

Lydenburg Head Office:
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**THABA CHWEU
LOCAL MUNICIPALITY**

24 Hors Emergency no:
Tel: 013 235 1788
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Toll free: 0800 007 222

PO Box 61
Lydenburg 1120
Cnr. Viljoen & Sentraal Streets

All Correspondence to be directed
To the Municipal Manager

OFFICE OF THE MUNICIPAL MANAGER

Enquiries: Mr KP Mashego

DATE: 14 NOVEMBER 2022

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 2022

We hereby submit the Section 71 report for the month of November 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: 14 / 11 / 2022

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MEMORANDUM

TO : MR. MP MANKGA (THE ACTING MUNICIPAL MANAGER)
FROM : MR. KP MASHEGO (THE DEPUTY CHIEF FINANCIAL OFFICER)
DATE : 14 NOVEMBER 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 Collection 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 2022.

I trust you will find the above in order.

Kind Regards



Mr. KP MASHEGO
THE DEPUTY CHIEF FINANCIAL OFFICER

Date: 14/11/2022

THABA CHWEU LOCAL MUNICIPALITY



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

FINANCE REPORT ON SECTION 71 OF THE MFMA

MONTHLY BUDGET STATEMENT FOR OCTOBER 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 OCTOBER 2022 is here by summarised and presented as follows:

5.1 SERVICE CHARGES

Type	Budgeted Revenue	Special Adjustment MFMA s28(2)g	Monthly Billing	Monthly Collection	Collection Rate
Property Rates	R 116 112 863.00	R 116 112 863.00	R 8 630 490.87	R 5 863 693.43	68%
Water	R 59 721 324.00	R 59 721 324.00	R 3 889 261.32	R 2 673 853.42	69%
Sewerage	R 21 978 044.00	R 21 978 044.00	R 1 338 085.69	R 829 793.56	62%
Electricity	R 235 879 021.00	R 235 879 021.00	R 14 273 216.60	R 12 635 985.12	89%
Refuse	R 25 791 150.00	R 25 791 150.00	R 1 660 219.88	R 1 013 087.16	61%
TOTAL	R 459 482 402.00	R 459 482 402.00	R 29 791 274.36	R 23 016 412.69	77%

- The monthly collection rate for services is less than the norm (95%) of the billed revenue.

5.2 YTD BUDGET COLLECTION RATE (YEAR TO DATE):

Own Revenue Category	Annual Budget	Special Adjustment MFMA s28(2)g	YTD Collection	YTD Rate
Rates and Service Charges	R 459 482 402.00	R 459 482 402.00	R 96 473 965.11	21%
Other Revenue	R 35 821 154.00	R 35 821 154.00	R 7 085 126.10	20%
Transfers and subsidies (grants)	R 308 773 000.00	R 308 773 000.00	R 99 777 000.00	32%
Interest on outstanding debtors	R 24 215 752.00	R 24 215 752.00	R 985 460.25	4%
Interest earned on external investment	R 491 694.00	R 491 694.00	R 313 011.80	64%
TOTAL	R 828 784 002.00	R 828 784 002.00	R 204 634 563.26	25%

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

ACCOUNT_TYPE	202211 (Current)	202210 (30 Days)	202209 (60 Days)	202208 (90 Days)	202207 (120 Days)	202206 (150 Days)	202205 (180 Days)	202204-202112 (210 Days)	202111+ (Over 1 Year)	Total	Written Off
AGRICULTURAL	(23,653.36)	(1,744,934.02)	406,796.08	1,140,812.19	1,131,793.63	(17,434.61)	1,045,112.34	4,769,341.17	81,971,358.40	88,679,191.82	(11,904.36)
BUSINESS	53,270.05	4,595,763.47	1,535,944.32	1,146,710.40	1,123,326.32	1,057,681.38	433,694.76	2,985,007.69	19,456,142.98	32,387,541.37	-
INDUSTRIAL	(42,187.93)	895,038.54	480,291.63	429,078.07	69,763.59	307,054.91	348,141.86	2,058,710.81	11,969,420.85	16,515,312.33	-
MINING	-	R 672.21	R 672.21	R 672.21	R 883.20	R 842.88	R 842.88	4,214.40	25,900.26	34,700.25	-
MULTIPLE USE P	(2,206.18)	249,579.97	630,169.68	716,445.42	709,970.05	630,530.35	527,622.32	2,305,234.05	30,411,675.89	36,179,021.55	-
PUBLIC BEN ORG	R 1.31	264,256.34	49,370.14	47,087.31	57,225.12	36,179.07	27,509.90	175,004.39	1,436,917.23	2,093,548.19	-
PROTECTED AREA	-	2,534.45	2,357.63	2,357.63	2,357.63	2,180.82	2,062.92	9,961.02	504,619.54	528,431.64	-
PUBLIC SERV INFR	R 255.32	51,520.07	41,566.42	41,673.46	41,213.37	39,704.08	36,719.75	167,948.11	2,010,974.43	2,431,064.37	-
PUBLIC SERV PURP	(1,018,623.06)	(5,204,146.14)	325,554.92	408,493.64	350,486.52	(1,688,020.97)	71,188.46	277,877.63	(2,835,766.06)	(9,312,955.06)	-
RESIDENTIAL	(734,229.72)	10,071,852.85	8,035,331.78	7,793,042.62	7,449,623.14	6,470,454.77	6,533,584.59	29,091,907.48	249,607,587.20	324,319,154.7	(2,930,934.39)
RESIDENTIAL OTH	(108,507.71)	1,226,448.96	363,234.13	584,199.00	574,065.02	503,820.82	458,437.91	1,739,592.66	10,834,156.57	16,175,447.34	895.98
UNDEVELOPED	(281,972.78)	1,517,560.07	1,892,535.20	1,688,789.94	1,592,863.32	1,512,788.25	1,662,365.12	7,777,757.21	72,867,324.53	90,230,010.86	757.95
TOTAL	(2,158,367.32)	11,926,146.77	13,763,824.14	13,999,361.89	13,103,570.91	8,855,781.75	11,147,282.81	51,362,556.62	478,260,311.82	600,260,469.7	(2,941,184.82)

- The municipality debtor's book increased with R 10 Million when compared to previous month. Residential households owe the municipality around 56%

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 187 934 000	R 73 294 000	R 73 294 000	R -	100%
Finance Management Grant (FMG)	R 3 000 000	R 3 000 000	R 505 666	R 2 494 334	17%
Expanded Public Works Programme (EPWP)	R 1 932 000	R 483 000	R 1 191 391	R 708 391	247%
Municipal Infrastructural Grant (MIG)	R 53 907 000	R 18 000 000	R 9 313 765	R 8 686 235	52%
Water Service Infrastructure Grant (WSIG)	R 40 000 000	R 3 000 000	R -	R 3 000 000	0%
Regional Bulk Infrastructure	R 2 000 000	R -	R -	R -	0%
Integrated National Electrification	R 20 000 000	R 2 000 000	R -	R 2 000 000	0%
GRANT TOTAL	R 308 773 000	R 99 777 000	R 84 304 822	R 15 472 178	84%

- The municipality realized 100% spending on Equitable Share.

5.5 OPERATING EXPENDITURE PERFORMANCE:

TYPE	ORIGINAL BUDGET	SPECIAL ADJUSTMENT MFMA s28(2)g	ACTUAL OCTOBER 2022	YTD EXPENDITURE	%
Employee Costs	R 254 915 983.00	R 254 915 983.00	R 19 438 758.60	R 75 726 493.43	30%
Councillors Remuneration	R 14 122 691.00	R 14 122 691.00	R 997 122.49	R 4 291 045.19	30%
General Expenses	R 535 642 525.00	R 535 642 525.00	R 39 249 816.79	R 189 707 541.28	35%
Repairs & Maintenance	R 80 370 000.00	R 80 370 000.00	R 6 068 049.54	R 19 478 446.74	24%
TOTAL	R 885 051 199.00	R 885 051 199.00	R 65 753 747.42	R 289 203 526.64	33%

5.6 CAPITAL EXPENDITURE PERFORMANCE:

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

PROJECTS BY TYPE	ORIGINAL BUDGET	SPECIAL ADJUSTMENT MFMA s28(2)g	ACTUAL EXPENDITURE OCTOBER 2022	YTD EXPENDITURE	%
WATER PROJECTS	R 31 119 857.00	R 7 362 410.92	R 1 684 566.63	R 1 684 566.63	23%
ELECTRICITY	R 20 000 000.00	R 20 000 000.00		R 0.00	0%
SANITATION PROJECTS	R 61 313 114.00	R 62 335 613.47	R 782 621.85	R 782 621.85	1%
ROADS	R 778 729.00	R 23 513 675.18	R 4 936 908.58	R 5 728 434.41	24%
VEHICLE	R 1 000 000.00	R 1 000 000.00		R 0.00	0%
MACHINERY & EQUIPMENT	R 4 450 000.00	R 4 450 000.00	R 29 605.00	R 29 605.00	1%
MINI SUBSTATIONS & TRANSFORMERS	R 7 200 000.00	R 7 200 000.00	R 1 800 000.00	R 3 217 672.95	45%
TOTAL	R 125 861 700.00	R 125 861 699.57	R 9 233 702.06	R 11 442 900.84	9%

5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:

BANK	
Standard Bank Primary Account	3 220 462.61
Standard Bank Call 1 : POST OFFICE GUARANTEE	131 327.77
Standard Bank Call 2 : MIG CALL ACCOUNT	108 706.18
Standard Bank Call 3 : MWIG CALL ACCOUNT	13 441.58
Standard Bank Call 4 : RINGFENCE ELEC CALL ACCOUNT	5 517.77
Standard Bank Call 7 : INVESTMENT ACCOUNT	1 633.02
Standard Bank Call 13 : INVESTMENT ACCOUNT	10 052 150.68
TOTAL BANK BALANCE	13 533 239.61

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 2022 be approved.

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SECION 71 QUALITY CERTIFICATE

Accounting Officer Quality Certification

I, **MAROPENG PETER MANKGA** in my capacity as Accounting Officer of Thaba Chweu Local Municipality, hereby certify that the monthly budget statement for the month of October 2022-2023 Financial year has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

MR MP MANKGA
ACTING ACCOUNTING OFFICER
THABA CHWEU LOCAL MUNICIPALITY – MP321

30/11/2022

DATE