



Budget Statement

MFMA Section 71 Report

30 November 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 **NOVEMBER 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: 13/12/2023

Print Name: E.N. Maseko

Municipal Manager of Govan Mbeki Municipality (MP307)

Signature: 

Date: 13/12/2023.

1. SALIENT FEATURES OF FINANCIAL RESULTS ARE AS FOLLOWS

Operating Revenue

The overall performance on the revenue component is 23% below target for the month.

Operating Expenditure

The overall monthly performance on the expenditure component is 2% above target.

Bulk purchases, inventory consumed and finance charges are above monthly target by 60%, 6% and 250% 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 66 258 499.51 of this amount R 21 695 921.38 relates to INEP funding, R 32 905 195.36 relates to MIG funding, whilst R 11 657 382.77 is from internally generated funds.

Description	Funding	Allocation per DoRA/2023 MTREF	Actual received including rollover	YTD Expenditure	Available as at 30 November 23
Integrated National Electrification Programme Grant	INEP	40 080 000.00	27 500 000.00	21 695 921.38	18 384 078.62
Municipal Infrastructure Grant	MIG	60 793 550.00	40 814 000.00	32 905 195.36	27 888 354.64
Water Service Infrastructure Grant	WSIG	0.00	3 047 401.00	0.00	3 047 401.00
Provincial Treasury Grant	PT Grant	0.00	10 020 000.00	0.00	10 020 000.00
Own Funding	Revenue	64 620 000.00	64 620 000.00	11 657 382.77	52 962 617.23
Total		165 493 550.00	146 001 401.00	66 258 499.51	112 302 451.49

Unspent Capital Grants

- The grant spending is reported as a percentage on the total allocation as per DoRA.
- The MIG spent to date of 54% is based on the overall allocation as per DoRA. The percentage of MIG spent on the allocation already received is 81%.
- The percentage of INEP spent over the total allocation is 54%. Expenditure percentage based on the actual allocation already received is 79%.

Grants	Allocation per DoRA	Received including rollover	Expenditure as at 30 November 23	Unspent 2023/2024	YTD %
Integrated National Electrification Programme Grant	40 080 000.00	27 500 000.00	21 695 921.38	18 384 078.62	54%
Municipal Infrastructure Grant	60 793 550.00	40 814 000.00	32 905 195.36	27 888 354.64	54%
Mining company: Sasol	0.00	77 554.38	0.00	77 554.38	0%
Water Services Infrastructure Grant	0.00	3 047 401.00	0.00	3 047 401.00	0%
Provincial Treasury Grant	0.00	10 020 000.00	0.00	10 020 000.00	0%
Total	100 873 550.00	81 458 955.38	54 601 116.74	59 417 388.64	54%

Unspent Operational Grants

Grants	Allocation per DoRA	Received Including Transfer	Expenditure as at 30 November 23	Unspent 2023/2024	YTD %
Extended Public works Programme	2 713 000.00	2 713 000.00	2 713 000.00	0.00	100%
Financial Management Grants	2 100 000.00	2 100 000.00	561 368.59	1 538 631.41	27%
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	718 390.58	281 609.42	72%
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	195 839 878.17	262 312 638.83	43%

Creditors

The total creditors balance for the month of November 2023 amounted to R 5 489 834 000. 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 1 Year	Over 1 Year	of		
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	125 481	120 089	118 376	4 211 840							4 575 785
Bulk Water	0200	48 454	27 129	27 975	706 413							809 971
PAYE deductions	0300	0	0	0	0	0	0	0	0	0	0	0
VAT (output less input)	0400	0	0	0	0	0	0	0	0	0	0	0
Pensions / Retirement deductions	0500	0	0	0	0	0	0	0	0	0	0	0
Loan repayments	0600	0	0	0	0	0	0	0	0	0	0	0
Trade Creditors	0700	73 968	5 863	6 026	18 178							104 035
Auditor General	0800	1 447			43							43
Other	0900											0
Total By Customer Type	1000	247 903	153 080	152 377	4 936 474	0	0	0	0	0	0	5 489 834

Debtors

Our Debtors book had a total balance of R 3 713 529 000 as at end of November 2023. The debtors' payment rate for the month is 98%.

Choose name from list - Supporting Table SC3 Monthly Budget Statement - aged debtors - M05 - November

Description	NT Code	Budget Year 2023/24										Total
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dye	151-180 Dye	181 Dye-1 Yr	Over 1Yr	Total over 90 days		
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	1200	51 760	24 527	23 827	20 799	17 007	17 767	17 615	897 316	1 070 619	970 504	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	41 324	15 114	13 074	11 553	9 772	8 090	7 790	325 063	431 790	362 278	
Receivables from Non-exchange Transactions - Property Rates	1400	27 076	11 151	9 842	9 443	8 893	7 790	7 355	255 584	336 928	288 858	
Receivables from Exchange Transactions - Waste Water Management	1500	14 552	9 809	8 483	7 937	7 032	6 850	6 829	345 000	494 751	371 377	
Receivables from Exchange Transactions - Waste Management	1600	12 647	9 866	7 458	7 086	6 905	6 485	6 362	3 574	4 37 931	339 117	
Receivables from Exchange Transactions - Property Rental Debtors	1700											
Interest on Arrear Debtor Accounts	1810	23 771	23 242	22 305	21 997	21 858	20 732	19 277	575 111	655 557		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820											
Other	1900	12 551	2 170	3 024	3 124	55 305	4 741	2 404	351 935	376 127	358 383	
Total By Income Source	2000	183 711	94 681	88 053	81 853	167 566	72 234	66 631	2 958 801	3 713 529	3 347 085	
2022/23 - totals only		181 331	105 213	81 950	177 555	58 840	63 552	292 505	2 405 488	3 357 627	3 009 132	
Debtors Age Analysis By Customer Group												
Organs of State	2200	5 046	2 257	842	951	892	851	552	33 176	44 778	36 532	
Commercial	2300	60 141	9 943	10 596	8 919	102 059	9 789	7 037	220 238	428 681	348 062	
Households	2400	118 524	82 481	75 574	71 973	54 514	51 585	59 942	2 705 377	3 240 071	2 962 491	
Other	2500											
Total By Customer Group	2600	183 711	94 681	88 053	81 853	167 566	72 234	66 631	2 958 801	3 713 529	3 347 085	

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

Type of Service	Total Settlements	Total Movement	Billing	Credit Notes	Debit Notes	Other Adjustments	Payment Rate (Movement)
Water	-29 771 958.17	41 444 607.53	44 699 864.14	-3 396 589.33	82 089.58	59 243.14	-72%
Electricity	-29 854 765.57	34 108 105.72	39 156 639.37	-5 131 880.01	84 220.05	-873.69	-88%
Loans/Old Debt	-7 386.89	0.00	0.00	0.00	0.00	0.00	
Rates	-25 170 227.72	33 490 314.97	34 295 490.32	-955 806.51	150 631.16	0.00	-75%
Annual Rates	-52 948.69	0.00	0.00	0.00	0.00	0.00	
Refuse	-5 101 306.74	10 098 841.05	12 502 730.11	-2 453 224.41	49 335.35	0.00	-51%
Sewerage	-5 506 679.08	13 264 612.28	13 405 103.76	-245 488.61	104 997.13	0.00	-42%
Miscellaneous	-121 399.73	243 924.33	242 437.38	-5 876.01	159.26	7 203.70	-50%
Miscellaneous (No Vat)	-396 277.93	358 046.83	325 861.83	0.00	32 185.00	0.00	-111%
Interest	-644 317.15	23 655 233.61	23 785 442.43	-130 208.82	0.00	0.00	-3%
Payment Advanced	-2 993 450.45	0.00	0.00	0.00	0.00	0.00	
Total	-99 620 718.12	156 663 686.32	168 413 569.34	-12 319 073.70	503 617.53	65 573.15	-64%

Debtors Opening Balance	3 684 293 000.00
Add: Billing for the Month	194 681 255.94
Debtors Write off	0.00
Less: Debtors Closing Balance	3 713 529 000.00
	165 445 255.94
Payment rate	98%

Cash Flows

As of 30 November 2023, we had a positive bank statement balance of R 28 535 579.31 and a negative cash book balance of R 32 097 469.28

Investments

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

Investment Type	Institution	01-Nov-23	30-Nov-23
Short term fixed deposits	Absa 3 Months Fixed Deposit	102 468 670.31	103 260 779.85
	Nedbank 3 Months Fixed Deposit	103 712 148.65	104 464 090.25
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	475 456.87	478 505.00
	Standard Bank Cheque MIG 38787024008	4 647 040.18	4 672 439.76
	Standard Bank Call Account 038787024009	29 409 148.89	9 572 765.77
	Standard Bank Current 030195276000	4 173 349.34	4 252 416.27
Total Investments		245 835 000.99	227 650 183.65

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

Service	Purchased	Sold	Current % Loss	Average 22/23	Average 21/22
Electricity	44,792,355	20,132,700	-55.05%	-62.51%	-60.50%
Water	2,614,313	1,565,683	-40.11%	-49.62%	-32.56%

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

Service	Purchased	Sold	Current % Loss	Average 22/23	Average 21/22
Electricity	248,197,720	96,939,421	-60.94%	-64.48%	-64.46%
Water	13,210,881	7,287,238	-44.84%	-38.38%	-34.38%

Expenditure

Electricity bulk purchases are 60% above monthly target, adjusted budget will be done during adjusted budget processes to cater for this expenditure.

Contracted services are 2% above monthly target.

Transfers and subsidies are 28% above monthly target.

Inventory consumed which include water purchases are 6% 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 35% below monthly target, due to cash constraints some of the programmes were to be delayed.

Progress on the budget funding plan

Council approved the 2023/24 Budget Funding Plan (BFP) together with the budget on the 31st of May 2023.

The progress recorded as of 30 November 2023 is at 20%. The total anticipated revenue is R1 123 025 000.00 of which an amount of R 224 216 780.65 has been collected to date.

Expenditure of Staff Benefits for the month of November 2023

Salary bill for Councillors R 2 043 603.70
Salary bill for Employees R 55 392 946.43

Total staff compliments 1 172 (Full time)

Staff resignations 2
Staff Appointments 10

Summary of staff processed.

Company	Description	Number of Officials	Total
Company 1	Full time	1172	51 801 542.42
Company 2	EPWP	678	2 043 603.7
Company 3	Councillors	62	2 559 143.21
Company 4	Directors	6	774 856.35
Company 7	Temps	5	50 404.95
Company 8	Point Duty Officers	34	206 999.5
TOTAL		1957	57 436 550.13

Attached to the report are the following appendices.

APPENDIX A: C Schedules-M05

APPENDIX B: Deviations –No deviations for the month

APPENDIX C: Purchases above R100 000 – **R 54 900 004.98**

APPENDIX D: Insurances report – **R 13 568 635.40**

APPENDIX E: Capital Expenditure – **R 66 258 499.51**

APPENDIX F: Government Debtors – **R 15 599 741.15**

APPENDIX G: Fruitless and Wasteful Expenditure – **R 42 721 649.60**

APPENDIX H: Budget Funding Plan