



Budget Statement

MFMA Section 71 Report

31 JANUARY 2024

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 **JANUARY 2024** 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: 14/02/2024

Print Name: E.N. Maseko

Municipal Manager of Govan Mbeki Municipality (MP307)

Signature: 

Date: 14/02/2024

1. SALIENT FEATURES OF FINANCIAL RESULTS ARE AS FOLLOWS

Operating Revenue

The overall performance on the revenue component is 18% below target for the month.

Operating Expenditure

The overall monthly performance on the expenditure component is 8% above target.

Bulk purchases, inventory consumed and finance charges are above monthly target by 43%, 10% and 182% 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 110 189 117.31 of this amount R 31 465 198.28 relates to INEP funding, R 61 921 201.61 relates to MIG funding, R 1 075 023.11 relates to WSIG, R 2 961 071.15 relates to Provincial Treasury funding whilst R 12 766 623.15 is from internally generated funds.

Description	Funding	Allocation per DoRA23/24 MTREF	Actual received Including rollover	Expenditure as at 31 January 24	Available as at 31 January 24
Integrated National Electrification Programme Grant	INEP	40 080 000.00	27 500 000.00	31 465 198.28	8 614 801.72
Municipal Infrastructure Grant	MIG	60 793 550.00	58 017 000.00	61 921 201.61	-1 127 651.61
Water Service Infrastructure Grant	WSIG	0	3 047 401.00	1 075 023.11	1 972 377.89
Provincial Treasury Grant	PT Grant	0	10 020 000.00	2 961 071.15	7 058 928.85
Own Funding	Revenue	64 620 000.00	64 620 000.00	12 766 623.15	51 843 376.85
Total		165 493 550.00	163 204 401.00	110 189 117.31	53 015 283.69

Unspent Capital Grants

- The grant spending is reported as a percentage on the total allocation as per DoRA.
- The MIG spent to date of 102% is based on the overall allocation as per DoRA. The percentage of MIG spent on the allocation already received is 107%.
- The percentage of INEP spent over the total allocation is 79%. Expenditure percentage based on the actual allocation already received is 114%.

Grants	Allocation per DoRA	Received Including rollover	Expenditure as at 31 January 24	Unspent 2023/2024	YTD %
Integrated National Electrification Programme Grant	40 080 000.00	27 500 000.00	31 382 852.81	8 614 801.72	79%
Municipal Infrastructure Grant	60 793 550.00	58 017 000.00	61 921 201.61	-1 127 651.61	102%
Mining company: Sasol	0	77 554.38	0	77 554.38	0%
Water Services Infrastructure	0	3 047 401.00	1 075 023.11	1 972 377.89	35%
Provincial Treasury Grant	0	10 020 000.00	2 961 071.15	7058928.85	29%
Total	100 873 550.00	98 661 955.38	97 422 494.16	17 510 404.38	96%

Unspent Operational Grants

Grants	Allocation per DoRA	Received including rollover	Expenditure as at 31 January 24	Unspent 2023/2024	YTD %
Extended Public works Programme	2 713 000.00	679 000.00	2 713 000.00	0	100%
Financial Management Grants	2 100 000.00	2 100 000.00	978 590.28	1 121 409.72	45%
Infrastructure Skills Development Grant	24 000 000.00	23 000 000.00	14 000 000.00	10 000 000.00	58%
Arts and Culture	0	234 858.00	0	234 858.00	0%
LG Seta	1 000 000.00	0	968 971.55	31 028.45	97%
Economic Development and Tourism	0	313 901.00	0	313 901.00	0%
Gert Sibande District Municipality	0	274 580.00	0	274 580.00	0%
Energy Efficiency Demand Grant	0	406 149.00	0	406 149.00	0%
Pre-Capacity grant	0	266 086.00	55 119.00	210 967.00	21%
Equitable share	426 701 000.00	320 026 000.00	320 026 000.00	106 675 000.00	75%
Total	456 514 000.00	347 300 574.00	338 741 680.83	119 267 893.17	74%

Creditors

The total creditors balance for the month of January 2024 amounted to R 5 454 543. The major creditors are Eskom and Rand Water.

MP307 Govan Mbeki - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 - January

Description	NT Code	Budget Year 2023/24										Total	Prior year total for char: same period	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year					
R thousands														
Creditors Age Analysis By Customer Type														
Bulk Electricity	0100	92 238	52 019	116 728	35 936	118 376	161 295	155 059	630 643				1 372 305	215 619
Bulk Water	0200	6 908	6 734	7 159	7 115	6 611	6 722	2 626	39 614				83 499	30 793
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-	-	117 170
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	55 141	39 615	9 759	-	53	-	-	3 894 159				3 998 738	3 636 645
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	154 287	108 370	133 656	43 051	125 040	168 017	157 695	4 564 426	5 454 543	4 200 228			

Debtors

The total debtors book balance for the month of January 2024 amounted to R 3 810 160 000. The debtors' payment rate for the month is 81.5%.

MP307 Govan Mbeki - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 - January

R thousands	Description	NT Code	Budget Year 2023/24										Total	Total over 90 days
			0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dys-1 Yr	Over 1Yr				
Debtors Age Analysis By Income Source														
	Trade and Other Receivables from Exchange Transactions - Water	1200	34 209	23 079	24 874	22 195	22 311	19 992	16 589	924 646	1 087 774	1 055 812		
	Trade and Other Receivables from Exchange Transactions - Electricity	1300	34 089	14 874	12 591	11 316	11 020	10 144	8 990	329 913	452 827	371 283		
	Receivables from Non-exchange Transactions - Property Rates	1400	26 193	11 739	9 792	8 890	8 602	8 362	7 639	266 463	337 650	285 937		
	Receivables from Exchange Transactions - Waste Water Management	1500	13 373	9 733	9 807	8 571	7 942	7 595	6 895	353 878	417 774	384 961		
	Receivables from Exchange Transactions - Waste Management	1600	12 628	9 223	9 397	7 545	7 111	6 899	6 753	322 799	381 223	351 384		
	Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-		
	Interest on Arrear Debtor Accounts	1810	24 277	23 765	23 392	22 893	22 095	21 765	21 645	609 523	759 335	697 802		
	Recoverable unauthorised, irregular, frauds and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
	Other	1900	10 159	9 991	7 517	2 024	2 639	2 997	96 072	252 789	393 577	355 510		
	Total By Income Source	2000	154 828	101 802	96 340	83 413	81 710	77 635	164 542	3 049 889	3 810 160	3 457 190		
	2022/23 - totals only		175 619	91 934	83 235	82 396	72 220	170 773	292 399	2 487 170	3 455 745	3 104 957		
Debtors Age Analysis By Customer Group														
	Organs of State	2200	4 543	1 420	1 221	1 057	854	914	845	33 992	44 836	37 551		
	Commercial	2300	40 856	17 895	13 991	7 653	9 612	8 097	101 291	221 059	429 413	347 591		
	Household	2400	109 329	82 487	81 238	74 704	71 245	68 655	62 406	2 794 848	3 344 911	3 071 859		
	Other	2500	-	-	-	-	-	-	-	-	-	-		
	Total By Customer Group	2600	154 828	101 802	96 340	83 413	81 710	77 635	164 542	3 049 889	3 810 160	3 457 190		

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	-1 842 424.54	0.00	0.00	0.00	0.00	0.00
DEPOSITS	-117 131.60	511 270.59	0.00	-1 217.00	0.00	512 487.59
AGREEMENTS	-528 320.90	1 152 092.34	0.00	0.00	0.00	1 152 092.34
INDIGENT FLAT CREDIT	-3 164.48	-6 933 379.85	0.00	-3 452 854.33	239.00	-3 480 764.52
WATER	-25 489 917.51	41 045 406.51	42 905 471.19	-1 590 393.15	97 061.85	-366 733.38
ELECTRICITY	-28 448 423.96	35 912 271.53	38 959 424.36	-3 217 533.97	234 435.45	-64 054.31
LOANS/OLD DEBT	-2 478.33	0.00	0.00	0.00	0.00	0.00
RATES	-23 701 637.96	23 700 431.91	34 317 086.24	-10 801 901.84	185 247.51	0.00
ANNUAL RATES	-99 198.43	0.00	0.00	0.00	0.00	0.00
REFUSE	-4 933 024.66	12 038 331.83	12 510 995.88	-478 343.97	5 679.92	0.00
SEWERAGE	-4 923 262.84	12 433 797.57	12 763 809.51	-411 054.73	81 042.79	0.00
MISCELLANEOUS	-134 783.49	252 782.28	260 493.38	-14 173.08	0.00	6 461.98
MISCELLANEOUS (NO VAT)	-301 159.31	388 177.50	388 177.50	0.00	0.00	0.00
VAT	-10 138 175.82	15 235 191.99	16 092 139.01	-856 030.77	62 733.02	-63 649.27
INTEREST	-528 667.26	22 163 298.28	23 896 628.53	-1 733 330.25	0.00	0.00
PAYMENT ADVANCED	-4 286 809.04	0.00	0.00	0.00	0.00	0.00
Total	-105 478 580.13	157 899 672.48	182 094 225.60	-22 556 833.09	666 439.54	-2 304 159.57

Debtors Opening Balance	3 776 654 000.00
Add: Billing for the Month	181 886 147.16
Debtors Write off	
Less: Debtors Closing Balance	3 810 160 000.00
Payment rate	148 380 147.16
	81.5%

The collection rate for January 2024 is 81.5%, whereas for December it was 67%.

Cash Flows

As of 31 January 2024, the municipality had a positive bank statement balance of R 12 375 995.79 and a negative cash book balance of R 6 548 420.28

Investments

The following table indicates the investments for the month of JANUARY 2024

Investment Type	Institution	01-Jan-24	31-Jan-24
Short term fixed deposits	Nedbank 3 Months Fixed Deposit	104 079 293.04	104 896 907.68
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	481 879.44	484 865.77
	Standard Bank Cheque MIG 38787024008	4 700 532.00	4 725 367.55
	Standard Bank Call Account 038787024009	9 642 004.40	18 705 263.17
	Standard Bank Current 030195276000	4 287 158.33	4 369 528.57
Total Investments		124 140 053.96	134 131 119.49

Water and Electricity Distribution Losses for January 2024. (KL / Units)

Service	Purchased	Sold	Current % Loss	Average 22/23	Average 21/22
Electricity	39,803,086	17,626,990	-55.71%	-62.51%	-60.50%
Water	2,736,954	1,397,539	-48.94%	-49.62%	-32.56%

Water and Electricity Distribution Losses: Accumulated: July 2023 to January 2024 (KL / Units)

Service	Purchased	Sold	Current % Loss	Average 22/23	Average 21/22
Electricity	334,400,120	132,273,306	-60.44%	-64.48%	-64.46%
Water	18,763,252	10,070,619	-46.33%	-38.38%	-34.38%

Expenditure

Electricity bulk purchases are 43% above monthly target, adjusted budget will be done during adjusted budget processes to cater for this expenditure.

Contracted services are 10% below monthly target.

Transfers and subsidies are 33% above monthly target.

Inventory consumed which include water purchases are 10% 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.

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 31 January 2024 is at 30.97%. The total anticipated revenue is R1 123 025 000.00 of which an amount of R 347 934 040.48 has been collected to date.

Expenditure of Staff Benefits for the month of January 2024

Salary bill for Councillors R 2 557 703.21
Salary bill for Employees R 54 733 554.94

Total staff compliment 1169 (Full time)
Staff resignations 3
Staff Appointments 3

Summary of staff processed.

Company	Description	Number of Officials	Total
Company 1	Full time	1169	54 733 554.94
Company 2	EPWP	680	2 608 405.80
Company 3	Councillors	62	2 557 703.21
Company 4	Directors	6	832 858.58
Company 7	Temps	5	42 589.95
Company 8	Point Duty Officer	34	111 504.00
TOTAL		1 956	60 886 616.48

Attached to the report are the following appendices.

APPENDIX A: C Schedules-M07

APPENDIX B: Deviations –No deviation for the month

APPENDIX C: Purchases above R100 000 – **R 15 813 646.59**

APPENDIX D: Insurances report – **R 2 185 923.00**

APPENDIX E: Capital Expenditure – **R 110 189 117.31**

APPENDIX F: Government Debtors – **R 7 568 215.06**

APPENDIX G: Fruitless and Wasteful Expenditure – **R 13 955 289.80**

APPENDIX H: Budget Funding Plan