



Budget Statement

MFMA Section 71 Report

29 FEBRUARY 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 **FEBRUARY 2024** has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name: ABM Mavimbela

Acting Chief Financial Officer of Govan Mbeki Municipality (MP307)

Signature: 

Date: 14/3/2020

Print Name: E.N. Maseko

Municipal Manager of Govan Mbeki Municipality (MP307)

Signature: 

Date: 14/03/2024

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 3% above target.

Bulk purchases, inventory consumed and finance charges are above monthly target by 27%, 15% and 147% 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 126 336 977.28 of this amount R 41 150 348.22 relates to INEP funding, R 69 936 423.52 relates to MIG funding, R 1 075 023.11 relates to WSIG, R 7 556 961.05 relates to Provincial Treasury funding whilst R 6 618 221.38 is from internally generated funds.

Description	Funding	Allocation per DoRA/2023 MTREF	Actual received including rollover	Expenditure as at 29 February 24	Available as at 29 February 24
Integrated National Electrification Programme Grant	INEP	40 080 000.00	36 650 000.00	41 150 348.22	-1 070 348.22
Municipal Infrastructure Grant	MIG	60 793 550.00	58 017 000.00	69 936 423.52	-9 142 873.52
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	7 556 961.05	2 463 038.95
Own Funding	Revenue	64 620 000.00	64 620 000.00	6 618 221.38	58 001 778.62
Total		165 493 550.00	172 354 401.00	126 336 977.28	52 223 973.72

Unspent Capital Grants

- The grant spending is reported as a percentage on the total allocation as per DoRA.
- The MIG spent to date of 115% is based on the overall allocation as per DoRA. The percentage of MIG spent on the allocation already received is 121%.
- The percentage of INEP spent over the total allocation is 103%. Expenditure percentage based on the actual allocation already received is 112%.

Grants	Allocation per DoRA	Received including rollover	Expenditure as at 29 February 24	Unspent 2023/2024	YTD %
Integrated National Electrification Programme Grant	40 080 000.00	36 650 000.00	41 150 348.22	-1 070 348.22	103%
Municipal Infrastructure Grant	60 793 550.00	58 017 000.00	69 936 423.52	-9 142 873.52	115%
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	7 556 961.05	2 463 038.95	75%
Total	100 873 550.00	107 811 955.38	119 718 755.90	-5 700 250.52	119%

Unspent Operational Grants

Grants	Allocation per DoRA	Received Including rollover	Expenditure as at 29 February 24	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	1 022 621.73	1 077 378.27	49%
Infrastructure Skills Development Grant	24 000 000.00	23 000 000.00	23 000 000.00	1 000 000.00	96%
Arts and Culture	0	234 858.00	0	234 858.00	0%
LG Seta	1 000 000.00	0	1 007 131.55	-7 131.55	101%
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	347 823 872.28	110 185 701.72	76%

Creditors

The total creditors balance for the month of February 2024 amounted to R 5 542 659 051. The major creditors are Eskom and Rand Water.

Description	NT Code	Budget Year 2020/21										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	Total			
R thousands													
Creditors Age Analysis By Customer Type													
Bulk Electricity	0100	89 118 990	83 844 149	59 214 455	4 470 363 199	-	-	-	-	-	-	-	4 702 540 793
Bulk Water	0200	46 129 854	31 335 342	28 876 656	678 507 776	-	-	-	-	-	-	-	784 849 628
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	36 259 036	125 580	1 076 170	17 437 297	-	-	-	-	-	-	-	54 898 083
Auditor General	0800	320 189	-	6 935	-	43 423	-	-	-	-	-	-	370 547
Other	0900	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	171 828 069	115 305 071	89 174 216	5 166 308 272	43 423	-	-	-	-	-	-	5 542 659 051

Debtors

The total debtors book balance for the month of January 2024 amounted to R 3 873 814 000. The debtors' payment rate for the month is 69%.

MP307 Govan Mbeki - Supporting Table SC3 Monthly Budget Statement - aged debtors - M08 - February

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.		
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	1200	31 961	23 880	21 948	24 169	21 545	21 541	19 600	937 149	1 101 753
Trade and Other Receivables from Exchange Transactions - Electricity	1300	35 425	14 171	12 147	11 905	10 259	10 280	9 744	335 711	439 640
Receivables from Non-exchange Transactions - Property Rates	1400	27 298	10 913	9 853	9 189	8 433	8 239	7 975	259 666	341 486
Receivables from Exchange Transactions - Waste Water Management	1500	12 754	9 931	9 286	9 408	8 281	7 776	7 486	359 444	424 376
Receivables from Exchange Transactions - Waste Management	1600	12 693	9 227	8 619	7 916	7 324	6 989	6 814	329 372	387 653
Receivables from Exchange Transactions - Property Remediation	1700	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	24 824	24 170	23 666	23 268	22 775	21 993	21 675	629 683	791 857
Recoverable unauthorised, irregular, business and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-
Other	1900	10 810	8 192	9 303	7 408	1 937	2 485	2 891	343 711	386 739
Total By Income Source	2000	155 366	100 483	94 923	93 261	80 552	79 306	76 157	3 193 766	3 873 814
2022/23 - totals only										
Debtors Age Analysis By Customer Group										
Organs of State	2200	3 183	1 850	1 238	1 195	1 031	834	869	34 517	44 717
Commercial	2300	39 335	15 867	15 374	13 525	7 382	8 914	7 708	314 867	422 922
Households	2400	112 848	82 786	78 311	79 542	72 190	69 588	67 579	2 844 382	3 406 175
Other	2500	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	155 366	100 483	94 923	93 261	80 552	79 306	76 157	3 193 766	3 873 814

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	2 278 235.64	0.00	0.00	0.00	0.00	0.00
Deposits	-136 425.18	368 587.87	0.00	0.00	0.00	368 587.87
Agreements	-704 512.49	1 157 809.50	0.00	0.00	0.00	1 157 809.50
Indigent Flat Credit	-8 316.26	-3 492 286.22	0.00	-834.00	0.00	-3 491 452.22
Water	-25 815 046.69	42 910 414.78	43 060 926.09	-217 393.67	26 435.40	40 446.96
Electricity	-30 545 490.00	37 928 912.67	38 112 145.68	-196 695.86	106 390.45	-92 927.60
Loans/Old Debt	-3 326.69	0.00	0.00	0.00	0.00	0.00
Rates	-26 960 672.03	34 041 066.19	34 335 805.79	-422 483.93	127 744.33	0.00
Annual Rates	-39 198.35	0.00	0.00	0.00	0.00	0.00
Refuse	-5 045 292.38	12 467 464.93	12 516 982.81	-85 880.09	36 362.21	0.00
Sewerage	-5 315 670.61	12 837 006.64	12 875 755.88	-65 905.76	27 156.52	0.00
Miscellaneous	-184 437.85	265 202.51	260 493.38	0.00	0.00	4 709.13
Miscellaneous (No Vat)	-259 463.05	388 177.50	388 177.50	0.00	0.00	0.00
Vat						
Interest	-794 415.00	24 137 790.65	24 329 804.79	-192 014.14	0.00	0.00
Payment Advanced	-3 931 444.40	0.00	0.00	0.00	0.00	0.00
Total	-97 465 475.34	163 010 147.02	165 880 091.92	-1 181 207.45	324 088.91	-2 012 826.36

Debtors Opening Balance	3 810 160 000.00
Add: Billing for the Month	178 030 930.41
Debtors Write off	
Less: Debtors Closing Balance	3 873 814 000.00
	114 376 930.41
Payment rate	69.0%

The collection rate for February 2024 is 69%, whereas for January it was 81.5%. This is due to the water crisis the municipality experienced, as a result of Rand Water not being able to provide water to the municipality. It has also been established that 8000 meters are not purchasing electricity, investigations and disconnection process has been implemented to rectify this situation.

Cash Flows

As of 29 February 2024, we had a positive bank statement balance of **R17 783 580.91** and a negative cash book balance of **R 28 435 829.06**

Investments

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

Investment Type	Institution	01-Feb-24	29-Feb-24
Short term fixed deposits	Absa 3 Months Fixed Deposit	104 896 907.68	105 653 927.68
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	484 865.77	487 870.61
	Standard Bank Cheque MIG 38787024008	4 725 367.55	3 798 630.42
	Standard Bank Call Account 038787024009	18 705 263.17	8 824 156.90
	Standard Bank Current 030195276000	4 369 528.57	4 437 032.70
Total Investments		134 131 119.49	124 150 805.06

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

Service	Purchased	Sold	Current % Loss	Average 22/23	Average 21/22
Electricity	41,186,098	17,282,057	-58.04%	-62.51%	-60.50%
Water	2,257,663	1,271,699	-43.67%	-49.62%	-32.56%

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

Service	Purchased	Sold	Current % Loss	Average 22/23	Average 21/22
Electricity	375,586,218	149,555,363	-60.18%	-64.48%	-64.46%
Water	21,020,915	11,342,318	-46.04%	-38.38%	-34.38%

Expenditure

Electricity bulk purchases are 27% above monthly target, adjusted budget will be done during adjusted budget processes to cater for this expenditure.

Contracted services are 7% below monthly target.

Transfers and subsidies are 15% above monthly target.

Inventory consumed which include water purchases are 15% 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 39% below monthly target.

Other expenditure is 31% 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 29 February 2024 is at 34.30%. The total anticipated revenue is R1 123 025 000.00 of which an amount of R 385 381 613.26 has been collected to date.

Expenditure of Staff Benefits for the month of February 2024

Salary bill for Councillors R 2 557 703.21
Salary bill for Employees R 55 244 665.47

Total staff compliment 1173 (Full time)
Staff resignations 7
Staff Appointments 7

Summary of staff processed.

Company	Description	Number of Officials	Total
Company 1	Full time	1173	51 518 459.08
Company 2	EPWP	681	1 962 389.60
Company 3	Councillors	62	2 557 703.21
Company 4	Directors	6	905 251.23
Company 7	Temps	5	44 031.45
Company 8	Point Duty Officer	34	219 220.50
TOTAL		1961	57 207 055.07

Attached to the report are the following appendices.

APPENDIX A: C Schedules-M08

APPENDIX B: Deviations –No deviations for the month

APPENDIX C: Purchases above R100 000 – **R 12 993 590.61**

APPENDIX D: Insurances report – **R 2 185 912.00**

APPENDIX E: Capital Expenditure – **R 126 336 977.28**

APPENDIX F: Government Debtors – **R 10 067 317.37**

APPENDIX G: Fruitless and Wasteful Expenditure – **R 14 403 000.42**

APPENDIX H: Budget Funding Plan