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

## 4.1 Operating Revenue by Source

Table C4 Monthly Budget Statement - Financial Performance (Revenue) - September 2023										
Description	Original Budget	Monthly actual	YearTD actual	YearTD budget	Achieved YTD Budget	YTD variance	YTD variance	Achieved Original Budget	Original Budget Variance	Original Variance 1YM % - 25%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Electricity	1,034,872	85,591	247,752	258,718	95.8%	(10,966)	-4.2%	23.9%	(10,966)	-1.1%
Service charges - Water	327,114	24,438	73,720	81,778	90.1%	(8,059)	-9.9%	22.5%	(8,059)	-2.5%
Service charges - Waste Water Management	89,858	8,016	23,934	22,465	106.5%	1,469	6.5%	26.6%	1,469	1.6%
Service charges - Waste management	65,412	6,306	18,580	16,353	113.6%	2,227	13.6%	28.4%	2,227	3.4%
Sale of Goods and Rendering of Services	15,579	772	5,392	3,895	138.4%	1,497	38.4%	34.6%	1,497	9.6%
Agency services	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	168,880	21,193	60,262	42,220	142.7%	18,042	42.7%	35.7%	18,042	10.7%
Interest from Current and Non Current Assets	7,000	890	700	1,750	40.0%	(1,050)	-60.0%	10.0%	(1,050)	-15.0%
Dividends	-	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	26,930	2,656	7,852	6,732	116.6%	1,120	16.6%	29.2%	1,120	4.2%
Licence and permits	1,200	67	184	300	61.4%	(116)	-38.6%	15.3%	(116)	-9.7%
Operational Revenue	3,134	544	1,112	784	142.0%	329	42.0%	35.5%	329	10.5%
<b>Non-Exchange Revenue</b>										
Property rates	660,893	45,241	276,578	165,223	167.4%	111,355	67.4%	41.8%	111,355	16.8%
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	30,660	7,443	9,256	7,665	120.8%	1,591	20.8%	30.2%	1,591	5.2%
Licence and permits	6,150	1,413	3,045	1,537	198.0%	1,507	98.0%	49.5%	1,507	24.5%
Transfers and subsidies - Operational	281,921	4,648	114,288	70,480	162.2%	43,808	62.2%	40.5%	43,808	15.5%
Interest	-	-	-	-	-	-	-	-	-	-
Fuel Levy	-	-	-	-	-	-	-	-	-	-
Operational Revenue	-	4,284	9,265	-	-	9,265	-	-	9,265	-
Gains on disposal of Assets	-	254	951	-	-	-	-	-	-	-
Other Gains	-	-	-	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,719,604</b>	<b>213,753</b>	<b>852,871</b>	<b>679,901</b>	<b>125.4%</b>	<b>172,019</b>	<b>25.3%</b>	<b>31.4%</b>	<b>172,970</b>	<b>6.4%</b>
Transfers and subsidies - capital	214,233	6,185	10,029	53,558	18.7%	(43,529)	-81.3%	4.7%	(43,529)	-20.3%
<b>Total Revenue (including capital transfers and contributions)</b>	<b>2,933,837</b>	<b>219,939</b>	<b>862,900</b>	<b>733,459</b>	<b>117.6%</b>	<b>129,441</b>	<b>17.6%</b>	<b>29.4%</b>	<b>129,441</b>	<b>4.4%</b>

Table 3: Table C4 Financial Performance (Revenue)

### Comparison against the YTD Budget

#### Exchange Revenue

- ❖ Service charges - Electricity is showing a satisfactory variance of 4.2%. Service charges Water is showing an under-recovery of minus 9.9%. It is imperative that the Billing section does a proper investigation to ensure that all properties have functional meters installed and are billed accurately. The same applies to all Service charges., Sanitation and Refuse are all showing an over-recovery when compared to the YTD budget.
- ❖ Sale of Goods and Rendering of Services is overstated by 38.4%, as a result of advance receipts on the approval of buildings plan to the tune of R2,833 million.
- ❖ Interest earned from Receivables is showing a positive variance of 42.4% due to the increase in specifically debt over 90 days and the recent consecutive interest rate hikes.
- ❖ Interest from Current and Non-current Assets shows a negative variance of minus 60%, as a result of accrued interest revenue that was recognised for the 2022/23 financial year. It should be noted that investments have been declining year-on-year but have remained relatively constant for the previous financial year. Due to financial constraints the municipality could not significantly increase its investments which largely contributes to the lower interest earned. For the month of September 2023, the net movement on investments was an increase of R14,092 million. The municipality is improving on its cash and investment management and attempts to invest as much as it can from cash not immediately needed from operations. And the municipality is also investing capital grants

already received and withdraws funds when capital payments must be made. The bulk of the interest earned will be recognised as part of the year-end procedures.

- ❖ Rental of facilities and equipment is showing a positive variance of 16.6%, as the YTD actual is slightly higher than anticipated.
- ❖ Licences and permits is showing a negative variance of 38.6%, as a result of the receipts on Road & Trsp: Operator & Pub Driv Permits being lower than anticipated.
- ❖ Operational Revenue is showing a positive variance of 42%, as a result of an over-recovery on Incidental Cash Surpluses.

### **Non-Exchange Revenue**

- ❖ Property Rates is showing a positive YTD variance of 67.4%, due to the annual billing on Property rates.
- ❖ Fines, penalties and forfeits is showing a positive variance of 20.8% as a result of an over-recovery on Penalties: Disconnection fees resulting from an actual of 41.58% against an Original target of R20,000 million. The Credit Control Office resumed with blocking prepaid meters and disconnecting non-paying customers. Fines: Law Enforcement is also showing an actual achieved of 7.88% against a target of R10,500 million.
- ❖ Licences and permits is showing a positive variance of 98.0%. There are possible outstanding payments due to the Department of Transport, Safety and Liaison. Road & Trsp: Motor Vehicle Licenses is showing an actual achieved of 61.59% against an annual target of R3,950 million.
- ❖ Transfers and subsidies - Operational is showing a positive variance of 62.2%, due to the receipt of the first tranche of the Equitable Share.
- ❖ Operational Revenue is showing movement of R9,265 million against a zero budget. This revenue pertains to availability charges billed for services. The budget will be corrected during the Adjustment budget for the year under review.
- ❖ Gains on disposal of assets, pertains to the sale of land.
- ❖ Transfers and subsidies - Capital is showing a negative variance of minus 81.3% when compared to the YTD budget. Capital grants remains lower than anticipated due to poor capital grant expenditure. Serious intervention will have to be taken by Management to improve on monthly capital grant expenditure and capital expenditure overall. Capital grants are recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant have been met.

### **Comparison against Original Budget**

Based on the IYM percentage of 25.0%, the majority of revenue sources are performing satisfactorily.

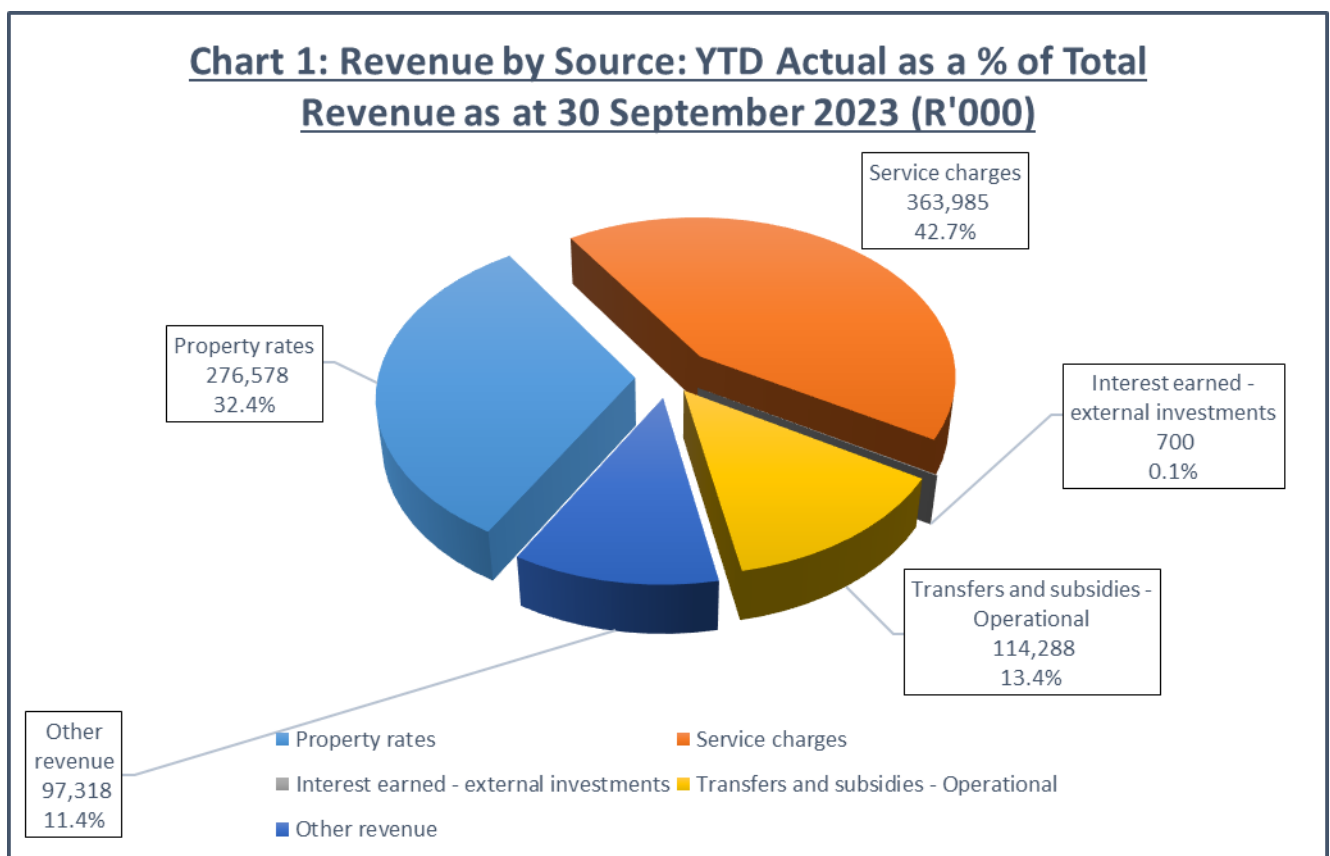
### **Exchange Revenue**

- ❖ Service charges against the Original budget is performing satisfactorily.
- ❖ Sale of Goods and Rendering of Services is showing a positive variance of 9.6%. Same factors are applicable as described in the paragraph above.
- ❖ Interest earned from Receivables is showing a positive variance of 10.7%. Same factors are applicable as described in the paragraph above.
- ❖ Interest from Current and Non-current Assets shows a negative variance of minus 15.0%. Same factors are applicable as described in the paragraph above.
- ❖ Rental of facilities and equipment is showing a positive variance of 4.2%.
- ❖ Licences and permits are showing a satisfactory variance of minus 9.7%. Same factors are applicable as described in the paragraph above.
- ❖ Operational Revenue is showing a satisfactory variance of 10.5%. Same factors are applicable as described in the paragraph above.

## Non-Exchange Revenue

- ❖ Property Rates is showing a positive variance of 16.8%, due to the annual billing on Property rates.
- ❖ Fines, penalties and forfeits is showing a satisfactory variance of minus 5.2% Same factors are applicable as described in the paragraph above.
- ❖ Licences and permits are showing a positive variance of 24.5%. Same factors are applicable as described in the paragraph above.
- ❖ Transfers and subsidies - Operational is showing a positive variance of 15.5%, due to the receipt of the first tranche of the Equitable Share.
- ❖ Operational Revenue is showing movement of R9,265 million against a zero budget. This revenue pertains to availability charges billed for services. The budget will be corrected during the Adjustment budget for the year under review.
- ❖ Gains on disposal of assets, pertains to the sale of land.
- ❖ Transfers and subsidies - Capital is showing a negative variance of minus 20.3%. Capital grants remains lower than anticipated due to poor capital grant expenditure. Serious intervention will have to be taken by Management to improve on monthly capital grant expenditure and capital expenditure overall. Capital grants are recognised in the Statement of Financial Performance, on a monthly basis as soon as the conditions of the grant have been met.

Indicated in Chart 1 below is the weighting of the YTD Actual on billed Revenue per Source as a percentage of total operational revenue as at 30 September 2023. The main contributors of the municipality's revenue are Service Charges (42.7%), Property Rates (32.4%) and Transfers and subsidies (13.4%). The contribution per Revenue source is distorted, as a result of the annual billing of Property rates and the first tranche of the Equitable share received.



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

## 4.2 Operating Expenditure by Type

Table C4 Monthly Budget Statement - Financial Performance (Expenditure) - September 2023										
Description	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance	Achieved Original Budget	Original Budget Variance	Original Variance 1YM % - 25%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Expenditure By Type										
Employee related costs	881,637	71,118	212,655	220,410	96.5%	(7,756)	-3.5%	24.1%	(7,754)	-0.9%
Remuneration of councillors	35,559	2,663	8,053	8,890	90.6%	(836)	-9.4%	22.6%	(836)	-2.4%
Bulk purchases - electricity	785,000	60,870	176,278	196,250	89.8%	(19,972)	-10.2%	22.5%	(19,972)	-2.5%
Inventory consumed	305,900	17,243	38,802	76,475	50.7%	(37,673)	-49.3%	12.7%	(37,672)	-12.3%
Debt impairment	317,500	-	79,375	79,375	100.0%	(0)	0.0%	25.0%	-	0.0%
Depreciation and amortisation	86,650	-	-	21,663	0.0%	(21,663)	-100.0%	0.0%	(21,663)	-25.0%
Interest	19,495	0	4	4,874	0.1%	(4,869)	-99.9%	0.0%	(4,869)	-25.0%
Contracted services	48,113	5,569	12,896	12,028	107.2%	868	7.2%	26.8%	868	1.8%
Transfers and subsidies	4,560	-	-	1,140	0.0%	(1,140)	-100.0%	0.0%	(1,140)	-25.0%
Irrecoverable debts written off	-	4	5	-		5			5	
Operational costs	145,639	13,258	44,610	36,411	122.5%	8,200	22.5%	30.6%	8,201	5.6%
Losses on Disposal of Assets	-	-	-	-		-			-	
Other Losses	61,200	-	-	15,300	0.0%	(15,300)	-100.0%	0.0%	(15,300)	-25.0%
<b>Total Expenditure</b>	<b>2,691,252</b>	<b>170,725</b>	<b>572,678</b>	<b>672,816</b>	<b>85.1%</b>	<b>(100,137)</b>	<b>-14.9%</b>	<b>21.3%</b>	<b>(100,135)</b>	<b>-3.7%</b>

Table 4: Table C4 Financial Performance (Expenditure)

### Comparison against YTD Budget

As indicated in the Table 4 above, as at 30 September 2023 current YTD expenditure shows an unsatisfactory variance of minus 14.9%. The YTD actual amounted to R572,678 million against the YTD Budget of R672,816 million.

- ❖ Employee related costs shows a satisfactory variance of minus 3.5%. Post-retirement benefit obligations are not factored in and will only be finalised as part of year-end procedures.
- ❖ Remuneration of councillors is showing a satisfactory variance of minus 9.4%. The gazette on the Determination of Upper limits of salaries, allowances and benefits of different members of municipal councils must still be issued for the current financial year.
- ❖ Bulk purchases – Electricity is showing an unsatisfactory variance of minus 10.2%, this due to the understatement of the August 2023 invoice amounting to R48 million. The Payment sections was requested to fix this error on the system. The invoice for September 2023 will be captured on the system during October 2023.
- ❖ The expenditure on Inventory consumed is showing an unsatisfactory variance of minus 49.3%. Expenditure for the first month of the year is normally low, due later re-opening of the financial year after year-end closure. Various commitments are raised on the system, awaiting delivery of goods and services. 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 that funds will be fully spent at year-end. The major backlog and deterioration of infrastructure and high-level of crisis management is negatively influencing this expenditure line items and sound financial management of budgets is not adequately exercised. Deviations and re-directing of funds to manage crises is severely and rapidly depleting the R&M budget, impeding on the funds required for day-to-day maintenance. Lack of maintenance plans and planned maintenance is impeding on the municipality's ability to maintain assets optimally. There are limited resources available with severe budgetary constraints with the current cash flow position putting major strain on the municipality's finances to actually address service delivery challenges. The municipality is obligated to ensure that tariffs are cost-reflective whilst ensuring that tariff increases are inflationary related as prescribed by NT's annual MFMA Budget circulars. This is a major impediment for the municipality to increase the R&M budget to a desired level to actually address backlogs, whilst employee costs, provision for bad debts and other expenditure is putting further strain on the budgets each year.

**Table 4.1 R&M Expenditure per Directorate per inventory type**

R&M Expenditure per Directorate per Inventory type as at 30 Sep 2023 (Amounts in Rand)	Original Budget	Budget including virements	Curr Mth Exp	YTD Movement	% Spent Original Budget	% Spent compared against ideal IYM % of 25%
<b>☐ VOTE 1 - COUNCILLORS AND ADMIN</b>	<b>286,000</b>	<b>286,000</b>	-	<b>56,282</b>	<b>20%</b>	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	118,000	124,000	-	11,898	10%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	2,000	2,000	-	-	0%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	166,000	160,000	-	44,384	27%	SATISFACTORY
<b>☐ VOTE 2 - MUNICIPAL AND GENERAL</b>	<b>30,576,000</b>	<b>30,576,000</b>	<b>2,577,291</b>	<b>6,359,426</b>	<b>21%</b>	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	670,000	670,000	43,158	117,826	18%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	-	-	-	-	-	UNDERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	250,000	245,000	10,752	45,302	18%	UNDERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	-	5,000	-	2,940	-	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	29,656,000	29,656,000	2,523,381	6,193,358	21%	UNDERSPENT
<b>☐ VOTE 3 - MUNICIPAL MANAGER</b>	<b>138,000</b>	<b>138,000</b>	<b>8,198</b>	<b>38,168</b>	<b>28%</b>	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	120,000	122,000	8,198	36,293	30%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	18,000	16,000	-	1,875	10%	UNDERSPENT
<b>☐ VOTE 4 - CORPORATE SERVICES</b>	<b>10,645,730</b>	<b>10,645,730</b>	<b>225,639</b>	<b>517,754</b>	<b>5%</b>	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	867,000	877,000	85,075	157,931	18%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	260,000	260,000	39,178	78,185	30%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	340,730	340,730	48,964	165,165	48%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	9,178,000	9,168,000	52,421	116,473	1%	UNDERSPENT
<b>☐ VOTE 5 - COMMUNITY SERVICES</b>	<b>34,528,500</b>	<b>34,528,500</b>	<b>2,668,996</b>	<b>6,009,467</b>	<b>17%</b>	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,008,500	1,018,500	71,589	137,216	14%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	58,000	58,000	1,555	1,555	3%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	195,000	195,000	34,247	34,349	18%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	965,000	955,000	55,681	200,126	21%	UNDERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	7,457,000	7,457,000	755,107	2,023,841	27%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	953,000	953,000	21,237	48,148	5%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	23,892,000	23,892,000	1,729,580	3,564,231	15%	UNDERSPENT
<b>☐ VOTE 6 - FINANCIAL SERVICES</b>	<b>2,399,000</b>	<b>2,399,000</b>	<b>100,117</b>	<b>478,442</b>	<b>20%</b>	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	1,270,000	1,270,000	57,505	314,557	25%	SATISFACTORY
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	159,000	159,000	8,677	44,549	28%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	172,000	172,000	11,038	37,126	22%	UNDERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	-	-	-	-	-	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	798,000	798,000	22,896	82,210	10%	UNDERSPENT
<b>☐ VOTE 7 - STRATEGY &amp; ECONOMIC DEVELOPMENT</b>	<b>6,430,000</b>	<b>6,430,000</b>	<b>826,801</b>	<b>1,453,274</b>	<b>23%</b>	SATISFACTORY
2320601 (INV-CONSUMABLE-SR/STATIONERY)	464,000	461,000	17,065	28,666	6%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	61,000	64,000	3,327	25,291	41%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	362,000	362,000	22,644	85,396	24%	SATISFACTORY
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	6,000	6,000	1,006	1,885	31%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	5,537,000	5,537,000	782,760	1,312,036	24%	SATISFACTORY
<b>☐ VOTE 8 - INFRASTRUCTURE SERVICES</b>	<b>220,896,654</b>	<b>220,896,654</b>	<b>10,835,987</b>	<b>23,889,676</b>	<b>11%</b>	UNDERSPENT
2320601 (INV-CONSUMABLE-SR/STATIONERY)	677,000	677,000	75,576	148,694	22%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	2,000	2,000	-	-	0%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	13,660,000	13,660,000	843,329	2,874,854	21%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	721,000	721,000	93,414	254,585	35%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	6,650,000	6,650,000	698,895	2,135,833	32%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	360,000	360,000	31,594	113,419	32%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	137,626,654	137,626,654	9,289,979	18,362,290	13%	UNDERSPENT
2326600 (INVENTORY - WATER)	61,200,000	61,200,000	-196,800	-	0%	UNDERSPENT
<b>Grand Total</b>	<b>305,899,884</b>	<b>305,899,884</b>	<b>17,243,029</b>	<b>38,802,489</b>	<b>13%</b>	UNDERSPENT

Table 4.1 R&M Expenditure per Directorate per inventory type

Table 4.2 R&M Expenditure per Service per inventory type						
R&M Expenditure per Service per Inventory Type as at 30 Sep 2023 (Amounts in Rand)	Original Budget	Budget including virements	Curr Mth Exp	YTD Movement	% Spent Original Budget	% Spent compared against ideal IYM % of 25%
<b>2480 - REFUSE</b>	<b>20,731,000</b>	<b>20,731,000</b>	<b>1,386,760</b>	<b>3,399,369</b>	<b>16%</b>	<b>UNDERSPENT</b>
2320601 (INV-CONSUMABLE-SR/STATIONERY)	71,000	71,000	-	2,078	3%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	210,000	210,000	-	13,640	6%	UNDERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	5,000,000	5,000,000	496,042	1,419,858	28%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	750,000	750,000	-	-	0%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	14,700,000	14,700,000	890,717	1,963,794	13%	UNDERSPENT
<b>2830 - ROADS</b>	<b>46,038,000</b>	<b>46,038,000</b>	<b>2,265,772</b>	<b>4,674,699</b>	<b>10%</b>	<b>UNDERSPENT</b>
2320601 (INV-CONSUMABLE-SR/STATIONERY)	50,000	50,000	12,877	24,187	48%	OVERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	54,000	54,000	-	-	0%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	45,934,000	45,934,000	2,252,895	4,650,512	10%	UNDERSPENT
<b>2840 - HOUSING</b>	<b>3,497,000</b>	<b>3,497,000</b>	<b>238,394</b>	<b>407,975</b>	<b>12%</b>	<b>UNDERSPENT</b>
2320601 (INV-CONSUMABLE-SR/STATIONERY)	98,000	98,000	30,576	37,676	38%	OVERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	125,000	125,000	40,278	108,509	87%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	150,000	150,000	6,195	25,852	17%	UNDERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	-	-	-	-	-	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	3,123,000	3,123,000	161,345	235,939	8%	UNDERSPENT
<b>2850 - SEWERAGE</b>	<b>20,739,000</b>	<b>20,739,000</b>	<b>1,706,705</b>	<b>3,951,015</b>	<b>19%</b>	<b>UNDERSPENT</b>
2320601 (INV-CONSUMABLE-SR/STATIONERY)	45,000	45,000	84	5,304	12%	UNDERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	150,000	150,000	4,760	4,760	3%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	239,000	239,000	21,801	62,718	26%	SATISFACTORY
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	1,700,000	1,700,000	215,923	657,177	39%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	100,000	100,000	-	2,271	2%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	18,505,000	18,505,000	1,464,136	3,218,785	17%	UNDERSPENT
<b>2860 - WATER</b>	<b>105,314,000</b>	<b>105,314,000</b>	<b>4,214,105</b>	<b>8,655,794</b>	<b>8%</b>	<b>UNDERSPENT</b>
2320601 (INV-CONSUMABLE-SR/STATIONERY)	95,000	95,000	2,471	26,996	28%	OVERSPENT
2320603 (INV-CONSUMABLE-SR/PUR CHEMICALS)	13,510,000	13,510,000	838,569	2,870,094	21%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	105,000	105,000	20,262	48,761	46%	OVERSPENT
2320611 (INV-CONSUMABLE-ZR/FUEL FLEET)	1,600,000	1,600,000	157,501	526,593	33%	OVERSPENT
2320612 (INV-CONSUMABLE-ZR/FUEL NON FLEET)	260,000	260,000	31,594	111,148	43%	OVERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	28,544,000	28,544,000	3,360,507	5,072,202	18%	UNDERSPENT
2326600 (INVENTORY - WATER)	61,200,000	61,200,000	-196,800	-	0%	UNDERSPENT
<b>2880 - ELECTRICITY</b>	<b>49,461,000</b>	<b>49,461,000</b>	<b>2,711,743</b>	<b>6,512,440</b>	<b>13%</b>	<b>UNDERSPENT</b>
2320601 (INV-CONSUMABLE-SR/STATIONERY)	194,000	194,000	25,230	32,038	17%	UNDERSPENT
2320602 (INV-CONSUMABLE-SR/FIRST AID)	1,000	1,000	-	-	0%	UNDERSPENT
2320604 (INV-CONSUMABLE-SR/CLEAN MATERIALS)	71,000	71,000	2,614	7,486	11%	UNDERSPENT
2323600 (INVENTORY - MATERIALS & SUPPLIES)	49,195,000	49,195,000	2,683,898	6,472,917	13%	UNDERSPENT
<b>Grand Total</b>	<b>245,780,000</b>	<b>245,780,000</b>	<b>12,523,478</b>	<b>27,601,293</b>	<b>11%</b>	<b>UNDERSPENT</b>

Table 4.2 R&M Expenditure per Service per inventory type

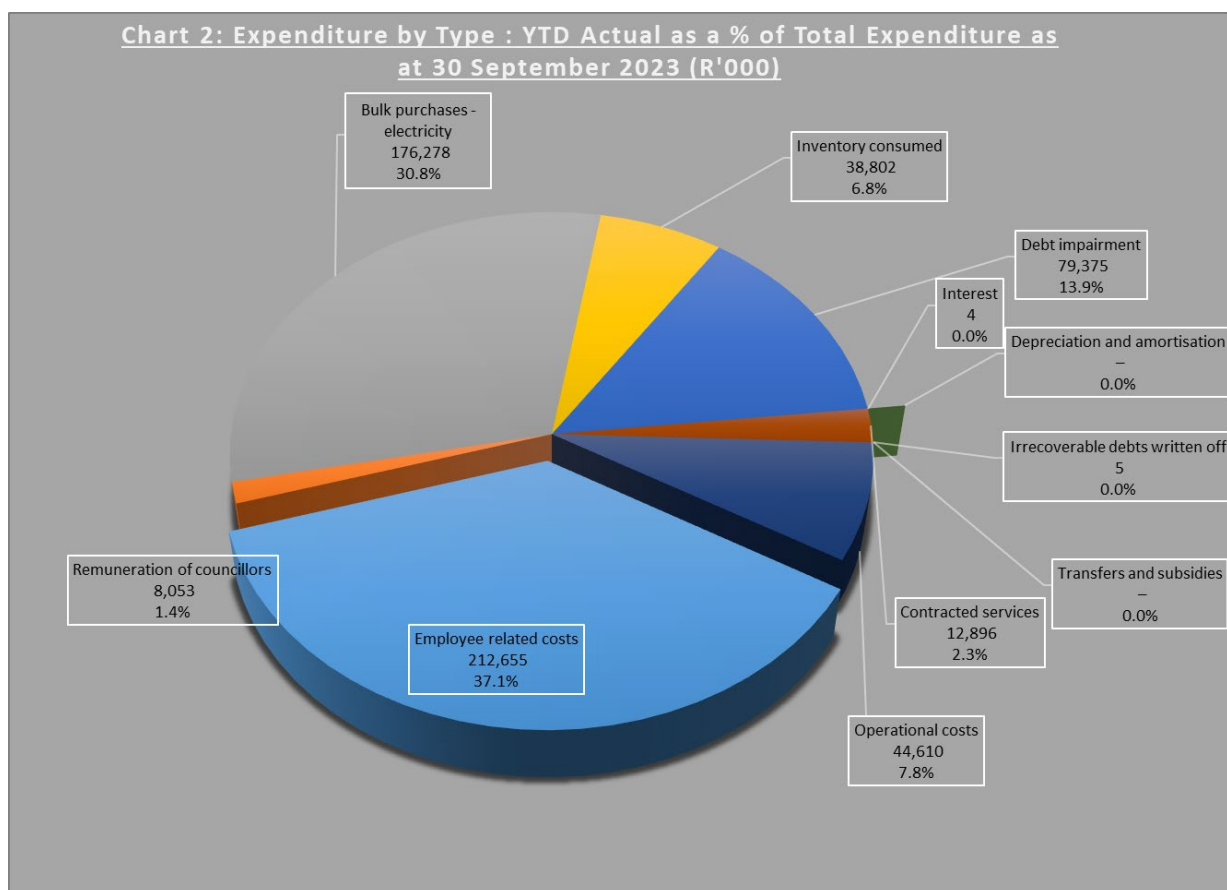
- ❖ Debt impairment will be provided for on a quarterly basis and the journal for the first quarter was processed during August 2023.
- ❖ Depreciation was projected for on a straight-line basis but is only be provided for, as part of year-end procedures. The municipality is currently engaging our service provider to make use of the available Asset module on the financial system. A demonstration is being scheduled by our service provider.
- ❖ Interest is showing a negative variance of 99.9%. Interest on External borrowing is paid bi-annually and the first instalment for the current financial year is due at the end of December 2023. The interest on overdue accounts for the ESKOM bulk account is being captured on the system under Bulk purchases electricity, as there is no provision for Interest on overdue accounts. This is attributable to the fact that the municipality could not factor this cost into the electricity tariffs and expect the community to fund this and secondly, the municipality intended to apply for the municipal debt relief. This will be addressed during the Adjustment budget and corrective journals will be processed. The movement of R4 thousand, pertains to minor interest charges on overdue accounts. A budget virement was effected on the system, until it can be corrected during the Adjustment budget. A formal communique must be distributed to warn users on the late submission of payments which is incurring unnecessary charges and which they may be held liable for in future. All Interest paid on overdue accounts must be recognized as Fruitless and Wasteful expenditure in the Annual Financial Statements.
- ❖ Expenditure on Contracted services is showing a satisfactory variance of 7.2%, with the YTD actuals on C&PS: Legal Cost Advice & Litigation being higher than anticipated, due to court settlements.
- ❖ Transfers and subsidies show a negative variance of minus 100%. The grant due to the SPCA must still be paid for the current year. Other grants show minimal movement due to cash flow constraints.
- ❖ The movement under Irrecoverable debts written-off will be investigated.

- ❖ Operational cost is showing an unsatisfactory variance of 22.5% as a result of the following line items under Operational Cost (OC)
  - The municipality is offering a 10% discount on the early settlement of a consumer's municipal bill. This discount is reflected as an expense under OC: Cash Discount of R10,350 million with a zero budget, but these costs will be transferred and debited against Revenue at year-end because it is considered Revenue foregone. The prorata split is done manually between Property rates and service charges, excluding Electricity Revenue because the system cannot handle the automated split per Revenue source. This will be discussed again with our service provider.
  - Cost incurred of R2,392 million on OC: Ext Com Serv Prov - S/Ware Licences, for predominantly annual software license fees.
  - Cost incurred of R9,450 million on OC: Professional Bodies M/Ship & Subs, for predominantly annual SALGA membership fees.
- ❖ Other Losses is showing a negative variance of minus 100%. Bulk purchases Water is treated in line with GRAP 12. The invoices are captured on the balance sheet under Water: Input Vol: Bulk Purchases and then journalized to the Income Statement and is simultaneously split between Water Inventory and Water losses. The municipality was awaiting the July and August 2023 invoices from DWS. The invoices were downloaded from the DWS Portal on 8 September 2023. The August 2023 invoice is captured but the July 2023 invoice must still be captured on the system. The municipality was billed on the wrong volume for July 2023, this was taken up with the Department for correction. The feedback received from the department was that they will include the under-billed volume on the September 2023 billing. The corrective journal to recognise Water inventory and losses portion was prepared and will be processed during October 2023.

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

Indicated in Table 4 above, is the YTD actual compared to the Original Budget. The ideal In-Year-Monitoring percentage as at the end of September 2023 is 25.0%. The total operational expenditure against the Original budget is 21.3% spent, resulting in a satisfactory variance of minus 3.7%.

- ❖ Employee related costs shows a satisfactory variance of minus 0.9%. Same factors are applicable as explained above.
- ❖ Remuneration of councillors is showing a satisfactory variance of minus 2.4%. Same factors are applicable as explained above.
- ❖ Bulk purchases – Electricity is showing a satisfactory variance of minus 2.5%. Same factors are applicable as explained above.
- ❖ The expenditure on Inventory consumed is showing an unsatisfactory variance of minus 12.3%. Same factors are applicable as explained above.
- ❖ Debt impairment will be provided for on a quarterly basis and the journal for the first quarter was processed during August 2023.
- ❖ Depreciation was projected for on a straight-line basis but will only be provided for, as part of year-end procedures. Same factors are applicable as explained above.
- ❖ Interest is showing a negative variance of 25.0%. Same factors are applicable as explained above.
- ❖ Expenditure on Contracted services is satisfactory at 1.8%, when compared to the Original budget.
- ❖ Transfers and subsidies show a negative variance of minus 25.0%. Same factors are applicable as explained above.
- ❖ The movement under Irrecoverable debts written-off will be investigated.
- ❖ Operational cost is showing a satisfactory variance of 5.6%. Same factors are applicable as explained above.
- ❖ Other Losses is showing a negative variance of minus 25.0%. Same factors are applicable as explained 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 30 September 2023. The main cost drivers of the municipality are Employee Related Costs, Debt Impairment and Bulk Purchases – Electricity. It should be noted that the weighting per Expenditure type is satisfactory. Percentages are slightly distorted as a result of the following:

- ❖ Employee costs, the Post-retirement benefit obligations under Employee related costs will be finalized as part of the year-end procedures.
- ❖ Depreciation is not provided for and will only be finalized at year-end.
- ❖ Bulk Purchases electricity is understated and must be corrected by the municipality's Payment section, due to the partial payment of R70,000 million on the August 2023.
- ❖ Other losses must be journalised, after the invoices for July and August 2023 is captured on the system.

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

- ❖ Indicated in Table 5.1 below, is the YTD expenditure on Bulk Purchases: Electricity. When compared to the IYM percentage of 25% as at end of September 2023, Bulk Purchases Electricity is showing a satisfactory variance of minus 2.54%. The September 2023 invoice will be captured on the system during October 2023. The August 2023 account was R123 million, of which R70 million has been settled. It was established that the balance of the August 2023 account amounting to R53 inclusive of interest and VAT was not captured on the system. This was communicated to our Payment section and the understatement of R48m on the Aug 2023 account will be corrected during October 2023.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 25%
BULK PURCHASES: ELECTRICITY	785,000,000	60,869,565	176,277,551	22.46%	-2.54%
<b>Total</b>	<b>785,000,000</b>	<b>60,869,565</b>	<b>176,277,551</b>	<b>22.46%</b>	<b>-2.54%</b>

Table 5.1: Summary of YTD Bulk Electricity expenditure

- ❖ Indicated in Table 5.2 below, is the Water inventory and Water losses which is showing an unsatisfactory variance of minus 25%, when compared to the ideal percentage of 25%. The credit movement of R197 thousand is an erroneous allocation, which was corrected during September 2023. 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. The municipality was awaiting the invoice for July and August 2023 from DWS. The municipality managed to download the invoices from the DWS portal on 8 September 2023. There was error on the billed volume for July 2023 and this was brought under the attention of the Department for correction. The feedback received from the department was that they will include the under-billed volume on the September 2023 billing. A corrective journal for the actuals pertaining to Water inventory and losses was prepared and will be processed on the system during October 2023.

Description	Original Budget	Monthly Actual	YTD Actual	% Spent Original Budget	% Variance Favourable (Unfavourable) Ideal IYM % - 25%
INVENTORY - WATER	61,200,000	-196,800	-	0.0%	-25.0%
NON-REVENUE WATER LOSSES	61,200,000	-	-	0.0%	-25.0%
<b>Total</b>	<b>122,400,000</b>	<b>-196,800</b>	<b>-</b>	<b>0.0%</b>	<b>-25.0%</b>

Table 5.2: Summary of YTD Bulk Water expenditure

## Outstanding debt: ESKOM and DWS

ESKOM - Outstanding debt (R'000)	Invoice / Billed amount	Payments (2023/24)	Total Outstanding Debt	Arrear Debt	Interest Charges 2023/24
<b>2021/22</b>	<b>523,811</b>	–	<b>523,811</b>	<b>523,811</b>	–
Oct-21	51,028	–	51,028	51,028	–
Nov-21	50,813	–	50,813	50,813	–
Dec-21	51,379	–	51,379	51,379	–
Jan-22	53,401	–	53,401	53,401	–
Feb-22	51,445	–	51,445	51,445	–
Mar-22	54,652	–	54,652	54,652	–
Apr-22	51,835	–	51,835	51,835	–
May-22	57,826	–	57,826	57,826	–
Jun-22	101,431	–	101,431	101,431	–
<b>2022/23</b>	<b>389,602</b>	<b>103,242</b>	<b>286,360</b>	<b>286,360</b>	–
Dec-22	48,088	–	48,088	48,088	–
Jan-23	59,491	–	59,491	59,491	–
Feb-23	56,821	–	56,821	56,821	–
Apr-23	45,106	–	45,106	45,106	–
May-23	65,831	–	65,831	65,831	–
Jun-23	114,264	103,242	11,022	11,022	–
<b>2023/24</b>	<b>326,047</b>	<b>131,000</b>	<b>195,047</b>	<b>123,625</b>	<b>30,118</b>
Jul-23	131,032	61,000	70,032	70,032	8,736
Aug-23	123,594	70,000	53,594	53,594	10,784
Sep-23	71,421	–	71,421	–	10,598
<b>Grand Total</b>	<b>1,239,459</b>	<b>234,242</b>	<b>1,005,218</b>	<b>933,796</b>	<b>30,118</b>

Table 6.1: Summary of outstanding ESKOM debt

Indicated in Table 6.1 above, is the total outstanding debt owed to ESKOM amounting to R1,005,218 billion. It should be noted that the September 2023 ESKOM invoice shows the total amount due as R1,040,218 million, as a result of the R35,000 that the municipality paid on 29 September 2023 and was not timeously allocated prior to the ESKOM billing run. The current account amounts to R71,421 million. The total arrear debt amounts to R933,796 million summarized as follow 2021/22 (R523,811m), 2022/23 (R286.360m) and 2023/24 (R123,625m). The total year to date interest charged on overdue accounts due to ESKOM amounts to R30,118 million which must be disclosed as Fruitless and Wasteful Expenditure for the year under review.

The total billed amount for 2023/24 million amounts to R326,047 million. Total payments for the 2023/24 financial year amounts to R234,242 million of which R103,242 million relates to 2022/23 financial year and R131,000 was paid for invoices for 2023/24 financial year. The current arrangement with ESKOM is that the municipality must at least settle the current account on a monthly basis, whilst the repayment proposal by the municipality must still be approved by ESKOM. Therefore, there was no formal payment arrangement in place for 2022/23 financial year and no payment arrangement has been concluded for 2023/24 financial year. The municipality is struggling to meet the monthly current account but pays what is available from a cash perspective and going forward will pay over actual receipts from Electricity sales for the same period. This is rings true for the high months, when the ESKOM bill is double that of the low months.

DWS - Outstanding debt (R'000)	Invoice / Billed amount	Payments (2023/24)	Total Outstanding Debt	Arrear Debt
<b>2021/22</b>	<b>126,431</b>	<b>36,869</b>	<b>89,562</b>	<b>89,562</b>
INTEREST (APR-JUN 2022)	6,191	–	6,191	6,191
Aug-21	15,075	15,075	–	–
Sep-21	15,795	15,795	–	–
Oct-21	15,275	6,000	9,275	9,275
Nov-21	14,523	–	14,523	14,523
Dec-21	11,108	–	11,108	11,108
Jan-22	17,098	–	17,098	17,098
Feb-22	16,437	–	16,437	16,437
Mar-22	14,930	–	14,930	14,930
<b>2022/23</b>	<b>82</b>	<b>82</b>	<b>–</b>	<b>–</b>
Jun-23	82	82	–	–
<b>2023/24</b>	<b>47,471</b>	<b>82</b>	<b>47,388</b>	<b>28,974</b>
Jul-23	15,386	82	15,303	15,303
Aug-23	13,671	–	13,671	13,671
Sep-23	18,414	–	18,414	–
<b>Grand Total</b>	<b>173,984</b>	<b>37,034</b>	<b>136,950</b>	<b>118,536</b>

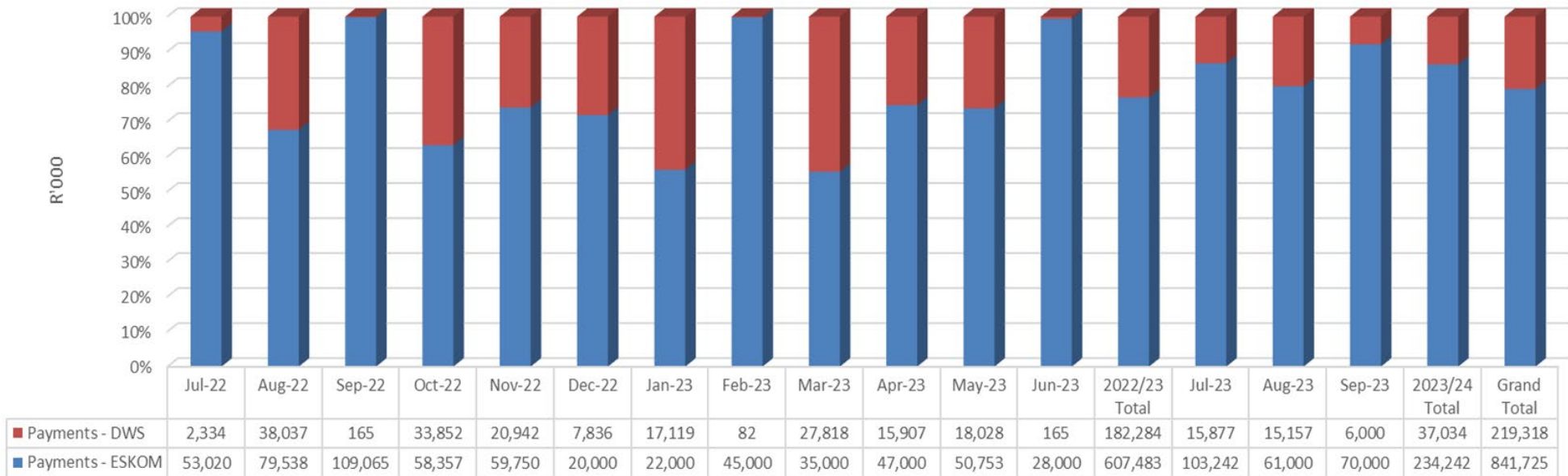
Table 6.2: Summary of outstanding DWS debt

Indicated in Table 6.2 above, is the total outstanding debt owed to DWS which amounts to R136,950 million. The total current account for September 2023 invoices amounts to R18,414 million. The total arrear debt amounts to R118,536 million which pertains to outstanding invoices for 2021/22 financial year (R89,562m). All the invoices for the 2022/23 financial year, has been settled in full and 2023/24 (R28,974m).

The municipality opted to partake in the Department's Debt Incentive Scheme which constitutes of the following conditions:

- Settling 10% of the arrear debt (municipality complied)
- Settling the current account each month (municipality complied since inception of Incentive scheme but have defaulted twice but have since settled all invoices for 2022/23 in full.
- Settling the monthly debt instalment (municipality complied, but defaulted for February 2023, but has since caught up but defaulted again for end of September 2023). This was large attributable to the late billing of the July 2023 account by the Department.
- Repayment of debt over 12 months (municipality requested 24-month repayment period, which was approved by the Department)
- Also included in the Incentive scheme, is the writing-off of all accrued interest and suppression of interest going forward, hence no interest was charged for the prior and current financial year. The repayment proposal was approved by the Department.

**Chart 2.1: Monthly payments: DWS & ESKOM: 2022/23 and 2023/24**



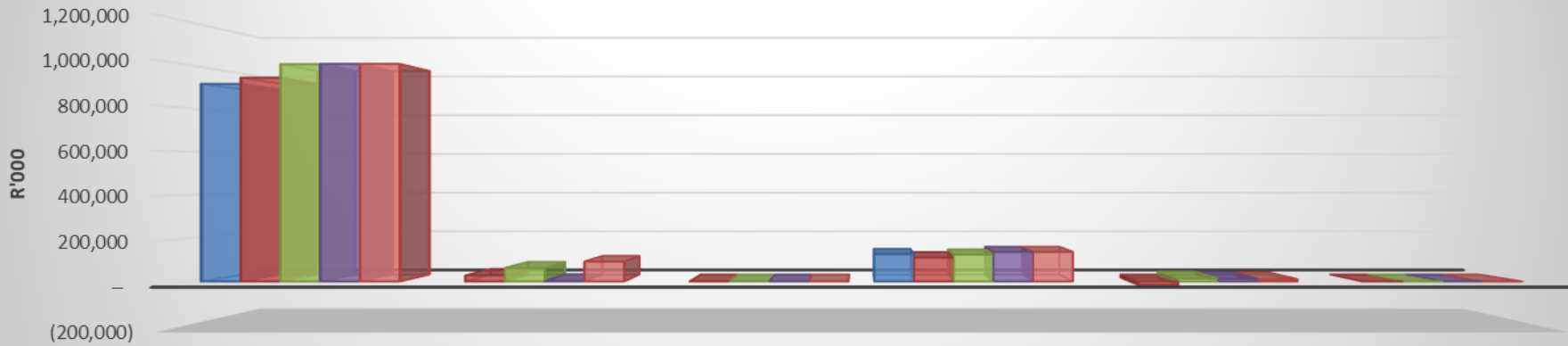
**Chart 2.1: Monthly payments to DWS & ESKOM**

Indicated in Chart 2.1 above, are the monthly payments made to DWS and ESKOM for 2022/23 and 2023/24 financial year as at 30 September 2023.

The total amount paid to DWS for September 2023 amounted to R6,000 million which was settled on the arrear debt as part of the payment arrangement. The municipality had insufficient cash available to settle the July and August 2023 accounts in full but will settle the August 2023 account of R13,5 million on 10 October 2023. Payments for 2022/23 amounts to R182,284 million and R37,034 million for 2023/24 financial year. The total payments amounts to R219,318 million.

For the month of September 2023, the municipality settled R70,000 million on the August 2023 ESKOM account, amounting to R123,594 million. The municipality had insufficient cash available to settle the account in full, however the payment made is equivalent to the actual receipts received for Electricity during August 2023. The total payments made for the 2022/23 financial year amounts to R607,483 million and for 2023/24 financial year the payments amount to R234,242 million, resulting in the total payments for both periods amounting to R841,725 million.

**Chart 2.2: Monthly & YTD comparison of Bulk Electricity and Water debt - Jun 2023 to Sep 2023**



	Bulk Electricity - Total Debt	Bulk Electricity Debt: Monthly/YTD R-Value increase (decrease)	Bulk Electricity - Monthly/YTD % increase (decrease) in O/S Debt	Bulk Water - Total Debt	Bulk Water Debt: Monthly/YTD R-Value increase (decrease)	Bulk Water - Monthly/YTD % increase (decrease) in O/S Debt
■ Jun-23	913,412			126,514		
■ Jul-23	941,203	27,790	3.0%	110,719	(15,795)	-12.5%
■ Aug-23	1,003,796	62,594	6.7%	124,536	13,817	12.5%
■ Sep-23	1,005,218	1,421	0.1%	136,950	12,414	10.0%
■ YTD Total	1,005,218	91,805	10.1%	136,950	10,436	8.2%

**Chart 2.2: Monthly & YTD comparison – Bulk Electricity & Water debt**

Indicated in Chart 2.2 above, is the monthly and YTD comparison of Bulk electricity and Water debt.

**ESKOM** - From August to September, debt owed to ESKOM increased by R1,421 million or 0.1%, from R1,003,796 million to R1,005,218 billion. When comparing the total outstanding debt to June 2023, the outstanding debt increased by R91,805 million or 10.1%, from R913,412 million to R1,005,218 billion.

**DWS** - From August to September 2023, debt owed to DWS increased by R12,414 million or 10.0%, from R124,536 million to R136,950 million. When comparing the total outstanding debt to June 2023, the outstanding debt increased by R10,436 million or 8.2% from R126,514 million to R136,950 million

## 4.3 Capital expenditure

NC091 Sol Plaatje - Table C5 Monthly Budget Statement - Capital Expenditure - September 2023										
Capital expenditure	Original Budget	Monthly actual	YearTD actual	YearTD budget	% Achieved YTD Budget	YTD variance	YTD variance %	Achieved Original Budget	Original Budget Variance	Original Variance IYM % - 25%
	R'000	R'000	R'000	R'000	%	R'000	%	%	R'000	%
Capital expenditure	249,473	6,359	10,203	62,368	16.36%	(52,165)	-83.6%	4.1%	(52,165)	-20.9%
Funded by										
Capital transfers recognised	214,233	6,185	10,029	53,558	18.73%	(43,529)	-81.3%	4.7%	(43,529)	-20.3%
Internally generated funds	35,240	174	174	8,810	2.0%	(8,636)	-98.0%	0.5%	(8,636)	-24.5%
Weighting Capital transfer recognised	85.9%	97.3%	98.3%	85.9%						
Weighting Internally generated funds	14.1%	2.7%	1.7%	14.1%						

Table 7: High level summary: Capital Expenditure

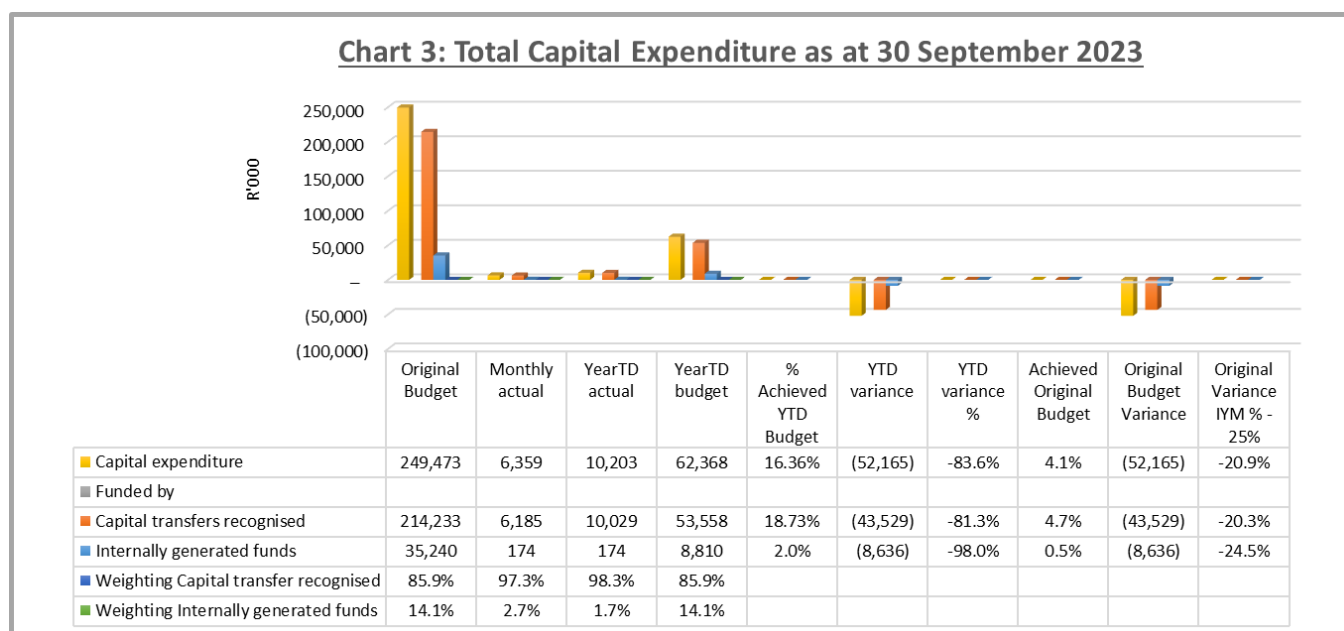


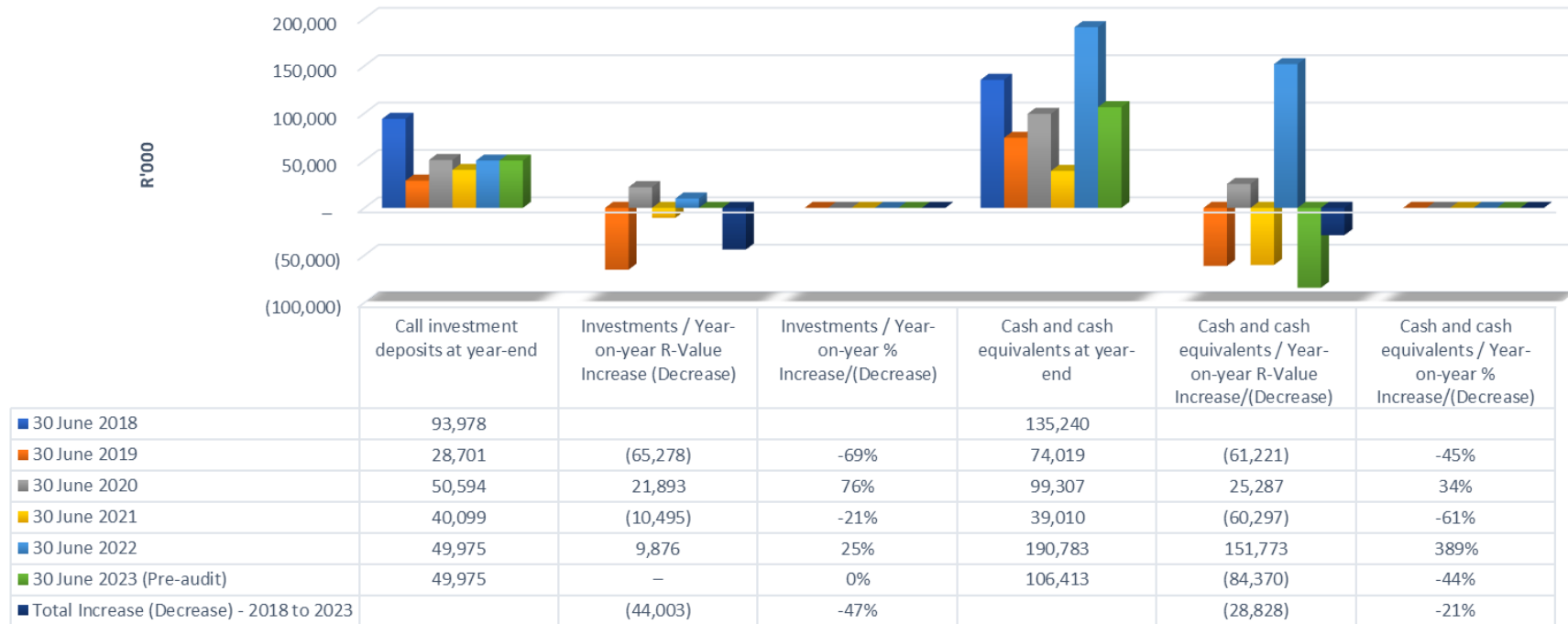
Chart 3: Total Capital expenditure

As indicated in the Table 7 and Chart 3 above, the YTD Actual on capital expenditure as at end of September 2023 amounted to R10,203 million and 16.36% spent when compared to the YTD budget of R62,368 million and 4.1% spent when compared to the Original Budget of R249,473 million. The total YTD capex is funded from Capital grants R10,029 million (98.3%) and Internally generated funds R174 thousand (1.7%). Capex is extremely low and major intervention is required for the financial year. Planning of project managers also needs to improve going forward. One of the major challenges that the municipality is experiencing is in respect of tendering processes.

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

#### 4.4 Cash flows

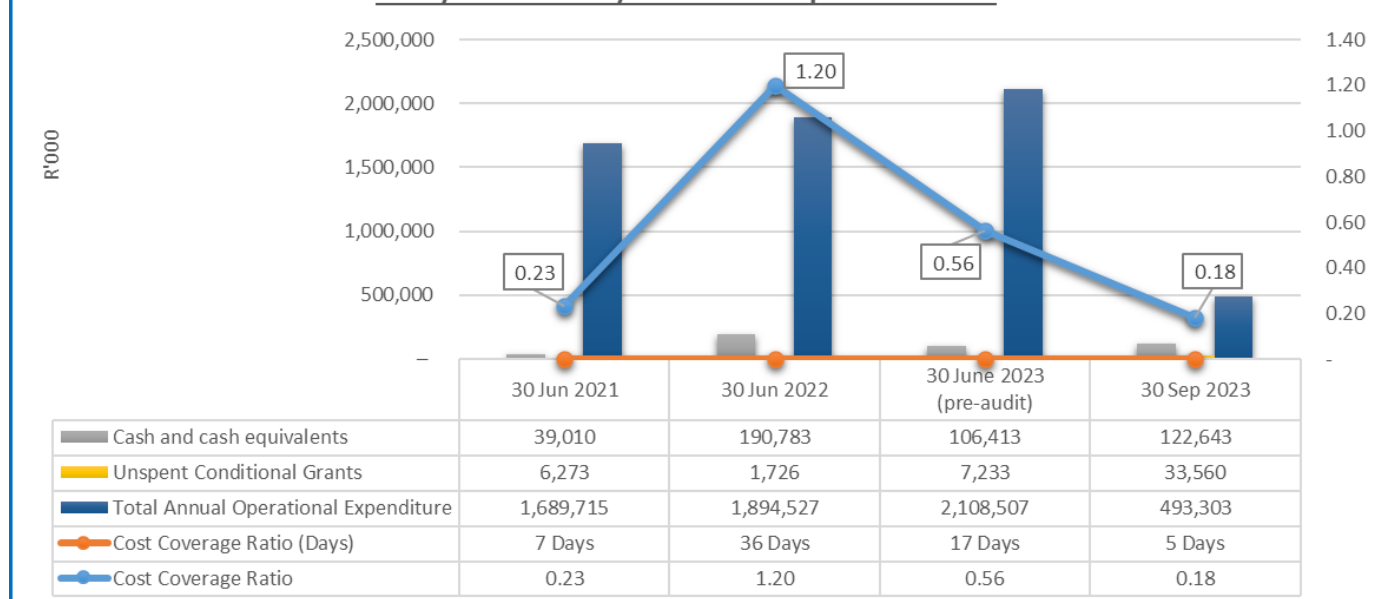
**Chart 4: Current investment deposits and Cash & cash equivalents at year-end**



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

Investments decreased by 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. The total investment remained the same from 2022 to 2023. From 2018 to 2023, the total investments decreased by R44,003 million or 47%. The same trend can be seen year-on-year, as indicated in the chart above in respect of the Cash and cash equivalents. There has been a substantial increase in the Cash and Cash equivalents for the year ended 30 June 2022, due to portion of the Equitable Share that was held as reserve, to avert a crisis situation, where the municipality cannot pay salaries. This is attributable to various factors inter alia, the lower collection rate, increased capital expenditure, especially increase on CRR funding year-on-year, the non-implementation of the basic charge for the 2018/19 financial year, increase in bulk purchases, operational expenditure, including excessive expenditure on Overtime and EPWP, variation orders on contracts, excessive water and electricity losses. And the servicing of the long-term loan. The decline in investments and Cash & cash equivalents is concerning and must be addressed by management.

**Chart 5: Cash & cash equivalents and Cost Coverage Ratio from 2020/21 to 2022/23 and 2023/24 as at 30 September 2023**



**Chart 5: Cash & cash equivalents and Cost coverage ratio**

Indicated in Chart 5 above, is the Cost coverage ratio, number of days coverage and the Cash and cash equivalents for the year. The required NT norm is 3 months Cost coverage. The audited outcome for the year ended 30 June 2021 is (0.23; 7 days; R39,010m). There was a marginal improvement for the year ended 30 June 2022 (1.20; 35 days; R190,783m), but this was as a result of increased Cash and cash equivalents, which was predominantly Equitable share funds that the municipality was saving to build up some kind of reserve. The pre-audited outcomes for the year ended 30 June 2023 is (0.56; 17 days; R106,413m). The Cost coverage ratio as at 30 September 2023 is calculated at (0.18; 5 days; R122,643m).

Cash at this stage is monitored on a daily basis. The Cost coverage ratio is a critical indicator that the municipality is in a severe cash flow crisis and not in the conducive position to settle short-term commitments. This is a critical threat to the municipality's ability to pay salaries, bulk accounts and day-to-day operations which can have a detrimental effect on service delivery and irrevocably damage the municipality's relationship with its service providers and further tarnishing the municipality's reputation. This is also evident by the escalation in debt owed to ESKOM and DWS. However, as a result of the debt agreement with DWS and the Incentive initiated by the Department, the municipality has made significant strides in reducing the arrear debt and settling all invoices for the 2022/23 financial year in full.

The only way to address these issues, is to work as a collective team, enforce accountability within all departments and to collect outstanding debt and improve the collection rate. Therefore, the municipality must apply the Credit Control Policy diligently, consistently and fairly to ensure the credibility of the municipality. During the 2022/23 Mid-year engagement, National Treasury recommended that the Credit Control and Debt Collection Policy must be 100% applied. Generally, the payment culture of all consumers and stakeholders must improve. The municipality also needs to spend funds effectively and efficiently with good value for money. Cost containment measures must be stringently applied.

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

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

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

## PART 2: SUPPORTING DOCUMENTATION

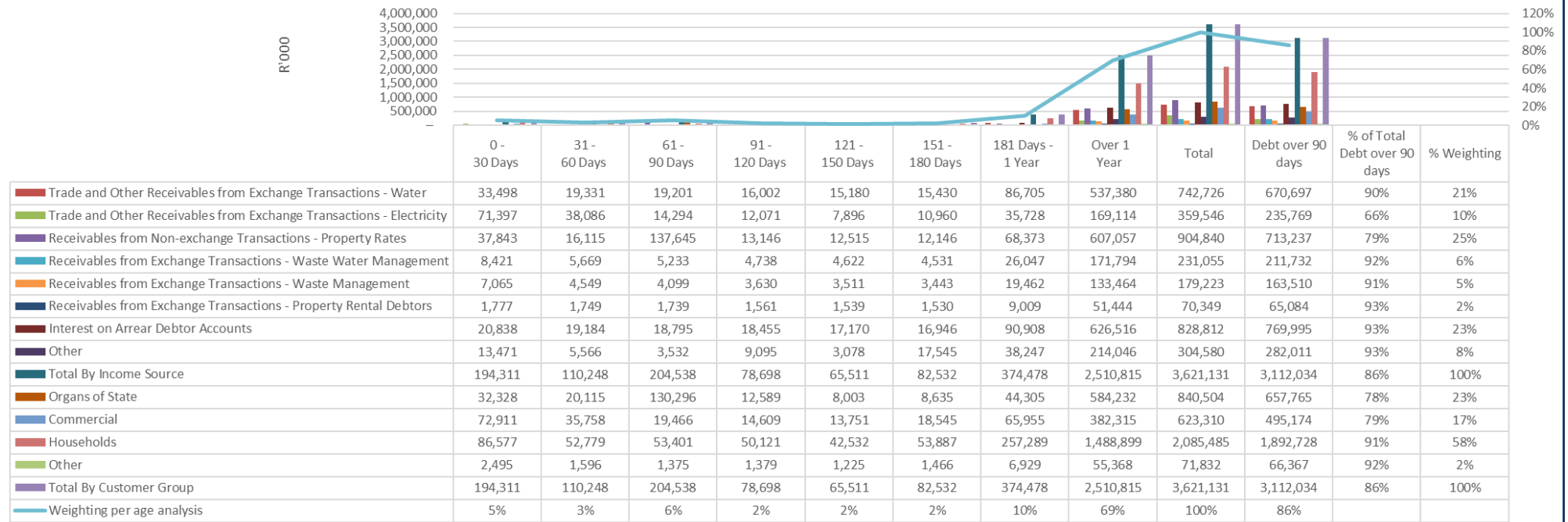
### 5. Debtors' Analysis

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

Description	NT Code	Budget Year 2023/24										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days			
<b>R thousands</b>														
<b>Debtors Age Analysis By Income Source</b>														
Trade and Other Receivables from Exchange Transactions - Water	1200	33,498	19,331	19,201	16,002	15,180	15,430	86,705	537,380	742,726	670,697	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	71,397	38,086	14,294	12,071	7,896	10,960	35,728	169,114	359,546	235,769	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	37,843	16,115	137,645	13,146	12,515	12,146	68,373	607,057	904,840	713,237	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	8,421	5,669	5,233	4,738	4,622	4,531	26,047	171,794	231,055	211,732	-	-	
Receivables from Exchange Transactions - Waste Management	1600	7,065	4,549	4,099	3,630	3,511	3,443	19,462	133,464	179,223	163,510	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	1,777	1,749	1,739	1,561	1,539	1,530	9,009	51,444	70,349	65,084	-	-	
Interest on Arrear Debtor Accounts	1810	20,838	19,184	18,795	18,455	17,170	16,946	90,908	626,516	828,812	769,995	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-	-	-	
Other	1900	13,471	5,566	3,532	9,095	3,078	17,545	38,247	214,046	304,580	282,011	-	-	
<b>Total By Income Source</b>	<b>2000</b>	<b>194,311</b>	<b>110,248</b>	<b>204,538</b>	<b>78,698</b>	<b>65,511</b>	<b>82,532</b>	<b>374,478</b>	<b>2,510,815</b>	<b>3,621,131</b>	<b>3,112,034</b>	<b>-</b>	<b>-</b>	
<b>2022/23 - totals only</b>		#####	#####	66606214	#####	0	0	0	0	3,074,758	<b>2,607,684</b>	0	0	
<b>Debtors Age Analysis By Customer Group</b>														
Organs of State	2200	32,328	20,115	130,296	12,589	8,003	8,635	44,305	584,232	840,504	657,765	-	-	
Commercial	2300	72,911	35,758	19,466	14,609	13,751	18,545	65,955	382,315	623,310	495,174	-	-	
Households	2400	86,577	52,779	53,401	50,121	42,532	53,887	257,289	1,488,899	2,085,485	1,892,728	-	-	
Other	2500	2,495	1,596	1,375	1,379	1,225	1,466	6,929	55,368	71,832	66,367	-	-	
<b>Total By Customer Group</b>	<b>2600</b>	<b>194,311</b>	<b>110,248</b>	<b>204,538</b>	<b>78,698</b>	<b>65,511</b>	<b>82,532</b>	<b>374,478</b>	<b>2,510,815</b>	<b>3,621,131</b>	<b>3,112,034</b>	<b>-</b>	<b>-</b>	

Table 8: Supporting Table SC3: Aged Debtors

**Chart 6: Debtor's Age Analysis by Income Source and Customer Group as at 30 September 2023**



**Chart 6: Debtor's age analysis by Income Source and Customer Group**

Indicated in Table 8 and Chart 6 above is the total outstanding debt by Income Source and Customer Group including the debt over 90 days, the percentage of total Debt over 90 days and % weighting. The total O/S Debt amounts to R3,621,131 billion as at the end of September 2023 with the bulk of SPM debt is aged over 90 days with a total weighting of 86%.

The highest percentage weighting of debt owed by Income Source, in excess of 90 days is attributable to:

- ❖ Interest on Arrear Debtor Accounts at 93%
- ❖ Receivables from Exchange Transactions - Property Rental Debtors and Other at 93%
- ❖ Receivables from Exchange Transactions – Water (90%), Waste Water Management (92%) and Waste Management (91%).

The highest percentage weighting of debt owed by Income Source is attributable to:

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

Weighting per Customer Group

- ❖ Organs of state constitutes 23%, Businesses 17%, Households 58% and Other 2.0% of the total outstanding debt

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. 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 payment culture of consumers needs to improve across all areas. Articulated in the paragraph below under "Revenue Management" is a detailed plan with interventions and improvements.

**Revenue Management** has commenced with a Back-to-Basics campaign to deal with the following issues that have an impact on revenue as raised during audits:

Property rates:

1. Property rates tariffs are very high throughout the Municipality and new development is the only way in which the revenue basis can be increased. (Please note **mining tariff** have been reduced, however collection of the outstanding amounts remains an issue. There is an ongoing Court case in relation to this matter).
2. Regular **reconciliations** should be performed to ensure that all properties are **accurately billed**. (Consider when property **category change**, how this after tariffs for all services Residential vs Commercial).
3. Refuse collection billing issues. (Some **areas are not billed** for refuse collection, because services are not rendered in the area. These areas are not clearly documented and defined which causes issues during the audit. There were meetings regarding the possibility of providing skip services or increasing collection capacity).
4. Sanitation (Consider reviewing **sanitation tariffs** for the different property types. Eg. residential vs Commercial Guesthouses). Currently fixed tariff is charged per connection point to property. Regular reconciliations should be done to ensure all properties are being charged.)

Meter Readings:

1. The AGSA has raised issues with regards to the **completeness of metered services** for several years. An overall **reconciliation of service points** and active meters on the billing system needs to be performed.
2. Currently there is several **inactive meters** on the billing system, some of these meters are still being billed interims.
3. **Data cleansing** is a critical activity that needs to be focused on. Currently customer information critical for collection and billing is not accurate or complete.
4. **Completeness of meter books** need to be confirmed.
5. **Accuracy of meter readings** need to be validated through analytical procedures. (It has been noticed that some readings are consistently rounded numbers over a period, 100 units per month. Random spot check on meter readings of this nature should be performed.)
6. **Monthly analytics** need to be performed for at least the following:

Overall analytics on (Note that for some of these exception reports may exist or can be built into the SOLAR system):

- a) Interim frequencies
- b) Negative billing
- c) Variance % in billing (Significant fluctuations in billing)
- d) Consistent or fixed billing amounts

- e) Number of active meters, customer accounts or billing numbers per service
- f) Accounts with open disputes

Water no readings due to:

- a. Covered by nature – Formally reported to Parks to uncover.
- b. Broken or stuck – Formally reported to Water department.
- c. No Meter – Formally reported to infrastructure to install meters.
- d. Other reasons – to be followed up by revenue management and readers sent out to collect readings.

Electricity no readings due to:

- a. Bypassed meter – Formally reported to electricity to resolved.
- b. Tampered - Formally reported to electricity to resolved and levy penalty if applicable.
- c. Gate lock or dogs – Readers sent out to collect readings or leave notice of disconnection.

Prepaid electricity:

- a. Meters that have no prepaid purchases for 90 days – Reported for inspection.
- b. Bypassed meters - Formally reported to electricity to resolved.
- c. Recon between indigent register and free tokens issued – Should be done on a monthly basis.

Prepaid Electricity:

1. All prepaid meters need to be linked to service accounts on the billing system to facilitate blocking if services are not paid.
2. **50 free unit voucher** provided on a monthly basis should be reconciled to the indigent register to ensure that only authorised indigents are receiving free units. This transaction should be recognised as free basic services on a monthly basis.
3. Completeness of prepaid meters have meters been installed at each service point and has these meters been recorded on the billing system.
4. Prepaid meter system does not completely integrate with the financial system. Therefore, prepaid transactions are not linked to customer accounts.
5. A **reconciliation** should be done between the **billing system and the prepaid electricity system** to ensure that all service points are on the billing system.

Billing department:

1. Monthly billing **reconciliations** to be performed.
2. Monthly **exception reports** should be reviewed and followed up for correction.
3. Posting of accounts and electronic delivery of accounts need to be followed up. (Link to data cleansing, e-mail addresses and telephone numbers).
4. Billing disputes need to be included in a formal register and followed up on a regular basis.
5. Communication between billing and other departments need to be improved to ensure changes on the billing system is done in a timely manner. (e.g. new meters added to the system for reading and opening of new accounts)
6. Correcting journals need to be monitored closely and only allowed by dedicated authorised personnel.

Distribution / Infrastructure:

1. Platfontein – some meters are installed however are not being read. All Platfontein properties are not on the billing system. A flat rate is charged, since no billing is being done.
2. Some areas are being billed on a flat rate and not based on actual consumption, this impacts on the accuracy of billing, contributed to water losses and does not promote water conservation by the community.
3. Standpipes are not metered and this is not recorded as free basic services provided. This contributes directly to water losses while this could have been revenue generated through free basic services.
4. Direct connections. A list of all direct service connections need to be compiled and reported to infrastructure for meter installations.

#### Housing Rentals:

1. A complete housing rental register need to be compiled and reconciled to the billing system to ensure that all residential properties let are being billed.
2. Rental tariffs are not market related. The tariffs need to be revised. Also note that a number of these properties are occupied by Municipal staff and this is not being included as fringe benefits for salary or tax purposes.
3. No debtor's collection done for housing rental debt. This needs to be pursued.

#### Commercial property rentals:

1. A complete rental register needs to be compiled and reconciled to the billing system and the investment property register to ensure that all investment properties being let are being billed.
2. Rental tariffs are not market related. The tariffs need to be revised.
3. No debtor's collection done for rental debt. This needs to be pursued.

#### Other revenue:

1. No other revenue registers maintained. Manual cash-based systems still being used at swimming pools, graveyards, resorts and libraries.
2. Reconciliations of other revenue is not being performed and minimal controls in place at these collection points.

#### Customer care:

1. Delays in dispute reporting and monitored.
2. Customer information need to be updated on a regular basis.
3. Call centre effectiveness.

#### Collections:

1. Follow up on default arrangements no formal controls in place.
2. Blocking of meters not allowed due to political interference.
3. Staff and councillor debt not followed up. Staff and councillor debt should be **recovered through the payroll system**. (Be the example)
4. Municipal staff working against the collection team. (Collection Team block or disconnect just to have internal staff bypassing meters for the consumers).

#### Debt write-offs:

1. Debt written off needs to be according to the collection policy.

#### Indigent Management:

1. Monthly reconciliation between indigent register and indigent subsidies per billing system is not being performed.
2. Complete indigent verification has not been completed within 24 months.
3. Drive for indigent registration required.

#### Losses and Security:

1. Internal audit performed on security. Issues raised on infrastructure losses and damages as well as cash security issues.
2. Cashier shortages are not being addressed. Cashiers regularly have shortages however this is not being taken up.

DFA advert in relation to part of the implementation of the strategy to resolve the issues raised:



## BACK TO BASICS (B2B)

A capable state requires an effective co-ordinated state institution with skilled public servants who are committed to the public good and capable of delivering consistently high-quality services, while prioritising the people in the achievement of the nation's developmental objectives.

In pursuit of an improved audit opinion and addressing the Auditor General's findings around completeness of billing, Sol Plaatje Municipality will be embarking on a Data Cleansing exercise as well as Revenue Enhancement and Protection drive. This turn-around plan seeks to improve core revenue processes, systems, data quality, electricity and water infrastructure, skills and organisational structures.

Achieving and maintaining accurate, factual and efficient billing depends on several factors, such as:

- Correct customer information
- Adequate staff capacity and competency
- Consistent and regular billing of water and electricity

According to the Customer Care, Credit Control and Debt Collection Policy the owner/occupier of a property must allow a meter reader of the Municipality access to the property in order to read, install, inspect, relocate or repair any meter. If no access is gained for 3 consecutive months, the Municipality will install a prepaid meter.

**14 days notice will be served to any person who is in contravention of applicable legislation and Municipal policies. The Municipality will disconnect the supply of electricity to any premises where the provisions of legislation and Municipal policies are contravened.**



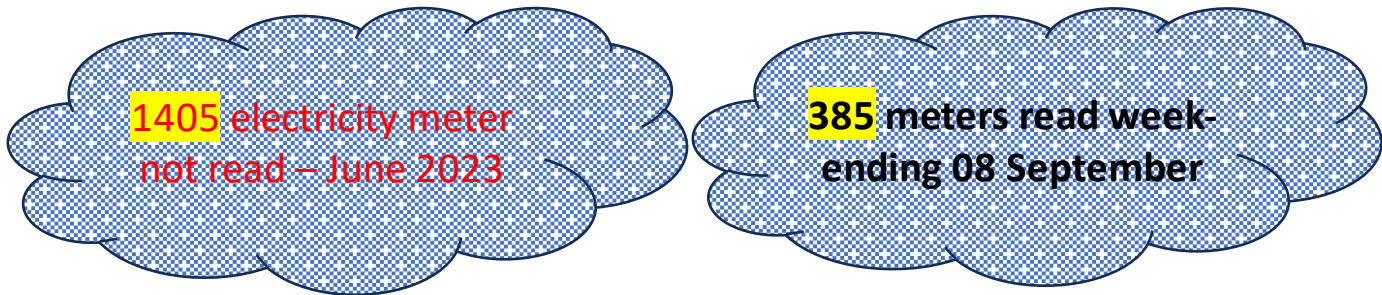
We therefore implore our citizens to make municipal meters accessible to municipal officials in this pursuit of going back to the basics and making the Municipality great again. Together, let's join hands and ensure that:

- Meter readers have access to properties wherein meters are located.
- There is an option for owners to submit their own reading including photos of the meters, subject to municipal officials gaining access every 3<sup>rd</sup> month.
- Water meters are not covered with sand, debris, obstacles.
- Notices left in the post boxes by the meter readers must be responded to.

**The Municipality will be sending out notices requesting Customers to visit the offices of the Municipality in order to up- date their personal details.**

**ALL ELECTRICITY METERS BELONGING TO THE MUNICIPALITY MUST BE READ BY THE 30 NOVEMBER 2023**

Example of progress made in relation to part of the implementation of the strategy relating to meters previously not read:



- ❑ Gained access to & read **115** meters previously not read dating back 2 years-week 1 ending 25 August
- ❑ Read additional **68** meters previously not read – Week 2 ending 01 September 2023
- ❑ Read **112** more meters previously not read – Week 3 ending 08 September 2023
- ❑ Received readings from **90** owner readers – Week 3 ending 08 September 2023

We have commenced with the blocking of prepaid meters and disconnection of conventional meters on 4 September 2023 of all Customers who are owing the Municipality.

We are continuing with the facilitation of engagements/negotiations with Business and Household Customers that owe us a substantial amount of money and disputes have been raised.

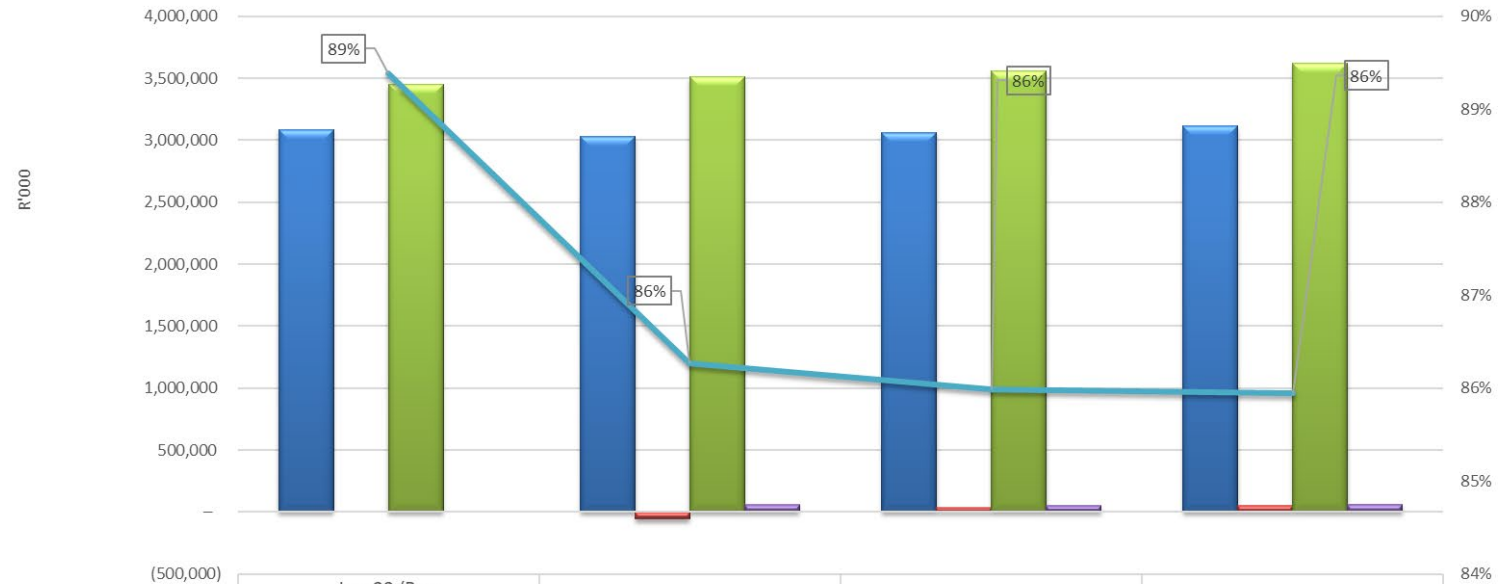
**GOVERNMENT DEBT**

DEPARTMENTS	RECEIPTS AUGUST 2023
NATIONAL PUBLIC WORKS	R2,404,516.61
PROVINCIAL PUBLIC WORKS	R639,980.13
DEPARTMENT OF HEALTH	R5,765,971.12
SOCIAL DEVELOPMENT	R36,596.68
ECONOMIC AFFAIRS	R174,937.11
COGHSTA / HOUSING	R172,630.62
PROVINCIAL LEGISLATURE	R164,783.96
CORRECTIONAL SERVICE	R2,046,580.58
NATIONAL DEFENCE FORCE	R2,342,424.25
AGRICULTURE	R34,021.50
EDUCATION	R609,362.72
SPORTS, ARTS & CULTURE	R216,083.08
TRANSPORT	R114,225.13
TELKOM	R632,884.33
SAPS	R230,732.88
DE BEERS	R1,256,372.60
TRANSNET	R68,078.66
SCHOOLS	R4,065,982.33
	<b>R20,976,164.29</b>

We received a total of R 20 976 164.29 from Departments and Schools in the month of August 2023 as compared to the R 77 000 087.17 received in the month of July 2023. The payments are not satisfactory, we will be engaging the relevant Departments in order to have them increase payments, failing which we will have no other alternative but to disconnect their electricity.

Chart 7 below, depicts the month-on-month summary of Debt over 90 days as a percentage of total O/S Debt which remained constant at 86% for the month under review. Debt over 90 days increased by R51,043 million in respect of the month-to-month comparison. The month-to-month increase on Total debt amounted to R61,404 million. It is concerning that total debt over 90 days is hovering at an average of 87 percent. During the 2023/24 MTREF Budget Benchmark exercise NT also encouraged the municipality, to explore all avenues to recoup long outstanding debt, to improve on financial liquidity and to improve the collection to at least 89% to be realistically funded from a cash perspective.

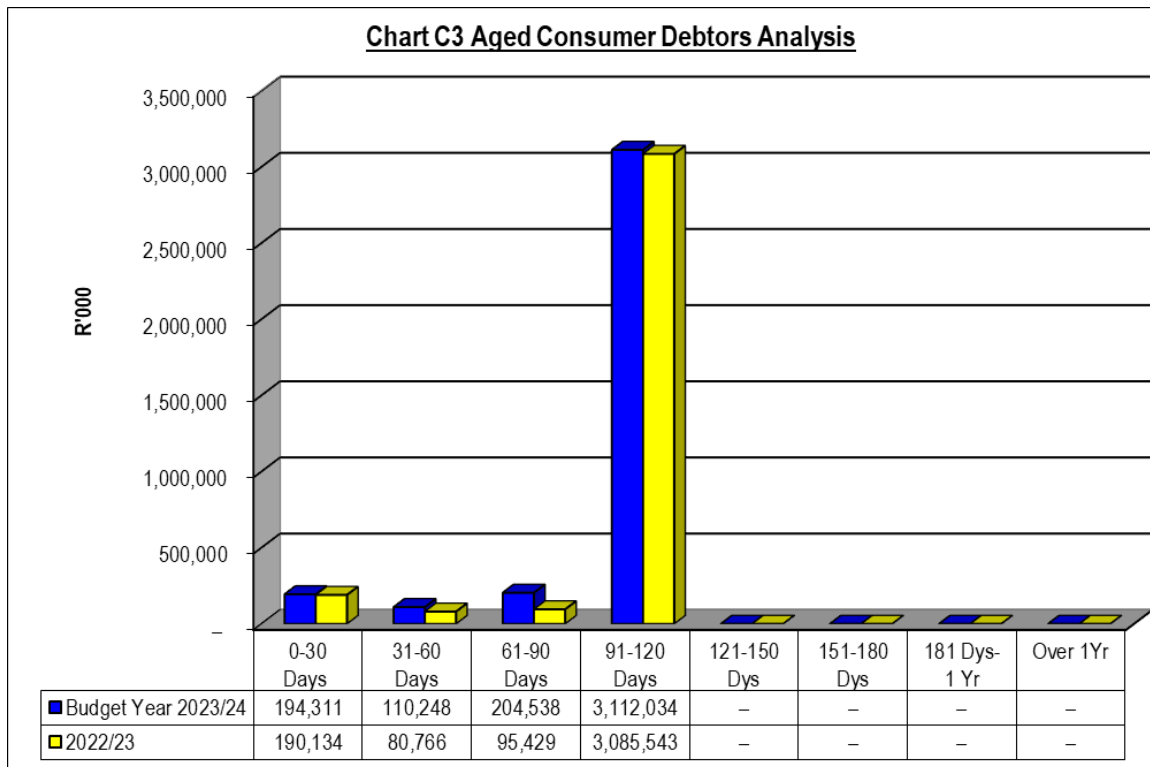
**Chart 7: Debt over 90 days as a % of total O/S Debt: Jun 2023 - Sep 2023**



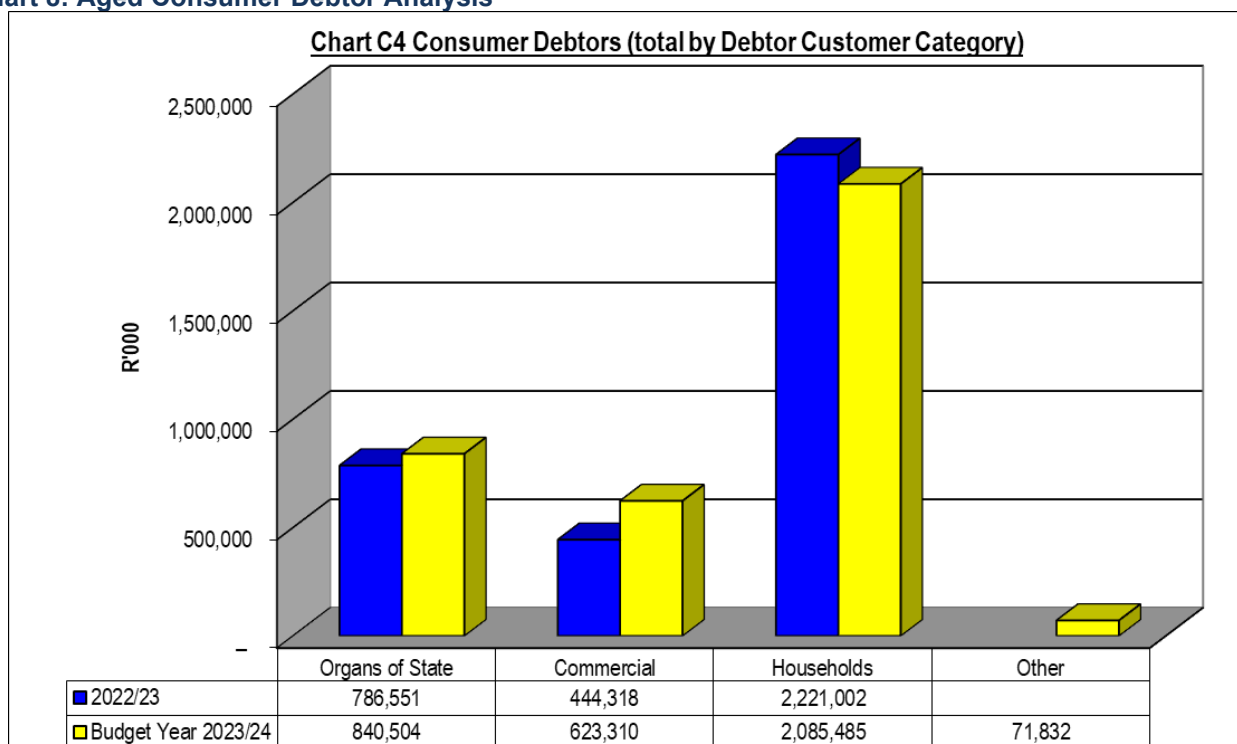
	Jun-23 (Pre-audit)	Jul-23	Aug-23	Sep-23
Debt over 90 days (R'000)	3,085,543	3,027,347	3,060,991	3,112,034
Month-to-Month R-value Increase (Decrease) of Debt over 90 days		(58,196)	33,644	51,043
Total Debt (R'000)	3,451,871	3,509,411	3,559,727	3,621,131
Month-to-Month R-value Increase (Decrease) of Total debt		57,540	50,316	61,404
% Weighting of Debt over 90 days	89%	86%	86%	86%

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

- There is an error on the C-schedules, supporting schedule SC3 – Aged Debtors for the audited outcome for 2022/23. This error affected Chart C3 Aged Consumer Debtors Analysis. The problem has been resolved by our financial system provider (BCX). However, the totals are for August 2022, this will have to be confirmed with NT, if it is for the same period or the audited outcomes that are required. The error on Chart C4 Consumer Debtors (total by Debtor Customer Category) must be communicated to NT as the 2022/23 audited actuals is not aligned to the AFS and is based on an erroneous formula which the municipality is strictly prohibited from fixing manually. The C-schedule for this reason, is completely password protected. The corrected charts are indicated below.



**Chart 8: Aged Consumer Debtor Analysis**



**Chart 9: Consumer Debtors (total by Debtor Customer Category)**

**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 9 below, when taking into consideration what was billed in August 2023 and received in September 2023, the monthly collection rate is 66%. The monthly collection rate is distorted, due to the annual billing on Property rates. The lower collection rate is not an ideal situation and is having a dire impact on the cash flow of the municipality. The current status quo cannot continue, and drastic action will have to be taken to address this critical issue. Indicated in Table 10 below is the revised average collection of 63.1% for the period under review. The average collection rate is distorted, due to the annual billing on Property rates.

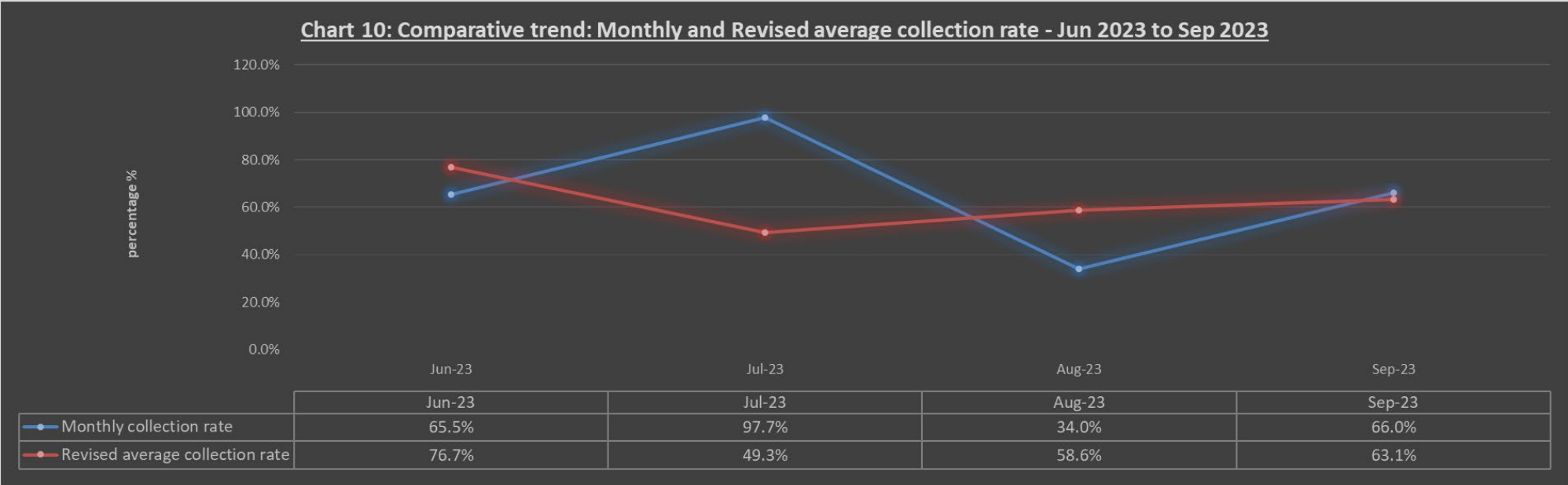
When considering the average collection rate, various factors are taken into account, like the receipts on Prepaid Electricity, unallocated credits, etc. The YTD billing on Property Rates and Service Charges are obtained from the general ledger. Billing on Other is obtained from the BS902 report (Debits Raised Versus Payments). The BS566 report (Payments per Service per Day/Period) includes all monies received from 1 September to 30 September 2023. Unallocated credits are obtained from the cashbook. Government in particular and businesses/households that opt to get billed annually, had until the end of September 2023 to settle their outstanding accounts.

Monthly Collection Rate	Debits (Billed August 2023)	Credits (Received September 2023)	% Collected
PROPERTY RATES	45,313,153	41,144,701	91%
ELECTRICITY	62,704,846	46,165,099	74%
WATER	22,164,422	11,134,747	50%
SEWERAGE	9,752,290	3,809,077	39%
REFUSE	7,962,348	3,317,434	42%
OTHER	23,244,687	7,321,467	31%
<b>Total</b>	<b>171,141,747</b>	<b>112,892,526</b>	<b>66%</b>

Table 9: Monthly collection rate

REVENUE BY SOURCE	YTD ACTUAL AUGUST 2023	YTD RECEIPTS	Rate
PROPERTY RATES	R 276,578,268	R 157,726,996	<b>57.0%</b>
SERVICE CHARGE ELECTRICITY	R 168,522,514	R 122,070,687	<b>72.4%</b>
SERVICE CHARGE ELECTRICITY - PREPAIDS	R 79,229,174	R 79,229,174	<b>100.0%</b>
SERVICE CHARGE WATER	R 73,719,616	R 35,470,175	<b>48.1%</b>
SERVICE CHARGE SANITATION	R 23,933,778	R 11,804,348	<b>49.3%</b>
SERVICE CHARGE REFUSE	R 18,580,295	R 9,917,994	<b>53.4%</b>
OTHER	R 74,875,338	R 26,537,217	<b>35.4%</b>
UNALLOCATED CREDITS		R 8,930,583	
<b>REVISED AVERAGE COLLECTION RATE - SEPTEMBER 2023</b>	<b>R 715,438,982</b>	<b>R 451,687,174</b>	<b>63.1%</b>

Table 10: Revised Average collection rate

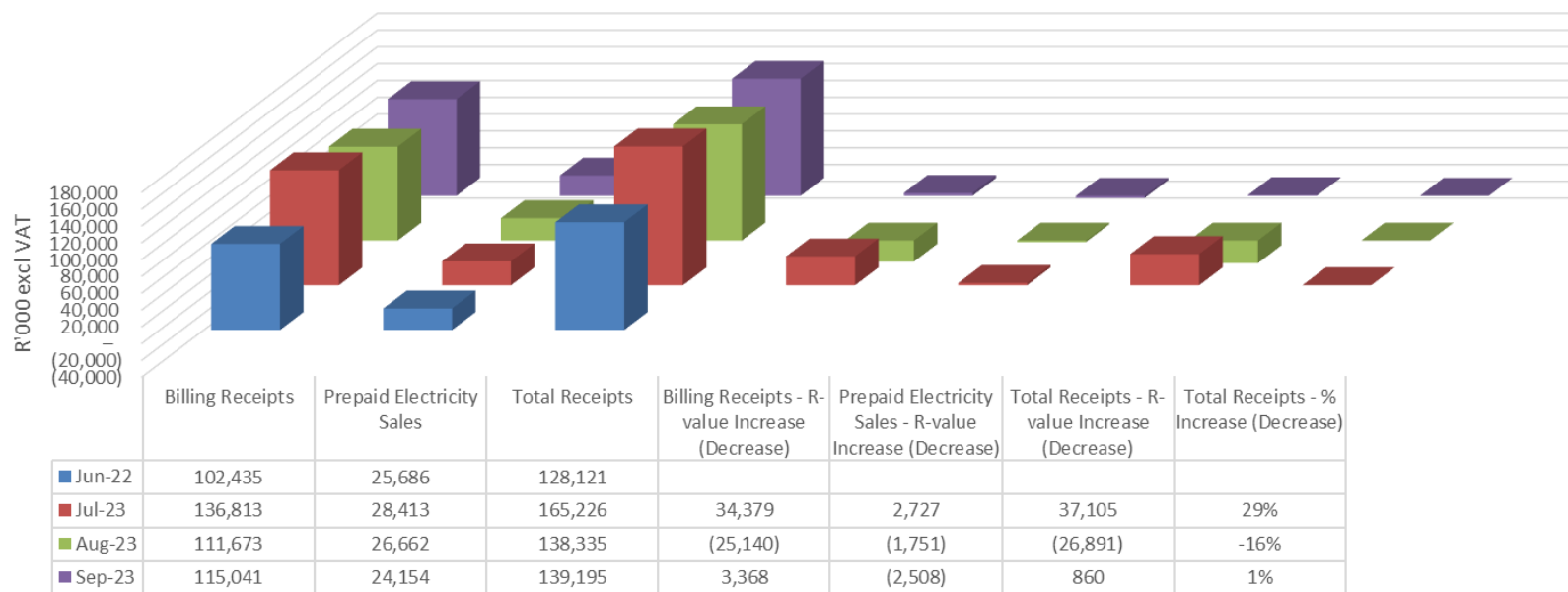


**Chart 10: Comparative trend: Monthly and Revised average collection rate**

Indicated in Chart 10 above, is the comparative trend between the monthly and average collection rate from June 2023 to September 2023. The monthly collection rate and the revised average collection for September 2023, is low due to the annual billing of Property rates. It should be noted that the monthly collection rate takes into account what was billed in the previous month and received in the current month. The receipts are also based on the billing cycle, which will normally be from 26<sup>th</sup> of the previous month to 25<sup>th</sup> of the current month. The monthly collection rate also excludes Prepaid electricity sales. The average collection rate, although distorted is not ideal because on a monthly basis, the municipality is not receiving enough cash to cover its commitments.

During the 2023/24 MTREF Benchmark engagement, NT advised that the municipality, “must make an effort to collect long outstanding debtors and strive to push collection rate beyond 89% so that we are able to make a surplus on the cash flow which will enable the municipality to cover all the proposed expenditures including bulk purchases for Eskom and Water Board. As things stand, if you look at the cash flow, it shows that the municipality will collect less revenue than the proposed expenditure, however, the budget on A8 remains funded because of huge outstanding debtors that the municipality is still anticipating to collect, hence our plea for the municipality to collect those long outstanding debtors not written off.”

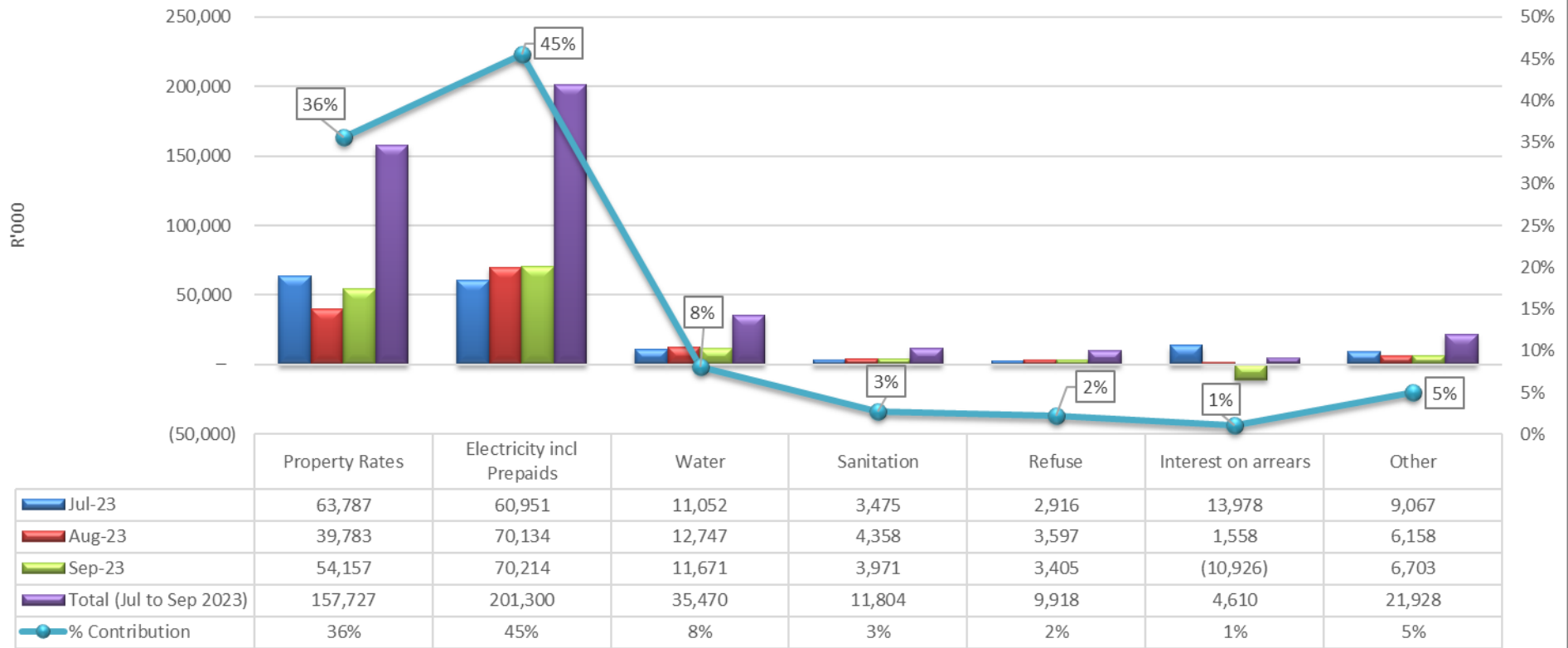
**Chart 11.1: Month-to-month - Total Billing Receipts incl Prepaid Electricity from Jun 2023 to Sep 2023**



**Chart 11.1: Month-to-month - Total Billing Receipts incl Prepaid Electricity**

As indicated in Chart 11.1 above, the Total Receipts amounted to R139,195 million which resulted in an increase of R860 thousand or 1% in respect of the month-to-month comparison. Billing receipts increased by R3,368 million, whilst Prepaid Electricity Sales decreased by R2,508 million. The deteriorating situation for the past few months/years does not bode well for the municipality's cash flow because on a monthly basis the municipality does not collect sufficient cash to cover its monthly commitments. Unallocated billing receipts at month end amounted to R8,931 million. Unallocated receipts are not factored into the actual receipts as per the chart above. All unallocated receipts are investigated and assistance from the bank is also requested when the municipality is unable to trace receipts so that it can be allocated timeously and accurately.

**Chart 11.2: Monthly billing receipts per revenue source & % contribution from Jul 2023 - Sep 2023**



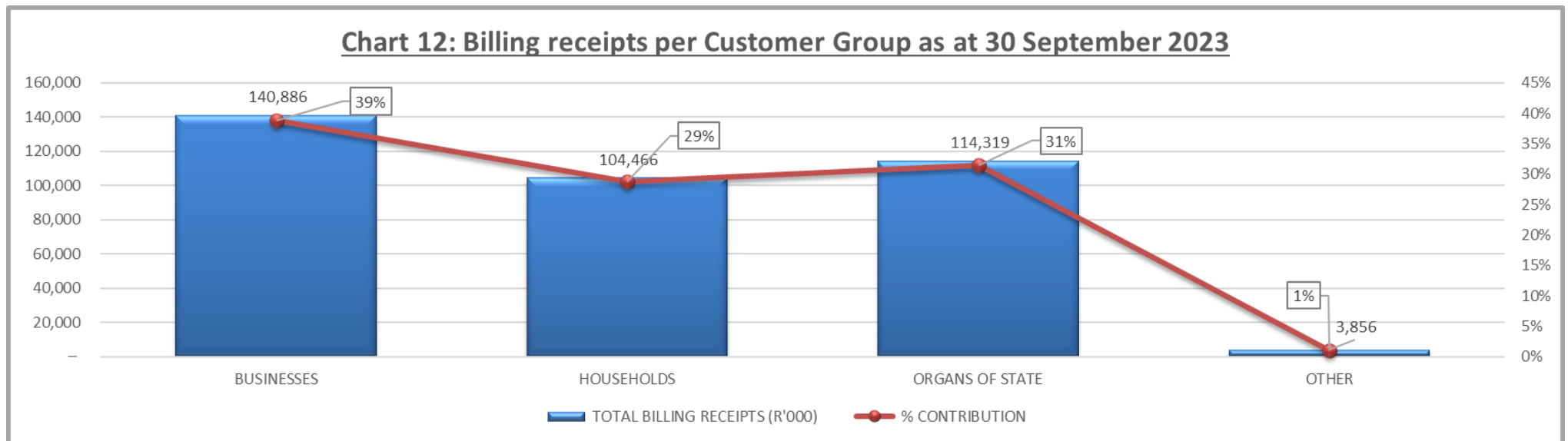
**Chart 11.2: Monthly billing receipts per revenue source and % contribution**

Indicated in Chart 11.2 above, is the month-to-month receipts per Revenue source and percentage contribution of receipts per revenue source as at 30 September 2023. Receipts are relatively constant based on the month-to-month comparison. The downward trend for September 2023 is a serious concern and positive results can be achieved, provided that the Credit Control and Debt Collection Policy is strictly, consistently, and fairly applied. The revenue streams that are showing improvement in relation to the monthly comparison, is Property Rates, Electricity sales, and Other. The negative movement on Interest on arrears is as a result of the correction of the erroneous allocation for monies received from Public Works that was allocated to Interest instead of Property rates. Data from the above chart, indicates that Electricity incl Prepays at R201,300 million (45%) is the highest contributor, followed closely by Property rates at R157,727 million (36%) 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. Measures should be implemented to ensure that receipts from annual Property rates billing materialises. Receipts from Water constitutes 8% and Other 5% 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, has always been Interest on arrears. This demonstrates the fact that the municipality is facing challenges in collecting long outstanding debt. It should be noted that in terms of the approved Customer Care, Credit Control and Debt Collection Policy, it outlines that “the municipality shall implement an incentive for settlement of arrears accounts as illustrated below:

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

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



**Chart 12: Billing receipts per Customer Group**

Indicated in Chart 12 above, is the billing receipts and percentage contribution per major Customer group as at 30 September 2023. The municipality received R140,886 million (39%) from Businesses, Households R104,466 million (29%), Organs of State R114,319 million (31%) and Other R3,856 million (1%).

## 6. Creditors' Analysis

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

Description	NT Code	Budget Year 2023/24									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			
<b>R thousands</b>												
<b>Creditors Age Analysis By Customer Type</b>												
Bulk Electricity	0100	71,421	53,594	70,032	11,022	65,831	45,106	164,401	523,811	1,005,218	687,520	
Bulk Water	0200	18,414	28,974	-	-	-	-	-	89,562	136,950	174,076	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	9,580	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	8,388	-	-	-	-	-	-	-	8,388	7,874	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	9,788	697	241	1	-	-	-	-	10,726	2,761	
Auditor General	0800	1,403	-	-	-	-	-	-	-	1,403	1,201	
Other	0900	18,062	-	-	-	-	-	-	-	18,062	28,194	
<b>Total By Customer Type</b>	<b>1000</b>	<b>127,476</b>	<b>83,264</b>	<b>70,273</b>	<b>11,023</b>	<b>65,831</b>	<b>45,106</b>	<b>164,401</b>	<b>613,372</b>	<b>1,180,746</b>	<b>911,207</b>	

Table 11: Supporting Table SC4: Aged Creditors

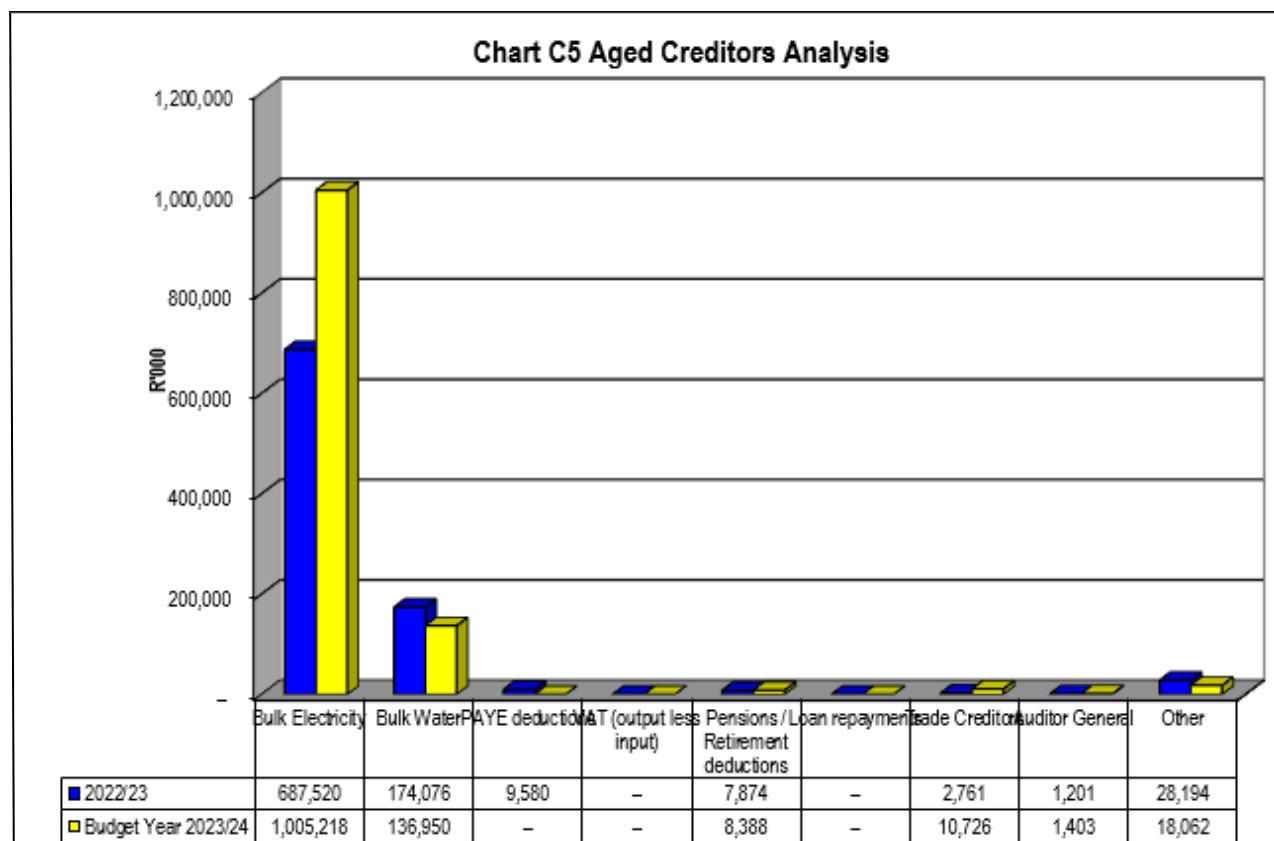


Chart 13: Aged Creditors Analysis

It should be noted that comparative figure for 2022/23 is based on the outstanding creditors as at 30 September 2022 (prior year totals for the same period).

**Bulk Electricity** – As at the 30 September 2023, the outstanding debt owed to Eskom amounted to R1,005,218 million. The current agreement with Eskom is that the municipality must settle its monthly current account. No formal payment agreement with Eskom was concluded for the 2022/23 and 2023/24 financial year.

**Bulk Water** – As at the 30 September 2023, the outstanding debt owed to DWS is R136,950 million. A payment agreement with DWS for the 2022/23 financial year has been concluded and the municipality is participating in the Incentive scheme that the Department is providing to municipalities. All invoices for 2022/23 financial year were settled in full.

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

**VAT** – after the monthly VAT reconciliation, we claimed an amount of R12,348 million from SARS.

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

**Auditor General** – the current account due to the AGSA is R1,403 million for the month of September 2023.

**Other creditors** – includes Sundry creditors which were unpaid as at 30 September 2023 of which the biggest contributor is other third party salary payments amounting to R17,036 million which was paid by 7 October 2023.

## 7. Investment portfolio analysis

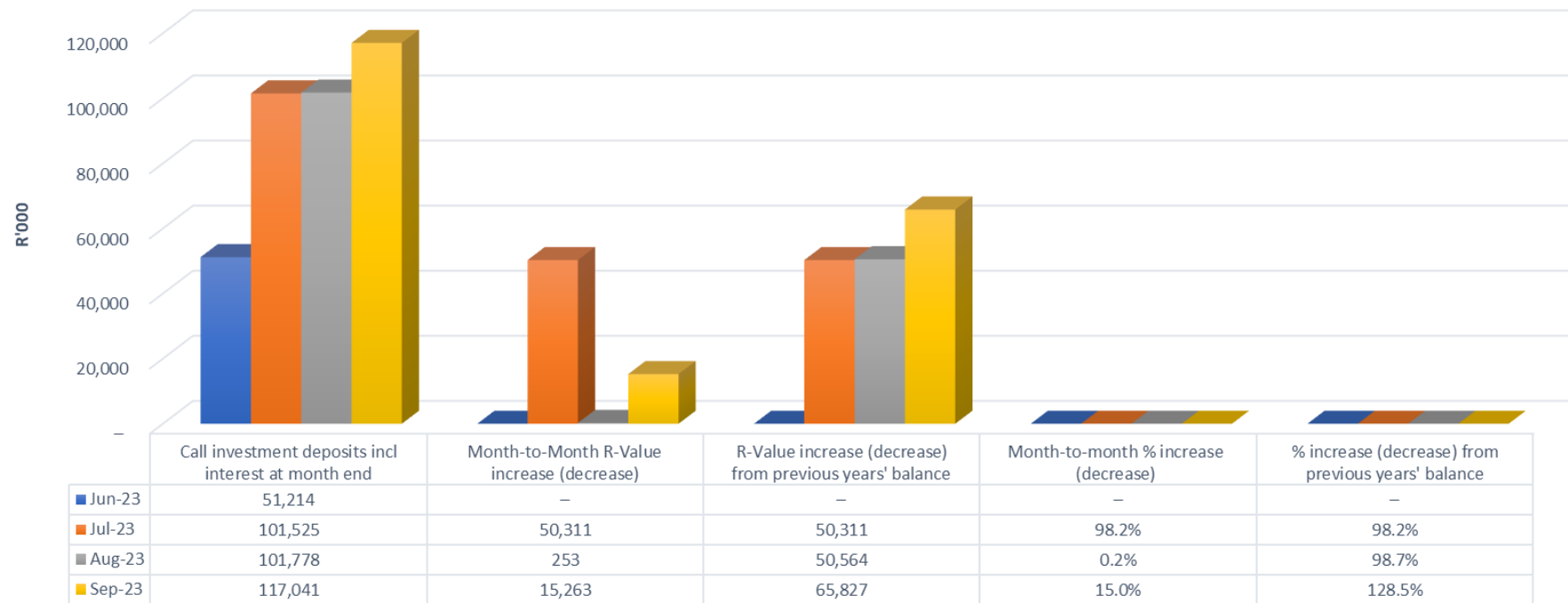
The market value of the investment portfolio has been utilized and for the period ending 30 September 2023, the value of total investments made was R117,041 million including interest. Investment top-ups for the month under review amounted to R50,000 million, while an amount of R35,342 million was partially or prematurely withdrawn. Part of investments made during the month where interest accrued which reflected an increase in investments. The disclosure of interest has to be discussed with NT so that the municipality can align interest received to the data strings, whilst NT must provide guidance of the YTD accrued interest that are not yet reflected in the books. This exercise is normally performed during year-end procedures.

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
<b>R thousands</b>														
<b>Municipality</b>														
Investec 1400093272500		6 months	Call a/c	No	Variable	5.35	0			600	4	(4)	-	600
Standard Bank 04846627-014		6 months	Call a/c	No	Variable	5.5	0			5,000	34	(34)	-	5,000
Absa Bank 92 7195 3033		6 months	Call a/c	No	Variable	4.3	0			5,568	31	-	-	5,599
Absa Bank - 9382218821		Monthly	Call a/c	No	Fixed	8.90%	0	n/a		-	15	-	30,000	30,015
First National Bank 62776321293		6 months	Call a/c	No	Variable	5.2	0			5,535	36	(36)	-	5,535
Nedbank 9002324052		6 months	Call a/c	Yes	Variable	5.25	0		2019/06/06	5,036	32	(34)	-	5,034
Absa Bank 20-6295-4443		12 months	Notice	Yes	Fixed	7.40%	0		2023/06/28	7,541	53	-	-	7,594
Standard Bank - 048466271-087		48 hours	Notice	No	Variable	8.80%	0		2023/08/31	50,000	234	(35,234)	20,000	35,000
Standard Bank 048466271-086		12 months	Notice	No	Fixed	9.03%	0		2023/11/10	22,498	166	-	-	22,664
<b>Municipality sub-total</b>										<b>101,778</b>		<b>(35,342)</b>	<b>50,000</b>	<b>117,041</b>

Table 12: Supporting Table SC5: Investment portfolio

**Chart 14: Call investment deposits incl interest for the period ending 30 September 2023**



**Chart 14: Call investment deposits at month-end**

As indicated in the Chart 14 above, from August to September 2023 investments incl interest increased by R15,263 million or 15%, in respect of the month-to-month comparison. Investments increased by R65,827 million or 128.5% when compared to the previous years' balance of R51,214 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.

## 8. Allocation and grant receipts and expenditure

### Operational and Capital Grants: Receipts

NC091 Sol Plaatje - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M03 September

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		248,673	273,621	273,621	4,648	114,288	68,405	45,883	67.1%	273,621
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		239,158	263,135	263,135	-	109,640	65,784	43,856	66.7%	263,135
Expanded Public Works Programme Integrated Grant		3,959	3,286	3,286	4,197	4,197	821	3,375	410.9%	3,286
Infrastructure Skills Development Grant		3,856	5,500	5,500	418	418	1,375	(957)	-69.6%	5,500
Local Government Financial Management Grant		1,700	1,700	1,700	33	33	425	(392)	-92.2%	1,700
Municipal Disaster Relief Grant	3	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		15,984	8,300	8,300	-	-	2,075	(2,075)	-100.0%	8,300
Capacity Building and Other Grants		9,684	8,300	8,300	-	-	2,075	(2,075)	-100.0%	8,300
Infrastructure Grant		6,300	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
Higher Education SA (HESA)		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	264,657	281,921	281,921	4,648	114,288	70,480	43,808	62.2%	281,921
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		108,149	214,233	214,233	6,185	10,029	53,558	(43,529)	-81.3%	214,233
Energy Efficiency and Demand Side Management Grant		4,000	4,000	4,000	287	1,721	1,000	721	72.1%	4,000
Integrated National Electrification Programme Grant		24,400	48,026	48,026	-	-	12,006	(12,006)	-100.0%	48,026
Integrated Urban Development Grant		70,390	74,207	74,207	5,898	8,308	18,552	(10,244)	-55.2%	74,207
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	2,000	2,000	-	-	500	(500)	-100.0%	2,000
Regional Bulk Infrastructure Grant		-	86,000	86,000	-	-	21,500	(21,500)	-100.0%	86,000
Water Services Infrastructure Grant		9,359	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		3,387	-	-	-	-	-	-	-	-
Infrastructure Grant		3,387	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
European Union		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	111,536	214,233	214,233	6,185	10,029	53,558	(43,529)	-81.3%	214,233
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	376,193	496,154	496,154	10,834	124,318	124,038	279	0.2%	496,154

Table 13: Supporting Table SC6: Transfers and grant receipts

No Operational grant monies were received for the month under review. The monthly actual pertains to the recognition of grants from the Statement of Financial Position.

Capital grant monies received for the month under review.  
EEDSM – R1,000 million

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

## Operational and Capital Grants: Expenditure

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

Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		133,522	141,242	221,631	9,179	46,035	55,414	(9,379)	-16.9%	221,631
Equitable Share		123,023	130,756	211,144	9,008	45,514	52,792	(7,278)	-13.8%	211,144
Expanded Public Works Programme Integrated Grant		4,943	3,286	3,287	–	70	822	(752)	-91.5%	3,287
Infrastructure Skills Development Grant		3,856	5,500	5,500	160	418	1,375	(957)	-69.6%	5,500
Local Government Financial Management Grant		1,700	1,700	1,700	11	33	425	(392)	-92.2%	1,700
Municipal Disaster Relief Grant		–	–	–	–	–	–	–	–	–
<b>Provincial Government:</b>		11,438	8,300	10,100	154	1,650	2,525	(875)	-34.6%	10,100
Capacity Building and Other Grants		8,500	8,300	8,300	100	146	2,075	(1,929)	-93.0%	8,300
Infrastructure Grant		2,938	–	1,800	54	1,504	450	1,054	234.3%	1,800
<b>District Municipality:</b>		–	–	–	–	–	–	–	–	–
<b>Other grant providers:</b>		–	–	–	–	–	–	–	–	–
European Union		–	–	–	–	–	–	–	–	–
<b>Total operating expenditure of Transfers and Grants:</b>		<b>144,960</b>	<b>149,542</b>	<b>231,731</b>	<b>9,333</b>	<b>47,685</b>	<b>57,939</b>	<b>(10,253)</b>	<b>-17.7%</b>	<b>231,731</b>
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		96,392	214,233	214,233	6,185	10,029	53,558	(43,529)	-81.3%	214,233
Energy Efficiency and Demand Side Management Grant		4,000	4,000	4,000	287	1,721	1,000	721	72.1%	4,000
Integrated National Electrification Programme Grant		22,829	48,026	48,026	–	–	12,007	(12,007)	-100.0%	48,026
Integrated Urban Development Grant		61,424	74,207	74,207	5,898	8,308	18,552	(10,244)	-55.2%	74,207
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	2,000	2,000	–	–	500	(500)	-100.0%	2,000
Regional Bulk Infrastructure Grant		–	86,000	86,000	–	–	21,500	(21,500)	-100.0%	86,000
Water Services Infrastructure Grant		8,138	–	–	–	–	–	–	–	–
<b>Provincial Government:</b>		–	–	–	–	–	–	–	–	–
<b>District Municipality:</b>		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
<b>Other grant providers:</b>		–	–	–	–	–	–	–	–	–
European Union		–	–	–	–	–	–	–	–	–
<b>Total capital expenditure of Transfers and Grants</b>		<b>96,392</b>	<b>214,233</b>	<b>214,233</b>	<b>6,185</b>	<b>10,029</b>	<b>53,558</b>	<b>(43,529)</b>	<b>-81.3%</b>	<b>214,233</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>241,352</b>	<b>363,775</b>	<b>445,964</b>	<b>15,518</b>	<b>57,714</b>	<b>111,497</b>	<b>(53,783)</b>	<b>-48.2%</b>	<b>445,964</b>

Table 14: 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 R5,823 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 R3,286 million. In addition to this, the municipality budgeted R15,000 million for this programme.

Description (R'000)	Original Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original
INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)	48,026	–	–	–	0.0%
IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)	74,207	5,898	8,308	6,593	11.2%
EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)	4,000	287	1,721	2,222	43.0%
NDPG (NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT)	2,000	–	–	–	0.0%
RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)	86,000	–	–	–	–
<b>Grand Total</b>	<b>214,233</b>	<b>6,185</b>	<b>10,029</b>	<b>8,815</b>	<b>4.7%</b>

Table 15: Summary of expenditure per grant

As indicated in Table 15 above, the YTD grant expenditure amounts to R10,029 million or 4.7% spent against the Original capital grant allocation of R214,233 million. Capex is usually slow for the first quarter mainly as a result of finalization of procurement processes and/or work still in progress. It remains concerning that YTD capital expenditure is so low. It should be noted that grant expenditure excludes VAT which will be recognized at year-end in the Statement of Financial performance, when all conditions of the grant have been met. Capex also excludes Commitments.

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

### **Rollover Grants: Expenditure**

The municipality submitted the rollover request for the 2022/23 financial year on 31 August 2023. The municipality is awaiting feedback from NT.

Table 16: Supporting Table SC7(2) - Expenditure against approved rollovers

Table 16 is not populated because the municipality is awaiting feedback on the rollover request.

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

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

Summary of Employee and Councillor remuneration	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages										
Pension and UIF Contributions		882	-	-	82	245	-	245	#DIV/0!	-
Medical Aid Contributions		425	-	-	39	118	-	118	#DIV/0!	-
Motor Vehicle Allowance										
Cellphone Allowance		3,040	2,938	2,938	237	718	734	(17)	-2%	2,938
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		27,876	32,621	32,621	2,305	6,973	8,155	(1,183)	-15%	32,621
<b>Sub Total - Councillors</b>		<b>32,224</b>	<b>35,559</b>	<b>35,559</b>	<b>2,663</b>	<b>8,053</b>	<b>8,890</b>	<b>(836)</b>	<b>-9%</b>	<b>35,559</b>
<b>% increase</b>	4		<b>10.3%</b>	<b>10.3%</b>						<b>10.3%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages		6,702	8,158	8,158	406	1,490	2,040	(550)	-27%	8,158
Pension and UIF Contributions		969	1,558	1,558	42	148	389	(241)	-62%	1,558
Medical Aid Contributions		233	215	215	16	45	54	(9)	-17%	215
Overtime										
Performance Bonus										
Motor Vehicle Allowance		1,534	1,985	1,985	115	293	496	(203)	-41%	1,985
Cellphone Allowance		132	202	202	8	25	50	(25)	-50%	202
Housing Allowances		28	26	26	2	7	6	0	3%	26
Other benefits and allowances										
Payments in lieu of leave										
Long service awards		44	46	46	1	3	12	(8)	-70%	46
Post-retirement benefit obligations	2									
Entertainment										
Scarcity										
Acting and post related allowance										
In kind benefits										
<b>Sub Total - Senior Managers of Municipality</b>		<b>9,643</b>	<b>12,190</b>	<b>12,190</b>	<b>591</b>	<b>2,011</b>	<b>3,048</b>	<b>(1,036)</b>	<b>-34%</b>	<b>12,190</b>
<b>% increase</b>	4		<b>26.4%</b>	<b>26.4%</b>						<b>26.4%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		433,826	475,973	467,553	38,520	113,557	116,888	(3,332)	-3%	467,553
Pension and UIF Contributions		79,050	91,654	91,654	7,033	21,021	22,914	(1,893)	-8%	91,654
Medical Aid Contributions		50,925	59,955	59,955	5,330	16,000	14,989	1,011	7%	59,955
Overtime		67,363	47,280	47,280	8,169	20,828	11,820	9,008	76%	47,280
Performance Bonus		30,249	36,505	36,505	1,015	3,742	9,126	(5,384)	-59%	36,505
Motor Vehicle Allowance		42,089	50,649	50,649	3,655	10,786	12,662	(1,876)	-15%	50,649
Cellphone Allowance		1,456	2,054	2,054	146	398	514	(115)	-22%	2,054
Housing Allowances		2,737	2,866	2,866	232	699	716	(18)	-2%	2,866
Other benefits and allowances		20,261	19,589	28,010	2,456	13,436	7,003	6,434	92%	28,010
Payments in lieu of leave		14,403	15,000	15,000	1,455	2,678	3,750	(1,072)	-29%	15,000
Long service awards		27,890	26,922	26,922	2,515	7,498	6,731	768	11%	26,922
Post-retirement benefit obligations	2	39,393	41,000	41,000	-	-	10,250	(10,250)	-100%	41,000
Entertainment										
Scarcity										
Acting and post related allowance										
In kind benefits										
<b>Sub Total - Other Municipal Staff</b>		<b>809,642</b>	<b>869,447</b>	<b>869,447</b>	<b>70,527</b>	<b>210,643</b>	<b>217,363</b>	<b>(6,719)</b>	<b>-3%</b>	<b>869,447</b>
<b>% increase</b>	4		<b>7.4%</b>	<b>7.4%</b>						<b>7.4%</b>
<b>Total Parent Municipality</b>		<b>851,509</b>	<b>917,196</b>	<b>917,196</b>	<b>73,781</b>	<b>220,708</b>	<b>229,300</b>	<b>(8,592)</b>	<b>-4%</b>	<b>917,196</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>851,509</b>	<b>917,196</b>	<b>917,196</b>	<b>73,781</b>	<b>220,708</b>	<b>229,300</b>	<b>(8,592)</b>	<b>-4%</b>	<b>917,196</b>
<b>% increase</b>	4		<b>7.7%</b>	<b>7.7%</b>						<b>7.7%</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>819,285</b>	<b>881,637</b>	<b>881,637</b>	<b>71,118</b>	<b>212,655</b>	<b>220,410</b>	<b>(7,756)</b>	<b>-4%</b>	<b>881,637</b>

Table 17: Supporting Table SC8: Councillor and staff benefits

As depicted in Table 17 above, Employee related costs is satisfactory and showing a variance of minus 4%. Post-retirement benefit obligations will be finalized as part of year-end procedures. It should be noted that the disclosure under Performance bonus, is the annual bonuses or 13<sup>th</sup> cheques that is budgeted for and paid out to employees. This is not subject to any performance appraisal. Councillors Remuneration is showing a satisfactory variance of minus 9% when compared to the YTD Budget. The gazette on the Determination of Upper limits of salaries, allowances and benefits of different members of municipal councils will be issued later in the current financial year.

Management needs to do more to address the issues on Overtime which is higher than the ideal IYM percentage. 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 2022/23 financial year. The same trend is transpiring for the current year. Overtime can be monitored by implementing more stringent control measures. The municipality should also ensure that critical positions to compliment capacity on the ground is expedited and filled with qualified personnel. The lack of capacity in certain departments, like Water services and the severe service delivery challenges is negatively impacting on the management of Overtime expenditure. Overtime hours were limited to 30 hours per month within most departments, but this control has been abolished, negatively contributing to the overall Overtime expenditure. 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.

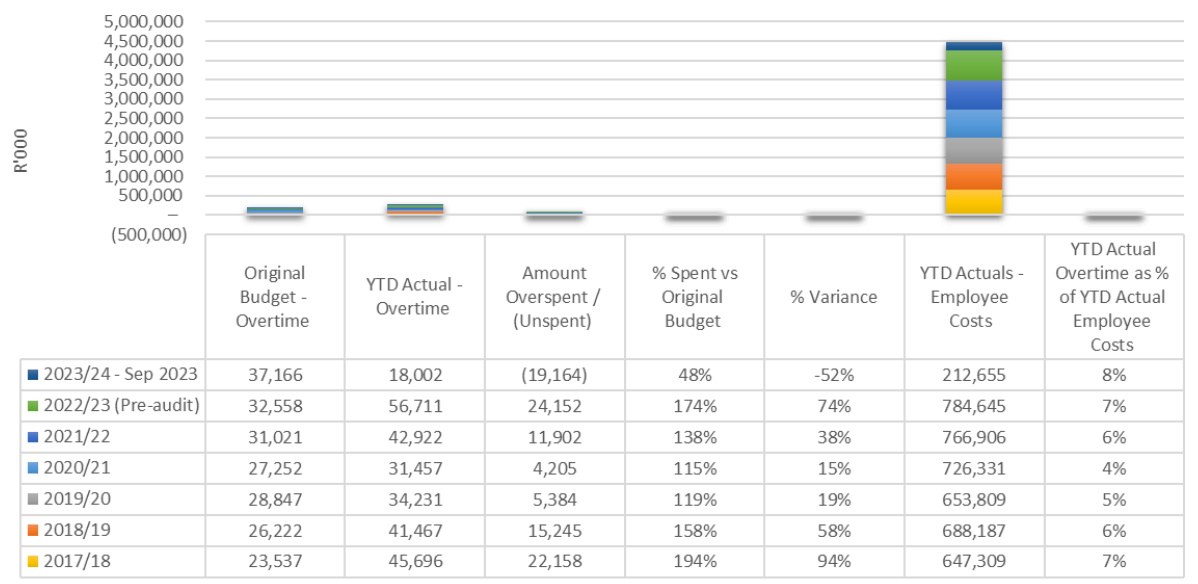
And indicated in Table 18 below, is the YTD Overtime expenditure per line item and also per Directorate as at end of September 2023.

Description per line item (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	Original Variance IYM % - 25%
MS: OVERTIME - NON STRUCTURED	28,662,000	7,135,978	17,299,047	60.4%	35.4%
MS: OVERTIME - STRUCTURED	8,504,033	83,114	702,627	8.3%	-16.7%
<b>Overtime as at 30 September 2023</b>	<b>37,166,033</b>	<b>7,219,092</b>	<b>18,001,674</b>	<b>48.4%</b>	<b>23.4%</b>
Directorate (Amount in Rand)	Sum of Original Budget	Sum of Monthly Actual	Sum of YTD Actual	% Spent Original Budget	Original Variance IYM % - 25%
20-EXECUTIVE AND COUNCIL	282,000	131,568	188,820	67.0%	42.0%
21-MUNICIPAL AND GENERAL	-	-	-	-	-25.0%
22-MUNICIPAL MANAGER	-	6,813	12,933		
23-CORPORATE SERVICES	1,870,000	534,831	1,314,371	70.3%	45.3%
24-COMMUNITY SERVICES	14,740,033	1,733,774	4,906,977	33.3%	8.3%
26-FINANCIAL SERVICES	521,000	206,883	610,333	117.1%	92.1%
27-STRATEGY, ECONOMIC DEVELOPMENT & P	747,000	138,994	354,940	47.5%	22.5%
28-INFRASTRUCTURE SERVICES	19,006,000	4,466,228	10,613,299	55.8%	30.8%
<b>Overtime as at 30 September 2023</b>	<b>37,166,033</b>	<b>7,219,092</b>	<b>18,001,674</b>	<b>48.4%</b>	<b>23.4%</b>

Table 18: Current YTD Overtime expenditure excl Night-shift allowance

Overtime was capped at 30 hours across most units within the municipality but this has since been abolished. The YTD Overtime expenditure is showing 48.4% spent, resulting in a negative variance of 23.4% for the period under review.

**Chart 14.1: Overtime Actual vs Budget - 2017/18 to 2023/24**

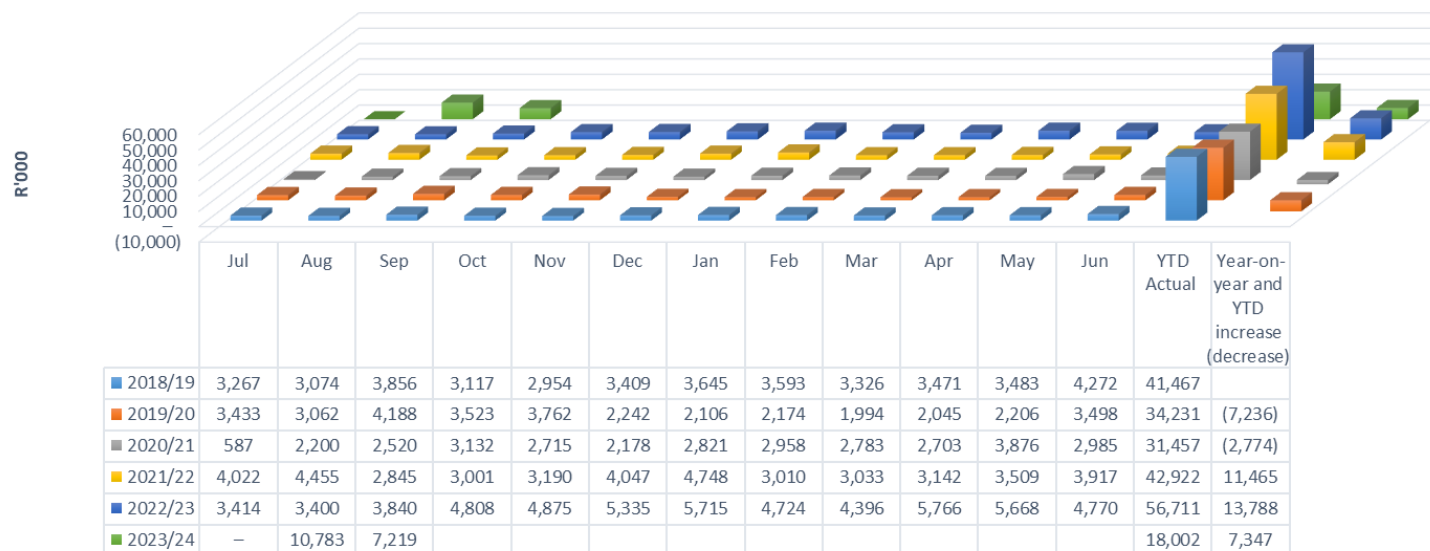


Indicated in Chart 14.1, is the actual Overtime versus Budget from 2017/18 to 2023/24 financial year, disclosing the percentage spent and the amount overspent/unspent per financial year. The chart also articulates the actual Overtime as a percentage of Total Employee costs for the same period.

Indicated in Chart 14.2 is the monthly and annual Overtime comparison from July 2018 to September 2023. There has been a substantial decrease in Overtime expenditure from 2018/19 to 2020/21. As reiterated, controls to curb Overtime is no longer as effective and the YTD actual for 2022/23 financial year was R56.711 million overspent. Serious remedial action will have to be implemented to reduce Overtime expenditure.

**Chart 14.1: Overtime Actual vs Budget**

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



**Chart 14.2: Monthly and Annual Overtime Comparison**

The BTO office recommended the following precautionary measures.

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

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

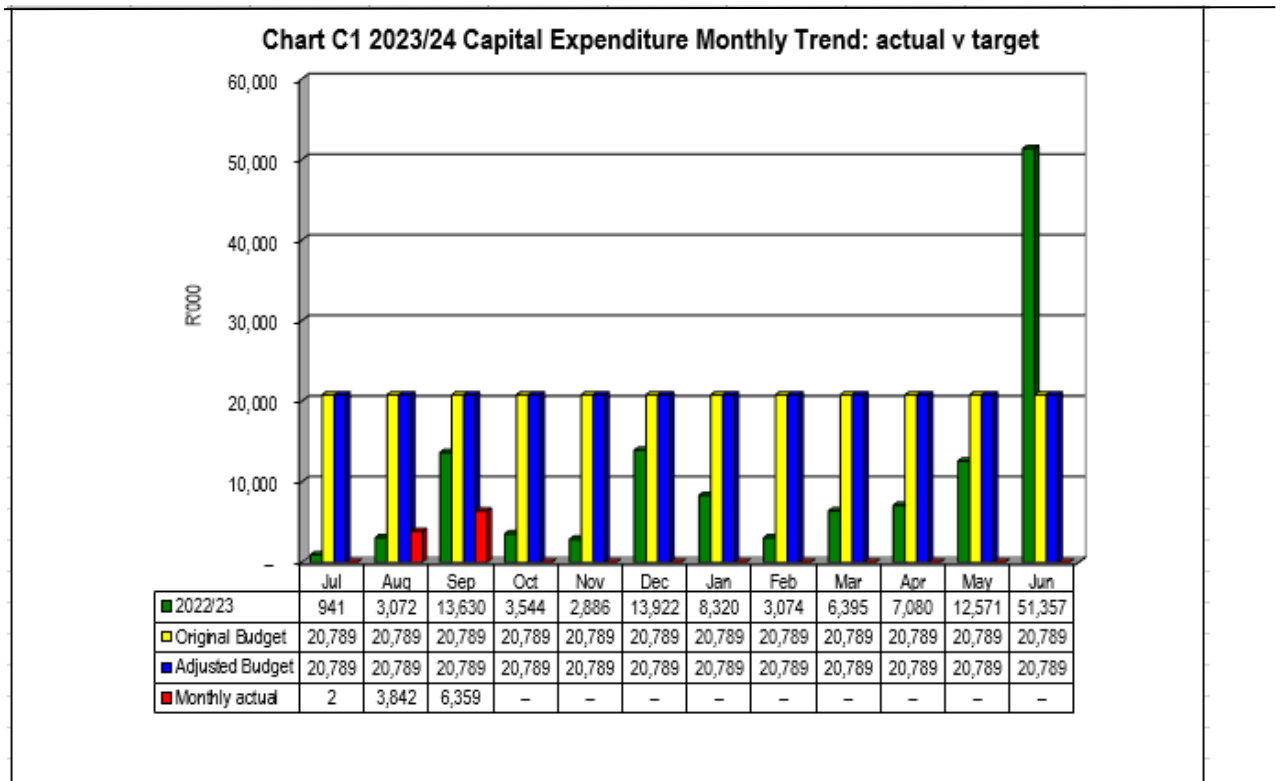
- Ensuring accountability across all directorates and ensuring that Executive directors, Line Managers and Supervisors take full responsibility
- Identify and investigate possible abuse and alleged fraudulent allegations and taking disciplinary action, where applicable
- Ensuring the compliance and adherence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

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

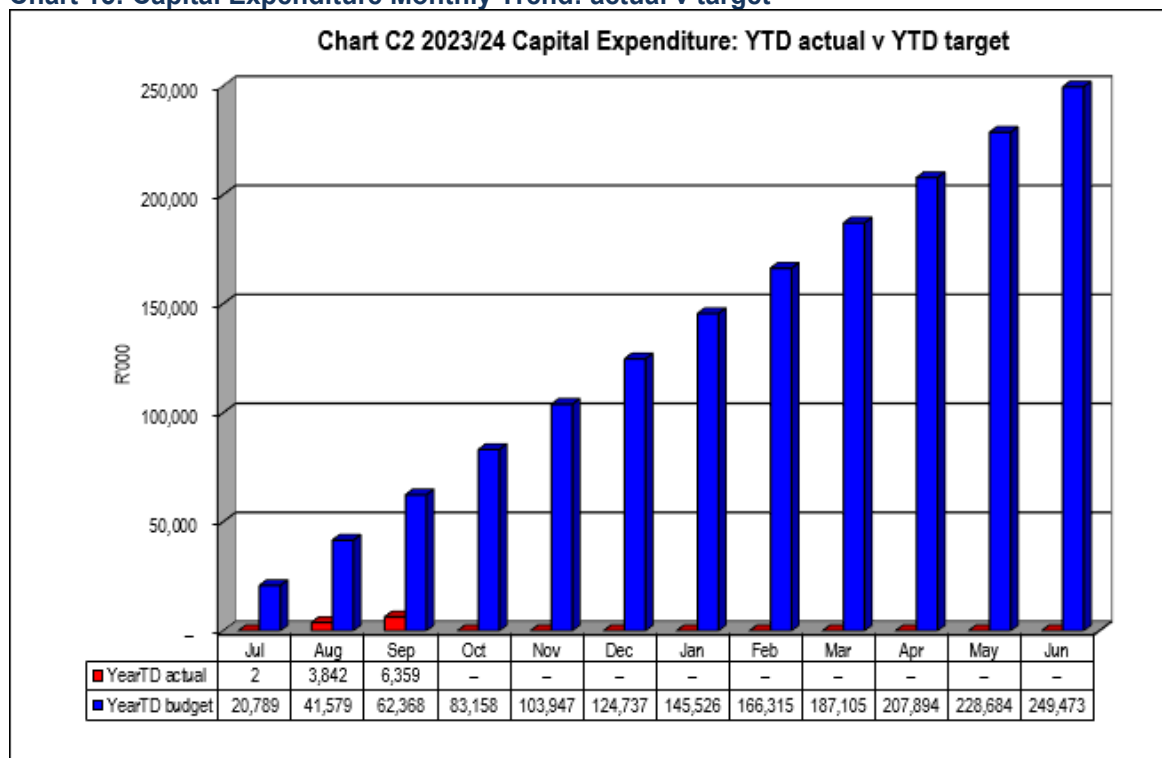
Material variances pertaining to financial performance are primarily addressed in the Executive summary under Sections 4.1 to 4.3 or emphasised elsewhere in this Monthly Budget Statement. Any other material variances to the SDBIP will be included in the quarterly Section 52 (d) report for the period ending 30 September 2023.

## 11. Capital programme performance

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



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



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

Per funding source per project (R'000)	Original Budget	Monthly Actual	YTD Actual	Commitments	% Spent Original Budget
<b>INEP (INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT)</b>	<b>48,026</b>	–	–	–	<b>0.0%</b>
ASHNURN/COLVILLE UPGRADES	1,500	–	–	–	0.0%
ELECTRIFIC LERATO PARK LINK SERV NETWORK	7,900	–	–	–	0.0%
ELECTRIFICATION LETABO PARK	12,680	–	–	–	0.0%
ELECTRIFICATION WITDAM -138	900	–	–	–	0.0%
RONALD'S VLEI SWITCH HOUSE NO.1	1,500	–	–	–	0.0%
UPGRADE HADISON PARK 66/11 KV SUBSTATION	23,546	–	–	–	0.0%
<b>INTERNALLY GENERATED FUNDS</b>	<b>35,240</b>	<b>174</b>	<b>174</b>	<b>4,001</b>	<b>0.5%</b>
ACQ-COMPUTER EQUIPMENT REPLACEMENT	4,500	–	–	53	0.0%
ACQ-FLEET REPLACEMENT	5,000	–	–	3,948	0.0%
ACQ-FURNITURE AND OFFICE EQUIP REPLACEM	3,000	–	–	–	0.0%
CAPITAL SPARES-ACQ-PREPAID METERS	2,000	174	174	–	8.7%
DSITRBUTION-ACQ-WAT METER REPLACEME	2,000	–	–	–	0.0%
EMERGENCY LEAK REPAIR ON 6 MAJOR LEAKS	169	–	–	–	0.0%
EMERGENCY METER INSTALLATIONS (PHASE 1)	6,225	–	–	–	0.0%
MR LEAK AND SLEAK DATA SYSTEM	880	–	–	–	0.0%
NEW WTP MAJOR REFURBISH&AND BUILD WORKS	1,306	–	–	–	0.0%
NEW WTW FILTER REFURBISH&BACKWASH SYSTEM	502	–	–	–	0.0%
OLD WTP MAJOR REFURBISH AND BUILD WORKS	468	–	–	–	0.0%
PIPE CONDITION ASSESS AND CATHOD PROTECT	1,849	–	–	–	0.0%
SMARTBALL LEAK DETECTION	5,848	–	–	–	0.0%
WEST BYPASS LEAK REPAIRS AND REFURBISH	293	–	–	–	0.0%
WSDP DEVELOPMENT	1,200	–	–	–	0.0%
<b>IUDG (INTEGRATED URBAN DEVELOPMENT GRANT)</b>	<b>74,207</b>	<b>5,898</b>	<b>8,308</b>	<b>6,593</b>	<b>11.2%</b>
P-CIER RDS ROADS	20,000	–	–	–	0.0%
PHDA PLANNING & SURVEYING	10,000	–	–	–	0.0%
TOWNSHIP ESTABLISHMENT VARIOUS WARDS	5,000	496	496	–	9.9%
UPGRADE GRAVEL ROADS WARDS VARIOUS	20,000	5,403	7,812	6,593	39.1%
WATER PIPES REFURB PROG VARIOUS WARDS	19,207	–	–	–	0.0%
<b>EEDSM (ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT)</b>	<b>4,000</b>	<b>287</b>	<b>1,721</b>	<b>2,222</b>	<b>43.0%</b>
EEDSM PROJECTS	4,000	287	1,721	2,222	43.0%
<b>NDPG (NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT)</b>	<b>2,000</b>	–	–	–	<b>0.0%</b>
ACQ STORMWAT PROJ-STORWAT CHANNEL GALASH	2,000	–	–	–	0.0%
<b>RBIG (REGIONAL BULK INFRASTRUCTURE GRANT)</b>	<b>86,000</b>	–	–	–	<b>0.0%</b>
EAST BYPASS REPLACE OF CORRODE10KM LINE	5,069	–	–	–	0.0%
EASTERN BYPASS REPAIR COATING AND REFURB	2,820	–	–	–	0.0%
KBY BULK METERS & PRESSURE MANAGEMENT	767	–	–	–	0.0%
KBY NETWORK LEAK DETECTION & REPAIR PH 1	4,532	–	–	–	0.0%
KBY NETWORK LEAK DETECTION & REPAIR PH 2	4,843	–	–	–	0.0%
NEW WTP CLHORINE & DOSING WORKS UPGRADE	10,628	–	–	–	0.0%
NEWTOWN RESERVOIR EMERGENCY LEAK REPAIRS	4,725	–	–	–	0.0%
OLD WTP CLHORINE & DOSING WORKS UPGRADE	16,598	–	–	–	0.0%
POWER; ABSTRACTION & PUMPSTATION REPAIRS	9,487	–	–	–	0.0%
PROJECT MANAGEMENT	3,230	–	–	–	0.0%
RITCHIE SUBZONE SMART METER INSTALL	107	–	–	–	0.0%
RIVERTON TO MIDSTATION BULK PIPELINE REP	3,741	–	–	–	0.0%
SMARTBALL SURVEY PRIORITY LEAK REPAIRS	12,955	–	–	–	0.0%
WEST BYPASS REPLACE OF CORRODED SECTION	579	–	–	–	0.0%
WTW OHS & SECURITY MANAGEMENT	5,920	–	–	–	0.0%
<b>Grand Total</b>	<b>249,473</b>	<b>6,359</b>	<b>10,203</b>	<b>12,816</b>	<b>4.1%</b>

Table 19: Detailed capital expenditure report

Indicated in Table 19 above, is a list of projects with the applicable funding source compared to the Original budget. The total capex is normally slow during the start of the financial year. However, capital expenditure is extremely poor compared to prior years for the same period. Urgent intervention from management is required to remedy the situation. The actual monthly expenditure for September 2023 amounted to R6,359 million. The total YTD Capex amounts to R10,203 million. Please note that Commitments amounting to R12,816 million is excluded from the YTD movement. Capital expenditure is also exclusive of VAT. Overall spending on grants is extremely low. The percentage expenditure on IUDG (11.2%) and EEDSM is 43.0%, whilst INEP, NDPG and RBIG are showing zero rand spent. Spending on Internally generated funds is also 0.5% 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 of procurement processes is not aligned to the budget approval and specifications are not done early so that it can be advertised timeously.

## 12. Other supporting documents

There is no additional information or supporting documentation for September 2023. The audited outcomes disclosed in this report are based on the pre-audited outcomes for the year ending 30 June 2023 and are subject to change.

## 13. Conclusion

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

### Communication

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

## 14. Annexures

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

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

Description	2022/23	Budget Year 2023/24							
	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	610,991	660,893	660,893	45,241	276,578	165,223	111,355	67%	660,893
Service charges	1,182,667	1,517,256	1,517,256	124,350	363,985	379,314	(15,328)	-4%	1,517,256
Investment revenue	8,550	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	8,550	7,000	7,000	890	700	1,750	(1,050)	-60%	7,000
Other own revenue	612,255	534,455	534,455	43,272	211,607	133,614	77,993	58%	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,423,012</b>	<b>2,719,604</b>	<b>2,719,604</b>	<b>213,753</b>	<b>852,871</b>	<b>679,901</b>	<b>172,970</b>	<b>25%</b>	<b>2,719,604</b>
Employee costs	819,285	881,637	881,637	71,118	212,655	220,410	(7,756)		881,637
Remuneration of Councillors	32,224	35,559	35,559	2,663	8,053	8,890	(836)		35,559
Depreciation and amortisation	71,830	86,650	86,650	-	-	21,663	(21,663)		86,650
Interest	113,955	19,495	19,495	0	4	4,874	(4,869)		19,495
Inventory consumed and bulk purchases	926,769	1,090,900	1,090,900	78,113	215,080	272,725	(57,645)		1,090,900
Transfers and subsidies	2,599	4,560	4,560	-	-	1,140	(1,140)	-100%	4,560
Other expenditure	627,127	572,452	572,452	18,831	136,886	143,114	(6,228)	-4%	572,452
<b>Total Expenditure</b>	<b>2,593,790</b>	<b>2,691,252</b>	<b>2,691,252</b>	<b>170,725</b>	<b>572,678</b>	<b>672,816</b>	<b>(100,137)</b>	<b>-15%</b>	<b>2,691,252</b>
<b>Surplus/(Deficit)</b>	<b>(170,778)</b>	<b>28,351</b>	<b>28,351</b>	<b>43,028</b>	<b>280,192</b>	<b>7,085</b>	<b>273,107</b>	<b>3855%</b>	<b>28,351</b>
Transfers and subsidies - capital (monetary)	108,149	214,233	214,233	6,185	10,029	53,558	###	-81%	214,233
Transfers and subsidies - capital (in-kind)	3,387	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(59,242)</b>	<b>242,584</b>	<b>242,584</b>	<b>49,213</b>	<b>290,221</b>	<b>60,643</b>	<b>229,578</b>	<b>379%</b>	<b>242,584</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
<b>Surplus/ (Deficit) for the year</b>	<b>(59,242)</b>	<b>242,584</b>	<b>242,584</b>	<b>49,213</b>	<b>290,221</b>	<b>60,643</b>	<b>229,578</b>	<b>379%</b>	<b>242,584</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>126,016</b>	<b>249,473</b>	<b>249,473</b>	<b>6,359</b>	<b>10,203</b>	<b>62,368</b>	<b>(52,165)</b>	<b>-84%</b>	<b>249,473</b>
Capital transfers recognised	96,392	214,233	214,233	6,185	10,029	53,558	(43,529)	-81%	214,233
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	29,624	35,240	35,240	174	174	8,810	(8,636)	-98%	35,240
<b>Total sources of capital funds</b>	<b>126,016</b>	<b>249,473</b>	<b>249,473</b>	<b>6,359</b>	<b>10,203</b>	<b>62,368</b>	<b>(52,165)</b>	<b>-84%</b>	<b>249,473</b>
<b>Financial position</b>									
Total current assets	2,304,408	3,472,014	3,472,014		2,521,319				3,472,014
Total non current assets	2,265,500	2,466,074	2,466,074		2,275,703				2,466,074
Total current liabilities	1,452,266	1,151,431	1,151,431		1,389,946				1,151,431
Total non current liabilities	416,743	443,824	443,824		416,743				443,824
Community wealth/Equity	2,700,112	4,342,835	4,342,835		2,990,333				4,342,835
<b>Cash flows</b>									
Net cash from (used) operating	(940,714)	238,844	238,844	52,538	98,689	59,711	(38,978)	-65%	238,844
Net cash from (used) investing	(126,016)	(213,757)	(213,757)	(6,105)	(9,252)	(53,439)	(44,187)	83%	(213,757)
Net cash from (used) financing	-	(13,351)	(13,351)	120	333	(3,338)	(3,671)	110%	(13,351)
<b>Cash/cash equivalents at the month/year end</b>	<b>(869,139)</b>	<b>210,043</b>	<b>210,043</b>	<b>-</b>	<b>199,306</b>	<b>201,241</b>	<b>1,935</b>	<b>1%</b>	<b>121,272</b>
<b>Debtors &amp; creditors analysis</b>									
	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
<b>Debtors Age Analysis</b>									
Total By Income Source	194,311	110,248	204,538	78,698	65,511	82,532	374,478	#####	3,621,131
<b>Creditors Age Analysis</b>									
Total Creditors	127,476	83,264	70,273	11,023	65,831	45,106	164,401	613,372	1,180,746

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

Description	Ref	Budget Year 2023/24								
		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>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		<b>1,180,264</b>	<b>1,271,802</b>	<b>1,271,802</b>	<b>75,088</b>	<b>439,776</b>	<b>317,950</b>	121,826	38%	<b>1,271,802</b>
Executive and council		503,511	580,455	580,455	21,987	153,549	145,114	8,435	6%	580,455
Finance and administration		676,752	691,347	691,347	53,101	286,228	172,837	113,391	66%	691,347
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		<b>31,035</b>	<b>41,568</b>	<b>41,568</b>	<b>3,175</b>	<b>9,362</b>	<b>10,392</b>	(1,031)	-10%	<b>41,568</b>
Community and social services		11,662	11,782	11,782	286	1,088	2,945	(1,857)	-63%	11,782
Sport and recreation		2,428	2,265	2,265	227	394	566	(173)	-31%	2,265
Public safety		412	750	750	18	56	187	(132)	-70%	750
Housing		12,972	26,701	26,701	2,639	7,808	6,675	1,132	17%	26,701
Health		3,560	70	70	6	16	17	(1)	-6%	70
<i><b>Economic and environmental services</b></i>		<b>22,120</b>	<b>16,520</b>	<b>16,520</b>	<b>610</b>	<b>4,768</b>	<b>4,130</b>	638	15%	<b>16,520</b>
Planning and development		5,342	5,595	5,595	242	3,611	1,399	2,213	158%	5,595
Road transport		16,779	10,925	10,925	367	1,157	2,731	(1,574)	-58%	10,925
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		<b>1,291,009</b>	<b>1,594,737</b>	<b>1,594,737</b>	<b>139,552</b>	<b>405,676</b>	<b>398,684</b>	<b>6,992</b>	2%	<b>1,594,737</b>
Energy sources		773,385	1,052,252	1,052,252	91,180	260,831	263,063	(2,232)	-1%	1,052,252
Water management		328,261	364,714	364,714	30,486	91,594	91,178	416	0%	364,714
Waste water management		108,190	101,358	101,358	10,176	30,342	25,340	5,002	20%	101,358
Waste management		81,173	76,413	76,413	7,710	22,909	19,103	3,805	20%	76,413
<i><b>Other</b></i>	4	<b>10,121</b>	<b>9,210</b>	<b>9,210</b>	<b>1,514</b>	<b>3,318</b>	<b>2,302</b>	<b>1,015</b>	<b>44%</b>	<b>9,210</b>
<b>Total Revenue - Functional</b>	2	<b>2,534,548</b>	<b>2,933,837</b>	<b>2,933,837</b>	<b>219,939</b>	<b>862,900</b>	<b>733,459</b>	<b>129,441</b>	<b>18%</b>	<b>2,933,837</b>
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		<b>767,591</b>	<b>662,700</b>	<b>743,143</b>	<b>40,789</b>	<b>171,277</b>	<b>185,787</b>	(14,510)	-8%	<b>743,143</b>
Executive and council		515,221	287,301	449,301	19,858	105,658	112,325	(6,668)	-6%	449,301
Finance and administration		246,981	368,723	287,166	20,450	64,199	71,792	(7,593)	-11%	287,166
Internal audit		5,389	6,676	6,676	480	1,420	1,669	(249)	-15%	6,676
<i><b>Community and public safety</b></i>		<b>186,077</b>	<b>195,332</b>	<b>195,332</b>	<b>16,313</b>	<b>47,792</b>	<b>48,833</b>	(1,041)	-2%	<b>195,332</b>
Community and social services		45,474	49,529	49,529	3,914	11,882	12,382	(500)	-4%	49,529
Sport and recreation		59,564	56,350	56,350	5,279	14,783	14,088	695	5%	56,350
Public safety		40,998	42,115	42,115	3,647	10,789	10,529	260	2%	42,115
Housing		20,961	26,752	26,752	1,806	5,170	6,688	(1,518)	-23%	26,752
Health		19,080	20,586	20,586	1,668	5,168	5,147	21	0%	20,586
<i><b>Economic and environmental services</b></i>		<b>138,722</b>	<b>256,194</b>	<b>175,751</b>	<b>12,268</b>	<b>33,878</b>	<b>43,938</b>	(10,060)	-23%	<b>175,751</b>
Planning and development		42,376	132,278	51,835	3,964	11,031	12,959	(1,928)	-15%	51,835
Road transport		95,510	123,016	123,016	8,236	22,640	30,754	(8,114)	-26%	123,016
Environmental protection		836	900	900	69	206	225	(19)	-8%	900
<i><b>Trading services</b></i>		<b>1,478,326</b>	<b>1,551,892</b>	<b>1,551,892</b>	<b>99,405</b>	<b>314,253</b>	<b>387,973</b>	<b>(73,720)</b>	<b>-19%</b>	<b>1,551,892</b>
Energy sources		963,029	1,031,152	1,031,152	72,029	221,905	257,788	(35,883)	-14%	1,031,152
Water management		339,124	341,800	341,800	13,934	48,267	85,450	(37,183)	-44%	341,800
Waste water management		103,410	102,527	102,527	7,804	25,165	25,632	(466)	-2%	102,527
Waste management		72,763	76,413	76,413	5,638	18,916	19,103	(187)	-1%	76,413
<i><b>Other</b></i>		<b>23,073</b>	<b>25,135</b>	<b>25,135</b>	<b>1,950</b>	<b>5,478</b>	<b>6,284</b>	<b>(805)</b>	<b>-13%</b>	<b>25,135</b>
<b>Total Expenditure - Functional</b>	3	<b>2,593,790</b>	<b>2,691,252</b>	<b>2,691,252</b>	<b>170,725</b>	<b>572,678</b>	<b>672,816</b>	<b>(100,137)</b>	<b>-15%</b>	<b>2,691,252</b>
<b>Surplus/ (Deficit) for the year</b>		<b>(59,242)</b>	<b>242,584</b>	<b>242,584</b>	<b>49,213</b>	<b>290,221</b>	<b>60,643</b>	<b>229,578</b>	<b>379%</b>	<b>242,584</b>

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

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		503,511	580,455	580,455	21,987	153,549	145,114	8,435	5.8%	580,455
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		5,432	6,961	6,961	423	670	1,740	(1,071)	-61.5%	6,961
Vote 05 - Community Services		124,394	109,495	109,495	10,041	28,690	27,374	1,316	4.8%	109,495
Vote 06 - Financial Services		670,630	683,585	683,585	52,643	285,421	170,896	114,525	67.0%	683,585
Vote 07 - Strategy Econ Development And Planning		6,867	8,015	8,015	285	3,770	2,004	1,766	88.1%	8,015
Vote 08 - Infrastructure And Services		1,223,713	1,545,325	1,545,325	134,561	390,800	386,331	4,469	1.2%	1,545,325
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>2,534,548</b>	<b>2,933,837</b>	<b>2,933,837</b>	<b>219,939</b>	<b>862,900</b>	<b>733,459</b>	<b>129,441</b>	<b>17.6%</b>	<b>2,933,837</b>
<b>Expenditure by Vote</b>	1									
Vote 01 - Executive & Council		58,420	59,173	59,173	4,833	14,284	14,793	(509)	-3.4%	59,173
Vote 02 - Municipal And General		444,732	214,468	376,468	12,444	83,586	94,117	(10,531)	-11.2%	376,468
Vote 03 - Municipal Manager		22,364	26,161	26,161	3,675	10,654	6,540	4,114	62.9%	26,161
Vote 04 - Corporate Services		67,934	81,959	81,959	5,755	17,225	20,490	(3,265)	-15.9%	81,959
Vote 05 - Community Services		299,117	312,712	312,712	25,131	76,613	78,179	(1,566)	-2.0%	312,712
Vote 06 - Financial Services		131,194	237,712	156,155	10,435	34,880	39,039	(4,159)	-10.7%	156,155
Vote 07 - Strategy Econ Development And Planning		57,562	143,730	63,287	5,387	14,991	15,822	(831)	-5.3%	63,287
Vote 08 - Infrastructure And Services		1,512,466	1,615,337	1,615,337	103,066	320,445	403,835	(83,390)	-20.6%	1,615,337
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>2,593,790</b>	<b>2,691,252</b>	<b>2,691,252</b>	<b>170,725</b>	<b>572,678</b>	<b>672,816</b>	<b>(100,137)</b>	<b>-14.9%</b>	<b>2,691,252</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(59,242)</b>	<b>242,584</b>	<b>242,584</b>	<b>49,213</b>	<b>290,221</b>	<b>60,643</b>	<b>229,578</b>	<b>378.6%</b>	<b>242,584</b>

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

Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Electricity		754,974	1,034,872	1,034,872	85,591	247,752	258,718	(10,966)	-4%	1,034,872
Service charges - Water		271,599	327,114	327,114	24,438	73,720	81,778	(8,059)	-10%	327,114
Service charges - Waste Water Management		89,203	89,858	89,858	8,016	23,934	22,465	1,469	7%	89,858
Service charges - Waste management		66,890	65,412	65,412	6,306	18,580	16,353	2,227	14%	65,412
Sale of Goods and Rendering of Services		13,750	15,579	15,579	772	5,392	3,895	1,497	38%	15,579
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		199,982	168,880	168,880	21,193	60,262	42,220	18,042	43%	168,880
Interest from Current and Non Current Assets		8,550	7,000	7,000	890	700	1,750	-	-	7,000
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		26,000	26,930	26,930	2,656	7,852	6,732	1,120	17%	26,930
Licence and permits		1,056	1,200	1,200	67	184	300	(116)	-39%	1,200
Operational Revenue		3,299	3,134	3,134	544	1,112	784	329	42%	3,134
<b>Non-Exchange Revenue</b>										
Property rates		610,991	660,893	660,893	45,241	276,578	165,223	111,355	67%	660,893
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		59,462	30,660	30,660	7,443	9,256	7,665	1,591	-	30,660
Licence and permits		7,965	6,150	6,150	1,413	3,045	1,537	1,507	-	6,150
Transfers and subsidies - Operational		264,657	281,921	281,921	4,648	114,288	70,480	43,808	-	281,921
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		4,037	-	-	4,284	9,265	-	9,265	#DIV/0!	-
Gains on disposal of Assets		5,891	-	-	254	951	-	951	-	-
Other Gains		34,705	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>2,423,012</b>	<b>2,719,604</b>	<b>2,719,604</b>	<b>213,753</b>	<b>852,871</b>	<b>679,901</b>	<b>172,970</b>	<b>25%</b>	<b>2,719,604</b>
<b>Expenditure By Type</b>										
Employee related costs		819,285	881,637	881,637	71,118	212,655	220,410	(7,756)	-4%	881,637
Remuneration of councillors		32,224	35,559	35,559	2,663	8,053	8,890	(836)	-9%	35,559
Bulk purchases - electricity		672,362	785,000	785,000	60,870	176,278	196,250	(19,972)	-	785,000
Inventory consumed		254,407	305,900	305,900	17,243	38,802	76,475	(37,673)	-	305,900
Debt impairment		378,747	317,500	317,500	-	79,375	79,375	(0)	0%	317,500
Depreciation and amortisation		71,830	86,650	86,650	-	-	21,663	(21,663)	-100%	86,650
Interest		113,955	19,495	19,495	0	4	4,874	(4,869)	-100%	19,495
Contracted services		45,261	48,113	48,113	5,569	12,896	12,028	868	7%	48,113
Transfers and subsidies		2,599	4,560	4,560	-	-	1,140	(1,140)	-100%	4,560
Irrecoverable debts written off		-	-	-	4	5	-	5	-	-
Operational costs		124,234	145,639	145,639	13,258	44,610	36,411	8,200	23%	145,639
Losses on Disposal of Assets		-	-	-	-	-	-	-	-	-
Other Losses		78,885	61,200	61,200	-	-	15,300	(15,300)	-	61,200
<b>Total Expenditure</b>		<b>2,593,790</b>	<b>2,691,252</b>	<b>2,691,252</b>	<b>170,725</b>	<b>572,678</b>	<b>672,816</b>	<b>(100,137)</b>	<b>-15%</b>	<b>2,691,252</b>
<b>Surplus/(Deficit)</b>		<b>(170,778)</b>	<b>28,351</b>	<b>28,351</b>	<b>43,028</b>	<b>280,192</b>	<b>7,085</b>	<b>273,107</b>	<b>0</b>	<b>28,351</b>
Transfers and subsidies - capital (monetary allocations)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		108,149	214,233	214,233	6,185	10,029	53,558	(43,529)	(0)	214,233
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(59,242)</b>	<b>242,584</b>	<b>242,584</b>	<b>49,213</b>	<b>290,221</b>	<b>60,643</b>			<b>242,584</b>
Income Tax		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>(59,242)</b>	<b>242,584</b>	<b>242,584</b>	<b>49,213</b>	<b>290,221</b>	<b>60,643</b>			<b>242,584</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(59,242)</b>	<b>242,584</b>	<b>242,584</b>	<b>49,213</b>	<b>290,221</b>	<b>60,643</b>			<b>242,584</b>
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>(59,242)</b>	<b>242,584</b>	<b>242,584</b>	<b>49,213</b>	<b>290,221</b>	<b>60,643</b>			<b>242,584</b>

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

Vote Description	Ref	2022/23		Budget Year 2023/24						
		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		-	-	-	-	-	-	-	-	-
Vote 03 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	-	-	-	-	-	-	-
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 07 - Strategy Econ Development And Planning		8,996	10,000	10,000	-	-	2,500	(2,500)	-100%	10,000
Vote 08 - Infrastructure And Services		82,240	183,117	183,117	5,690	9,533	45,779	(36,246)	-79%	183,117
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	<b>91,236</b>	<b>193,117</b>	<b>193,117</b>	<b>5,690</b>	<b>9,533</b>	<b>48,279</b>	<b>(38,746)</b>	<b>-80%</b>	<b>193,117</b>
<b>Single Year expenditure appropriation</b>	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal And General		14,586	19,500	19,500	496	496	4,875	(4,379)	-90%	19,500
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		20,194	36,856	36,856	174	174	9,214	(9,040)	-98%	36,856
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	<b>34,780</b>	<b>56,356</b>	<b>56,356</b>	<b>669</b>	<b>669</b>	<b>14,089</b>	<b>(13,420)</b>	<b>-95%</b>	<b>56,356</b>
<b>Total Capital Expenditure</b>		<b>126,016</b>	<b>249,473</b>	<b>249,473</b>	<b>6,359</b>	<b>10,203</b>	<b>62,368</b>	<b>(52,165)</b>	<b>-84%</b>	<b>249,473</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>14,586</b>	<b>19,500</b>	<b>19,500</b>	<b>496</b>	<b>496</b>	<b>4,875</b>	<b>(4,379)</b>	<b>-90%</b>	<b>19,500</b>
Executive and council		14,586	19,500	19,500	496	496	4,875	(4,379)	-90%	19,500
Finance and administration		-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>44,387</b>	<b>50,000</b>	<b>50,000</b>	<b>5,403</b>	<b>7,812</b>	<b>12,500</b>	<b>(4,688)</b>	<b>-38%</b>	<b>50,000</b>
Planning and development		8,996	10,000	10,000	-	-	2,500	(2,500)	-100%	10,000
Road transport		35,392	40,000	40,000	5,403	7,812	10,000	(2,188)	-22%	40,000
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>67,042</b>	<b>179,973</b>	<b>179,973</b>	<b>461</b>	<b>1,895</b>	<b>44,993</b>	<b>(43,098)</b>	<b>-96%</b>	<b>179,973</b>
Energy sources		36,862	54,026	54,026	461	1,895	13,507	(11,611)	-86%	54,026
Water management		9,645	125,947	125,947	-	-	31,487	(31,487)	-100%	125,947
Waste water management		20,535	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>126,016</b>	<b>249,473</b>	<b>249,473</b>	<b>6,359</b>	<b>10,203</b>	<b>62,368</b>	<b>(52,165)</b>	<b>-84%</b>	<b>249,473</b>
<b>Funded by:</b>										
National Government		96,392	214,233	214,233	6,185	10,029	53,558	(43,529)	-81%	214,233
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov		-	-	-	-	-	-	-	-	-
Departm Agencies, Households, Non-profit Institutions, Private Enterprises,		-	-	-	-	-	-	-	-	-
Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		<b>96,392</b>	<b>214,233</b>	<b>214,233</b>	<b>6,185</b>	<b>10,029</b>	<b>53,558</b>	<b>(43,529)</b>	<b>-81%</b>	<b>214,233</b>
<b>Borrowing</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>29,624</b>	<b>35,240</b>	<b>35,240</b>	<b>174</b>	<b>174</b>	<b>8,810</b>	<b>(8,636)</b>	<b>-98%</b>	<b>35,240</b>
<b>Total Capital Funding</b>		<b>126,016</b>	<b>249,473</b>	<b>249,473</b>	<b>6,359</b>	<b>10,203</b>	<b>62,368</b>	<b>(52,165)</b>	<b>-84%</b>	<b>249,473</b>

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

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		109,536	174,327	174,327	122,643	174,327
Trade and other receivables from exchange transactions		1,093,008	734,354	734,354	1,201,311	734,354
Receivables from non-exchange transactions		876,734	2,173,122	2,173,122	973,304	2,173,122
Current portion of non-current receivables		–	–	–	–	–
Inventory		82,694	27,461	27,461	84,156	27,461
VAT		142,434	362,625	362,625	139,881	362,625
Other current assets		1	126	126	24	126
<b>Total current assets</b>		<b>2,304,408</b>	<b>3,472,014</b>	<b>3,472,014</b>	<b>2,521,319</b>	<b>3,472,014</b>
<b>Non current assets</b>						
Investments						
Investment property		212,356	223,856	223,856	212,851	223,856
Property, plant and equipment		2,023,360	2,190,939	2,190,939	2,033,067	2,190,939
Biological assets						
Living and non-living resources						
Heritage assets		12,071	12,071	12,071	12,071	12,071
Intangible assets		17,714	3,492	3,492	17,714	3,492
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	35,716	35,716	–	35,716
Other non-current assets		–	–	–	–	–
<b>Total non current assets</b>		<b>2,265,500</b>	<b>2,466,074</b>	<b>2,466,074</b>	<b>2,275,703</b>	<b>2,466,074</b>
<b>TOTAL ASSETS</b>		<b>4,569,908</b>	<b>5,938,089</b>	<b>5,938,089</b>	<b>4,797,022</b>	<b>5,938,089</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Financial liabilities		–	–	–	–	–
Consumer deposits		45,776	49,391	49,391	46,327	49,391
Trade and other payables from exchange transactions		1,288,030	937,683	937,683	1,165,795	937,683
Trade and other payables from non-exchange transactions		7,233	–	–	36,078	–
Provision		–	–	–	788	–
VAT		111,227	70,327	70,327	140,959	70,327
Other current liabilities		–	94,029	94,029	–	94,029
<b>Total current liabilities</b>		<b>1,452,266</b>	<b>1,151,431</b>	<b>1,151,431</b>	<b>1,389,946</b>	<b>1,151,431</b>
<b>Non current liabilities</b>						
Financial liabilities		159,430	158,166	158,166	159,430	158,166
Provision		257,313	285,658	285,658	257,313	285,658
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	–	–	–	–
<b>Total non current liabilities</b>		<b>416,743</b>	<b>443,824</b>	<b>443,824</b>	<b>416,743</b>	<b>443,824</b>
<b>TOTAL LIABILITIES</b>		<b>1,869,008</b>	<b>1,595,254</b>	<b>1,595,254</b>	<b>1,806,689</b>	<b>1,595,254</b>
<b>NET ASSETS</b>	2	<b>2,700,900</b>	<b>4,342,835</b>	<b>4,342,835</b>	<b>2,990,333</b>	<b>4,342,835</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		2,636,046	4,261,958	4,261,958	2,926,268	4,261,958
Reserves and funds		64,066	80,876	80,876	64,066	80,876
Other		–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>2,700,112</b>	<b>4,342,835</b>	<b>4,342,835</b>	<b>2,990,333</b>	<b>4,342,835</b>

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

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		453,721	543,052	543,052	41,814	142,903	135,763	7,140	5%	543,052
Service charges		1,024,096	1,354,795	1,354,795	96,925	269,271	338,699	(69,428)	-20%	1,354,795
Other revenue		724,269	79,844	79,844	79,426	186,573	19,961	166,612	835%	79,844
Transfers and Subsidies - Operational		100,622	281,921	281,921	-	115,162	70,480	44,682	63%	281,921
Transfers and Subsidies - Capital		113,738	214,233	214,233	1,000	38,000	53,558	(15,558)	-29%	214,233
Interest		567	-	-	440	1,690	-	1,690	#DIV/0!	-
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		(3,355,326)	(2,215,507)	(2,215,507)	(167,067)	(657,312)	(553,877)	103,435	-19%	(2,215,507)
Interest		(2,401)	(19,495)	(19,495)	-	2,401	(4,874)	(7,275)	149%	(19,495)
Transfers and Subsidies		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(940,714)</b>	<b>238,844</b>	<b>238,844</b>	<b>52,538</b>	<b>98,689</b>	<b>59,711</b>	<b>(38,978)</b>	<b>-65%</b>	<b>238,844</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	254	951	-	951	#DIV/0!	-
Decrease (increase) in non-current receivables		-	35,716	35,716	-	-	8,929	(8,929)	-100%	35,716
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets		(126,016)	(249,473)	(249,473)	(6,359)	(10,203)	(62,368)	(52,165)	84%	(249,473)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(126,016)</b>	<b>(213,757)</b>	<b>(213,757)</b>	<b>(6,105)</b>	<b>(9,252)</b>	<b>(53,439)</b>	<b>(44,187)</b>	<b>83%</b>	<b>(213,757)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	120	333	-	333	#DIV/0!	-
<b>Payments</b>										
Repayment of borrowing		-	(13,351)	(13,351)	-	-	(3,338)	(3,338)	100%	(13,351)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>(13,351)</b>	<b>(13,351)</b>	<b>120</b>	<b>333</b>	<b>(3,338)</b>	<b>(3,671)</b>	<b>110%</b>	<b>(13,351)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(1,066,730)</b>	<b>11,736</b>	<b>11,736</b>	<b>46,553</b>	<b>89,770</b>	<b>2,934</b>			<b>11,736</b>
Cash/cash equivalents at beginning:		197,591	198,307	198,307	151,498	109,536	198,307			109,536
Cash/cash equivalents at month/year end:		(869,139)	210,043	210,043		199,306	201,241			121,272

The BTO made a concerted effort to align the Cash and equivalents of A6 and A7 for the Original budget for 2023/24 financial year, by relooking at the mapping as advised by NT and BCX. However, there appears to be some system errors that must be resolved so that the monthly and YTD actuals populate correctly. The Cash and Cash equivalents is also significantly overstated. **As per C6, the Cash and cash equivalents is R122,643 million as per the Cash book balance.**

## 15. Municipal Manager's quality certification

### Quality Certificate

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

the Monthly Budget Statement

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

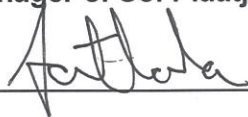
Mid-year Budget and Performance Assessment

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

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

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

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



**Date:** 11 /10/2023