



Budget Statement

MFMA Section 71 Report

30 APRIL 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 **APRIL 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: 14/05/2024

Print Name: E.N. Maseko

Municipal Manager of Govan Mbeki Municipality (MP307)

Signature: 

Date: 14/05/2024

1. SALIENT FEATURES OF FINANCIAL RESULTS ARE AS FOLLOWS

Operating Revenue

The overall performance on the revenue component is 17% below target for the month.

Operating Expenditure

The overall monthly performance on the expenditure component is 1% above target.

Bulk purchases, inventory consumed and finance charges are above monthly target by 36%, 9% and 126% 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.

Employee related cost is 16 % below budget due to April 2024 expenditure not imported to the system before it was closed for the month due to system challenges.

Capital Expenditure

Total Capital Expenditure to date is R 156 360 332.00 of this amount R 43 445 551 relates to INEP funding, R 79 312 311.49 relates to MIG funding, R 1 075 023.11 relates to WSIG, R 7 556 961.05 relates to Provincial Treasury funding whilst R 24 970 484.90 is from internally generated funds.

Grants	Funding	Allocation per DoRA	Received Including rollover	YTD Actual	YTD %
Integrated National Electrification Programme Grant	INEP	41 080 000.00	41 080 000.00	43 445 551.45	106%
Municipal Infrastructure Grant	MIG	80 802 550.00	80 802 550.00	79 312 311.49	98%
Water Services Infrastructure	WSIG	-	3 047 401.00	1 075 023.11	35%
Provincial Treasury Grant	PT Grant	-	10 020 000.00	7 556 961.05	75%
Municipal Disaster Recovery Grant	MDRG	7 875 000.00	7 875 000.00	0	0%
Sasol	Sasol		77 554.00	0	0%
Own Funding	Revenue	74 190 000.00	74 190 000.00	24 970 484.90	34%
Total		203 947 550.00	217 092 505.00	156 360 332.00	72%

Performance of Capital Grants

Grants	Allocation per DoRA	Received Including rollover	YTD Expenditure	Unspent 2023/2024	YTD %
Integrated National Electrification Programme Grant	41 080 000.00	41 080 000.00	43 445 551.45	-2 365 551.45	106%
Municipal Infrastructure Grant	80 802 550.00	80 802 550.00	79 312 311.49	1 490 238.51	98%
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%
Disaster Recovery Grant	0	7 875 000.00	0	7 875 000.00	0%
Provincial Treasury Grant	0	10 020 000.00	7 556 961.05	2 463 038.95	75%
Total	121 882 550.00	142 912 505.38	131 389 847.09	11 522 658.29	97%

Performance of Operational Grants

Grants	Allocation per DoRA & Revised Gazette & MOU	Received Including rollover	Expenditure as at 30 April 2024	Unspent 2023/2024	YTD %
Extended Public works Programme	1 900 000.00	1 900 000.00	17 831 125.80	- 15 931 125.80	934%
Financial Management Grants	2 100 000.00	2 100 000.00	1 139 156.38	960 843.62	54%
Infrastructure Skills Development Grant	23 000 000.00	23 000 000.00	23 000 000.00	-	100%
Arts and Culture	-	234 858.00	-	234 858.00	0%
LG Seta	1 000 000.00	2 805 043.00	1 118 254.75	1 686 788.25	40%
Economic Development and Tourism	-	313 901.00	-	313 901.00	0%
Gert Sibande District Municipality	-	274 580.00	-	274 580.00	0%
Energy Efficiency Demand Grant	-	406 149.00	-	406 149.00	0%
Point Duty Officer (SASOL)	3 400 000.00	1 359 308.50	1 508 182.50	-148 874.00	111%
Pre-Capacity grant	-	266 086.00	69 545.87	196 540.13	26%
Equitable share	426 701 000.00	426 701 000.00	426 701 000.00	-	100%
Total	458 101 000.00	459 141 705.00	471 367 265.30	-12 066 339.80	102.66%

Creditors

The total creditors balance for the month of April 2024 amounted to R 5 744 489 000. The major creditors are Eskom and Rand Water.

Description	NT Code	Budget Year 2023/24												
		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				
Creditors Age Analysis By Customer Type														
Bulk Electricity	100	102 802 604	124 013 023		4 587 457 101	-	-	-	-	-	-	-	-	4 814 272 728
Bulk Water	200	45 893 064	21 437 466	16 524 107	721 340 101	-	-	-	-	-	-	-	-	805 194 738
PAYE deductions	300	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	400	-	-	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	500	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	600	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	700	36 007 057	12 261 963	1 438	76 672 978	-	-	-	-	-	-	-	-	124 943 436
Auditor General	800		24 274	3 467	50 357									78 098
Other	900													
Total By Customer Type	1000	184 702 725	157 736 726	16 529 012	5 385 520 537	-	-	-	-	-	-	-	-	5 744 489 000

Debtors

The total debtors book balance for the month of April 2024 amounted to R 3 997 321 000. The debtors' payment rate for the month is 64%.

MP307 Govan Mbeki - Supporting Table SC3 Monthly Budget Statement - aged debtors - M10 - April

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 Dys-1 Yr	Over 1Yr	Total		
R thousands												
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	1200	45 751	21 397	19 991	21 052	19 454	21 791	19 820	966 051	1 135 166	1 048 167	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	39 124	12 802	9 944	9 558	9 225	9 352	9 005	347 847	445 857	384 987	
Receivables from Non-exchange Transactions - Property Rates	1400	28 054	11 110	9 833	8 991	8 597	9 012	7 572	266 820	348 977	299 981	
Receivables from Exchange Transactions - Waste Water Management	1500	13 874	8 659	8 253	8 262	7 805	8 109	7 549	370 273	432 784	401 998	
Receivables from Exchange Transactions - Waste Management	1600	12 171	8 510	8 001	7 632	7 319	7 060	6 858	339 549	396 099	367 417	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	
Interest on Arrear Debtor Accounts	1810	24 940	24 641	24 279	23 834	23 357	23 004	22 577	670 144	836 776	762 916	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	
Other	1900	13 034	13 037	4 376	8 005	9 139	7 216	1 839	344 016	400 662	370 215	
Total By Income Source	2000	176 946	100 126	84 567	87 323	84 896	84 544	75 218	3 303 699	3 997 321	3 635 681	
2022/23 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	2200	5 060	2 075	1 139	1 127	1 222	1 135	1 021	36 090	48 808	40 535	
Commercial	2300	56 903	17 013	10 648	13 908	14 484	13 016	6 981	324 533	457 485	372 921	
Households	2400	114 693	81 039	72 780	72 299	69 190	70 395	67 215	2 943 137	3 491 027	3 222 225	
Other	2500	-	-	-	-	-	-	-	-	-	-	
Total By Customer Group	2600	176 946	100 126	84 567	87 323	84 896	84 544	75 218	3 303 699	3 997 321	3 635 681	

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	231 931.21	0.00	0.00	0.00	0.00	0.00
Deposits	180 996.38	902 289.85	0.00	0.00	0.00	902 289.85
Agreements	757 505.84	763 970.84	0.00	0.00	0.00	763 970.84
Indigent flat credit	736.05	-3 490 495.06	0.00	-1 390.00	0.00	-3 489 105.06
Water	24 646 706.07	40 580 446.54	40 221 500.38	-485 146.98	815 591.03	28 502.11
Electricity	29 544 774.72	35 258 827.94	37 021 891.51	-1 106 846.89	1 083 751.74	-1 739 968.42
Loans/old debt	8 014.46	0.00	0.00	0.00	0.00	0.00
Rates	25 350 631.27	34 295 681.47	34 356 950.95	-387 227.16	325 957.68	0.00
Annual rates	68 561.60	0.00	0.00	0.00	0.00	0.00
Refuse	5 114 796.79	12 450 449.00	12 464 881.09	-89 437.47	75 005.38	0.00
Sewerage	5 026 236.99	12 279 845.69	12 315 453.85	-133 076.04	97 467.88	0.00
Miscellaneous	89 170.62	259 140.35	249 140.32	-15.75	1 375.67	8 640.11
Miscellaneous (no vat)	236 239.23	276 653.41	308 602.69	-39 379.65	7 430.37	0.00
Vat	10 226 331.28	15 134 063.75	15 323 033.84	-244 323.52	310 777.77	-255 424.34
Interest	954 689.87	24 246 700.45	24 878 728.55	-632 029.54	1.44	0.00
Payment advanced	7 218 108.50	0.00	0.00	0.00	0.00	0.00
Total	109 655 430.88	172 957 574.23	177 140 183.18	-3 118 873.00	2 717 358.96	-3 781 094.91

Debtors Opening Balance	3 926 724 000.00
Add: Billing for the Month	184 351 227.59
Debtors Write off	
Less: Debtors Closing Balance	3 997 321 000.00
	113 754 227.59
Payment rate	64%

Cash Flows

As of 30 April 2024, we had a positive bank statement balance of R 120 443 796.37 and a positive cash book balance of R 103 708 092.81

Investments

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

Investment Type	Institution	01-Apr-24	30-Apr-24
Short term fixed deposits	Absa 3 Months Fixed Deposit	106 463 155.95	0
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	491 311.10	494 250.89
	Standard Bank Cheque MIG 38787024008	53 048 238.65	7 276 855.63
	Standard Bank Call Account 038787024009	23 911 223.09	38 116 225.55
	Standard Bank Current 030195276000	4 514 456.33	4 587 900.42
Total Investments		189 377 571.87	51 424 419.24

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

Service	Purchased	Sold	Current % Loss	Average 22/23	Average 21/22
Electricity	37,367,590	18,715,044	-49.92%	-62.51%	-60.50%
Water	2,534,143	1,379,208	-45.57%	-49.62%	-32.56%

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

Service	Purchased	Sold	Current % Loss	Average 22/23	Average 21/22
Electricity	453,754,884	184,671,277	-59.30%	-64.48%	-64.46%
Water	26,087,062	14,010,791	-46.29%	-38.38%	-34.38%

Revenue

Electricity service charges is below the target by 33%, vending service providers not depositing sales for pre-paid sales on monthly basis as at 30th April 2024 the amount of R 30 445 062.00 not paid.

Water service charges and waste water service charges are below the target by 34% and 15% respectively, 60% of meters are estimated because of either faulty meters, no meter, underground or no access, billing might be understated because of the estimated readings.

Fines & penalties are below target by 86%, due to traffic fines subsystem not integrated to the main financial system, and only recording traffic fines settled not the total traffic fines issued.

Expenditure

Electricity bulk purchases are 36% above monthly target, this line item will have an authorised expenditure at year end.

Contracted services are 14% below monthly target, due to cash constraints some of the programmes were to be delayed.

Transfers and subsidies are 16% above monthly target.

Inventory consumed which include water purchases are 9% 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 due to impairment of asset calculation to be processed at year end.

Other expenditure is 38% 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 at 30 April 2024 is at 42.16%. The total anticipated revenue is R1 123 525 000.00 of which an amount of R 473 716 079.59 has been collected to date.

Expenditure of Staff Benefits for the month of April 2024

Salary bill for Councillors R 2 593 385.80
Salary bill for Employees R 56 843 674.25

Total staff compliment 1163 (Full time)
Staff resignations 4
Staff Appointments 0

Summary of staff processed.

Company	Description	Number of Officials	Total
Company 1	Full time	1163	53 780 664.60
Company 2	EPWP	690	2 180 054.70
Company 3	Councillors	63	2 593 385.80
Company 4	Directors	5	653 081.50
Company 7	Temps	5	59 839.95
Company 8	Point Duty Officer	34	170 033.50
TOTAL		1960	59 437 060.05

Attached to the report are the following appendices.

APPENDIX A: C Schedules-M10

APPENDIX B: Deviations –No deviations for the month

APPENDIX C: Purchases above R100 000 – **R 14 574 345.72**

APPENDIX D: Insurances report – **R 2 341 874.47**

APPENDIX E: Capital Expenditure – **R 156 360 332.00**

APPENDIX F: Government Debtors – **R 10 712 704.10**

APPENDIX G: Fruitless and Wasteful Expenditure – **R10 035 348.31**

APPENDIX H: Budget Funding Plan