

THABA CHWEU

Lydenburg Head Office:
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24 Hours Emergency no:
Tel: 013 235 1788
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www.thabachweu.gov.za



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 : 12 NOVEMBER 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 OCTOBER 2021.

I trust you will find the above in order.

Kind Regards



Mr. KP MASHEGO
THE DEPUTY CHIEF FINANCIAL

Date: 12/11/2021

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LOCAL MUNICIPALITY

OFFICE OF THE MUNICIPAL MANAGER

Enquiries: Mr KP Mashego

DATE: 12 NOVEMBER 2021

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

Dear Madam

SUBJECT: ACKNOWLEDGEMENT OF RECEIPT: SECTION 71 REPORT FOR OCTOBER 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: 13 / 11 / 2021

THABA CHWEU LOCAL MUNICIPALITY



SECTION 71 REPORT FOR THE MONTH OF OCTOBER 2021-2022 FY

FINANCE REPORT ON SECTION 71 OF THE MFMA

MONTHLY BUDGET STATEMENT FOR OCTOBER 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 October 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 8 449 895,58	R 6 025 195,68	71%
Water	R 59 817 541,88	R 4 087 810,56	R 2 587 994,54	63%
Sewerage	R 19 194 370,34	R 1 521 252,69	R 805 639,56	53%
Electricity	R 206 323 985,18	R 19 511 625,89	R 14 835 411,64	76%
Refuse	R 18 206 042,13	R 1 825 595,49	R 969 746,25	53%
TOTAL	R 428 541 939,52	R 35 396 180,21	R25 223 987,67	71%

- The monthly collection rate for water, sewerage are less that the norm (95%) of the billed revenue. This indicate 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	R98 729 226,49	23%
Other Revenue	R 262 883 000,00	R102 366 770,42	39%
Interest	R 32 500 000,00	R3 124 202,30	10%
TOTAL	R 723 924 940,00	R 204 220 199,21	28%

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

Other revenue excludes grants.

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

ACCOUNT_TYPE	202109 (Current)	202108 (30 Days)	202107 (60 Days)	202106 (90 Days)	202105 (120 Days)	202104 (150 Days)	202103 (180 Days)	202102-202010 (210 Days to 1 Year)	202009+ (Over 1 Year)	Total
AGRICULTURAL	1 445 989,17	1 240 737,23	1 125 973,21	994 001,62	1 094 860,53	1 077 198,79	962 528,85	4 439 714,80	74 199 838,40	86 580 842,60
BUSINESS	5 939 063,00	946 142,38	1 464 382,55	810 887,45	617 475,29	759 065,45	502 902,06	2 585 814,91	17 324 937,87	30 950 670,96
INDUSTRIAL	1 444 430,38	552 810,18	496 924,79	491 339,07	475 266,50	234 487,62	126 008,72	604 234,09	9 242 498,16	13 667 999,51
MULTIPLE USE P	1 289 233,15	390 411,80	686 917,15	1 008 120,93	578 778,12	564 549,66	417 541,06	1 989 873,67	24 870 889,69	31 796 315,23
PUBLIC BEN ORG	338 156,98	36 761,42	34 416,63	11 381,80	37 878,35	25 772,14	38 198,37	167 233,18	1 334 665,23	2 024 464,10
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	478 155,19	500 788,39
PUBLIC SERVINFR	44 021,26	33 513,50	36 844,42	75 086,10	32 499,24	30 358,76	32 290,93	149 191,54	1 759 549,71	2 043 183,26
PUBLIC SERVPURP	1 708 387,93	1 411 906,44	378 268,52	343 460,68	379 761,75	168 598,08	150 068,71	1 735 439,30	2 232 507,86	2 213 707,79
RESIDENTIAL	12 066 835,32	7 143 792,41	7 591 050,78	5 761 271,67	5 741 816,52	5 753 494,05	5 434 074,98	26 498 192,33	196 195 036,91	272 185 564,97
RESIDENTIAL OTH	1 953 132,27	1 004 295,12	888 277,46	831 333,08	355 054,94	301 063,67	365 951,82	1 354 426,65	8 156 653,18	15 210 188,19
UNDEVELOPED	2 407 819,50	1 361 236,58	1 660 407,84	1 480 570,71	1 468 397,15	1 448 512,11	1 435 065,29	6 787 394,66	60 132 372,44	78 181 776,28
TOTAL	28 638 955,06	11 299 680,28	14 365 349,45	11 659 167,01	10 783 674,49	10 364 986,43	9 466 516,89	42 850 067,03	395 927 104,64	535 355 501,28

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 160 000,00	R 2 840 000,00	5%
EPWP	R 1 836 000,00	R 459 000,00	R 1 001 988,90	-R 542 988,90	218%
MIG	R 49 982 000,00	R 27 204 000,00	R 29 230 575,59	-R 2 026 575,59	107%
WSIG	R 25 000 000,00	R 15 000 000,00	R 3 323 845,11	R 11 676 154,89	22%
TOTAL	R 79 818 000,00	R 45 663 000,00	R 33 716 409,60	R 11 946 590,40	74%

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 OCTOBER 2021	YTD EXPENDITURE	%
Employee Costs	R230 475 136,00	R17 577 149,55	R70 546 033,03	31%
Councillors Remuneration	R13 462 994,70	R948 161,31	R3 798 405,24	28%
General Expenses	R448 287 428,83	R30 467 826,64	R142 708 362,90	32%
Repairs & Maintenance	R61 160 000,00	R3 645 684,89	R16 675 469,64	27%
TOTAL	R753 385 559,53	R52 638 822,39	R233 728 270,81	31%

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 OCTOBER 2021	YTD EXPENDITURE
WATER PROJECTS	R 33 438 619,00	R 3 647 081,37	R 6 970 926,48
SANITAION PROJECTS	R 3 024 606,06		R 3 718 630,56
ROADS	R 36 019 675,00	R 373 331,19	R 21 558 837,20
COMMUNITY FACILITIES(STADIUM)	R 300 000,00	R -	R -
MACHINERY & EQUIPMENT	R 1 190 000,00	R -	R -
MINI SUBSTATIONS & TRANSFORMERS	R 10 000 000,00	R 471 000,02	R 523 360,12
TOTAL	R 83 972 900,06	R 4 491 412,58	R 32 771 754,36

5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:

			Amount
BANK BALANCES			
PRIMARY BANK ACCOUNTS			R2 768 478,34
STANDARD & ABSA BANK CALL ACC			R8 104 479,72
SUB TOTAL	R -	R -	R10 872 958,06
TOTAL	R -	R -	R 10 872 958,06

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 October 2021 be approved.