



Budget Statement

MFMA Section 71 Report

31 October 2023

Govan Mbeki Municipality

1. Introduction

1.1 Purpose

To comply with section 71(1) of the Municipal Finance Management Act (MFMA), by submission of a report in a prescribed format to the Mayor within 10 working days after the end of each month on the state of the Municipality's budget.

The monthly Budget Statement also aims to provide an update on indicators critical to the municipality's viability and serve as an early warning indicator where remedial action is required. The consolidated performance is a high-level overview of the municipality's viability and sustainability.

1.2 Background

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating sustainability and better medium-term planning and policy choices on service delivery.

The report has been prepared in terms of the following legislative framework:

- i. The Municipal Finance Management Act – No.56 of 2003
- ii. And the Municipal Budget and Reporting Regulations

The MBRR highlights the format of the monthly budget statements.

"28. the monthly budget statement of a municipality must be in the format specified in Schedule C and includes 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."

The objective of these Regulations is to ensure sound and sustainable management of the budgeting and reporting practices of Municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability, and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters as required by the Act.

2. Section 13: Quality Certification by Accounting Officer

QUALITY CERTIFICATE

I **E.N. Maseko**, the Municipal Manager of **Govan Mbeki Municipality**, hereby certify that: -

- The monthly budget statement report; and
- The supporting documentation for the month of **OCTOBER 2023** has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name: M. Moloto

Chief Financial Officer of Govan Mbeki Municipality (MP307)

Signature: 

Date: 13/11/2023

Print Name: E.N. Maseko

Municipal Manager of Govan Mbeki Municipality (MP307)

Signature: 

Date: 13/11/2023

1. SALIENT FEATURES OF FINANCIAL RESULTS ARE AS FOLLOWS

Operating Revenue

The overall performance on the revenue component is 20% below target for the month.

Operating Expenditure

The overall monthly performance on the expenditure component is 4% above target.

Bulk purchases, inventory consumed and finance charges are above monthly target by 66%, 8% and 234% respectively, should the trend continue at the same rate there will be an unauthorised expenditure in these line items at the end of the financial year.

Capital Expenditure

Total Capital Expenditure to date is R 63 556 375.06 of this amount R 21 695 921.38 relates to INEP funding, R 32 122 197.65 relates to MIG funding, whilst R 9 738 256.03 is from internally generated funds.

Description	Funding	Allocation per DoRA/2023 MTREF	Actual received including rollover	YTD Expenditure	Available as at 31 October 23
Integrated National Electrification Programme Grant	INEP	42 650 000.00	13 000 000.00	21 695 921.38	20 954 078.62
Municipal Infrastructure Grant	MIG	65 406 550.00	40 814 000.00	32 122 197.65	33 284 352.35
Water Service Infrastructure Grant	WSIG	0.00	3 047 401.00	0.00	3 047 401.00
Own Funding	Revenue	64 620 000.00	64 620 000.00	9 738 256.03	54 881 743.97
Total		172 676 550.00	121 481 401.00	63 556 375.06	112 167 575.94

Unspent Capital Grants

- The grant spending is reported as a percentage on the total allocation as per DoRA.
- The MIG spent to date of 49% is based on the overall allocation as per DoRA. The percentage of MIG spent on the allocation already received is 79%.
- The percentage of INEP spent over the total allocation is 51%. Expenditure percentage based on the actual allocation already received is 166%.

Grants	Allocation per DoRA	Received Including rollover	Expenditure as at 31 October 23	Unspent 2023/2024	YTD %
Integrated National Electrification Programme Grant	42 650 000.00	13 000 000.00	21 695 921.38	20 954 078.62	51%
Municipal Infrastructure Grant	65 406 550.00	40 814 000.00	32 122 197.65	33 284 352.35	49%
Mining company: Sasol	0.00	77 554.38	0.00	77 554.38	0%
Water Services Infrastructure	0.00	3 047 401.00	0.00	3 047 401.00	0%
Total	108 056 550.00	56 938 955.38	53 818 119.03	57 363 386.35	72%

Unspent Operational Grants

Grants	Allocation per DoRA	Received including rollover	Expenditure as at 31 October 23	Unspent 2023/2024	YTD %
Extended Public works Programme	2 713 000.00	679 000.00	2 713 000.00	0.00	100%
Financial Management Grants	2 100 000.00	2 100 000.00	210 134.34	1 889 865.66	10%
Infrastructure Skills Development Grant	24 000 000.00	14 000 000.00	14 000 000.00	10 000 000.00	58%
Arts and Culture	0.00	493 887.00	0.00	493 887.00	0%
LG Seta	1 000 000.00	0.00	544 710.00	455 290.00	54%
Economic Development and Tourism	0.00	313 901.00	0.00	313 901.00	0%
Gert Sibande District Municipality	0.00	274 580.00	0.00	274 580.00	0%
Energy Efficiency Demand Grant	0.00	406 149.00	0.00	406 149.00	0%
Pre-Capacity grant	0.00	150 000.00	55 119.00	94 881.00	37%
Equitable share	426 701 000.00	177 792 000.00	177 792 000.00	248 909 000.00	42%
Total	456 514 000.00	196 209 517.00	195 314 963.34	262 837 553.66	43%

Creditors

The total creditors balance for the month of OCTOBER 2023 amounted to R 5 278 441 000.00. The major creditors are Eskom and Rand Water.

Description	NT Code	Budget Year 2023/24										Total	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days	Over 1 Year	Over 1 Year			
Creditors Age Analysis By Customer Type													
Bulk Electricity	0100	124 530	118 376	161 295	4 050 545								4 454 745
Bulk Water	0200	45 452	27 975	30 045	676 367								779 839
PAYE deductions	0300	0	0	0	0								0
VAT (output less input)	0400	0	0	0	0								0
Pensions / Retirement deductions	0500	0	0	0	0								0
Loan repayments	0600	0	0	0	0								0
Auditor General	0800	1 447			43								1 490
Other	0900												0
Total By Customer Type	1000	187 352	153 149	193 133	4 744 808	0	0	0	0	0	0	0	5 278 441

Debtors

Our Debtors book had a total balance of R 3 684 293 000 as at end of October 2023. The debtors' payment rate for the month is 82%.

MP307 Govan Mbeki - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 - October

Description	NT Code	Budget Year 2023/24										Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dye-1 Yr	Over 1Yr	Total		
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	1200	48 341	28 134	21 779	17 421	18 020	17 878	15 225	893 995	1 059 792	963 539	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	38 870	16 654	12 911	10 689	8 610	9 146	8 152	331 883	435 725	367 290	
Receivables from Non-exchange Transactions - Property Rates	1400	28 198	11 707	10 352	9 289	8 186	7 766	7 829	253 991	337 116	286 860	
Receivables from Exchange Transactions - Waste Water Management	1500	14 188	10 257	8 223	7 184	6 739	8 908	6 500	338 441	398 440	365 772	
Receivables from Exchange Transactions - Waste Management	1600	13 191	9 426	7 385	7 030	6 539	6 445	6 348	307 804	364 167	334 165	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	
Interest on Anear Debtor Accounts	1810	23 768	22 747	22 366	22 237	21 199	18 691	18 461	566 678	716 177	647 266	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	
Other	1900	4 386	3 784	3 222	96 402	4 846	2 497	3 058	254 688	372 876	361 502	
Total By Income Source	2000	170 922	100 710	86 267	170 262	74 138	66 333	66 362	2 947 279	3 684 293	3 326 394	
2022/23 - totals only		172 232	95 602	184 401	71 126	64 753	64 811	285 913	2 381 888	3 300 727	2 848 492	
Debtors Age Analysis By Customer Group												
Organs of State	2200	5 662	2 085	1 247	1 024	1 020	837	805	41 016	53 896	44 702	
Commercial	2300	48 796	12 121	9 515	102 376	10 093	7 363	7 603	222 121	420 288	349 855	
Households	2400	118 443	86 524	75 508	66 863	63 024	60 134	57 674	2 694 142	3 210 309	2 931 837	
Other	2500	-	-	-	-	-	-	-	-	-	-	
Total By Customer Group	2600	170 922	100 710	86 267	170 262	74 138	66 333	66 362	2 947 279	3 684 293	3 326 394	

The following table indicates the consumer debtor's payment rate for the month:

Type Of Service	Total Settlements	Total Movement	Movement less Other adjustments	Billing	Credit Notes	Debit Notes	Other Adjustments	Payment Rate (Movement)
Water	26 152 202.28	-94 781 034.22	42 297 381.24	47 892 034.09	-7 314 988.39	1 720 335.54	-137 078 415.46	62%
Electricity	43 742 846.40	3 403 916.12	45 914 088.24	48 557 978.47	-2 862 091.64	218 201.41	-42 510 172.12	95%
Loans/old debt	7 472.12	0.00	0.00	0.00	0.00	0.00	0.00	
Rates	31 243 763.95	16 775 411.38	33 508 306.30	34 268 026.83	-1 967 092.81	1 207 372.28	-16 732 894.92	93%
Annual rates	56 619.56	0.00	0.00	0.00	0.00	0.00	0.00	
Refuse	5 519 355.30	-36 963 563.35	12 448 612.61	12 487 472.44	-83 518.70	44 658.87	-49 412 175.96	44%
Sewerage	6 251 851.89	-42 183 770.65	12 659 239.79	13 763 581.91	-1 181 994.24	77 652.12	-54 843 010.44	49%
Miscellaneous	218 111.79	-14 314 956.80	401 222.58	211 746.38	0.00	189 476.20	-14 716 179.38	54%
Miscellaneous(no vat)	333 052.97	-546 938.92	-546 938.92	334 325.57	-932 948.69	51 684.20	0.00	-61%
Vat								
Interest	721 988.49	22 347 627.93	22 347 627.93	22 877 975.51	-530 347.58	0.00	0.00	3%
Payment advanced	5 879 992.64	0.00	0.00	0.00	0.00	0.00	0.00	
Total	120 127 257.39	-146 263 308.51	169 029 539.77	180 393 141.20	-14 872 982.05	3 509 380.62	-315 292 848.28	71%

Debtors Opening Balance	3 637 948 000.00
Add: Billing for the Month	184 898 795.64
Debtors Write off	
Less: Debtors Closing Balance	3 684 293 000.00
Payment rate	138 553 795.64
	82%

Cash Flows

As of 31 October 2023, we had a positive bank statement balance of R 6 275 179.61 and a negative cash book balance of R 28 270 483.71.

Investments

The following table indicates the investments for the month of OCTOBER 2023

Investment Type	Institution	01-Oct-23	31-Oct-23
Short term fixed deposits	Absa 3 Months Fixed Deposit	101 645 972.44	102 468 670.31
	Nedbank 3 Months Fixed Deposit	102 910 077.60	103 712 148.65
Listed Investments	Old Mutual Shares	26 506.44	26 506.44
	Old Mutual Shares	364 812.00	364 812.00
	Sanlam	143 147.76	143 147.76
	Shares Nedbank	16 000.60	16 000.60
	Shares Nedbank	220 808.28	220 808.28
	Quilter PLC	12 036.96	12 036.96
	Quilter PLC	165 874.71	165 874.71
Short term Call Investment	Standard Bank Cheque 038787024003	472 327.86	475 456.87
	Standard Bank Cheque MIG 38787024008	4 620 941.36	4 647 040.18
	Standard Bank Call Account 038787024009	25 222 720.72	29 242 720.72
	Standard Bank Current 030195276000	4 088 696.47	4 173 349.34
Total Investments		239 909 923.20	245 668 572.82

Water and Electricity Distribution Losses for October 2023 (KL / Units)

Service	Purchased	Sold	Current % Loss	Average 22/23	Average 21/22
Electricity	49,289,609	17,846,762	-63.79%	-62.51%	-60.50%
Water	2,580,039	1,448,193	-43.87%	-49.62%	-32.56%

Water and Electricity Distribution Losses: Accumulated: July 2023 to October 2023(KL / Units)

Service	Purchased	Sold	Current % Loss	Average 22/23	Average 21/22
Electricity	203,405,365	76,806,721	-62.24%	-64.48%	-64.46%
Water	10,596,568	5,721,555	-46.01%	-38.38%	-34.38%

Expenditure

Electricity bulk purchases are 66% above monthly target, adjusted budget will be done during adjusted budget processes to cater for this expenditure.

Contracted services are on target.

Transfers and subsidies for the month of October were not posted due to system challenges.

Inventory consumed which include water purchases are 8% above monthly target, close monitoring is necessary for this line item as it may result in an unauthorised expenditure at year end.

Depreciation and impairment of asset is 38% below monthly target.

Other expenditure is 41% below monthly target, due to cash constraints some of the programmes were to be delayed.

Expenditure of Staff Benefits for the month of October 2023

Salary bill for Councillors	R 8 840 759.45
Salary bill for employee's	R 54 469 982.47
Total staff compliments	1167 (Full time)
Staff resignations	5
Staff Appointments	1

Summary of staff processed.

Company	Description	Number of Officials	Total
Company 1	Full time	1167	51 549 469.22
Company 2	EPWP	657	1 963 844.00
Company 3	Councillors	62	8 840 759.45
Company 4	Directors	6	756 843.00
Company 7	Temps	5	46 477.95
Company 8	Point Duty Officers	36	153 348.30
TOTAL		1933	63 310 741.92

Attached to the report are the following appendices.

APPENDIX A: C Schedules-M04

APPENDIX B: Deviations –No deviations for the month

APPENDIX C: Purchases above R100 000 – **R 78 843 101.55**

APPENDIX D: Insurances report – **R 13 383 737.95**

APPENDIX E: Capital Expenditure – **R 87 436 343.73**

APPENDIX F: Government Debtors – **R 11 245 181.18**

APPENDIX G: Fruitless and Wasteful Expenditure – **R 39 346 201.20**