

# 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 DECEMBER 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 NOVEMBER 2021.

I trust you will find the above in order.

Kind Regards

  
Mr. KP MASHEGO  
THE DEPUTY CHIEF FINANCIAL

Date: 14/12/2021

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## LOCAL MUNICIPALITY

### OFFICE OF THE MUNICIPAL MANAGER

Enquiries: Mr KP Mashego

DATE: 14 DECEMBER 2021

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

Dear Madam

**SUBJECT: ACKNOWLEDGEMENT OF RECIEPT: SECTION 71 REPORT FOR NOVEMBER 2021**

We hereby submit the Section 71 report for the month of November 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 / 12 / 2021

# THABA CHWEU LOCAL MUNICIPALITY



## SECTION 71 REPORT FOR THE MONTH NOVEMBER 2021-2022 FY

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

### **MONTHLY BUDGET STATEMENT FOR NOVEMBER 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 FRAMEWORK**

- 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 November 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 7 530 521,10	R 5 242 147,85	70%
Water	R 59 817 541,88	R 4 869 867,61	R 2 609 159,14	53%
Sewerage	R 19 194 370,34	R 1 542 407,69	R 810 018,77	53%
Electricity	R 206 323 985,18	R 14 981 432,63	R 14 644 982,43	98%
Refuse	R 18 206 042,13	R 1 842 646,29	R 969 807,37	53%
<b>TOTAL</b>	<b>R 428 541 939,52</b>	<b>R 30 766 875,32</b>	<b>R 24 270 114,53</b>	<b>79%</b>

The monthly collection rate for water, sewerage are 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	R 122 999 341,02	29%
Other Revenue	R 262 883 000,00	R 104 090 520,32	40%
Interest	R 32 500 000,00	R 3 524 554,59	11%
<b>TOTAL</b>	<b>R 723 924 940,00</b>	<b>R 229 284 081,26</b>	<b>32%</b>

The year to collection on all revenue sources are low, the municipality needs to fully implement the credit control and debt collection policy.

Other revenue excludes grants.

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

ACCOUNT_TYPE	202111 (Current)	202110 (30 Days)	202109 (60 Days)	202108 (90 Days)	202107 (120 Days)	202106 (150 Days)	202105 (180 Days)	202104-202012 (210 Days to 1 Year)	202011+ (Over 1 Year)	Total
AGRICULTURAL	1 421 242,65	2 289 062,89	1 046 130,48	1 085 494,85	1 069 135,19	961 351,59	1 052 901,83	4 654 627,38	74 820 193,29	83 822 014,37
BUSINESS	5 526 376,10	1 095 845,22	1 042 270,45	702 281,94	851 690,66	683 992,97	571 590,48	2 719 422,39	18 041 046,16	31 234 516,37
INDUSTRIAL	1 790 523,84	625 339,97	354 918,46	459 238,79	479 052,04	475 319,48	367 767,84	676 041,93	9 479 066,05	14 707 268,40
MULTIPLE USE P	1 189 145,86	61 179,62	812 114,91	341 298,54	667 661,54	999 229,00	569 676,89	2 219 025,37	25 515 717,34	32 375 049,07
PUBLIC BEN ORG	301 650,18	46 787,29	41 547,63	35 129,22	33 529,72	20 707,77	36 190,59	162 532,86	1 408 192,21	2 086 267,47
PROTECTED AREA	1 945,05	1 886,10	1 886,10	1 886,10	1 886,10	1 886,10	1 886,10	9 430,50	481 927,39	504 619,54
PUBLIC SERV INFR	42 484,82	35 437,30	34 339,84	31 677,40	33 722,93	76 683,78	30 548,31	151 734,12	1 814 973,22	2 098 234,16
PUBLIC SERV PURP	1 697 015,36	5 687 413,94	496 362,70	1 380 233,45	256 905,98	320 790,76	376 415,28	862 954,08	420 430,95	2 636 772,28
RESIDENTIAL	12 026 890,93	7 179 674,79	7 185 950,37	6 663 015,52	6 965 503,04	5 941 188,46	5 607 973,75	26 561 171,89	203 814 266,99	281 945 635,74
RESIDENTIAL OTH	1 869 973,80	857 540,14	965 647,52	866 356,42	796 843,40	953 292,06	340 714,99	1 413 970,64	8 560 098,34	16 624 437,31
UNDEVELOPED	2 396 934,25	1 015 013,50	1 634 701,72	1 385 960,53	1 598 800,03	1 474 698,37	1 459 608,09	7 022 512,86	61 943 271,76	79 931 501,11
<b>TOTAL</b>	<b>28 264 182,84</b>	<b>2 942 227,10</b>	<b>13 615 870,18</b>	<b>10 192 105,86</b>	<b>12 754 730,63</b>	<b>11 755 772,78</b>	<b>10 415 274,15</b>	<b>46 453 424,02</b>	<b>406 299 183,70</b>	<b>542 692 771,26</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 200 000,00	R 2 800 000,00	7%
EPWP	R 1 836 000,00	R 1 285 000,00	R 1 249 419,85	R 35 580,15	97%
MIG	R 49 982 000,00	R 27 204 000,00	R 29 545 398,65	-R 2 341 398,65	109%
WSIG	R 25 000 000,00	R 15 000 000,00	R 5 334 628,33	R 9 665 371,67	36%
<b>TOTAL</b>	<b>R 79 818 000,00</b>	<b>R 46 489 000,00</b>	<b>R 36 329 446,83</b>	<b>R 10 159 553,17</b>	<b>78%</b>

FMG grant is under performing the municipality must implement the activities that are on the FMG support plan to ensure that grant is completely spent by the end of financial year

#### 5.5 OPERATING EXPENDITURE PERFORMANCE:

TYPE	ORIGINAL BUDGET	ACTUAL NOVEMBER 2021	YTD EXPENDITURE	%
Employee Costs	R230 475 136,00	R18 411 224,28	R88 957 257,31	39%
Councillors Remuneration	R13 462 994,70	R788 974,37	R4 587 379,61	34%
General Expenses	R448 287 428,83	R32 990 727,64	R175 699 090,54	39%
Repairs & Maintenance	R61 160 000,00	R11 039 560,36	R27 715 030,00	45%
<b>TOTAL</b>	<b>R753 385 559,53</b>	<b>R63 230 486,65</b>	<b>R296 958 757,46</b>	<b>39%</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 NOVEMBER 2021	YTD EXPENDITURE	% YTD/BUDGET
WATER PROJECTS	R 33 438 619,00	R 2 010 783,22	R 8 981 709,70	27%
SANITAION PROJECTS	R 3 024 606,06	R -	R 3 718 630,56	123%
ROADS	R 36 019 675,00	R -	R 21 558 837,20	60%
COMMUNITY FACILITIES(STADIUM)	R 300 000,00	R -	R -	0%
MACHINERY & EQUIPMENT	R 1 190 000,00	R -	R -	0%
MINI SUBSTATIONS & TRANSFOMERS	R 10 000 000,00	R 198 950,00	R 1 702 310,12	17%
<b>TOTAL</b>	<b>R 83 972 900,06</b>	<b>R 2 209 733,22</b>	<b>R 35 961 487,58</b>	<b>43%</b>

## 5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:

				Amount	
<b>BANK BALANCES</b>					
PRIMARY BANK ACCOUNTS				R1 808 780,67	
STANDARD & ABSA BANK CALL ACC				R149 232,48	
<b>SUB TOTAL</b>	R	-	R	-	<b>R1 958 013,15</b>
<b>TOTAL</b>	R	-	R	-	<b>R1 958 013,15</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 November 2021 be approved.