

# THABA CHWEU

Lydenburg Head Office:  
Tel:013 235 7300  
Fax:013 235 1108

Sabie Unit:  
Tel: 013 235 7444  
Fax: 013 764 1077

Graskop Unit:  
Tel: 013 767 7448  
Fax: 013 767 1611

www.thabachweu.gov.za



24 Hors Emergency no:  
Tel: 013 235 1788  
013 235 7370  
Toll free: 0800 007 222

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 OCTOBER 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 SEPTEMBER 2021.

I trust you will find the above in order.

Kind Regards

  
\_\_\_\_\_  
Mr. KP MASHEGO  
THE DEPUTY CHIEF FINANCIAL  
Date: 14/10/2021

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## LOCAL MUNICIPALITY

### OFFICE OF THE MUNICIPAL MANAGER

Enquiries: Mr KP Mashego

DATE: 14 OCTOBER 2021

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 SEPTEMBER 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: \_\_\_\_\_

# THABA CHWEU LOCAL MUNICIPALITY



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

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

### **MONTHLY BUDGET STATEMENT FOR SEPTEMBER 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 September 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 8,377,936.69	R 8,801,412.83	105%
Water	R 59,817,541.88	R 4,804,047.94	R 3,195,478.24	67%
Sewerage	R 19,194,370.34	R 1,834,849.77	R 1,253,319.78	68%
Electricity	R 206,323,985.18	R 18,335,825.47	R 17,717,448.04	97%
Refuse	R 18,206,042.13	R 1,527,918.85	R 1,548,173.67	101%
<b>TOTAL</b>	<b>R 428,541,939.52</b>	<b>R 34,880,578.72</b>	<b>R32,515,832.56</b>	<b>93%</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	R94,840,020.41	22%
Other Revenue	R 262,883,000.00	R815,353.51	0%
Interest	R 32,500,000.00	R2,881,077.86	9%
<b>TOTAL</b>	<b>R 723,924,940.00</b>	<b>R 98,536,451.78</b>	<b>14%</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	202109 (Current)	202108 (30 Days)	202107 (60 Days)	202106 (90 Days)	202105 (120 Days)	202104 (150 Days)	202103 (180 Days)	202102-202101	202009+ (Over 1 Year)	Total
AGRICULTURAL	1,445,307.11	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	86,580,160.54
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 SERV INFR	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 SERV PURP	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	12,067,517.38	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	272,186,247.03
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
<b>TOTAL</b>	<b>28,638,955.06</b>	<b>11,299,680.28</b>	<b>14,365,343.45</b>	<b>11,659,167.01</b>	<b>10,783,674.49</b>	<b>10,364,986.43</b>	<b>9,466,516.89</b>	<b>42,850,067.03</b>	<b>395,927,104.64</b>	<b>535,355,501.28</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 120,000.00	R 2,880,000.00	4%
EPWP	R 1,836,000.00	R 459,000.00	R 761,042.70	-R 302,042.70	166%
MIG	R 49,982,000.00	R 27,204,000.00	R 12,351,385.28	R 14,852,614.72	45%
WSIG	R 25,000,000.00	R 5,000,000.00	R 2,019,745.11	R 2,980,254.89	40%
<b>TOTAL</b>	<b>R 79,818,000.00</b>	<b>R 35,663,000.00</b>	<b>R 15,252,173.09</b>	<b>R 20,410,826.91</b>	<b>43%</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 SEPTEMBER 2021	YTD EXPENDITURE	%
Employee Costs	R230,475,136.00	R17,739,393.17	R52,968,883.48	23%
Councillors Remuneration	R13,462,994.70	R951,041.31	R2,850,243.93	21%
General Expenses	R448,287,428.83	R22,821,830.74	R112,240,536.26	25%
Repairs & Maintenance	R61,160,000.00	R6,861,512.53	R13,029,784.75	21%
<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 SEPTEMBER 2021	YTD EXPENDITURE	% YTD/BUDGET
WATER PROJECTS	R 33,438,619.00	R 3,647,081.37	R 3,647,081.37	11%
SANITAION PROJECTS	R 3,024,606.06		R 1,591,812.62	53%
ROADS	R 36,019,675.00	R 373,331.19	R 8,383,768.88	23%
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 471,000.02	R 523,360.12	5%
<b>TOTAL</b>	<b>R 83,972,900.06</b>	<b>R 4,491,412.58</b>	<b>R 14,146,022.79</b>	<b>17%</b>

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

<b>BANK BALANCES</b>	
PRIMARY BANK ACCOUNTS	R20,889,524.36
STANDARD & ABSA BANK CALL ACC	R3,248,354.51
<b>SUB TOTAL</b>	<b>R24,137,878.87</b>
<b>TOTAL</b>	<b>R 24,137,878.87</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 September 2021 be approved.