

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 MUNICIPAL MANAGER)
FROM : MR. KP MASHEGO (THE DEPUTY CHIEF FINANCIAL OFFICER)
DATE : 13 APRIL 2022
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 MARCH 2022.

I trust you will find the above in order.

Kind Regards


Mr. KP MASHEGO
THE DEPUTY CHIEF FINANCIAL OFFICER

Date: 13/04/2022

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LOCAL MUNICIPALITY

OFFICE OF THE MUNICIPAL MANAGER

Enquiries: Mr KP Mashego

DATE: 13 APRIL 2022

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

Dear Madam

SUBJECT: ACKNOWLEDGEMENT OF RECIEPT: SECTION 71 REPORT FOR MARCH 2022

We hereby submit the Section 71 report for the month of March 2022 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 APRIL 2022

THABA CHWEU LOCAL MUNICIPALITY



SECTION 71 REPORT FOR THE MONTH OF MARCH 2022-2023 FY

FINANCE REPORT ON SECTION 71 OF THE MFMA

MONTHLY BUDGET STATEMENT FOR MARCH 2022

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 March 2022 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 8 449 475,04	R 5 825 596,52	69%
Water	R 59 817 541,88	R 5 174 872,78	R 2 433 081,28	47%
Sewerage	R 19 194 370,34	R 1 561 476,36	R 915 419,94	59%
Electricity	R 206 323 985,18	R 16 946 823,15	R 14 667 760,87	87%
Refuse	R 18 206 042,13	R 1 880 881,04	R 1 070 870,49	57%
TOTAL	R 428 541 939,52	R 34 013 528,37	R 24 912 729,10	73%

- The monthly collection rate for services is less than the norm (95%) of the billed revenue. This indicates that the consumers are not paying for their services and municipal control measures were on hold due to COVID-19 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 243 935 205,67	57%
Other Revenue	R 262 883 000,00	R 182 223 014,15	69%
Interest	R 32 500 000,00	R 9 139 467,53	28%
TOTAL	R 723 924 940,00	R 435 297 687,35	60%

- Other revenue includes grants conditions met.

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

ACCOUNT TYPE	202203 (Current)	202202 (30 Days)	202201 (60 Days)	202112 (90 Days)	202111 (120 Days)	202110 (150 Days)	202109 (180 Days)	202108-202104	202103+ (Over 1 Year)	Total
AGRICULTURAL	1285802,34	1125291,39	882292,37	1065911,28	954689,69	-2464209,46	880457,95	4476226,61	77382593,69	85589055,86
BUSINESS	5922376,77	1437556,59	1031401,79	731359,38	1014808,91	759067,18	749916,92	3354386,03	19680431,67	34681305,24
INDUSTRIAL	1659592,23	622598,8	549849,21	559945,23	439481,67	468043,73	306134,31	1750265,33	9962426,6	16318337,11
MULTIPLE USE P	1066823,28	693524,84	613113,7	636378,17	612444,53	224405,08	687616,75	2647043,57	27030542,98	34211892,9
PUBLIC BEN ORG	295319,67	62129	49979,99	43485,26	34824,97	16599,96	38729,75	156921,27	1546175,45	2244165,32
PROTECTED AREA	2004	2004	1945,05	1945,05	1945,05	1886,1	1886,1	9430,5	489471,79	512517,64
PUBLIC SERV INFR	41546,39	35581,27	34941,57	33940,54	34487,65	33413,77	33489,25	48074,55	1927547,8	2223022,79
PUBLIC SERV PUR	1403152,26	480643,29	427798,87	482218,28	468218,82	-5516481,11	285813,29	-67924,38	1845388,12	-191172,56
RESIDENTIAL	11430309,19	7371671,52	6508974,03	7028182,92	7145721,13	6625841,58	6510537,83	29122212,72	221559179,1	303302630
RESIDENTIAL OTH	1821293,95	944714,76	890974,17	851357,96	855876,06	793542,18	863033,17	3037461,5	9331940,7	19390194,45
UNDEVELOPED	2214382,03	1802559,76	1717612,53	1686341,73	1639593,67	1057865,5	1572170,35	7139527,82	66867820,6	85697873,99
TOTAL	27 142 602,11	14 578 275,22	12 708 883,28	13 121 065,80	13 202 092,15	1 999 974,51	11 929 785,67	51 673 625,52	437 623 518,49	583 979 822,75

- The municipality debtor's book increased with R 10 Million from the previous month credit control policy need to be implemented in order to minimize it.

5.4 REVENUE RAISED FROM CONDITIONAL GRANTS:

Grant Description	Original Allocation	Grant Received to Date	Value of Condition met	Liability Balance	Expenditure in %
Equitable Share	R 165 565 000	R 163 148 000	R 163 148 000	R -	100%
Finance Management Grant (FMG)	R 3 000 000	R 3 000 000	R 1 735 586	R 1 264 414	58%
Expanded Public Works Programme (EPWP)	R 1 836 000	R 1 836 000	R 1 836 002	-R 2	100%
Municipal Infrastructural Grant (MIG)	R 49 982 000	R 49 982 000	R 41 756 195	R 8 225 805	84%
Water Service Infrastructure Grant (WSIG)	R 25 000 000	R 35 000 000	R 14 113 575	R 20 886 425	40%
GRANT TOTAL	R 245 383 000	R 252 966 000	R 222 589 358	R 30 376 642	88%

- Expenditure incurred on WSIG due to that procurement processes to appoint service providers is finalized.

5.5 OPERATING EXPENDITURE PERFORMANCE:

TYPE	ORIGINAL BUDGET	ACTUAL MARCH 2022	YTD EXPENDITURE	%
Employee Costs	R 230 475 136,00	R 18 019 860,35	R 162 705 534,09	71%
Councillors Remuneration	R 13 462 994,70	R 926 116,32	R 8 313 638,84	62%
General Expenses	R 443 287 869,83	R 82 132 811,74	R 346 310 899,92	78%
Repairs & Maintenance	R 61 160 000,00	R 6 162 827,84	R 54 235 018,96	89%
TOTAL	R 748 386 000,53	R 107 241 616,25	R 571 565 091,81	76%

5.6 CAPITAL EXPENDITURE PERFORMANCE:

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

PROJECTS BY VOTE	ACTUAL EXPENDITURE MARCH 2022	YTD EXPENDITURE	% YTD/BUDGET
WATER PROJECTS	R 546 294,85	R 17 765 252,17	53%
SANITATION PROJECTS	R 219 420,00	R 4 145 407,23	137%
ROADS	R 5 689 703,67	R 30 224 237,05	84%
COMMUNITY FACILITIES (STADIUM)	R -	R -	0%
MACHINERY & EQUIPMENT	R 29 000,00	R 29 000,00	2%
MINI SUBSTATIONS & TRANSFORMERS	R 754 735,80	R 3 267 324,42	33%
TOTAL	R 7 239 154,32	R 55 431 220,87	66%

5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:

				Amount	
BANK BALANCES					
PRIMARY BANK ACCOUNTS				R13 393 856,75	
STANDARD & ABSA BANK CALL ACC				R12 864 205,87	
SUB TOTAL	R	-	R	-	R26 258 062,62
TOTAL	R	-	R	-	R26 258 062,62

No funds invested in the reporting period.

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 MARCH 2022 be approved.