

# THABA CHWEU

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PO Box 61  
Lydenburg 1120  
Cnr. Viljoen & Sentraal Streets

All Correspondence to be directed  
to the Municipal Manager

## LOCAL MUNICIPALITY

### MEMORANDUM

**TO** : MS. SS MATSI (THE ACTING MUNICIPAL MANAGER)  
**FROM** : MR. KP MASHEGO (THE DEPUTY CHIEF FINANCIAL OFFICER)  
**DATE** : 14 SEPTEMBER 2021  
**SUBJECT** : MFMA MONTHLY REPORT

Dear Sir

S71 of the MFMA states that;

1. The accounting officer of a municipality must by no later than 10 working days after the end of each month, submit the municipality and the relevant provincial treasury a statement in the prescribed format on the municipality's budget reflecting the following particulars for the month and the financial year up to the end of the month;

- Service Charges
- YTD Budget College Rate (year to date)
- Debtors Age Analysis by Consumer Group
- Revenue Raised from Conditional Grants.
- Capital Expenditure Performance
- Operating Expenditure Performance
- Bank Balances

Attached hereto is the report for the month of AUGUST 2021.

I trust you will find the above in order.

Kind Regards

Mr. KP MASHEGO  
THE DEPUTY CHIEF FINANCIAL

Date: 14 / 09 / 2021

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## LOCAL MUNICIPALITY

### OFFICE OF THE MUNICIPAL MANAGER

Enquiries: Mr KP Mashego

DATE: 14 SEPTEMBER 2021

The Executive Mayor: CLLR MF Nkadameng  
Thaba Chweu Municipality  
P O Box 61  
Lydenburg  
1120

Dear Madam

**SUBJECT: ACKNOWLEDGEMENT OF RECEIPT: SECTION 71 REPORT FOR AUGUST 2021**

We hereby submit the Section 71 report for the month of August 2021 as stated in the MFMA that the accounting officer of a municipality must submit by no later than 10 working days after the end of each month, submit to the mayor of the municipality and the relevant provincial treasury, a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for the month and for the financial year up to the end of that month.

Trust you find the above in order.

Yours Sincerely

Ms K.P Molapo  
Manager Budget and Treasury

  
MR K.K/Rakgatla  
Secretary of the Executive Mayor  
Acknowledgement of receipt  
Date: 14/09/21

# THABA CHWEU LOCAL MUNICIPALITY



## SECTION 71 REPORT FOR THE MONTH OF AUGUST 2021-2022 FY

## **FINANCE REPORT ON SECTION 71 OF THE MFMA**

### **MONTHLY BUDGET STATEMENT FOR AUGUST 2021**

#### **1. PURPOSE**

- 1.1. The purpose of the item is to report to the executive mayor about the state of the municipality's budget in terms of section 71 of the MFMA.

#### **2. LEGISLATIVE FRAME WORK**

- 2.1. Constitution of the Republic, Act 108 of 1996
- 2.2. Municipal Systems Act, Act 32 of 2000
- 2.3. Municipal Finance Management Act, Act 56 of 2003
- 2.4. Division of Revenue Act 2013

#### **3. BACKGROUND**

- 3.1. The monthly budget statement is done and compiled in a prescribed format, and it relates to the state of municipality's budget, among others reflecting the following particulars:
  - Actual revenue per revenue source
  - Actual expenditure per vote
  - Actual capital expenditure per vote
  - Amount of any allocation received, and
  - Actual expenditure on those allocations...
- 3.2. It is the legislative requirement that an explanation of any material variance in terms of the income and expenditure projections as well as the service delivery and budget implementation plan (SDBIP) must be provided.
- 3.3. The mentioned explanations must be accompanied by the remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

#### **4. INTRODUCTION**

- 4.1. The monthly budget statement is hereby presented in terms of section 71 of the municipal finance management Act, Act 56 of 2003; its purpose is to reflect among others the general financial performance considering what has been budgeted for at the beginning of the financial year.

#### **5. DELIBERATIONS/ DISCUSSION**

The municipality's monthly budget statement for the period of August 2021 is here by summarised and presented as follows:

### 5.1 SERVICE CHARGES:

Type	Budgeted Revenue	Monthly Billing	Monthly Collection	Collection Rate
Property Rates	R 125,000,000.00	R 8,245,238.77	R 9,751,663.10	118%
Water	R 59,817,541.88	R 3,659,454.12	R 2,921,138.84	80%
Sewerage	R 19,194,370.34	R 1,486,800.84	R 831,589.34	56%
Electricity	R 206,323,985.18	R 11,768,302.10	R 17,785,407.57	151%
Refuse	R 18,206,042.13	R 1,808,661.58	R 1,013,813.53	56%
<b>TOTAL</b>	<b>R 428,541,939.52</b>	<b>R 26,968,457.41</b>	<b>R32,303,612.35</b>	<b>120%</b>

- The monthly collection rate for water, refuse and sewerage is less than the norm (95%) of the billed revenue. This indicates that the consumers are not paying for their services, and this will have a negative impact on the municipal revenue.

### 5.2 YTD BUDGET COLLECTION RATE (YEAR TO DATE):

Own Revenue Category	Annual Budget	YTD Collection	YTD Rate
Rates and Service Charges	R 428,541,940.00	R62,323,963.66	15%
Other Revenue	R 262,883,000.00	R471,334.56	0%
Interest	R 32,500,000.00	R1,638,404.23	5%
<b>TOTAL</b>	<b>R 723,924,940.00</b>	<b>R 64,433,702.45</b>	<b>9%</b>

Other revenue excludes grants.

### 5.3 DEBTORS AGE ANALYSIS BY CONSUMER GROUP (R'000):

ACCOUNT_TYPE	202108 (Current)	202107 (30 Days)	202106 (60 Days)	202105 (90 Days)	202104 (120 Days)	202103 (150 Days)	202102 (180 Days)	202101-202009	202008+ (Over 1 Year)	Total
AGRICULTURAL	2 385 797,01	1 154 178,12	1 030 714,30	1 118 173,63	1 124 352,36	978 248,87	932 808,15	4 518 788,39	74 076 835,41	82 548 302,22
BUSINESS	4 830 115,14	2 014 567,12	1 392 729,74	777 199,93	818 888,90	539 799,63	613 841,61	2 615 606,83	17 250 911,61	30 853 660,51
INDUSTRIAL	1 795 730,80	663 931,49	611 428,42	904 861,35	449 693,45	231 034,01	185 432,70	640 489,31	9 273 080,08	14 755 681,61
MULTIPLE USE P	861 310,19	864 870,26	1 172 987,28	774 613,43	2 507 020,27	505 873,44	469 173,49	2 075 636,96	28 207 773,39	37 439 258,71
PUBLIC BEN ORG	331 660,36	106 735,26	18 634,88	42 173,60	26 221,83	39 097,84	25 369,57	177 618,36	1 299 469,52	2 065 981,22
PROTECTED AREA	1 886,10	1 886,10	1 886,10	1 886,10	1 886,10	1 886,10	1 886,10	9 430,50	476 269,09	498 902,29
PUBLIC SERV INFR	36 671,22	37 788,05	74 267,71	32 791,88	31 741,44	33 488,65	32 206,42	148 257,68	1 805 282,92	2 083 960,55
PUBLIC SERV PURP	1 158 382,96	589 403,54	440 881,52	450 949,14	204 218,83	182 176,62	317 017,31	2 798 595,76	2 668 463,55	896 131,79
RESIDENTIAL	11 120 154,51	8 134 537,64	6 107 783,97	6 031 870,07	6 012 388,43	5 523 021,07	5 684 545,78	26 368 617,60	191 717 229,68	266 700 148,75
RESIDENTIAL OTH	1 840 354,47	1 118 161,71	926 197,41	439 720,70	381 984,13	420 192,62	350 604,99	1 712 935,78	8 929 387,05	16 119 538,86
UNDEVELOPED	2 043 300,63	1 838 168,46	1 537 951,58	1 517 547,25	1 522 090,71	1 502 954,92	1 478 822,67	6 938 055,74	59 854 308,02	78 233 199,98
<b>TOTAL</b>	<b>19 317 003,45</b>	<b>16 524 227,75</b>	<b>13 166 927,49</b>	<b>12 091 787,08</b>	<b>13 080 486,45</b>	<b>9 957 773,77</b>	<b>10 091 708,79</b>	<b>42 406 841,39</b>	<b>395 559 010,32</b>	<b>532 195 766,49</b>

**5.4 REVENUE RAISED FROM CONDITIONAL GRANTS:**

Grant Source	Total Allocation	Grant received to date	Value of Condition met	Liability Balance	Expenditure in %
FMG	R 3 000 000,00	R 3 000 000,00	R 80 000,00	R 2 920 000,00	3%
EPWP	R 1 836 000,00	R 459 000,00	R 597 460,05	-R 138 460,05	33%
MIG	R 49 982 000,00	R 13 088 000,00	R 10 101 228,59	R 2 986 771,41	20%
WSIG	R 25 000 000,00	R 5 000 000,00	R -	R 5 000 000,00	0%
<b>TOTAL</b>	<b>R 79 818 000,00</b>	<b>R 21 547 000,00</b>	<b>R 10 778 688,64</b>	<b>R 10 768 311,36</b>	<b>14%</b>

**5.5 OPERATING EXPENDITURE PERFORMANCE:**

TYPE	ORIGINAL BUDGET	ACTUAL AUGUST 2021	YTD EXPENDITURE	%
Employee Costs	R230 475 136,00	R17 739 393,17	R35 394 500,33	15%
Councillors Remuneration	R13 462 994,70	R951 041,31	R1 902 082,62	14%
General Expenses	R448 287 428,83	R22 821 830,74	R67 964 794,76	15%
Repairs & Maintenance	R61 160 000,00	R620 437,20	R3 013 098,45	5%
<b>TOTAL</b>	<b>R753 385 559,53</b>	<b>R42 132 702,42</b>	<b>R108 274 476,16</b>	<b>14%</b>

**5.6 CAPITAL EXPENDITURE PERFORMANCE:**

The following information relates to capital expenditure incurred through Own Funding and Conditional grants:

PROJECTS BY VOTE	ORIGINAL BUDGET	ACTUAL EXPENDITURE AUGUST 2021	YTD EXPENDITURE AUGUST 2021	% YTD/BUDGET
WATER PROJECTS	R 33 438 619,00	R -	R -	0%
SANITATION PROJECTS	R 3 024 606,06	R 1 591 812,62	R 1 591 812,62	53%
ROADS	R 36 019 675,00	R 7 119 037,99	R 8 010 437,49	22%
COMMUNITY FACILITIES(STADIUM)	R 300 000,00	R -	R -	0%
MACHINERY & EQUIPMENT	R 1 190 000,00	R -	R -	0%
MINI SUBSTATIONS & TRANSFORMERS	R 10 000 000,00	R 52 360,10	R 52 360,10	1%
<b>TOTAL</b>	<b>R 83 972 900,06</b>	<b>R 8 763 210,71</b>	<b>R 9 654 610,21</b>	<b>11%</b>

**5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:**

<b>BANK BALANCES</b>			
PRIMARY BANK ACCOUNTS			R12 850 155,43
STANDARD & ABSA BANK CALL ACC			R9 237 699,27
<b>SUB TOTAL</b>	<b>R</b>	<b>-</b>	<b>R</b> <b>-</b>
			<b>R22 087 854,70</b>
<b>TOTAL</b>	<b>R</b>	<b>-</b>	<b>R</b> <b>-</b>
			<b>R22 087 854,70</b>

**IMPLICATIONS:**

**6.1. Legal implications**

Compilation and submission of the monthly budget statement to the executive is a legislative requirement, the non-submission thereof has implications.

**6.2. Financial implications**

There are no financial implications since the monthly budget statement is done in house.

**6. CONCLUSION:**

It should be noted that monthly budget statement is prepared in terms of Section 71 of the MFMA

**8.1. RECOMMENDATIONS BY THE MUNICIPAL MANAGER**

It is recommended that the monthly budget statement for the month of AUGUST 2021 be approved.