

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**BUDGET AND TREASURY COMMITTEE**

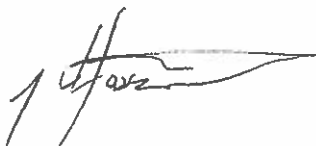
MEMBERS: Councillor R Odendaal (Chairperson)

Councillor L A Booyesen
Councillor B Brown
Councillor M J De Andrade
Councillor M J Figg
Councillor P L James
Councillor N N Koko
Councillor L Kruger
Councillor M J Majola
Councillor K A Mani
Councillor X L Notshe
Councillor N E Nqakula
Councillor X N Nyati
Councillor L Peter
Councillor S Sijadu

A MEETING OF THE BUDGET AND TREASURY COMMITTEE WILL BE HELD IN THE **AUDITORIUM, GROUND FLOOR, SOUTH END, SOUTH END FIRE STATION, GQEBERHA ON MONDAY, 31 OCTOBER 2022 AT 09:00.**

A G E N D A

1. APPLICATIONS FOR LEAVE OF ABSENCE IN TERMS OF PARAGRAPH 4 OF THE CODE OF CONDUCT (SCHEDULE 7 OF THE LG: MUNICIPAL STRUCTURES ACT NO. 117 OF 1998 AS AMENDED)
2. DISCLOSURE OF INTERESTS BY COUNCILLORS IN TERMS OF PARAGRAPH 6 OF THE CODE OF CONDUCT
3. DISCLOSURE OF INTERESTS BY OFFICIALS
4. CONFIRMATION OF MINUTES:
- Meeting held 29 September 2022 (circulated herewith)
5. REPORT BY CHIEF FINANCIAL OFFICER (circulated herewith)
6. REPORT BY EXECUTIVE DIRECTOR : CORPORATE SERVICES (circulated herewith)



**N XHEGO (MS)
EXECUTIVE DIRECTOR :
CORPORATE SERVICES**

26 October 2022

PLEASE NOTE THE VENUE AND TIME

**REPORT BY CHIEF FINANCIAL OFFICER TO BUDGET AND
TREASURY COMMITTEE****INDEX : 31 OCTOBER 2022**

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NELSON MANDELA BAY MUNICIPALITY**CYCLE NO. 7/2022****REPORT OF THE CHIEF FINANCIAL OFFICER****TO THE****BUDGET AND TREASURY STANDING COMMITTEE****MEETING DATE: 31 OCTOBER 2022****1. FINANCIAL REPORT FOR THE PERIOD 01 JULY 2022 TO 30 SEPTEMBER 2022 AND THE ASSESSMENT OF THE MUNICIPALITY'S FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 (2022/23 FINANCIAL YEAR)****1.1 PURPOSE**

The purpose of this report is to assess the financial performance and financial position of the Municipality and its consequential impact on the implementation of the approved 2022/23 Operating and Capital Budgets. This report presents an assessment of the municipality's financial performance and financial position as at 30 September 2022 as required in terms of Section 71 of the Municipal Finance Management Act (MFMA), (Act No. 56 of 2003). This report also highlights financial risks to the municipality that were identified whilst implementing the Council approved budget, with some of these risks being mentioned in previous reports to the Budget and Treasury Standing Committee

1.2 LEGISLATIVE REQUIREMENTS

The Municipality is required to assess on an ongoing basis whether it collects sufficient revenue to meet its commitments, such as paying Employees, Councillors, Eskom, Department of Water and Sanitation, service providers, etc. In accordance with Section 71 of the MFMA, the Accounting Officer is required to submit to the National and Provincial Treasuries a monthly statement on the state of the municipality's budget.

1.3 EXECUTIVE SUMMARY

This report provides a balanced and consolidated financial performance overview to assist Council in its oversight role over the financial affairs of the municipality. An analysis of the financial position and performance was undertaken in order to determine the relative financial strength and liquidity of the Municipality as at 30 September 2022.

In order to provide a comprehensive analysis, it was necessary to compare the 2022/23 Operating / Capital Budgets, the General Ledger and the actual cash inflows and outflows of the Municipality, thereby determining relationships and the associated spending and income trends experienced in the first quarter for the 2022/23 financial year. The aforementioned was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating and capital budget performance for the first quarter, in order to facilitate an informed assessment of the relative liquidity and financial position of the Municipality.

1.4 FINANCIAL PERFORMANCE HIGHLIGHTS AS AT 30 SEPTEMBER 2022 OF THE 2022/23 FINANCIAL YEAR

The financial performance highlights are as follows:

- 1.4.1. Operating revenue amounted to R6.686 billion, whilst operating expenditure amounted to R3.155 billion. The reason for this abnormally huge Revenue is that Property Rates Revenue to the value of R2.915 billion is raised annually in advance but are mostly paid and collected monthly by the rate payers of NMBM. It must be noted that R5.679 billion of the operating revenue comprises of Property Rates and Service Charges (i.e. Electricity, Water, Sanitation and Refuse) which represent billed revenue.

Description	Budget Year 2022/23		
	Original Budget	YearTD actual	% Spent
R thousands			%
Revenue By Source			
Property rates	2,838,816	2,875,491	101%
Service charges - electricity revenue	4,708,773	1,315,185	28%
Service charges - water revenue	2,693,767	1,219,459	45%
Service charges - sanitation revenue	776,924	186,182	24%
Service charges - refuse revenue	294,378	82,782	28%
Rental of facilities and equipment	29,488	8,742	30%
Interest earned - external investments	179,558	3,757	2%
Interest earned - outstanding debtors	399,628	173,692	43%
Fines, penalties and forfeits	94,347	15,511	16%
Licences and permits	16,850	6,602	39%
Agency services	3,453	1,052	30%
Transfers and subsidies	1,907,396	767,108	40%
Other revenue	903,062	30,411	3%
Gains		360	100%
Total Revenue (excluding capital transfers and contributions)	14,846,441	6,686,335	45%
Expenditure By Type			
Employee related costs	4,210,662	831,925	20%
Remuneration of councillors	87,809	21,965	25%
Debt impairment	2,221,127	123,304	6%
Depreciation & asset impairment	1,295,759	324,077	25%
Finance charges	123,596	12,149	10%
Bulk purchases - electricity	4,705,312	1,503,680	32%
Inventory consumed	300,490	60,293	20%
Contracted services	1,576,121	162,155	10%
Transfers and subsidies	63,912	8,768	14%
Other expenditure	744,930	107,264	14%
Losses	70,655	0	0%
Total Expenditure	15,400,374	3,155,580	20%

- 1.4.2. Capital spending for 2022/23 as at 30 September 2022 amounts to only R108.656 million or 6.63% of the approved capital budget of R1.638 billion. All efforts or strategies to continue improving the spending of the capital budget must be enforced, to avoid the non-approval of Rollovers. The capital expenditure is lower than anticipated, and the delays in approval of Budget by Council also exacerbates the situation as for the 2022/23 financial year the Budget was approved on the 21st June 2022 as opposed to the legislated on or before end May. The issue of late approval of Business Plan (for example) for the Informal Settlements Partnership Grant (ISUP-G) further worsens the situation as it relates to spending.

- 1.4.3. The conditional grants as indicated in the table below have been received up to 30 September 2022. The table below also reflects the spending on conditional grants and Equitable Share:

Description	Budget Year 2022/23		
	Original Budget	Year TD Actuals	Year TD Actuals
R thousands			
		RECEIPTS:	PAYMENTS
Operating Transfers and Grants			
National Government:	1,758,800	595,067	509,089
Local Government Equitable Share	1,288,228	502,409	502,409
EPWP Incentive	9,884	2,471	256
Finance Management	1,000	1,000	115
Infrastructure Skills Development	12,750	6,750	1,352
LGSETA	3,500	1,370	-
Urban Settlements Development	15,364	-	-
Public Transport Networks Operations	152,787	51,948	4,958
Programme and Project Support Grant	20,322	-	-
Informal Settlements Partnership Grant	254,966	29,120	-
Provincial Government:	32,193	53,649	-
DRPW (Maintenance of Roads)	-	1,549	-
Marine and Coastal Development	896	-	-
Human Settlements Development	-	52,101	-
Easton Cape Capacity Building Grant	31,297	-	-
Other grant providers:	116,403	-	-
SARS	116,403	-	-
Total Operating Transfers and Grants	1,907,396	648,717	509,089
Capital Transfers and Grants			
National Government:	743,820	198,527	62,205
Public Transport Infrastructure	165,757	56,357	8,918
Urban Settlements Development	460,756	119,170	53,037
Neighbourhood Development Partnership	22,244	20,000	-
Integrated National Electrification	36,006	-	-
Informal Settlements partnership Grant	36,231	-	-
Drought Relief Grant	15,000	-	250
Energy Efficiency & Demand Side Management	7,826	3,000	-
Other grant providers:	41,865	-	2,793
Private Contributions	40,000	-	2,793
European Union	1,865	-	-
Total Capital Transfers and Grants	785,686	198,527	64,998
TOTAL RECEIPTS OF TRANSFERS & GRANTS	2,693,082	847,244	574,087

- 1.4.4. As previously reported, the NMBM finalised the raising of an external loan during the 2020/21 financial year, to finance the service delivery projects linked to the Water, Sanitation and Electricity services, in the amount of **R750.6 million**. The first tranche of external borrowing in the amount of R 85,765,880 was taken up on 1 August 2020. The second tranche of six tranches in the amount of R 128,648,820 was taken up as at 01 February 2021. The third tranche in the amount of R101,697,880 was taken up on 19 August 2021. The fourth tranche in the amount of R 152,547,120 was taken up on 07 March 2022. The fifth tranche in the amount of R 112,777,080 was taken up on 11 August 2022. As at 30 September 2022, the unspent portion of the External Loan from Nedbank amounted to R194,720 million (Excl VAT).
- 1.4.5. Overdue consumer debts increased by **R859.991 million (9.29%)** since June 2022. The average collection rate for the 2022/23 financial year to date amounted to 69.96%. The collection rate for the month of September 2022 based on what was billed for August 2022 was 62.7%. As previously reported, the Committee must also note that the introduction of punitive water tariffs necessitated by the drought situation has had a negative impact on the collection rate and has also contributed to the escalation in water debt.
- 1.4.6. An amount of R1.565 billion is owing to Creditors (Trade and Other Payables) of which R503.017 million is current creditors (within the 30-Day period and not yet payable).

Creditors consist of Payments and Accruals, Payments Received in Advance, Staff leave and Retentions. Below is a table detailing the amounts included in this figure: -

Detail	Total R '000	%
Bulk Electricity	393,836,318.20	25.16
Bulk Water	-	-
PAYE deductions	-	-
VAT (output less input)	-	-
Pensions / Retirement deductions	45,487,485.80	2.91
Loan Repayments	-	-
Trade Creditors	1,119,710,965.92	71.52
Auditor-General	6,496,539.32	0.41
Other	-	-
Total	1,565,531,309.24	100.00

It is important to Note that the Non-Current Trade Creditors in the amount of R1,062.514 million contains the Developers Contributions and Other deposits (R239.755 million), Staff Leave Pay (R403.418 million), Payments in Advance (R79.323 million), Creditors Retention (R134.851 million), Upgrading of New Brighton Library (R1.996 million) and Port Elizabeth Land Restitution Project (R2.129 million) that are not due within 30 days or to be paid back within the 2022/23 financial year. It can be concluded that an amount of approximately **R201.042 million** is due for payment but has been outstanding for a period of longer than 30 Days from the date of the invoice, due to various reasons. The remaining amount of R861.472 million, outstanding for a period of longer than 30 days, is not yet due for payment.

- 1.4.7. The municipality's investment portfolio has decreased by R91.092 million (1.90%) since June 2022 from R4,785 billion to R4.694 billion.
- 1.4.8. The Non-revenue Water Losses for September 2022 amount to 3.812 million kl or 47.1%. The cumulative Water losses for the period 01 July 2022 to 30 September 2022 amounts to 12.882 million kl or 53.3%. Strategies to address this trend are currently being implemented. In comparison, the Water losses for the period 01 July 2021 to 30 September 2022 were 11.560 million kl or 43.9%.
- 1.4.9. Total non-revenue electricity losses (excluding unbilled street lighting and traffic lights) for the 2021/22 financial year as at 30 June 2022 amounted to R822.9 million or 22.66% up from R600.07 million or 20.08% for the 2020/21 financial year.

Total non-revenue electricity losses (excluding unbilled street lighting and traffic lights) for the 2022/23 financial year as at 30 September 2022 amounted to R347.9 million or 26.27%. Total non-revenue electricity losses (excluding unbilled street lighting and traffic lights) for July 2022, August 2022 and September 2022 amounted to R139.067 million (28.20%), R154.789 million (30.14%) and R54.028 million (19.97%) respectively. It is evident that the current strategies to address electricity losses are not yielding positive results.

The highest percentage non-revenue electricity losses per month are always incurred during the high season tariff months namely July and August of each year, which significantly affects the value of electricity losses. It is evident that the current strategies to address electricity losses are not yielding positive results.

1.5. OPERATIONAL COSTS RELATING TO EXISTING AND NEW IPTS ROUTES TO BE IMPLEMENTED

The Committee and Council should note that although the NMBM receives a Conditional Grant for the IPTS related operations, the grant received does not cover the full costs of operating the bus system. It is considered important to note that when each route is operational, additional costs are incurred by the municipality, that must be budgeted for within the Operating Budget of the municipality. The associated operational costs have a direct impact on property rates, as it **must be** funded from a reliable source, meaning that property rates will have to be adjusted to cover these costs.

1.6. ANALYSING THE OVERDUE CONSUMER DEBTORS AS AT 30 SEPTEMBER 2022

The above-mentioned analysis indicates that from 30 June 2022 – 30 September 2022 the overdue debts have increased by R 859,991,587 as follows:

Detail	OVERDUE AMOUNTS		
	June2022	September 2022	Difference
Trade and Other Receivables from Exchange Transactions – Water	R 4,064,691,059	R 4,721,231,795	R 656,540,736
Trade and Other Receivables from Exchange Transactions – Electricity	R 773,487,147	R 801,797,947	R 28,310,800
Receivables from Non-exchange Transactions - Property Rates	R 1,076,022,931	R 1,057,899,908	-R 18,123,023
Receivables from Exchange Transactions - Waste Water Management	R 935,759,248	R 978,021,361	R 42,262,113
Receivables from Exchange Transactions - Waste Management	R 529,232,047	R 557,888,224	R 28,656,177
Receivables from Exchange Transactions - Property Rental Debtors	R 36,642,937	R 37,966,481	R 1,323,544
Interest on Arrear Debtor Accounts	R 1,430,696,992	R 1,542,714,494	R 112,017,502
Other	R 404,536,706	R 413,540,444	R 9,003,738
Total By Income Source	R 9,251,069,067	R 10,111,060,654	R 859,991,587
Debtors Age Analysis By Customer Group			
Organs of State	R 150,887,128	R 148,963,028	-R 1,924,100
Commercial	R 1,816,207,856	R 1,777,666,427	-R 38,541,429
Households	R 7,242,667,376	R 8,141,070,821	R 898,403,445
Other NMBM	R 41,306,707	R 43,360,378	R 2,053,671
Total By Customer Group	R 9,251,069,067	R 10,111,060,654	R 859,991,587

The following table provides a detailed analysis of the Debtors' Age Analysis per category, for the period ending 30 September 2022: -

Debtors' Age Analysis (Inclusive of VAT) as at end of 30 September 2022

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total-
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	R 908,007,002	R 954,165,720	R 251,618,657	R 221,382,284	R 168,405,757	R 185,713,977	R 1,219,087,606	R 2,110,880,734	R 5,628,199,397
Trade and Other Receivables from Exchange Transactions - Electricity	R 442,993,943	R 67,313,328	R 41,835,251	R 26,477,975	R 20,034,787	R 19,089,058	R 62,573,066	R 584,474,482	R 1,264,791,896
Receivables from Non-exchange Transactions - Property Rates	R 2,393,392,383	R 37,837,611	R 51,142,207	R 9,515,372	R 4,734,249	R 7,830,523	R 211,885,583	R 734,954,363	R 3,451,292,491
Receivables from Exchange Transactions - Waste Water Management	R 98,697,876	R 44,744,525	R 38,498,999	R 35,228,064	R 29,084,775	R 25,884,286	R 142,424,848	R 662,235,864	R 1,078,619,238
Receivables from Exchange Transactions - Waste Management	R 50,865,833	R 15,284,690	R 19,525,187	R 15,387,615	R 11,145,971	R 15,214,142	R 71,465,350	R 489,865,291	R 608,784,057
Receivables from Exchange Transactions - Property Rental Debtors	R 3,268,253	R 184,954	R 1,080,124	R 566,792	R 157,395	R 868,932	R 2,725,693	R 32,392,591	R 41,234,734
Interest on Arrear Debtor Accounts	R 79,706,212	R 39,014,691	R 58,296,283	R 46,078,440	R 31,077,376	R 48,278,823	R 189,679,670	R 1,190,286,413	R 1,622,428,708
Other	R 17,890,570	R 5,330,306	R 6,754,572	R 7,327,842	R 4,988,514	R 6,242,981	R 38,089,257	R 347,614,972	R 431,439,014
Total By Income Source	R 3,993,690,874	R 763,855,828	R 468,780,260	R 381,985,384	R 269,620,824	R 319,042,520	R 1,934,911,133	R 5,992,904,706	R 14,184,751,528
Organs of State	R 94,681,952	R 15,278,142	R 13,326,228	R 8,813,118	R 2,884,117	R 3,784,381	R 13,732,303	R 91,153,799	R 243,644,889

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total-
Commercial	R 1,683,112,963	R 85,980,382	R 74,820,521	R 42,954,467	R 27,666,234	R 35,983,171	R 203,616,322	R 1,308,745,390	R 3,340,778,490
Households	R 2,329,276,967	R 661,821,504	R 378,720,743	R 309,457,511	R 238,705,350	R 278,488,556	R 1,711,842,853	R 4,881,854,304	R 10,470,347,788
Other NMBM)	R 6,619,892	R 774,797	R 892,788	R 740,348	R 385,122	R 896,412	R 5,719,659	R 33,951,273	R 49,980,270
Total By Customer Group	R 3,993,690,874	R 763,855,829	R 468,760,294	R 361,965,364	R 269,420,824	R 319,042,520	R 1,934,911,133	R 5,992,804,788	R 14,104,751,528

It must be noted that the period of 0 to 30 days represents current accounts and anything greater than 30 days represent arrear accounts. In terms of the above, it can be stated that the arrear debtors amount to about R10.111 billion (or R14.104 billion – R3.993 billion).

A big contributor to the growth in arrear debts is Water Service Charges which have increased by R656.540 million from 30 June 2021 to 30 September 2022.

1.7. THE FINANCIAL IMPACT OF OVERTIME

The overtime worked for period July 2022 to September 2022 amounted to R53,496,188. If this trend is maintained for the financial year (2022/23), the projected spending on Overtime will amount to R338,385,040. It is therefore anticipated that the Operating Budget in the amount of R252,343,720 could be overspent by at least R86.041 million once all year-end accruals for overtime have been processed at the end of the 2022/23 financial year. The main Directorates responsible for the overspending are the Safety and Security, Electricity and Energy, Water Service, Public Health and Sanitation Directorates.

Directorate	2023 Actuals	2023 Budget	Virements	Projection
I&E Rate & General	1,685,610	4,544,830	885,000	10,658,661
Human Settlements	99,836	440,760	80,000	865,014
Public Health	7,189,873	27,570,330	200,000	43,721,056
Sport, Recreation, Arts & Culture	951,044	2,508,430	997,180	5,986,264
Safety & Security	14,605,598	88,596,990	125,000	88,789,726
Economic Development, Tourism & Agriculture	88,660	330,000	0	531,959
Corporate Services	1,440,832	5,080,280	660,000	9,458,443
Budget & Treasury	1,435,123	10,036,010	-584,000	10,204,686
Executive Mayor	57,513	616,000	0	588,327
Sanitation	5,365,185	30,297,990	230,672	42,533,281
Water Service	7,850,066	26,147,240	155,800	47,105,048
Municipal Manager	27,947	250,000	0	167,684
Electricity & Energy	12,472,469	54,858,990	0	76,101,285
Chief Operating Officer	213,266	1,065,870	0	1,594,607
Special Projects & Programmes	13,167	0	0	78,999
Grand Total	53,496,188	252,343,720	2,749,652	338,385,040

The table below reflects Actual Overtime Payments for the past 6 years. Overtime payments over this period from 2016/17 to 2021/22 have increased by 77.5% or R134.99 million. The standout Directorate is Safety & Security whose actual Overtime payment increased from R40,753,649 to R108,843,218 or by 167.08%. As previously reported this situation was exacerbated by the insourcing of security guards w.e.f. 2018/19 and 2019/20 financial years and this is now the permanent cost that will have to be the burden against the Property Rates of the NMBM as we go forward. However, it must be noted that there appears to be more strict management of Overtime in the Safety and Security Directorate as there was a reduction of R19.6 million from the 2020/21 to the 2021/22 financial year.

Directorate	2016/2017 Actuals	2017/2018 Actuals	2018/2019 Actuals	2019/2020 Actuals	2020/2021 Actuals	2021/2022 Actuals
Infrastructure & Engineering R&G	5,379,712	4,317,024	6,247,465	5,349,645	7,781,651	8,054,250
Human Settlements	1,135,380	430,116	942,996	734,493	522,384	550,583
Public Health	26,993,154	20,781,046	27,247,273	24,848,033	30,955,479	37,847,153
Sport, Rec, Arts & Culture	5,914,578	6,207,957	9,206,181	7,858,502	4,700,056	8,458,916
Safety & Security	40,753,649	45,617,891	76,720,540	112,333,008	128,459,967	108,843,218
Economic Dev, Tourism & Agriculture	599,524	568,589	640,741	802,378	668,259	472,287
Corporate Services	4,446,327	5,113,737	6,815,851	5,112,714	3,857,871	6,400,590
Budget & Treasury	10,396,113	7,913,218	9,404,412	7,576,136	4,514,354	6,249,574
Executive Mayor	683,740	435,847	307,970	420,580	358,220	544,583
Sanitation	17,858,306	16,154,418	19,237,423	24,073,918	26,278,028	29,265,055
Water	28,423,438	21,441,984	29,397,881	37,399,119	44,233,144	44,413,757
Municipal Manager	185,080	183,014	237,847	279,305	173,723	197,671
Electricity & Energy	30,975,974	25,209,115	35,465,323	41,720,359	50,381,141	56,910,684
Chief Operating Officer	373,082	252,894	677,398	386,227	1,515,504	903,439
Spec Projects and Programmes	38,164	97,673	230,027	119,170	14,705	33,309
Grand Total	174,156,220	154,724,523	222,779,330	269,013,587	304,414,486	309,145,069
Percentage Increase		-11.16%	43.98%	20.75%	13.16%	1.55%

As indicated previously the reduction in actual overtime payments from 2017 to 2018 is the direct result of a new overtime policy that was implemented at the time for a period of 2 months only; and subsequently withdrawn as a result of a moratorium placed by Council on the implementation of that policy.

As reported in the previous financial year/s, considering the extent of overspending, the conclusion of the outstanding Overtime Policy in line with the relevant legislation, by the Corporate Services and Human Resources Standing Committee is long overdue. The fact that there is no guiding policy dealing with this matter, poses a significant risk for the institution.

Lastly, as emphasised in the past reporting periods, it is important that the Overtime Policy be in line with the requirements of the Basic Conditions of Employment Act for compliance and to make the difference in spending against this component of expenditure and to enable the institution to create space within its limited financial resources in order to create employment in the most critical areas in the municipality's operations.

1.8. VARIOUS FINANCIAL RATIOS

The following financial ratios are monitored on an ongoing basis:

Ratio	Actual as at June 2016	Actual as at June 2017	Actual as at June 2018	Actual as at June 2019	Actual 30 June 2020	Actual 30 June 2021	Pre-Audited 30 June 2022	30 September 2022	Targets
Current Ratio	1.54:1	1.63:1	1.73:1	1.85:1	2.12:1	2.14:1	2.58:1	2.57:1	2.10:1
Liquidity Ratio	0.71:1	0.70:1	0.92:1	1.05:1	1.01:1	1.19:1	1.31:1	1.29:1	1.20:1
Average Debtors' Collection Rate	91.4%	94.3%	93.1%	94.7%	83.4%	85.5%	76.16%	69.96%	79%
Creditors' payment Rate (i.e. 30 Days on Receipt of Invoice)	36 days	33 days	43 days	44 days	50 days	59 days	72 days	48 days	30 days
Cost Coverage (excluding unspent conditional grants)	2.11 months	2.20 months	3.18 months	3.64 months	4.00 months	4.84 months	5.29 months	3.90 months	4.51 months
Debt servicing costs to Operating Revenue Ratio	3.08%	2.78%	2.40%	2.17%	1.98%	1.91%	2.31%	1.64%	2.44%

1.8.1. Collection Rate as recorded above:

It must be noted that the adjustments budgeted collection rate for the 2022/23 financial year was set at 79%. The average collection rate for revenue billed during the period July 2022 to August

2022 was 69.96%. The monthly collection rate for revenue billed in August 2022 that was collected in September 2022 was 62.70%.

1.8.2. Creditor's Payment Rate

The main factors influencing the September 2022 payment days, are the following:

- The September payment day's results of the Corporate Services Directorate are attributed to late payments that were made to supplier AFRISAVE CASH AND CARRY (PTY) LTD which were paid in excess of 500 days, from the Date of Invoice. The late payment reason recorded by the Corporate Services Directorate is due to "Invoices that were accrued against 2020JACC00060 and then section has to request to pay authority from MM."
- The September payment day's results of the Office of the Executive Mayor Directorate are attributed to late payments that were made to supplier Rennie's Travel which were paid in excess of 300 days, from the Date of Invoice. The late payment reason recorded by the Office of the Executive Mayor is due to "OUTSTANDING DOCUMENTATION & AUTHORITY TO PAY AS WELL AS INSUFFICIENT BUDGET."

It must be noted that the Creditors payment rate is still not, at the required level, due to various reasons, which can only be analysed on an invoice-by-invoice basis and per Directorate. In certain cases, it could be due to insufficient budget and compliance issues that may have not been properly addressed, such as proper authorities prior to committing the municipality in order to avoid unauthorised, irregular and fruitless and wasteful expenditure. Section 78(1)(c) of the Municipal Finance Management Act (Act 56 of 2003) is instructive to senior managers and all officials dealing with the financial resources of the municipality.

The approach that has been implemented by Budget and Treasury is to write to Directorates requesting explanations for the delay in the payment of invoices. (This approach was introduced in June 2018). It is also important to note that payments to creditors can only be based on **goods received** and **services rendered** as pre-payments are against the MFMA.

2. DETAILED REPORTS ATTACHED AS ANNEXURES TO THIS REPORT

To comply with "Schedule C" of the Municipal Budget and Reporting Regulations (No. 32141 dated 17 April 2009) the following detailed schedules for the period ending 30 September 2022 are attached:

Annexure "A1" – Operating Revenue and Expenditure Performance: This Annexure illustrates the Operating Performance position for the reporting period. It answers the question of how the revenue as at the end of the reporting month compares to the expenditure for the same period.

Annexure "A2" – Capital Budget Performance: This Annexure gives the position of the Capital Budget for the reporting period. In total about 6.63% of the total Final Capital Budget of R1.638 billion has been incurred as at the end of September 2022. Some of the reasons that may have resulted in this position are disclosed elsewhere in this report.

Annexure "A2(i)" – Capital Expenditure Report. This Annexure show the detail of all Capital Projects per Directorate indicating the Budget, any amendments, expenditure up to 30 September 2022 as well as the funding source for each project.

Annexure "A3" – Projected Cash Flow Statement: This Annexure illustrates the inflows and outflows of Cash for the period ending 30 September 2022.

Annexure "A4" – Consolidated Budget Tables (incl. MBDA figures): This Annexure illustrates the financial position of NMBM for the reporting period including the financial records of the municipal entity.

Annexure "A5" – Analysis of Municipality's Balance Sheet: This Annexure details the balance sheet items including:

- i. Outstanding Consumer Debtors
- ii. Overview of Creditors position
- iii. Investment portfolio
- iv. Grants receipts and Expenditure
- v. Councillor & Officials allowances & benefits
- vi. Key performance Indicators

Annexure "A6" – MBDA's Monthly Report & Budget Tables: This Annexure contains the tables for the MBDA (municipal entity) for the reporting period.

RECOMMENDATION

- a) That the Budget & Treasury Standing Committee **NOTES** the Municipality's consolidated (including the Entity) 30 September 2022 Budget statement, prepared in line with Section 71 of the MFMA (Excluding the usual Annexures).
- b) That it be **NOTED** that this report represents the financial results for the 2022/23 financial year to date.

2 OTHER FINANCIAL REPORTS

2.1 MONTHLY REPORTS

2.1.1 Bank Reconciliation

Annexure "B" reflects the reconciliation of Council's Main Bank Account as at 31 August 2022. Council operates one primary bank account and a number of dedicated subsidiary accounts, all of which are reconciled with the main bank account. In terms of the internal B&T set target for completing the subsidiary bank reconciliation, the target is 20 days and 35 days for the main account. The receipting office balances the cash receipted to the cash banked on a daily basis, which assists in the timeous completion of bank reconciliations.

FOR INFORMATION

2.1.2 Capital Spending – B & T Directorate

The attached **Annexure "C"** indicates the status of the various capital projects in the Budget and Treasury directorate for the year 2022/2023 as at 24 October 2022. This annexure is extracted directly from the Councils Accounting program.

The progress in spending can be seen by comparing the information in **Annexure "A2"** to the totals of this annexure.

FOR INFORMATION

**OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE
2022/23 FINANCIAL YEAR AS AT 30 SEPTEMBER 2022**

Below is an analysis of the operating revenue and expenditure performance compared to the approved 2022/23 Operating Budget.

Description	Budget Year 2022/23		
	Original Budget	YearTD actual	% Spent
R thousands			%
Revenue By Source			
Property rates	2,838,816	2,875,491	101%
Service charges - electricity revenue	4,708,773	1,315,185	28%
Service charges - water revenue	2,693,767	1,219,459	45%
Service charges - sanitation revenue	776,924	186,182	24%
Service charges - refuse revenue	294,378	82,782	28%
Rental of facilities and equipment	29,488	8,742	30%
Interest earned - external investments	179,558	3,757	2%
Interest earned - outstanding debtors	399,628	173,692	43%
Fines, penalties and forfeits	94,347	15,511	16%
Licences and permits	16,850	6,602	39%
Agency services	3,453	1,052	30%
Transfers and subsidies	1,907,396	767,108	40%
Other revenue	903,062	30,411	3%
Gains		360	100%
Total Revenue (excluding capital transfers and contributions)	14,846,441	6,686,335	45%
Expenditure By Type			
Employee related costs	4,210,662	831,925	20%
Remuneration of councillors	87,809	21,965	25%
Debt impairment	2,221,127	123,304	6%
Depreciation & asset impairment	1,295,759	324,077	25%
Finance charges	123,596	12,149	10%
Bulk purchases - electricity	4,705,312	1,503,680	32%
Inventory consumed	300,490	60,293	20%
Contracted services	1,576,121	162,155	10%
Transfers and subsidies	63,912	8,768	14%
Other expenditure	744,930	107,264	14%
Losses	70,655	0	0%
Total Expenditure	15,400,374	3,155,580	20%

Below is a discussion of the significant revenue and expenditure variations:

The statement of financial performance should not be viewed in isolation from the cash flow statement and the cash flow forecast as discussed in **Annexure A3**. Other entries that are not processed on a monthly basis as some are processed only at the end of the financial year. Not all the Debt Impairment accruals have been processed and will materially impact on the 2022/23 financial outcome. It should be noted that the loss of water transactions had also not yet been processed which will reduce the surplus position. The NMBM billing collection rate is only averaging 69.96% for the 2022/23 financial year due to various reasons but inclusive of the COVID19 impact on the local economy and the ability and willingness of customers to pay for services received. The extent of punitive water tariffs had contributed towards the lower than anticipated collection rate. The extent of long outstanding debtors requires attention and should be written off timeously as it becomes non-recoverable by Council. It would reduce the value of interest earned on outstanding debtors that is clearly non-recoverable. It would also contribute in disclosing Consumer Debtors appropriately.

Revenue Variations

Property Rates

Property rates appears to be in line with the budget projections. Property Rates are raised on 1 July of each financial year as required and is therefore appropriately reflected at 101.29%.

mSCOA Line Item Description: Revenue:	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Received
Property Rates:				
Revenue: Property Rates	-2,838,816,470	-2,875,490,523	36,674,053	101.29%
Agricultural Property	-6,160,810	-2,583,688	-3,577,122	41.94%
Business and Commercial Properties	-899,041,820	-928,807,552	29,765,732	103.31%
Formal and Informal Settlements	51,933,060	27,760,390	24,172,670	53.45%
Industrial Properties	-280,282,100	-274,998,376	-5,283,724	98.11%
Mining Properties	-218,200	-208,596	-9,604	95.60%
Public Benefit Organisations	-2,475,200	-1,618,024	-857,176	65.37%
Public Service Infrastructure Properties	-148,200,580	-544,834	-147,655,746	0.37%
Residential Properties: Developed	-1,290,455,590	-1,449,399,821	158,944,231	112.32%
Residential Properties: Vacant Land	-86,961,490	-114,068,602	27,107,112	131.17%
Special Rating Area	-6,063,860	-6,029,251	-34,609	99.43%
State-owned Properties	-170,889,880	-124,992,169	-45,897,711	73.14%

Service Charges

It appears that the revenue trends for the Electricity revenue are higher than anticipated in the 2022/23 Operating Budget. However, this is as a result of the July and August billings that are traditionally the two highest electricity consumption months of the year. There also appears to be misalignment between the line items where budget projections were processed and where actual revenue raised are recognised. The reasons for these misalignments should be investigated and be amended as it impacts on future budget projections. Factors that impact on the revenue trends are the drought situation, problems with water pumps and therefore water availability, electricity load shedding and maintenance performed on Electricity and Water Infrastructure.

The Water Services reflect a higher revenue trend due to the drought conditions affecting the Metro because of applying stricter water usage stipulations and a higher tariff charged over the period than anticipated in the 2022/23 budget. **This created pressure on achieving at least an 79% collection rate for the financial year. Currently the average collection rate is 69.96% Considering the current debtors collection trend during the COVID lockdown period there remains a high risk that the projected 79% collection rate will not be achieved. Care must also be taken that ATTP consumers water usage are monitored to manage excessive water usage as their billing accounts are written off automatically after 90 days. This practice of writing off debt automatically after 90 days is considered as bad financial practice by National Treasury. This is all about proper credit control of all municipal consumers and the loss of financial control and usage of services such as water during extreme drought conditions.**

A further risk of COVID19 is that as more job opportunities in the Metro are lost less consumers will be able to pay for services provided. The increase of consumer debtors reinforces the fact that the Metro operates in a weak economic environment.

mSCOA Line Item Description: Revenue: Exchange Revenue: Service Charges:	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Received
Revenue: Service Charges	-8,473,642,200	-2,803,554,064	-5,670,088,136	33.09%
Electricity: Availability Charges	-66,913,940	-14,053,161	-52,860,779	21.00%
Electricity: Connection/Reconnection: Change Circuit Breaker	0	-1,240	1,240	#DIV/0!
Electricity: Connection/Reconnection: Connections New: Non-government Housing	-5,606,980	-1,035,782	-4,571,198	18.47%
Electricity: Electricity Distribution Revenue for Services: Network Charges	0	-61,713,060	61,713,060	#DIV/0!
Electricity: Electricity Sales: Commercial Conventional (3-Phase)	-176,432,800	-67,909,362	-108,523,438	38.49%
Electricity: Electricity Sales: Commercial Prepaid	-111,765,160	0	-111,765,160	0.00%
Electricity: Electricity Sales: Domestic High: Prepaid	-1,330,909,670	-317,760,830	-1,013,148,840	23.88%
Electricity: Electricity Sales: Domestic Low: Domestic Indigent	-55,860,480	-5,015,753	-50,844,727	8.98%
Electricity: Electricity Sales: Domestic Low: Prepaid	-5,384,850	-4,260,881	-1,123,969	79.13%
Electricity: Electricity Sales: Industrial more than (11 000 Volts) (High Voltage)	-911,775,390	-266,653,425	-645,121,965	29.25%
Electricity: Electricity Sales: Industrial (400 Volts) (Low Voltage)	-344,484,530	-78,467,035	-266,017,495	22.78%
Electricity: Electricity Sales: Time of Use Tariffs	-1,699,350,530	-498,302,670	-1,201,047,860	29.32%
Electricity: Joint Pole Usage	-24,750	-6,216	-18,534	25.12%
Electricity: Meter Compliance Testing	-56,750	-6,062	-50,688	10.68%
Electricity: Meter Reading Fees	-207,230	0	-207,230	0.00%
Waste Management: Refuse Removal	-278,036,670	-78,984,940	-199,051,730	28.41%
Waste Management: Waste Bins	-16,141,480	-3,742,358	-12,399,122	23.18%
Waste Water Management: Availability Charges	-187,463,040	-46,896,893	-140,566,147	25.02%
Waste Water Management: Connection/Reconnection	-2,830,000	-447,095	-2,382,905	15.80%
Waste Water Management: Higher Level Service	-93,284,730	-24,211,920	-69,072,810	25.95%
Waste Water Management: Industrial Effluent	-41,038,000	-8,198,909	-32,839,091	19.98%
Waste Water Management: Industrial Waste Water	-62,100,000	-14,165,602	-47,934,398	22.81%
Waste Water Management: Sanitation Charges	-390,208,110	-92,261,882	-297,946,228	23.64%
Water: Agricultural and Rural Water Service	-41,040,000	-15,208,811	-25,831,189	37.06%
Water: Availability Charges	-187,913,120	-48,418,186	-139,494,934	25.77%
Water: Connection/Disconnection	-6,270,000	-1,736,226	-4,533,774	27.69%
Water: Industrial Water	-425,600,000	-56,400,461	-369,199,539	13.25%
Water: Sale: Conventional	200,000,000	56,154,988	143,845,014	28.08%
Water: Sale: Flat Rate	-2,927,200	-719,316	-2,207,884	24.57%
Water: Urban Higher Level Service	-2,230,016,790	-1,153,130,975	-1,076,885,815	51.71%

Interest Earned – External Investments

The interest earned represents the cash received in respect of investments that have matured and have been earned during the 2022/23 financial year. Interest earnings are influenced by the extent of the municipality's investment portfolio. The term of investments and subsequent interest payments influence the cash flow and actual interest received. It is anticipated that the revenue earned on investments will be on par with the 2022/23 Budget projection. **However, should the current average collection of outstanding debtors of 69.96% not materially improve there will be a material risk that the projection for interest earned will not be achieved.**

The following has impacted on the interest earned:

- High level of Housing Top Structures bridge-funding – As at 30 September 2022 the outstanding balance was R195.43 million.
- It is anticipated that as the regulations during this COVID19 pandemic period are being relaxed and the economy gains momentum even higher interest rates may be introduced by the Reserve Bank which will have a positive impact on interest earned on investments.

- The poor average year to date cash collection rate of only 69.96% for the 2022/23 financial year will further contribute in limiting the interest earned on investments revenue.
- It also appears the electricity services revenue raised is lower than anticipated whilst, the water services revenue is higher due to punitive water tariffs due to the severe drought condition in the Water Catchment Areas.

Rental of Facilities and Equipment

Rentals of facilities and equipment are lower than anticipated in the 2022/23 adjustments budget projections. It is however important that all the Metro's asset management structures ensure that all possible rentals be raised / billed and that rental agreements are maintained at market related prices.

mSCOA Line Item Description: Revenue: Exchange Revenue: Rental from Fixed Assets:	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Received
Revenue: Rental from Fixed Assets	-29,037,990	-8,572,894	-20,465,096	29.52%
Market Related				
Investment Property: Straight-lined Operating	-7,924,860	-2,225,546	-5,699,314	28.08%
Property Plant and Equipment: Ad-hoc rentals: Community Assets	-10,360,260	-3,171,856	-7,188,404	30.62%
Property Plant and Equipment: Straight-lined Operating: Other Assets	-680,700	-168,397	-512,303	24.74%
Non-market Related				
Investment Property: Ad-hoc rentals	-3,659,570	-1,355,494	-2,304,076	37.04%
Property Plant and Equipment: Ad-hoc rentals: Community Assets	-933,480	-300,793	-632,687	32.22%
Property Plant and Equipment: Ad-hoc rentals: Machinery and Equipment	-259,820	-43,122	-216,698	16.60%
Property Plant and Equipment: Ad-hoc rentals: Solid Waste Infrastructure	-4,993,200	-1,218,508	-3,774,692	24.40%
Property Plant and Equipment: Straight-lined Operating: Community Assets	-4,300	-1,501	-2,799	34.91%
Property Plant and Equipment: Straight-lined Operating: Electrical Infrastructure	-20,000	-3,941	-16,059	19.70%
Property Plant and Equipment: Straight-lined Operating: Machinery and Equipment	-1,800	-999	-801	55.52%
Property Plant and Equipment: Sub-lease Payment: Roads Infrastructure	-200,000	-82,736	-117,264	41.37%

Interest Earned: Outstanding Debtors

Interest Earned on Outstanding Debtors is higher than anticipated in the 2022/23 Operating Budget due to escalating Outstanding Debtors. This is due to a poor outstanding debtors collection rate of only 69.96% to date compared to the 79% collection rate that was anticipated in the 2022/23 Operating Budget.

Fines

The total fines raised as at 30 September 2022 was only R15.51 million or 16.44% compared to the 2022/23 budget projection of R94.347 million.

mSCOA Line Item Description: Revenue: Non-exchange Revenue: Fines, Penalties and Forfeits:	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Received
Revenue: Fines, Penalties and Forfeits	-94,347,080	-15,510,780	-78,836,300	16.44%
Fines: Illegal Connections	-3,263,430	-214,000	-3,049,430	6.56%
Fines: Law Enforcement	-50,360	0	-50,360	0.00%
Fines: Overdue Books Fine	-1,306,330	-592,313	-714,017	45.34%
Fines: Pound Fees	-217,010	-33,724	-183,286	15.54%
Fines: Traffic: Municipal	-12,857,260	-975,936	-11,881,324	7.59%
Fines: Traffic: Service Provider	-27,321,670	0	-27,321,670	0.00%

Forfeits: Deposits	0	-2,801,922	2,801,922	#DIV/0!
Forfeits: Unclaimed Money	0	-1,223,223	1,223,223	#DIV/0!
Penalties: Disconnection Fees	-49,331,020	-9,669,663	-39,661,357	19.60%

Traffic Fines in the amount of R2.00 million was collected for the period ending 30 June 2021 representing the worst performance in almost a decade. It is however, below the budgeted amount for the 2020/21 financial year, as well as being lower than the revenue collected in the 2019/20 financial year. Urgent strategies are required to ensure the road safety of the Nelson Mandela Bay Municipal Area.

Licences or Permits

The total Licences or Permits revenue collected as at 30 September 2022 was R6.60 million or 39.18% compared to the 2022/23 budget projection of R16.85 million.

mSCOA Line Item Description: Revenue: Licences or Permits	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Received
Revenue: Licences or Permits	-16,849,970	-6,602,318	-10,247,652	39.18%
Boat	-252,500	-73,549	-178,951	29.13%
Fauna and Flora	-385,100	-105,097	-280,003	27.29%
Health Certificates	-338,960	-151,436	-187,524	44.68%
Road and Transport: Drivers Licence Application/Duplicate Drivers Licences	-2,273,140	-692,166	-1,580,974	30.45%
Road and Transport: Drivers Licence Certificate	-7,650,000	-3,085,313	-4,564,687	40.33%
Road and Transport: Learner Licence Application	-2,500,000	-1,186,203	-1,313,797	47.45%
Road and Transport: Learners Certificate	-1,165,590	-90,780	-1,074,810	7.79%
Road and Transport: Operators and Public Drivers Permits	-1,591,590	-270,043	-1,321,547	16.97%
Threatened and Protected Species	-6,690	0	-6,690	0.00%
Trading	-684,080	-947,378	263,298	138.49%
Revenue: Non-exchange Revenue: Licences or Permits: Dog	-2,320	-354	-1,966	15.26%

Grants and Subsidies received

It is important to note that R297,546,224 of Council's allocated 2021/22 DORA Grants were not spent as at 30 June 2022. The table below reflects the unspent portions of the respective grants:

Grant Description	2021/22
Public Transport Infrastructure Grant	27,595,051
Public Transport Networks Operations Grant	49,330,709
Neighbourhood Partnership Development Grant	9,101,120
Neighbourhood Partnership Development Grant	14,307,080
Urban Settlement Grant	31,920,928
Programme and Project Preparation Support Grant (PPPSG)	10,891,492
Drought Relief Grant	55,667,575
Informal Settlements Upgrading Grant	98,732,269
Total Unspent Conditional Grants as at 30 June 2022	297,546,224

The table below also reflects the conditional grants and Equitable Share received:

mSCOA Line Item Description: Revenue: Non-exchange Revenue: Transfers and Subsidies: Operational: Monetary Allocations:	2022/23 Original Budget	2022/23 Actual Received to Date	Variance	% Received
Operating Transfers and Subsidies	-1,907,396,000	-767,108,329	-1,140,287,671	40.22%
Departmental Agencies and Accounts				
National Departmental Agencies: Local Government, Water and Related Service SETA	-3,500,000	0	-3,500,000	0.00%
National Departmental Agencies: Marine Living Resources Fund	-896,340	0	-896,340	0.00%
National Departmental Agencies: South Africa Revenue Service (SARS)	-116,402,850	-16,780	-116,386,070	0.01%
National Government				
Expanded Public Works Programme Integrated Grant	-9,884,000	-538,000	-9,346,000	5.44%
Infrastructure Skills Development Grant	-12,750,000	-4,250,063	-8,499,937	33.33%
Integrated City Development Grant	-20,322,000	0	-20,322,000	0.00%
Local Government Financial Management Grant	-1,000,000	-114,654	-885,346	11.47%
Metro Informal Settlements Partnership Grant	-254,965,510	0	-254,965,510	0.00%
Public Transport Network Grant	-152,786,510	-8,288,831	-144,497,679	5.43%
Urban Settlement Development Grant	-15,363,790	0	-15,363,790	0.00%
National Revenue Fund: Equitable Share	-1,288,228,000	-753,900,000	-534,328,000	58.52%
Provincial Government: Eastern Cape				
Capacity Building and Other: Specify	-31,297,000	0	-31,297,000	0.00%

The Fuel Levy had been incorrectly receipted against the Equitable Share in the amount of R251,491,000. Therefore, only R502,409,000 had been receive in respect of the Equitable Share Allocation

The above have and had a huge impact on the Metro's cash flow, spending on capital projects and ability to utilise the Equitable Share as budgeted.

Fuel Levy

Fuel Levy is defined as a non-exchange other revenue source and was received as follows:

mSCOA Line Item Description: Revenue: Non-exchange Revenue:	2022/23 Original Budget	2022/23 Actual Received to Date	Variance	% Received
Revenue: Fuel Levy (RSC Replacement Grant)	-754,473,000	0	-754,473,000	0.00%
Fuel Levy (RSC Replacement Grant)	-754,473,000	0	-754,473,000	0.00%

The Fuel Levy received on 8 August 2022 had been incorrectly receipted against the Equitable Share in the amount of R251,491,000. This was corrected in October 2022.

Other Operational Revenue

The variances are reflected in the table below.

mSCOA Line Item Description: Exchange Revenue: Other Operational Revenue	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Received
Revenue: Operational Revenue	-34,909,000	-7,672,626	-27,236,374	21.98%
Administrative Handling Fees	-210,000	0	-210,000	0.00%
Breakages and Losses Recovered	-48,740	-1,730	-47,010	3.55%

mSCOA Line Item Description: Exchange Revenue: Other Operational Revenue	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Received
Commission: Transaction Handling Fees	-23,908,480	-3,531,635	-20,376,845	14.77%
Discounts and Early Settlements	-3,685,240	-1,288,319	-2,396,921	34.96%
Incidental Cash Surpluses	-23,030	-5,800	-17,230	25.18%
Inspection Fees: Statutory Services	-5,000,000	-1,010,743	-3,989,257	20.21%
Insurance Refund	-10,000	-598,822	588,822	5988.22%
Recovery Maintenance	-200,000	-399,827	199,827	199.91%
Registration Fees: Road and Transport	-183,760	-63,874	-119,886	34.76%
Request for Information: Access to Information Act	-214,340	-18,914	-195,426	8.82%
Request for Information: Accident Reports	-359,350	-79,462	-279,888	22.11%
Request for Information: Duplicate IRP 5 Certificate	0	-25	25	#DIV/0!
Request for Information: Municipal Information and Statistics	-71,070	0	-71,070	0.00%
Request for Information: Plan Printing and Duplicates	-20,000	-715	-19,285	3.58%
Sale of Property	-118,000	-403,921	285,921	342.31%
Staff and Councillors Recoveries	-856,990	-268,840	-588,150	31.37%
Revenue: Sales of Goods and Rendering of Services	-113,679,830	-22,738,179	-90,941,651	20.00%
Academic Services: Formal Training	-1,443,890	-671,071	-772,819	46.48%
Advertisements	-1,725,640	-654,169	-1,071,471	37.91%
Building Plan Approval	-12,500,000	-2,555,473	-9,944,527	20.44%
Buyers Card	-46,240	-18,062	-28,178	39.06%
Camping Fees	-47,280	-2,325	-44,955	4.92%
Cemetery and Burial	-17,223,340	-3,261,590	-13,961,750	18.94%
Cleaning and Removal	-666,380	-34,767	-631,613	5.22%
Clearance Certificates	-1,672,080	-470,996	-1,201,084	28.17%
Computer Services	-72,240	-13,433	-58,807	18.60%
Drainage Fees	-100,000	-1,531	-98,469	1.53%
Encroachment Fees	-475,000	-286,974	-188,026	60.42%
Entrance Fees	-13,137,600	-24,207	-13,113,393	0.18%
Escort Fees	-792,380	-658,840	-133,540	83.15%
Laboratory Services	-500,000	-634,582	134,582	126.92%
Legal Fees	-40,925,740	-4,712,405	-36,213,335	11.51%
Meal and Refreshment	-14,440	0	-14,440	0.00%
Parking Fees	-12,090	-773	-11,317	6.39%
Photocopies, Faxes and Telephone charges	-201,390	-20,736	-180,654	10.30%
Removal of Restrictions	-1,125,000	-419,527	-705,473	37.29%
Sale of Goods: Agricultural Products: Nursery Sale of Plants	-10,000	-5,448	-4,552	54.48%
Sale of Goods: Assets < Capitalisation Threshold	0	-2,517	2,517	#DIV/0!
Sale of Goods: Consumables	0	-1,832,931	1,832,931	#DIV/0!
Sale of Goods: Publications: Books	-9,360	-522	-8,838	5.57%
Sale of Goods: Publications: Charts/Posters	-14,100	0	-14,100	0.00%
Sale of Goods: Publications: Prints	-104,520	-14,696	-89,824	14.06%
Sale of Goods: Publications: Tender Documents	-1,597,500	-89,819	-1,507,681	5.62%
Sale of Goods: Sub-division and Consolidation Fees	-3,060,830	0	-3,060,830	0.00%
Scrap, Waste & Other Goods: Recycling of Waste	-11,092,140	-3,845,650	-7,246,490	34.67%
Scrap, Waste & Other Goods: Scrap	-100,000	-22,670	-77,330	22.67%
Transport Fees	-5,000,000	-2,301,118	-2,698,882	46.02%
Valuation Services	0	-178,563	178,563	#DIV/0!
Weighbridge Fees	-10,650	-2,783	-7,867	26.13%

Interest Earned: Outstanding Debtors

It appears that the Interest Earned on Outstanding Electricity Debtors are lower than expected possibly due to the overstatement of the Operating Revenue Budget projection.

Interest Earned on Other Outstanding Debtors is higher than anticipated in the 2022/23 Operating Budget due to escalating Outstanding Debtors. This is an outcome of the punitive water tariffs being implemented due to the drought conditions being experienced in the Metro's water catchment areas. Long outstanding debtors that are non-recoverable should be considered for write-off of debt purposes as it attracts interest on old debt that is non-recoverable.

mSCOA Line Item Description: Revenue: Exchange Revenue: Interest, Dividend and Rent on Land	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Received
Interest: Receivables: Electricity	-68,757,190	-8,540,985	-60,216,205	12.42%
Interest: Receivables: Housing Land Sales	0	-421,800	421,800	100.00%
Interest: Receivables: Service Charges	-108,110,860	-35,143,661	-72,967,199	32.51%
Interest: Receivables: Waste Management	-25,782,590	-12,020,988	-13,761,602	46.62%
Interest: Receivables: Waste Water Management	-63,600,000	-21,045,868	-42,554,132	33.09%
Interest: Receivables: Water	-133,377,090	-96,519,070	-36,858,020	72.37%

The main portion of interest earned on Outstanding Debtors will not be converted into cash and should therefore where appropriate be written off as irrecoverable debt.

Expenditure Variations:

Employee Related Costs

The Operating Budget for Employee Related Costs amount to R4.145 billion for the 2022/23 financial year. The expenditure to date amounts to R800.503 million or 19.77% of the budgeted amount.

mSCOA Line Item Description: Expenditure: Employee Related Cost:	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Spent
Employee Related Cost: Municipal Staff	4,144,615,760	819,503,084	3,325,112,676	19.77%
Post-retirement Benefit:				
Pension: Current Service Cost	36,747,370	0	36,747,370	0.00%
Salaries, Wages and Allowances: Allowances:				
Cellular and Telephone	8,950	1,572	7,378	17.56%
Housing Benefits and Incidental: Essential User	29,793,030	6,477,611	23,315,419	21.74%
Housing Benefits and Incidental: Housing Benefits	15,520,670	3,613,806	11,906,864	23.28%
Non-pensionable	1,724,430	162,143	1,562,287	9.40%
Service-Related Benefits:				
Acting and Post Related Allowances	33,240	2,618,069	-2,584,829	7876.26%
Bonus	178,654,110	14,870,402	163,783,708	8.32%
Entertainment	1,660	0	1,660	0.00%
Leave Pay	8,055,760	0	8,055,760	0.00%
Long Service Award	139,648,980	30,787,842	108,861,138	22.05%
Overtime: Night Shift	21,582,120	3,049,483	18,532,637	14.13%
Overtime: Non-Structured	214,536,620	47,376,613	167,160,007	22.08%
Overtime: Shift Additional Remuneration	20,762,910	3,473,738	17,289,172	16.73%
Overtime: Structured	37,807,100	6,335,795	31,471,305	16.76%
Scarcity Allowance	22,078,160	4,723,380	17,354,780	21.39%
Standby Allowance	29,951,590	5,608,025	24,343,565	18.72%
Uniform/Special/Protective Clothing	2,430	496	1,934	20.43%
Travel or Motor Vehicle	70,078,430	16,452,025	53,626,405	23.48%
Salaries, Wages and Allowances:				

mSCOA Line Item Description: Expenditure: Employee Related Cost:	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Spent
Basic Salary and Wages	2,601,434,170	516,651,311	2,084,782,859	19.86%
Bonuses	39,791,270	7,404,967	32,386,303	18.61%
Social Contributions:				
Bargaining Council	1,557,720	192,650	1,365,070	12.37%
Group Life Insurance	33,162,210	5,820,401	27,341,809	17.55%
Medical	220,026,910	48,849,379	171,177,531	22.20%
Pension	406,304,870	91,414,917	314,889,953	22.50%
Unemployment Insurance	15,351,050	3,618,457	11,732,593	23.57%
Employee Related Cost: Senior Management	27,396,210	3,623,997	23,772,213	13.23%
Chief Financial Officer: Salaries and Allowances: Basic Salary	2,432,330	553,452	1,878,878	22.75%
Chief Financial Officer: Salaries and Allowances: Bonuses	266,480	0	266,480	0.00%
Chief Financial Officer: Social Contributions: Unemployment Insurance	2,430	531	1,899	21.87%
Designation: Salaries and Allowances: Basic Salary	22,640,150	3,021,294	19,618,856	13.34%
Designation: Salaries and Allowances: Bonuses	1,833,500	0	1,833,500	0.00%
Designation: Social Contributions: Unemployment Insurance	21,320	3,188	18,132	14.95%
Municipal Manager (MM): Salaries and Allowances: Basic Salary	0	45,000	-45,000	#DIV/0!
Municipal Manager (MM): Salaries and Allowances: Bonuses	200,000	0	200,000	0.00%
Municipal Manager (MM): Social Contributions: Unemployment Insurance	0	531	-531	#DIV/0!

The variance is due to certain allowances such as Overtime, Acting Allowance and Incentive Bonuses that are paid one month in arrears. Contributions to Post Retirement benefits and Leave Pay provision are only processed as at the close of the financial year as it relies on actuarial reports and the information as applicable as at 30 June of each financial year.

The overtime worked for period July 2022 to September 2022 amounted to R53,496,188. If this trend is maintained for the financial year (2022/23), the projected spending on Overtime will amount to R338,385,040. It is therefore anticipated that the Operating Budget in the amount of R252,343,720 could be overspent by at least R86.041 million once all year-end accruals for overtime have been processed at the end of the 2022/23 financial year. The main Directorates responsible for the overspending are the Safety and Security, Electricity and Energy, Water Service, Public Health and Sanitation Directorates.

Directorate	2023 Actuals	2023 Budget	Virements	Projection
I&E Rate & General	1,685,610	4,544,830	885,000	10,658,661
Human Settlements	99,836	440,760	80,000	865,014
Public Health	7,189,873	27,570,330	200,000	43,721,056
Sport, Recreation, Arts & Culture	951,044	2,508,430	997,180	5,986,264
Safety & Security	14,605,598	88,596,990	125,000	88,789,726
Economic Development, Tourism & Agriculture	88,660	330,000	0	531,959
Corporate Services	1,440,832	5,080,280	660,000	9,458,443
Budget & Treasury	1,435,123	10,036,010	-584,000	10,204,686
Executive Mayor	57,513	616,000	0	588,327
Sanitation	5,365,185	30,297,990	230,672	42,533,281
Water Service	7,850,066	26,147,240	155,800	47,105,048
Municipal Manager	27,947	250,000	0	167,684
Electricity & Energy	12,472,469	54,858,990	0	76,101,285
Chief Operating Officer	213,266	1,065,870	0	1,594,607
Special Projects & Programmes	13,167	0	0	78,999
Grand Total	53,496,188	252,343,720	2,749,652	338,385,040

These directorates will have to make a concerted effort to monitor the work programmes of employees in these Directorates.

The table below reflects Actual Overtime Payments for the past 6 years. Overtime payments over this period from 2016/17 to 2021/22 have increased by 77.5% or R134.99 million. The standout Directorate is Safety & Security whose actual Overtime payment increased from R40,753,649 to R108,843,218 or by 167.08%. This situation was exacerbated by the insourcing of security guards w.e.f. 2018/19 and 2019/20 financial years and this is now the permanent cost that will have to be the burden against the Property Rates of the NMBM as we go forward. However, it must be noted that there appears to be more strict management of Overtime in the Safety and Security Directorate as there was a reduction of R19.6 million from the 2020/21 to the 2021/22 financial year.

Directorate	2016/2017 Actuals	2017/2018 Actuals	2018/2019 Actuals	2019/2020 Actuals	2020/2021 Actuals	2021/2022 Actuals
Infrastructure & Engineering R&G	5,379,712	4,317,024	6,247,465	5,349,645	7,781,651	8,054,250
Human Settlements	1,135,380	430,116	942,996	734,493	522,384	550,583
Public Health	26,993,154	20,781,046	27,247,273	24,848,033	30,955,479	37,847,153
Sport, Rec, Arts & Culture	5,914,578	6,207,957	9,206,181	7,858,502	4,700,056	8,458,916
Safety & Security	40,753,649	45,617,891	76,720,540	112,333,008	128,459,967	108,843,218
Economic Dev, Tourism & Agri	599,524	588,589	640,741	802,378	668,259	472,287
Corporate Services	4,446,327	5,113,737	6,815,851	5,112,714	3,857,871	6,400,590
Budget & Treasury	10,396,113	7,913,218	9,404,412	7,576,136	4,514,354	6,249,574
Executive Mayor	683,740	435,847	307,970	420,580	358,220	544,583
Sanitation	17,858,306	16,154,418	19,237,423	24,073,918	26,278,028	29,265,055
Water	28,423,438	21,441,984	29,397,881	37,399,119	44,233,144	44,413,757
Municipal Manager	185,080	183,014	237,847	279,305	173,723	197,671
Electricity & Energy	30,975,974	25,209,115	35,465,323	41,720,359	50,381,141	56,910,684
Chief Operating Officer	373,082	252,894	677,398	386,227	1,515,504	903,439
Spec Proj and Programmes	38,164	97,673	230,027	119,170	14,705	33,309
Grand Total	174,156,220	154,724,523	222,779,330	269,013,587	304,414,486	309,145,069
Percentage Increase		-11.16%	43.98%	20.75%	13.16%	1.55%

The drop in overtime actual payments from 2016/17 to 2017/18 is directly as a result of the then new overtime policy that was implemented for a period of 2 months only and subsequently withdrawn as a result of a moratorium placed by Council on the implementation of that policy.

Considering the extent of possible overspending, Council should give serious consideration to urgently finalise the Overtime Policy review process. Internal Audit should be mandated to review spending to ascertain significant deviations from the requirements of the legislation (e.g. Are the requirements of the Basic Conditions of Employment Act complied with as it relates to this component of expenditure).

Lastly, as emphasised in the past reporting periods, it is important that the Overtime Policy be in line with the requirements of the Basic Conditions of Employment Act for compliance and to make the difference in spending against this component of expenditure and also to enable the institution to create space within its limited financial resources in order to create employment in the most critical areas in the municipality's operations.

Debt Impairment inclusive of Bad Debts and Doubtful Debt Provision

Bad debts are written off upon Council's approval. Doubtful debts written off in the 2022/23 financial year to date. Impairment of Receivables are normally adjusted at financial year-end when the impairment of doubtful debts is concluded.

Remuneration of Councillors

The table below contains a list of Remuneration of Councillors Items where the actual expenditure are reflected:

mSCOA Line Item Description: Expenditure: Remuneration of Councillors:	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Spent
Remuneration of Councillors: Chief Whip	1,111,050	0	1,111,050	0.00%
Chief Whip: Allowances and Service-Related Benefits: Basic Salary	1,111,050	0	1,111,050	0.00%
Remuneration of Councillors: Deputy Executive Mayor	1,233,870	323,221	910,650	26.20%
Deputy Executive Mayor: Allowances and Service-Related Benefits: Basic Salary	1,179,480	323,221	856,260	27.40%
Deputy Executive Mayor: Allowances and Service-Related Benefits: Cell phone Allowance	54,390	0	54,390	0.00%
Remuneration of Councillors: Executive Committee	12,229,650	4,106,584	8,123,066	33.58%
Executive Committee: Allowances and Service-Related Benefits: Basic Salary	12,221,490	4,106,584	8,114,906	33.60%
Executive Committee: Allowances and Service-Related Benefits: Cell phone Allowance	8,160	0	8,160	0.00%
Remuneration of Councillors: Executive Mayor	1,506,660	400,214	1,106,446	26.56%
Executive Mayor: Allowances and Service-Related Benefits: Basic Salary	1,460,430	400,214	1,060,216	27.40%
Executive Mayor: Allowances and Service-Related Benefits: Cell phone Allowance	46,230	0	46,230	0.00%
Remuneration of Councillors: Section 79 committee chairperson	1,131,770	0	1,131,770	0.00%
Section 79 committee chairperson: Allowances and Service-Related Benefits: Basic Salary	1,131,770	0	1,131,770	0.00%
Remuneration of Councillors: Speaker	7,250,460	1,207,931	6,042,529	16.66%
Speaker: Allowances and Service-Related Benefits: Basic Salary	1,250,120	504,106	746,014	40.32%
Speaker: Allowances and Service-Related Benefits: Cell phone Allowance	5,844,400	669,900	5,174,500	11.46%
Speaker: Allowances and Service-Related Benefits: Market Related Non-pensionable Allowance	155,940	33,926	122,014	21.76%
Remuneration of Councillors: Total for All Other Councillors	63,345,990	15,927,221	47,418,769	25.14%
Total for All Other Councillors: Allowances and Service-Related Benefits: Basic Salary	63,341,910	15,927,221	47,414,689	25.14%
Total for All Other Councillors: Allowances and Service-Related Benefits: In-kind Benefits	4,080	0	4,080	0.00%

Finance Charges

The expenditure is influenced by the timing of payments, in accordance with the loan schedules.

Bulk Purchases

The table indicate financial records as at 30 September 2022 in respect of Bulk Purchases

mSCOA Line Item Description: Bulk Purchases	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Spent
Bulk Purchases	4,705,311,600	1,503,679,881	3,201,631,719	31.96%
Electricity: ESKOM	4,705,311,600	1,503,679,881	3,201,631,719	31.96%

Although it is the first two months of high electricity tariff season the level of bulk purchases costs already indicate that the budget projection will not be sufficient and will be overspent in terms of the approved 2021/22 Original Budget. The extent of actual electricity losses plays an important role as to final cost of Bulk electricity purchases. Electricity load shedding also impacted on the bulk purchase of Electricity for the 2022/23 financial year. **The estimated average electricity losses to 30 June 2022 appears to be at 22.66% or R822.89 million. This materially impacts on the cost of purchasing bulk electricity. The electricity service is already running at a loss by only taking the primary costs into consideration. When taking the secondary costs into account the electricity service that should have at least**

a 15% profit margin is even further in the red and are effectively being funded by Property Rates which the NMBM can ill afford due to an insufficient Property Rates Base.

Electricity losses (Refer to Table below)

Total non-revenue electricity losses (excluding unbilled street lighting and traffic lights) for the 2021/22 financial year as at 30 June 2022 amounted to R822.9 million or 22.66% up from R600.07 million or 20.08% for the 2020/21 financial year.

Total non-revenue electricity losses (excluding unbilled street lighting and traffic lights) for the 2022/23 financial year as at 30 September 2022 amounted to R347.9 million or 26.27%. Total non-revenue electricity losses (excluding unbilled street lighting and traffic lights) for July 2022, August 2022 and September 2022 amounted to R139.067 million (28.20%), R154.789 million (30.14%) and R54.028 million (19.97%) respectively. It is evident that the current strategies to address electricity losses are not yielding positive results.

The highest percentage non-revenue electricity losses per month are always incurred during the high season tariff months namely July and August of each year, which significantly affects the value of electricity losses. Electricity losses have increased materially over the last 5 financial years, including the 2022/23 financial year.

The tariff used to calculate the losses are based on the bulk purchase price and excludes distribution and administration costs.

- Electricity losses comprise of both Technical and Non-Technical losses.
- Technical Losses are assumed to be at 6%.
- Technical Losses include electricity system and line losses that are unavoidable.
- Non-Technical losses include theft by way of illegal connections, tampering etc.
- Internal consumption is the use of energy in municipal buildings & street lighting.
- Average purchased price will be finally recalculated annually.

Annexure "A1"

2022/23 Electricity Losses

	Jul (2022)	Aug ('2022)	Sep ('2022)	Total Accum to date-
Total Purchases Energy (kWh)	300,910,826	301,473,481	278,019,240	880,403,547
Total Sales Energy (kWh)	211,564,078	206,111,833	217,992,537	635,668,448
Unbilled Energy (kWh)	89,346,748	95,361,648	60,026,703	244,735,099
Street Light and traffic lights (kWh)	4,492,533	4,492,533	4,492,533	13,477,600
Energy Loss (kWh)	84,854,214	90,869,115	55,534,170	231,257,499
% Total Losses	28.20%	30.14%	19.97%	26.27%
Technical Losses in units (kWh)	18,054,650	18,088,409	16,681,154	52,824,213
Non-Technical Losses in units (kWh)	66,799,565	72,780,706	38,853,016	178,433,286
Average Purchase Price	1.64	1.70	0.97	0.85
Rand Value - Technical Losses	29,589,765.59	30,812,264.89	16,228,761.21	76,630,791.69
Rand Value - Non Technical Losses	109,477,808.42	123,976,542.53	37,799,321.16	271,253,672.11
Rand Value - Total Losses	139,067,574.01	154,788,807.41	54,028,082.38	347,884,463.80
Technical Losses are calculated at 6%	6%	6%	6%	6%
Actual Non Technical Losses %	22.20%	24.14%	13.97%	20.27%

2022/2023 Water Losses

Financial Year	2022			Annual
	Jul-22	Aug-22	Sep-22	
Volume Treated (kℓ)	8,228,918	7,847,714	8,088,288	24,164,919
Revenue Volume (kℓ)	3,341,201	3,665,392	4,276,210	11,282,803
Revenue Water (%)	40.6%	46.7%	52.9%	46.7%
NRW volume (kℓ)	4,887,717	4,182,322	3,812,078	12,882,116
NRW (%)	59.4%	53.3%	47.1%	53.3%
Real Losses (Mℓ)	3,271,349	2,754,747	2,492,064	8,518,160
Real Losses (%)	39.8%	35.1%	30.8%	35.3%
Water Losses (Mℓ)	4,481,299	3,773,626	3,413,787	11,668,712
Water Losses (%)	54%	48%	42%	48%
ILJ	9.22	7.76	7.01	8.00

Water Losses (Refer to Tables above)

The Non-revenue Water Losses for September 2022 amount to 3.812 million kl or 47.1%. The cumulative Water losses for the period 01 July 2022 to 30 September 2022 amounts to 12.882 million kl or 53.3%. Strategies to address this trend are currently being implemented. In comparison, the Water losses for the period 01 July 2021 to 30 September 2022 were 11.560 million kl or 43.9%.

It is evident that the current strategies implemented to address water losses are not yielding positive results. Water losses have increased materially over the last 5 financial years, including the 2022/23 financial year.

Other Materials

The table below contains a list of Other Materials Items where the actual expenditure are reflected:

mSCOA Line Item Description: Other Materials	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Spent
Inventory Consumed: Consumables	147,557,830	34,557,305	113,000,525	23.42%
Consumables: Standard Rated	89,680,120	15,348,523	74,331,597	17.11%
Consumables: Zero Rated	57,877,710	19,208,782	38,668,928	33.19%
Inventory Consumed: Finished Goods	18,361,490	2,737,055	15,624,435	14.91%
Finished Goods	18,361,490	2,737,055	15,624,435	14.91%
Inventory Consumed: Materials and Supplies	51,823,900	22,998,498	28,825,402	44.38%
Materials and Supplies	51,823,900	22,998,498	28,825,402	44.38%
Inventory Consumed: Water	80,101,020	0	80,101,020	0.00%
Water	80,101,020	0	80,101,020	0.00%

Water bulk purchases are paid against the Statement of Financial Position – Inventory. The portion that represents Revenue Water consumed is required to be transacted against Other Materials. The remaining Water that appears to be Non-revenue but used is required to be transacted against the Expenditure category Losses which incorporates Water losses. No transaction had been processed to date in respect of both. Therefore, the expenditure on the Statement of Financial Performance as reflected in the first table of this Annexure 1 is understated in the Other Materials and Losses categories.

Contracted Services

The table below contains a list of Contracted Services Items where the actual expenditure are reflected.

mSCOA Line Item Description: Expenditure: Contracted Services:	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Spent
Contracted Services: Consultants and Professional Services: Business and Advisory	83,697,740	5,175,608	78,522,132	6.18%
Accounting and Auditing	75,000	0	75,000	0.00%
Audit Committee	800,000	362,885	437,116	45.36%
Business and Financial Management	1,745,930	0	1,745,930	0.00%
Commissions and Committees	1,465,430	35,085	1,430,346	2.39%
Communications	3,060,830	0	3,060,830	0.00%
Forensic Investigators	4,395,430	0	4,395,430	0.00%
Human Resources	750,000	6,422	743,578	0.86%
Occupational Health and Safety	362,910	50,224	312,687	13.84%
Organisational	4,000,000	0	4,000,000	0.00%
Project Management	56,895,350	2,914,660	53,980,691	5.12%
Quality Control	123,000	0	123,000	0.00%

mSCOA Line Item Description: Expenditure: Contracted Services:	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Spent
Research and Advisory	10,023,860	1,806,334	8,217,526	18.02%
Contracted Services: Consultants and Professional Services: Infrastructure and Planning	35,942,790	8,924,636	27,018,154	24.83%
Engineering: Civil	10,681,240	25,860	10,655,380	0.24%
Engineering: Electrical	23,532,000	8,898,611	14,633,389	37.81%
Town Planner	1,729,550	185	1,729,365	0.01%
Contracted Services: Consultants and Professional Services: Laboratory Services	329,860	23,258	306,602	7.05%
Services: Roads	210,000	12,698	197,302	6.05%
Services: Water	119,860	10,560	109,300	8.81%
Contracted Services: Consultants and Professional Services: Legal Cost	96,055,580	22,119,286	73,936,294	23.03%
Legal Cost: Collection	35,770,150	4,773,873	30,996,277	13.35%
Legal Cost: Issue of Summons	5,155,590	0	5,155,590	0.00%
Legal Cost: Legal Advice and Litigation	55,129,840	17,345,413	37,784,427	31.46%
Contracted Services: Contractors	631,742,910	61,695,876	570,047,034	9.77%
Artists and Performers	2,222,170	604,583	1,617,587	27.21%
Audio-visual Services	966,920	24,000	942,920	2.48%
Building	7,067,970	8,481,552	-1,413,582	120.00%
Catering Services	680,490	338,731	341,759	49.78%
Chipping	15,000	0	15,000	0.00%
Employee Wellness	640,000	52,000	588,000	8.13%
Fire Protection	3,673,130	254,282	3,418,848	6.92%
Gardening Services	6,830,950	945,193	5,885,757	13.84%
Gas	1,252,140	98,697	1,153,443	7.88%
Maintenance of Buildings and Facilities	180,006,750	13,687,895	166,318,855	7.60%
Maintenance of Equipment	281,236,930	14,474,118	266,762,812	5.15%
Maintenance of Unspecified Assets	18,300	0	18,300	0.00%
Management of Informal Settlements	3,418,750	5,217,972	-1,799,222	152.63%
Medical Services	2,260,130	641,371	1,618,759	28.38%
Pest Control and Fumigation	1,507,450	44,865	1,462,585	2.98%
Plants, Flowers and Other Decorations	1,211,980	278,471	933,509	22.98%
Prepaid Electricity Vendors	8,441,970	767,816	7,674,154	9.10%
Preservation/Restoration/Dismantling/Cleaning Services	247,240	2,950	244,290	1.19%
Safeguard and Security	5,738,530	342,633	5,395,897	5.97%
Sewerage Services	70,135,600	6,090,657	64,044,943	8.68%
Sports and Recreation	2,115,580	126,277	1,989,303	5.97%
Stage and Sound Crew	503,750	137,646	366,104	27.32%
Tracing Agents and Debt Collectors	673,120	0	673,120	0.00%
Traffic and Street Lights	500,000	0	500,000	0.00%
Transportation	50,378,060	9,084,166	41,293,894	18.03%
Contracted Services: Outsourced Services	712,403,390	60,028,479	652,374,911	8.43%
Administrative and Support Staff	300,000	0	300,000	0.00%
Allen Vegetation Control	11,764,870	849,591	10,915,279	7.22%
Animal Care	2,070,330	222,160	1,848,170	10.73%
Burial Services	2,351,870	107,666	2,244,204	4.58%
Business and Advisory: Accounting and Auditing	3,595,000	0	3,595,000	0.00%
Business and Advisory: Commissions and Committees	2,500,000	0	2,500,000	0.00%
Business and Advisory: Communications	2,226,000	316,030	1,909,970	14.20%
Business and Advisory: Human Resources	46,800	12,845	33,955	27.45%
Business and Advisory: Occupational Health and Safety	687,930	0	687,930	0.00%
Business and Advisory: Project Management	225,737,650	23,550,932	202,186,718	10.43%
Business and Advisory: Qualification Verification	285,000	0	285,000	0.00%
Business and Advisory: Quality Control	1,904,200	185,963	1,718,238	9.77%
Business and Advisory: Research and Advisory	1,541,200	0	1,541,200	0.00%
Business and Advisory: Valuer	4,651,500	0	4,651,500	0.00%
Catering Services	274,150	3,524	270,626	1.29%
Cleaning Services	1,809,780	156,825	1,653,155	8.65%
Clearing and Grass Cutting Services	39,932,570	5,309,499	34,623,071	13.30%
Connection/Dis-connection: Electricity	4,116,460	490,023	3,626,437	11.90%
Connection/Dis-connection: Water	4,771,900	0	4,771,900	0.00%
Drivers Licence Cards	5,699,960	691,566	5,008,394	12.13%
Electrical	36,588,390	13,770,126	22,818,264	37.64%
Hygiene Services	257,016,400	9,859,729	247,156,671	3.84%
Medical Waste Removal	230,950	0	230,950	0.00%
Meter Management	17,612,210	727,180	16,885,030	4.13%
Printing Services	4,943,120	536,459	4,406,661	10.85%
Professional Staff	543,000	5,415	537,585	1.00%
Refuse Removal	44,068,010	670,089	43,397,921	1.52%

mSCOA Line Item Description: Expenditure: Contracted Services:	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Spent
Security Services	16,390,370	2,466,652	13,923,718	15.05%
Sewerage Services	3,070,170	0	3,070,170	0.00%
Traffic Management	15,347,800	0	15,347,800	0.00%
Transport Services	325,800	96,405	229,395	29.59%

Other Expenditure

The table below contains a list of Other Expenditure Items where the actual expenditure are reflected.

mSCOA Line Item Description: Other Expenditure	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Spent
Operating Leases				
Operating Leases: Computer Equipment	968,560	6,833	961,727	0.71%
Computer Equipment	968,560	6,833	961,727	0.71%
Operating Leases: Furniture and Office Equipment	16,686,740	1,538,340	15,148,400	9.22%
Furniture and Office Equipment	16,686,740	1,538,340	15,148,400	9.22%
Operating Leases: Other Assets	31,265,720	2,904,557	28,361,163	9.29%
Other Assets	31,265,720	2,904,557	28,361,163	9.29%
Operating Leases: Transport Assets	0	988,227	-988,227	#DIV/0!
Transport Assets	0	988,227	-988,227	#DIV/0!
Operational Cost				
Operational Cost: Advertising, Publicity and Marketing	15,543,940	2,198,616	13,345,324	14.14%
Auctions	15,000	0	15,000	0.00%
Bursaries (Non-employees)	50,000	0	50,000	0.00%
Corporate and Municipal Activities	9,523,740	2,108,821	7,414,919	22.14%
Customer/Client Information	550,000	0	550,000	0.00%
Gifts and Promotional Items	200,000	0	200,000	0.00%
Municipal Newsletters	253,500	8,652	244,848	3.41%
Signs	801,890	0	801,890	0.00%
Staff Recruitment	1,672,100	3,326	1,668,774	0.20%
Tenders	2,477,710	77,817	2,399,893	3.14%
Operational Cost: Assets less than the Capitalisation Threshold	27,237,650	2,353,496	24,884,154	8.64%
Assets less than the Capitalisation Threshold	27,237,650	2,353,496	24,884,154	8.64%
Operational Cost: Bank Charges, Facility and Card Fees	7,450,020	1,397,149	6,052,871	18.75%
Bank Accounts	7,447,370	1,397,149	6,050,221	18.76%
Third Parties	2,650	0	2,650	0.00%
Operational Cost: Bursaries (Employees)	2,968,000	108,829	2,859,171	3.67%
Bursaries (Employees)	2,968,000	108,829	2,859,171	3.67%
Operational Cost: Cash Discount	109,730	40,795	68,935	37.18%
Cash Discount	109,730	40,795	68,935	37.18%
Operational Cost: Cleaning Services	272,260	10,544	261,716	3.87%
Valet and Washing Services	23,070	170	22,900	0.74%
Laundry Services	249,190	10,374	238,816	4.16%
Operational Cost: Commission	23,184,960	2,068,840	21,116,120	8.92%
Prepaid Electricity	17,528,900	2,075,120	15,453,780	11.84%
Third Party Vendors	5,656,060	-6,280	5,662,340	-0.11%
Operational Cost: Communication	42,129,460	4,115,524	38,013,936	9.77%
Cellular Expenditure	19,421,400	1,280,094	18,141,306	6.59%
Licences (Radio and Television)	710,290	118,031	592,259	16.62%
Postage/Stamps/Frinking Machines	3,183,050	95,652	3,087,398	3.01%
Radio and TV Transmissions	46,800	0	46,800	0.00%
Rent Private Bag and Postal Box	5,850	0	5,850	0.00%

mSCOA Line Item Description: Other Expenditure	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Spent
SMS Bulk Message Service	1,453,030	740,639	712,391	50.97%
Telemetric Systems	133,230	1,341	131,889	1.01%
Telephone Installation	147,750	0	147,750	0.00%
Telephone, Fax, Telegraph and Telex	17,028,060	1,879,767	15,148,293	11.04%
Operational Cost: Cost relating to the Sale of Houses	0	334	-334	#DIV/0!
Cost relating to the Sale of Houses	0	334	-334	#DIV/0!
Operational Cost: Courier and Delivery Services	458,060	77,878	380,182	17.00%
Courier and Delivery Services	458,060	77,878	380,182	17.00%
Operational Cost: Deeds	750,010	56,483	693,527	7.53%
Deeds	750,010	56,483	693,527	7.53%
Operational Cost: Drivers Licences and Permits	297,020	8,778	288,242	2.96%
Drivers Licences and Permits	297,020	8,778	288,242	2.96%
Operational Cost: Entertainment	23,500	0	23,500	0.00%
Entertainment: Senior Management	23,500	0	23,500	0.00%
Operational Cost: External Audit Fees	28,300,000	4,105,914	24,194,086	14.51%
External Audit Fees	28,300,000	4,105,914	24,194,086	14.51%
Operational Cost: External Computer Service	164,522,520	10,800,303	153,722,217	6.56%
Data Lines	2,458,700	294,547	2,164,153	11.98%
Information Services	11,922,540	484	11,922,056	0.00%
Internet Charge	1,800,840	69,151	1,731,689	3.84%
Network Extensions	796,470	15,520	780,950	1.95%
Remote Server Access	3,138,600	0	3,138,600	0.00%
Software Licences	88,175,360	938,311	87,237,049	1.06%
Specialised Computer Service	2,412,600	274,825	2,137,775	11.39%
System Adviser	4,923,270	1,093,375	3,829,895	22.21%
System Development	46,286,350	8,093,967	38,192,383	17.49%
Wireless Network	2,607,790	20,123	2,587,667	0.77%
Operational Cost: Firearm Handling Fees	43,690	0	43,690	0.00%
Firearm Handling Fees	43,690	0	43,690	0.00%
Operational Cost: Hire Charges	132,968,880	16,702,413	116,266,467	12.56%
Hire Charges	132,968,880	16,702,413	116,266,467	12.56%
Operational Cost: Insurance Underwriting	21,731,490	2,619,296	19,112,194	12.05%
Claims paid to Third Parties	3,889,950	498,550	3,391,400	12.82%
Excess Payments	1,000	0	1,000	0.00%
Insurance Brokers Fees	653,650	407,922	245,728	62.41%
Premiums	17,186,890	1,712,824	15,474,066	9.97%
Operational Cost: Intercompany/Parent-subsidary Transactions	6,063,860	929,215	5,134,645	15.32%
Intercompany/Parent-subsidary Transactions	6,063,860	929,215	5,134,645	15.32%
Operational Cost: Learnerships and Internships	3,500,000	1,627,952	1,872,048	46.51%
Learnerships and Internships	3,500,000	1,627,952	1,872,048	46.51%
Operational Cost: Levies Paid - Water Resource Management Charges	12,036,560	2,503,693	9,532,867	20.80%
Levies Paid - Water Resource Management Charges	12,036,560	2,503,693	9,532,867	20.80%
Operational Cost: Licences	8,613,940	2,007,481	6,606,459	23.31%
Licences: Motor Vehicle Licence and Registrations	8,561,690	2,007,481	6,554,209	23.45%
Licences: Performing Arts	52,250	0	52,250	0.00%
Operational Cost: Management Fee	9,531,010	2,807,037	6,723,973	29.45%
Management Fee	9,531,010	2,807,037	6,723,973	29.45%
Operational Cost: Municipal Services	67,685,670	15,697,544	51,988,126	23.19%
Municipal Services	67,685,670	15,697,544	51,988,126	23.19%
Operational Cost: Office Decorations	4,400	0	4,400	0.00%
Office Decorations	4,400	0	4,400	0.00%
Operational Cost: Printing, Publications and Books	2,694,730	192,525	2,502,205	7.14%
Printing, Publications and Books	2,694,730	192,525	2,502,205	7.14%
Operational Cost: Professional Bodies, Membership and Subscription	540,380	204,364	336,016	37.82%

mSCOA Line Item Description: Other Expenditure	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Spent
Professional Bodies, Membership and Subscription	540,380	204,364	336,016	37.82%
Operational Cost: Registration Fees	3,488,830	252,451	3,236,379	7.24%
Professional and Regulatory Bodies	414,760	1,130	413,630	0.27%
Seminars, Conferences, Workshops and Events: National	3,074,070	251,321	2,822,749	8.18%
Operational Cost: Resettlement Cost	122,670	0	122,670	0.00%
Resettlement Cost	122,670	0	122,670	0.00%
Operational Cost: Rewards Incentives	1,500,000	796,081	703,919	53.07%
Rewards Incentives	1,500,000	796,081	703,919	53.07%
Operational Cost: Samples and Specimens	190,000	0	190,000	0.00%
Samples and Specimens	190,000	0	190,000	0.00%
Operational Cost: Signage	265,970	0	265,970	0.00%
Signage	265,970	0	265,970	0.00%
Operational Cost: Skills Development Fund Levy	30,491,210	7,813,714	22,677,496	25.63%
Skills Development Fund Levy	30,491,210	7,813,714	22,677,496	25.63%
Operational Cost: Storage of Files (Archiving)	1,497,650	25,300	1,472,350	1.69%
Storage of Files (Archiving)	1,497,650	25,300	1,472,350	1.69%
Operational Cost: Transport Provided as Part of Departmental Activities	6,478,210	574,650	5,903,560	8.87%
Transport Provided as Part of Departmental Activities: Events	2,667,500	0	2,667,500	0.00%
Transport Provided as Part of Departmental Activities: Municipal Activities	3,810,710	574,650	3,236,060	15.08%
Operational Cost: Travel Agency and Visa's	372,820	7,407	365,413	1.99%
Travel Agency and Visa's	372,820	7,407	365,413	1.99%
Operational Cost: Travel and Subsistence	5,640,420	431,428	5,208,992	7.65%
Domestic: Accommodation	1,275,860	32,806	1,243,054	2.57%
Domestic: Daily Allowance	349,530	177,357	172,173	50.74%
Domestic: Food and Beverage (Served)	130,870	0	130,870	0.00%
Domestic: Incidental Cost	89,150	2,289	86,861	2.57%
Domestic: Transport with Operator: Other Transport Provider	27,760	0	27,760	0.00%
Domestic: Transport with Operator: Public Transport: Air Transport	1,605,960	-1,181	1,607,141	-0.07%
Domestic: Transport with Operator: Public Transport: Road Transport	155,210	628	154,582	0.40%
Domestic: Transport without Operator: Car Rental	939,770	7,582	932,188	0.81%
Domestic: Transport without Operator: Own Transport	321,180	119,825	201,355	37.31%
Foreign: Accommodation	102,250	0	102,250	0.00%
Foreign: Daily Allowance	29,500	29,324	176	99.40%
Foreign: Food and Beverage	5,000	0	5,000	0.00%
Foreign: Transport with Operator: Public Transport: Air Transport	90,000	0	90,000	0.00%
Foreign: Transport with Operator: Public Transport: Road Transport	55,000	0	55,000	0.00%
Foreign: Transport without Operator: Car Rental	5,000	0	5,000	0.00%
Non-employees	458,380	62,798	395,582	13.70%
Operational Cost: Uniform and Protective Clothing	14,228,680	1,110,055	13,118,625	7.80%
Uniform and Protective Clothing	14,228,680	1,110,055	13,118,625	7.80%
Operational Cost: Ward Committees	21,600,820	167,718	21,433,102	0.78%
Ward Committees	21,600,820	167,718	21,433,102	0.78%
Operational Cost: Wet Fuel	7,374,940	0	7,374,940	0.00%
Wet Fuel	7,374,940	0	7,374,940	0.00%
Operational Cost: Workmen's Compensation Fund	5,602,660	1,606,918	3,995,742	28.68%
Workmen's Compensation Fund	5,602,660	1,606,918	3,995,742	28.68%

Transfers and Subsidies Paid

The table below contains a list of Transfers and Subsidies Paid Items where the actual expenditure is reflected.

mSCOA Line Item Description: Expenditure: Transfers and Subsidies: Operational: Monetary Allocations:	2022/23 Original Budget	2022/23 Actual to Date	Variance	% Spent
Transfers and Subsidies: Operational	189,049,000	26,611,604	162,437,396	14.08%
Departmental Agencies and Accounts:				
National Departmental Agencies: South Africa Local Government Association (SALGA)	17,973,360	0	17,973,360	0.00%
Provincial Departmental Agencies: Subsidiary Entity	125,137,190	17,843,740	107,293,450	14.26%
Households				
Other Transfers (Cash): Bursaries (Non-Employee)	564,710	145,472	419,238	25.76%
Non-profit institutions:				
Public Schools: Other Educational Institutions: School Support	6,300,000	0	6,300,000	0.00%
Use - It	39,073,740	8,622,392	30,451,348	22.07%

Repairs and Maintenance

The table below contains lists of Repairs and Maintenance Expenditure where the actual expenditure is reflected.

Repairs and Maintenance at mSCOA by Project segment:

Operational Maintenance	2022/23 Budget	Actual to Date	Variance	% Spent
Infrastructure: Corrective Maintenance: Emergency:				
Electrical Infrastructure: MV Networks: MV Conductors	26,789,950	12,456,908	14,333,042	46.50%
Electrical Infrastructure: MV Substations: MV Substation Equipment	7,684,940	3,844,468	3,840,472	50.03%
Electrical Infrastructure: Power Plants: Control and Instrumentation	5,855,780	1,784,348	4,071,432	30.47%
Roads Infrastructure: Road Furniture: Road Furniture	3,505,000	0	3,505,000	0.00%
Roads Infrastructure: Road Furniture: Traffic Signs	3,800,110	313,241	3,486,869	8.24%
Roads Infrastructure: Road Structures: Civil Structures	46,910,000	7,750,667	39,159,333	16.52%
Roads Infrastructure: Road Structures: Road Bridges	1,500,000	0	1,500,000	0.00%
Roads Infrastructure: Roads: Land	164,230	0	164,230	0.00%
Roads Infrastructure: Roads: Pavements	15,950,000	1,497,675	14,452,325	9.39%
Sanitation Infrastructure: Pump Station: Civil Structure	41,900	0	41,900	0.00%
Sanitation Infrastructure: Pump Station: Mechanical Equipment	980,160	137,541	842,619	14.03%
Sanitation Infrastructure: Waste Water Treatment: Civil Structure	717,550	0	717,550	0.00%
Sanitation Infrastructure: Waste Water Treatment: Pipe Work	60,352,050	4,345,934	56,006,116	7.20%
Storm water Infrastructure: Attenuation: Civil Structures	200,000	0	200,000	0.00%
Storm water Infrastructure: Drainage Collection: Drainage	200,000	0	200,000	0.00%
Storm water Infrastructure: Storm water Conveyance: Civil Structures	11,110,000	1,085,958	10,024,042	9.77%
Storm water Infrastructure: Storm water Conveyance: Pipe Work	15,000,000	0	15,000,000	0.00%
Water Supply Infrastructure: Bulk Mains: Pipe Work	12,469,100	0	12,469,100	0.00%
Water Supply Infrastructure: Dams and Weirs: Electrical Equipment	1,200,000	1,390	1,198,610	0.12%
Water Supply Infrastructure: Dams and Weirs: Mechanical Equipment	350,000	0	350,000	0.00%
Water Supply Infrastructure: Distribution: Municipal Service Connections	1,748,510	-333	1,748,843	-0.02%
Water Supply Infrastructure: Pump Station: Electrical Equipment	500,000	0	500,000	0.00%
Water Supply Infrastructure: Water Treatment: Mechanical Equipment	1,705,760	42,109	1,663,651	2.47%
Infrastructure: Corrective Maintenance: Planned:				
Electrical Infrastructure: LV Networks: Public Lighting	11,020,960	4,611,912	6,409,048	41.85%
Electrical Infrastructure: MV Networks: MV Conductors	11,328,530	4,205,052	7,123,478	37.12%
Information and Communication Infrastructure: Core Layers: Communication Equipment	500,000	0	500,000	0.00%
Sanitation Infrastructure: Pump Station: Civil Structure	10,386,170	1,824,002	8,562,168	17.56%
Sanitation Infrastructure: Pump Station: Electrical Equipment	33,610	0	33,610	0.00%
Sanitation Infrastructure: Pump Station: Mechanical Equipment	223,130	621	222,509	0.28%
Sanitation Infrastructure: Pump Station: Pipe Work	603,510	0	603,510	0.00%

Operational Maintenance	2022/23 Budget	Actual to Date	Variance	% Spent
Sanitation Infrastructure: Waste Water Treatment: Buildings	558,280	0	558,280	0.00%
Sanitation Infrastructure: Waste Water Treatment: Pavements	45,120	0	45,120	0.00%
Storm water Infrastructure: Storm water Conveyance: Drainage	553,530	0	553,530	0.00%
Water Supply Infrastructure: Distribution: Municipal Service Connections	39,998,270	1,757,173	38,241,097	4.39%
Water Supply Infrastructure: Pump Station: Buildings	147,020	0	147,020	0.00%
Water Supply Infrastructure: Pump Station: Electrical Equipment	2,891,500	22,972	2,868,528	0.79%
Water Supply Infrastructure: Pump Station: Mechanical Equipment	33,976,140	5,249,540	28,726,600	15.45%
Water Supply Infrastructure: Reservoirs: Civil Structure	2,500,000	0	2,500,000	0.00%
Water Supply Infrastructure: Reservoirs: External Facilities	275,610	8,634	266,976	3.13%
Water Supply Infrastructure: Reservoirs: Service Connections on Site	50,000	0	50,000	0.00%
Water Supply Infrastructure: Water Treatment: Buildings	826,250	30,590	795,660	3.70%
Water Supply Infrastructure: Water Treatment: Electrical Equipment	2,004,660	21,712	1,982,948	1.08%
Water Supply Infrastructure: Water Treatment: Land	46,110	0	46,110	0.00%
Water Supply Infrastructure: Water Treatment: Mechanical Equipment	4,358,920	56,046	4,302,874	1.29%
Infrastructure: Preventative Maintenance: Condition Based:				
Electrical Infrastructure: Power Plants: Control and Instrumentation	1,500,000	309,872	1,190,128	20.66%
Rail Infrastructure: Rail Furniture	59,540	0	59,540	0.00%
Roads Infrastructure: Capital Spares	150,000	0	150,000	0.00%
Roads Infrastructure: Road Structures: Civil Structures	150,000	0	150,000	0.00%
Sanitation Infrastructure: Waste Water Treatment: Buildings	541,040	0	541,040	0.00%
Water Supply Infrastructure: Distribution: Pipe Work	26,470	0	26,470	0.00%
Water Supply Infrastructure: Water Treatment: Buildings	63,300	0	63,300	0.00%
Infrastructure: Preventative Maintenance: Interval Based:				
Rail Infrastructure: Rail Lines: Rail Lines and Ballast	2,225,500	121,592	2,103,908	5.46%
Roads Infrastructure: Capital Spares	3,500,000	0	3,500,000	0.00%
Roads Infrastructure: Road Structures: Civil Structures	300,000	0	300,000	0.00%
Roads Infrastructure: Roads: Pavements	171,430	0	171,430	0.00%
Sanitation Infrastructure: Pump Station: Civil Structure	469,590	0	469,590	0.00%
Sanitation Infrastructure: Waste Water Treatment: Buildings	778,990	78,061	700,929	10.02%
Sanitation Infrastructure: Waste Water Treatment: Earthworks	88,340	0	88,340	0.00%
Sanitation Infrastructure: Waste Water Treatment: Mechanical Equipment	435,340	0	435,340	0.00%
Water Supply Infrastructure: Dams and Weirs: Mechanical Equipment	7,960	0	7,960	0.00%
Non-infrastructure: Corrective Maintenance: Emergency:				
Community Assets: Community Facilities: Clinics/Care Centres: Land	50,000	0	50,000	0.00%
Community Assets: Community Facilities: Galleries: Buildings	24,680	0	24,680	0.00%
Community Assets: Community Facilities: Halls: Buildings	1,000,000	72,756	927,244	7.28%
Community Assets: Community Facilities: Halls: Electrical Equipment	300,000	0	300,000	0.00%
Community Assets: Community Facilities: Libraries: Buildings	775,920	76,937	698,983	9.92%
Community Assets: Community Facilities: Markets: Buildings	1,516,090	103,003	1,413,087	6.79%
Community Assets: Community Facilities: Markets: Electrical Equipment	39,550	0	39,550	0.00%
Community Assets: Community Facilities: Museums: Buildings	761,990	12,169	749,821	1.60%
Community Assets: Community Facilities: Nature Reserves: Buildings	8,960	0	8,960	0.00%
Community Assets: Community Facilities: Nature Reserves: Mechanical Equipment	70,890	0	70,890	0.00%
Community Assets: Community Facilities: Parks: Buildings	3,154,010	170,519	2,983,491	5.41%
Community Assets: Community Facilities: Police: Buildings	126,930	0	126,930	0.00%
Community Assets: Community Facilities: Public Ablution Facilities: Buildings	385,270	0	385,270	0.00%
Community Assets: Community Facilities: Public Open Space: Buildings	269,340	0	269,340	0.00%
Community Assets: Community Facilities: Public Open Space: Civil Structures	231,650	25,489	206,161	11.00%
Community Assets: Community Facilities: Public Open Space: External Facilities	1,312,640	104,201	1,208,439	7.94%
Community Assets: Community Facilities: Public Open Space: Land	805,150	0	805,150	0.00%
Community Assets: Sport and Recreation Facilities: Indoor Facilities: Buildings	6,734,890	1,187,934	5,546,956	17.64%
Community Assets: Sport and Recreation Facilities: Outdoor Facilities: Buildings	794,360	23,275	771,085	2.93%
Computer Equipment	6,737,570	1,072,913	5,664,657	15.92%
Furniture and Office Equipment	3,461,170	38,671	3,422,499	1.12%
Heritage Assets: Conservation Areas	245,320	0	245,320	0.00%

Operational Maintenance	2022/23 Budget	Actual to Date	Variance	% Spent
Machinery and Equipment	85,045,200	2,011,006	83,034,194	2.36%
Other Assets: Housing: Social Housing: Buildings	4,236,890	114,234	4,122,656	2.70%
Other Assets: Operational Buildings: Depots: Buildings	6,616,580	217,531	6,399,049	3.29%
Other Assets: Operational Buildings: Depots: Civil Structures	243,080	9,720	233,360	4.00%
Other Assets: Operational Buildings: Depots: External Facilities	894,240	0	894,240	0.00%
Other Assets: Operational Buildings: Depots: Metalwork's	63,310	0	63,310	0.00%
Other Assets: Operational Buildings: Laboratories: Buildings	105,000	0	105,000	0.00%
Other Assets: Operational Buildings: Municipal Offices: Buildings	38,425,330	2,195,836	36,229,494	5.71%
Other Assets: Operational Buildings: Municipal Offices: Electrical Equipment	165,900	78,026	87,874	47.03%
Other Assets: Operational Buildings: Municipal Offices: External Facilities	8,410	0	8,410	0.00%
Other Assets: Operational Buildings: Municipal Offices: Land	26,750	0	26,750	0.00%
Other Assets: Operational Buildings: Municipal Offices: Mechanical Equipment	4,110,550	376,201	3,734,349	9.15%
Other Assets: Operational Buildings: Training Centres: Buildings	530,000	0	530,000	0.00%
Other Assets: Operational Buildings: Workshops: Buildings	400,000	7,111	392,889	1.78%
Transport Assets	2,552,220	834,416	1,717,804	32.69%
Non-infrastructure: Corrective Maintenance: Planned:				
Computer Equipment	500,000	0	500,000	0.00%
Furniture and Office Equipment	3,140	0	3,140	0.00%
Intangible Assets: Licences and Rights: Computer Software and Applications	30,000	0	30,000	0.00%
Machinery and Equipment	1,518,070	-317,272	1,835,342	-20.90%
Other Assets: Housing: Staff Housing: Buildings	281,410	0	281,410	0.00%
Other Assets: Operational Buildings: Depots: Buildings	109,040	0	109,040	0.00%
Other Assets: Operational Buildings: Municipal Offices: Buildings	1,517,500	39,896	1,477,604	2.63%
Other Assets: Operational Buildings: Municipal Offices: External Facilities	306,550	80,949	225,601	26.41%
Other Assets: Operational Buildings: Municipal Offices: Land	76,540	0	76,540	0.00%
Transport Assets	40,621,440	9,164,793	31,456,647	22.56%
Non-infrastructure: Preventative Maintenance: Condition Based:				
Community Assets: Community Facilities: Halls: Buildings	870,000	83,387	786,613	9.58%
Heritage Assets: Monuments	370,410	60,200	310,210	16.25%
Machinery and Equipment	2,532,380	0	2,532,380	0.00%
Other Assets: Operational Buildings: Municipal Offices: Buildings	2,050,000	0	2,050,000	0.00%
Other Assets: Operational Buildings: Municipal Offices: External Facilities	90,890	1,600	89,290	1.76%
Non-infrastructure: Preventative Maintenance: Interval Based:				
Community Assets: Community Facilities: Halls: Buildings	7,944,120	370,556	7,573,564	4.66%
Community Assets: Community Facilities: Halls: Electrical Equipment	574,780	9,567	565,213	1.66%
Community Assets: Community Facilities: Libraries: Buildings	2,516,930	19,041	2,497,889	0.76%
Community Assets: Sport and Recreation Facilities: Outdoor Facilities: Buildings	57,250	0	57,250	0.00%
Computer Equipment	295,020	0	295,020	0.00%
Furniture and Office Equipment	98,180	18,700	79,481	19.05%
Intangible Assets: Licences and Rights: Computer Software and Applications	5,126,580	0	5,126,580	0.00%
Intangible Assets: Licences and Rights: Unspecified	19,590	0	19,590	0.00%
Other Assets: Housing: Social Housing: Buildings	105,000	0	105,000	0.00%
Other Assets: Operational Buildings: Depots: Buildings	2,100,000	295,327	1,804,673	14.06%
Other Assets: Operational Buildings: Depots: Electrical Equipment	300,000	17,050	282,950	5.68%
Other Assets: Operational Buildings: Municipal Offices: Buildings	818,110	29,173	788,937	3.57%
Other Assets: Operational Buildings: Municipal Offices: External Facilities	222,600	9,650	212,950	4.34%
Transport Assets	18,990	0	18,990	0.00%

Repairs and Maintenance by Asset Class:

Row Labels	2022/23 Budget	Actual to Date	Variance	% Spent
Infrastructure	351,529,860	51,557,687	299,972,173	14.67%
Electrical Infrastructure	64,180,160	27,212,561	36,967,599	42.40%
LV Networks: Public Lighting:	11,020,960	4,611,912	6,409,048	41.85%
MV Networks: MV Conductors:	38,118,480	16,661,960	21,456,520	43.71%
MV Substations: MV Substation Equipment:	7,684,940	3,844,468	3,840,472	50.03%
Power Plants: Control and Instrumentation:	7,355,780	2,094,221	5,261,559.24	28.47%
Information and Communication Infrastructure	500,000	0	500,000	0.00%
Core Layers: Communication Equipment:	500,000	0	500,000	0.00%
Rail Infrastructure	2,285,040	121,592	2,163,448	5.32%
Rail Furniture: :	59,540	0	59,540	0.00%
Rail Lines: Rail Lines and Ballast:	2,225,500	121,592	2,103,908	5.46%
Roads Infrastructure	76,100,770	9,561,583	66,539,187	12.56%
Capital Spares: :	3,650,000	0	3,650,000	0.00%
Road Furniture: Road Furniture:	3,505,000	0	3,505,000	0.00%
Road Furniture: Traffic Signs:	3,800,110	313,241	3,486,869	8.24%
Road Structures: Civil Structures:	47,360,000	7,750,667	39,609,333	16.37%
Road Structures: Road Bridges:	1,500,000	0	1,500,000	0.00%
Roads: Land:	164,230	0	164,230	0.00%
Roads: Pavements:	16,121,430	1,497,675	14,623,755	9.29%
Sanitation Infrastructure	76,254,780	6,386,159	69,868,621	8.37%
Pump Station: Civil Structure:	10,897,660	1,824,002	9,073,658	16.74%
Pump Station: Electrical Equipment:	33,610	0	33,610	0.00%
Pump Station: Mechanical Equipment:	1,203,290	138,162	1,065,128	11.48%
Pump Station: Pipe Work:	603,510	0	603,510	0.00%
Waste Water Treatment: Buildings:	1,878,310	78,061	1,800,249	4.16%
Waste Water Treatment: Civil Structure:	717,550	0	717,550	0.00%
Waste Water Treatment: Earthworks:	88,340	0	88,340	0.00%
Waste Water Treatment: Mechanical Equipment:	435,340	0	435,340	0.00%
Waste Water Treatment: Pavements:	45,120	0	45,120	0.00%
Waste Water Treatment: Pipe Work:	60,352,050	4,345,934	56,006,116	7.20%
Storm water Infrastructure	27,063,530	1,085,958	25,977,572	4.01%
Attenuation: Civil Structures:	200,000	0	200,000	0.00%
Drainage Collection: Drainage:	200,000	0	200,000	0.00%
Storm water Conveyance: Civil Structures:	11,110,000	1,085,958	10,024,042	9.77%
Storm water Conveyance: Drainage:	553,530	0	553,530	0.00%
Storm water Conveyance: Pipe Work:	15,000,000	0	15,000,000	0.00%
Water Supply Infrastructure	105,145,580	7,189,833	97,955,747	6.84%
Bulk Mains: Pipe Work:	12,469,100	0	12,469,100	0.00%
Dams and Weirs: Electrical Equipment:	1,200,000	1,390	1,198,610	0.12%
Dams and Weirs: Mechanical Equipment:	357,960	0	357,960	0.00%
Distribution: Municipal Service Connections:	41,746,780	1,756,840	39,989,940	4.21%
Distribution: Pipe Work:	26,470	0	26,470	0.00%
Pump Station: Buildings:	147,020	0	147,020	0.00%
Pump Station: Electrical Equipment:	3,391,500	22,972	3,368,528	0.68%
Pump Station: Mechanical Equipment:	33,976,140	5,249,540	28,726,600	15.45%
Reservoirs: Civil Structure:	2,500,000	0	2,500,000	0.00%
Reservoirs: External Facilities:	275,610	8,634	266,976	3.13%
Reservoirs: Service Connections on Site:	50,000	0	50,000	0.00%
Water Treatment: Buildings:	889,550	30,590	858,960	3.44%
Water Treatment: Electrical Equipment:	2,004,660	21,712	1,982,948	1.08%
Water Treatment: Land:	46,110	0	46,110	0.00%
Water Treatment: Mechanical Equipment:	6,064,680	98,155	5,966,525	1.62%
Non-Infrastructure	243,304,360	18,614,561	224,689,799	7.65%
Community Assets	30,325,400	2,258,833	28,066,567	7.45%
Community Facilities: Clinics/Care Centres: Land	50,000	0	50,000	0.00%

Row Labels	2022/23 Budget	Actual to Date	Variance	% Spent
Community Facilities: Galleries: Buildings	24,680	0	24,680	0.00%
Community Facilities: Halls: Buildings	9,814,120	526,698	9,287,422	5.37%
Community Facilities: Halls: Electrical Equipment	874,780	9,567	865,213	1.09%
Community Facilities: Libraries: Buildings	3,292,850	95,978	3,196,872	2.91%
Community Facilities: Markets: Buildings	1,516,090	103,003	1,413,087	6.79%
Community Facilities: Markets: Electrical Equipment	39,550	0	39,550	0.00%
Community Facilities: Museums: Buildings	761,990	12,169	749,821	1.60%
Community Facilities: Nature Reserves: Buildings	8,960	0	8,960	0.00%
Community Facilities: Nature Reserves: Mechanical Equipment	70,890	0	70,890	0.00%
Community Facilities: Parks: Buildings	3,154,010	170,519	2,983,491	5.41%
Community Facilities: Police: Buildings	126,930	0	126,930	0.00%
Community Facilities: Public Ablution Facilities: Buildings	385,270	0	385,270	0.00%
Community Facilities: Public Open Space: Buildings	269,340	0	269,340	0.00%
Community Facilities: Public Open Space: Civil Structures	231,650	25,489	206,161	11.00%
Community Facilities: Public Open Space: External Facilities	1,312,640	104,201	1,208,439	7.94%
Community Facilities: Public Open Space: Land	805,150	0	805,150	0.00%
Sport and Recreation Facilities: Indoor Facilities: Buildings	6,734,890	1,187,934	5,546,956	17.64%
Sport and Recreation Facilities: Outdoor Facilities: Buildings	851,610	23,275	828,335	2.73%
Computer Equipment	7,532,590	1,072,913	6,459,677	14.24%
Furniture and Office Equipment	3,562,490	57,370	3,505,120	1.61%
Heritage Assets	615,730	60,200	555,530	9.78%
Conservation Areas: :	245,320	0	245,320	0.00%
Monuments: :	370,410	60,200	310,210	16.25%
Intangible Assets	5,176,170	0	5,176,170	0.00%
Licences and Rights: Computer Software and Applications:	5,156,580	0	5,156,580	0.00%
Licences and Rights: Unspecified:	19,590	0	19,590	0.00%
Machinery and Equipment	89,095,650	1,693,734	87,401,916	1.90%
Other Assets	63,803,680	3,472,303	60,331,377	5.44%
Housing: Social Housing: Buildings	4,341,890	114,234	4,227,656	2.63%
Housing: Staff Housing: Buildings	281,410	0	281,410	0.00%
Operational Buildings: Depots: Buildings	8,825,620	512,857	8,312,763	5.81%
Operational Buildings: Depots: Civil Structures	243,080	9,720	233,360	4.00%
Operational Buildings: Depots: Electrical Equipment	300,000	17,050	282,950	5.68%
Operational Buildings: Depots: External Facilities	894,240	0	894,240	0.00%
Operational Buildings: Depots: Metalwork's	63,310	0	63,310	0.00%
Operational Buildings: Laboratories: Buildings	105,000	0	105,000	0.00%
Operational Buildings: Municipal Offices: Buildings	42,810,940	2,264,905	40,546,035	5.29%
Operational Buildings: Municipal Offices: Electrical Equipment	165,900	78,026	87,874	47.03%
Operational Buildings: Municipal Offices: External Facilities	628,450	92,199	536,251	14.67%
Operational Buildings: Municipal Offices: Land	103,290	0	103,290	0.00%
Operational Buildings: Municipal Offices: Mechanical Equipment	4,110,550	376,201	3,734,349	9.15%
Operational Buildings: Training Centres: Buildings	530,000	0	530,000	0.00%
Operational Buildings: Workshops: Buildings	400,000	7,111	392,889	1.78%
Transport Assets	43,192,650	9,999,209	33,193,441	23.15%
Grand Total	594,834,220	70,172,249	524,661,971	11.80%

Repairs and maintenance exist at the mSCOA Project level. It consists of Other Expenditure, Contracted Services, Other Materials and Employee Related Costs expensed on repair and maintenance projects. Only 11.80% of the repairs and maintenance projects budget had been spent by 30 September 2022. It is clear from the above that no employee related costs are allocated to Repair and Maintenance projects. Considering the amount of overtime paid to Infrastructure Directorates to perform critical maintenance functions it is clear that the total Repairs and Maintenance costs are understated from a budgetary as well as and actual expenditure perspective.

CAPITAL BUDGET PERFORMANCE AT 30 SEPTEMBER 2022

Below is an analysis of the capital expenditure compared to the approved 2022/23 Capital Budget.

- The performance on expenditure for capital projects by Directorate is reflected in Annexure A2i.
- The late approval of the Capital Budget and delayed Capital Planning processes due to the instability experienced from an Administrative and Political environment materially impacted on the spending of the capital budget.
- Only 6.63% of the Capital Budget was spend as at 30 September 2022. This largely represents two months expenditure as supplier invoices are paid 30 days from date of invoice.

The impact of the Capital Budget on the Municipality's cash flow position is discussed in **Annexure A3** of this report.

Vote Description	Budget Year 2022/23					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands						
Multi-Year expenditure appropriation						
Vote 1 - Budget & Treasury	17,768	-	-	693	(693)	-100%
Vote 2 - Public Health	11,950	-	-	-	-	
Vote 3 - Human Settlements	145,539	189	475	11,270	(10,796)	-96%
Vote 4 - Economic Development, Tourism & Agriculture	52,556	5,456	13,083	9,872	3,211	33%
Vote 5 - Corporate Services	4,200	-	-	4,100	(4,100)	-100%
Vote 6 - Infrastructure & Engineering Unit - Rate & General	396,442	11,656	8,758	26,022	(17,263)	-66%
Vote 7 - Metro Water Service	290,541	28,726	50,378	42,001	8,377	20%
Vote 8 - Sanitation - Metro	158,377	587	1,965	14,000	(12,035)	-86%
Vote 9 - Electricity & Energy	203,632	17,040	31,760	23,365	8,395	36%
Vote 10 - Executive & Council	-	-	-	-	-	
Vote 11 - Safety & Security	-	-	-	-	-	
Vote 12 - Mandela Bay Stadium	7,712	-	-	-	-	
Vote 13 - Special Projects and Programmes	-	-	-	-	-	
Vote 14 - Recreational & Cultural Services	26,150	-	-	4,100	(4,100)	-100%
Total Capital Multi-year expenditure	1,314,867	63,654	106,419	135,423	(29,004)	-21%
Single Year expenditure appropriation						
Vote 1 - Budget & Treasury	3,575	-	-	750	(750)	-100%
Vote 2 - Public Health	30,550	1,201	1,201	-	1,201	#DIV/0!
Vote 3 - Human Settlements	24,551	-	-	-	-	
Vote 4 - Economic Development, Tourism & Agriculture	4,165	-	-	-	-	
Vote 5 - Corporate Services	32,100	-	-	6,000	(6,000)	-100%
Vote 6 - Infrastructure & Engineering Unit - Rate & General	106,754	11	27	3,850	(3,823)	-99%
Vote 7 - Metro Water Service	22,750	-	-	608	(608)	-100%
Vote 8 - Sanitation - Metro	3,750	158	158	-	158	#DIV/0!
Vote 9 - Electricity & Energy	19,026	4	4	370	(366)	-99%
Vote 10 - Executive & Council	-	-	-	-	-	
Vote 11 - Safety & Security	47,188	-	129	-	129	#DIV/0!
Vote 12 - Mandela Bay Stadium	-	-	-	-	-	
Vote 13 - Special Projects and Programmes	-	-	-	-	-	
Vote 14 - Recreational & Cultural Services	29,350	-	718	-	718	#DIV/0!
Total Capital single-year expenditure	323,760	1,374	2,237	11,578	(9,341)	-81%
Total Capital Expenditure	1,638,626	65,028	108,656	147,001	(38,345)	-26%

Capital Expenditure - Functional Classification						
Governance and administration	194,734	242	386	11,441	(11,055)	-97%
Executive and council	8			-	-	
Finance and administration	194,726	242	386	11,441	(11,055)	-97%
Internal audit				-	-	
Community and public safety	100,615	1,128	1,846	6,550	(4,704)	-72%
Community and social services	33,865			1,450	(1,450)	-100%
Sport and recreation	44,700	1,128	1,846	3,600	(1,754)	-49%
Public safety	20,300			1,500	(1,500)	-100%
Housing				-	-	
Health	1,750	-		-	-	
Economic and environmental services	499,926	17,197	22,055	39,576	(17,521)	-44%
Planning and development	51,048	5,456	13,083	9,497	3,586	38%
Road transport	448,878	11,741	8,972	30,079	(21,107)	-70%
Environmental protection				-	-	
Trading services	843,351	46,461	84,368	89,058	(4,690)	-5%
Energy sources	214,159	17,044	31,764	23,465	8,299	35%
Water management	346,335	28,792	50,544	44,618	5,926	13%
Wastewater management	277,107	624	2,060	20,975	(18,915)	-90%
Waste management	5,750			-	-	
Other	-	-	-	375	(375)	-100%
Total Capital Expenditure - Functional Classification	1,638,626	65,028	108,656	147,001	(38,345)	-26%
Funded by:						
National Government	743,820	39,294	56,723	78,551	(21,828)	-28%
Provincial Government				-	-	
District Municipality				-	-	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	41,865	523	2,793	6,000	(3,207)	-53%
Transfers recognised - capital	785,686	39,817	59,516	84,551	(25,035)	-30%
Borrowing	281,943	10,050	18,110	19,500	(1,390)	-7%
Internally generated funds	570,998	15,161	31,031	42,950	(11,919)	-28%
Total Capital Funding	1,638,626	65,028	108,656	147,001	(38,345)	-26%

CAPITAL EXPENDITURE REPORT FOR THE PERIOD 1 JULY 2022 - 30 SEPTEMBER 2022

CAPITAL EXPENDITURE REPORT FOR THE PERIOD 1 JULY 2022 - 30 SEPTEMBER 2022						
Directorate	Project	Project Title	Org Code	2022/23 Budget	Actual Expenditure	Finance Source
Budget & Treasury	20182605	Construction of new offices at Supply Chain Management	1659	17,768,200.00	-	CRR - Rate & General
Budget & Treasury	20190146	Acquisition of Motor Vehicles for Meter Readers	803	200,000.00	-	CRR - Rate & General
Budget & Treasury	20200262	Replacement of Old Laptops and Desktop PC's	1519	250,000.00	-	Fuel Levy
Budget & Treasury	20220171	Acquisition of Motor Vehicle for Customer Care	683	1,000,000.00	-	Fuel Levy
Budget & Treasury	20050130	Replacement of Revenue Sub Directorate Computer Equipment	683	550,000.00	-	Fuel Levy
Budget & Treasury	20120079	Replacement of Handheld Devices - Meter Reading	22	322,250.00	-	Fuel Levy
Budget & Treasury	20120080	Replacement of Vending POS Equipment	1498	1,000,000.00	-	Fuel Levy
Budget & Treasury	20182612	B&T Office Renovations - ETB	9	252,970.00	-	Fuel Levy
				21,343,420.00	-	
Corporate Services	20182437	Purchase of servers and other IT Related Infrastructure	615	7,200,000.00	-	CRR - Rate & General
Corporate Services	20210179	Procurement of Furniture for HRMS	165	1,000,000.00	-	CRR - Rate & General
Corporate Services	20220112	Purchase of Computers and Computer Equipment	1689	3,000,000.00	-	CRR - Rate & General
Corporate Services	20200025	Disaster Recovery, Backup power and Renewable energy	1689	1,000,000.00	-	CRR - Rate & General
Corporate Services	20182438	Office Furniture - Corporate Admin	1572	2,500,000.00	-	CRR - Rate & General
Corporate Services	20170145	Disaster Recovery Centre - Information Security	1689	3,000,000.00	-	CRR - Rate & General
Corporate Services	20220113	CASS: Automation of Bookings	163	2,000,000.00	-	CRR - Rate & General
Corporate Services	20220152	Ward 44 Councillor's office: Installation of fencing	224	700,000.00	-	Fuel Levy
Corporate Services	20182437	Purchase of servers and other IT Related Infrastructure	615	3,200,000.00	-	Fuel Levy
Corporate Services	20210267	The Campanile: Intercom system and Braille Buttons	638	200,000.00	-	Fuel Levy
Corporate Services	20210268	Uitenhage Town Hall: Intercom system and Braille Buttons	843	200,000.00	-	Fuel Levy
Corporate Services	20220151	Ward 43 Councillor's office: Installation of fencing	224	500,000.00	-	Fuel Levy
Corporate Services	20210264	Feather Market Centre: Intercom system and Braille Buttons	638	200,000.00	-	Fuel Levy
Corporate Services	20220153	Ward 6 Councillor's office: Installation of fencing	224	800,000.00	-	Fuel Levy
Corporate Services	20190268	Erection of Ward 34 Councillors Office	1572	200,000.00	-	Fuel Levy
Corporate Services	20210265	Fidelity Building: Intercom system and Braille Buttons	1747	200,000.00	-	Fuel Levy
Corporate Services	20220154	Ward 56 Councillor's office: Installation of fencing	224	800,000.00	-	Fuel Levy
Corporate Services	20210186	Aerodrome: Installation of Fencing	838	8,000,000.00	-	Fuel Levy
Corporate Services	20220150	Ward 42 Councillor's office: Installation of fencing	224	500,000.00	-	Fuel Levy
Corporate Services	20220149	Fencing Ward 55 - Councillor's Office and Hall	224	700,000.00	-	Fuel Levy
Corporate Services	20210263	Algoa House: Intercom system and Braille Buttons	1680	200,000.00	-	Fuel Levy

Annexure "A2(i)"

Corporate Services	20210269	Noninzi Luzipho: Intercom system and Braille Buttons	221	200,000.00	959	Fuel Levy
				36,300,000.00		
EDTA	20220056	Construction of Nelson Mandela Statue	639	1,900,000.00	901	CRR - Rate & General
EDTA	20210284	EDTA: Purchase of Forklifts	639	400,000.00	901	CRR - Rate & General
EDTA	20220172	EDTA: Port Elizabeth fresh Produce Market	639	1,500,000.00	901	CRR - Rate & General
EDTA	20190094	EDTA : IMotherwell Container Retail Boxes	1291	1,865,380.00	965	European Union
				5,665,380.00		
Electricity	20210331	E&E MV bulk infra 2 x 11KV CB-Malabar Substation - Malabar	374	10,669,560.00	972	ISUPG
Electricity	20210330	E&E Upgrade bulk infra 1X132KV CB Matomela sub - Ekuphumleni	374	5,326,090.00	972	ISUPG
Electricity	20230014	2023 ISUPG: Informal Elec: Serv Con-ward 54 Nu30 Ef40006-40016	374	304,350.00	972	ISUPG
Electricity	20230023	2023 ISUPG-Informal Electrifi-Service Con- Ward 31 Vistarus	374	6,521,740.00	972	ISUPG
Electricity	20210345	E&E Construction of 22KV Feeder to Motherwell NU30 - Ward 54	374	16,956,520.00	972	ISUPG
Electricity	20220205	E&E: Re-configuration of Kwa-Ford Substation	374	10,652,170.00	972	ISUPG
Electricity	20230024	2023 ISUPG- Informal Elect-Serv Con:Ward4 Walmer Erf1948 TRA	374	2,846,090.00	972	ISUPG
Electricity	20210341	E&E Bulk infra establish New Sub-Booyseens - Jachtviakte	374	40,827,830.00	972	ISUPG
Electricity	20210339	E&E Upgrade bulk infra -1X132KV CB Matomela sub - Nkatha	374	5,326,090.00	972	ISUPG
Electricity	20200209	Public Contribution - Private Township Development	374	5,000,000.00	923	Public Contributions
Electricity	20200339	E&E Miscellaneous Mains and Substations	374	15,000,000.00	923	Public Contributions
Electricity	20200207	Reinforcement of Electricity Network - Coega IDZ	374	20,000,000.00	923	Public Contributions
Electricity	20210092	Public Lighting - Refurbishment/Retro fit	374	10,000,000.00	951	USDG
Electricity	20200338	E&E - Public Lighting	380	7,000,000.00	951	USDG
Electricity	20200188	E&E-Electrification of State Subsidised Houses	374	14,820,740.00	951	USDG
Electricity	20150028	Refurbishment of Power Transformers	374	4,185,280.00	951	USDG
Electricity	20200125	Reinforcement of Electricity Network- Despatch	374	3,253,800.00	959	Levies
Electricity	20200203	HV Line Refurbishment (66 & 132KV)	374	7,000,000.00	959	Levies
Electricity	20200113	Reinforcement of Electricity Network- North	374	1,000,000.00	959	Levies
Electricity	20200330	E&E- HV Circuit breakers replacement at major substations	375	2,200,000.00	959	Levies
Electricity	20200205	MV and LV Line Refurbishment	374	3,000,000.00	959	Levies
Electricity	20220110	E&E - Computer Systems Upgrade	374	1,800,000.00	959	Levies
Electricity	20170045	Distribution Substation Building Refurbishment Programme	374	1,000,000.00	959	Levies
Electricity	20210095	Gas Turbine Refurbishment	374	2,000,000.00	959	Levies
Electricity	20200106	Electricity Buildings Improvements	337	200,000.00	959	Levies
Electricity	20200131	New/Replacement of Plant and Motor Vehicles	374	2,000,000.00	959	Levies

Annexure "A2(i)"

Human Settlements	20170067	Malabar Ext 6 Phase 2 - Stormwater	415	1,744,060.00	-	951	USDG
Human Settlements	20170191	Kwazakhele: Ekuphumleni - Water Reticulation	415	3,477,320.00	-	951	USDG
Human Settlements	20170192	Kwazakhele: Ekuphumleni - Sewer Reticulation	415	5,215,980.00	-	951	USDG
Human Settlements	20220074	Kwazakhele Infill Sites - Water Reticulation	415	1,000,000.00	-	951	USDG
Human Settlements	20220069	Khayamandi Phase 5 - Stormwater Reticulation	415	1,811,200.00	-	951	USDG
Human Settlements	20170086	Nkatha/Seyisi - Water Reticulation	415	1,400,000.00	-	951	USDG
Human Settlements	20120031	Kwazakhele: Ekuphumleni - Roadworks	415	6,085,310.00	-	951	USDG
Human Settlements	20170091	Jagviagte (Chatty 11-14) - Stormwater	415	4,811,200.00	-	951	USDG
Human Settlements	20190003	Missionvale - Stormwater	415	3,000,000.00	-	951	USDG
Human Settlements	20200278	Uitenhage Infill Sites / In Situ - Stormwater	415	1,836,730.00	-	951	USDG
Human Settlements	20170084	Nkatha/Seyisi - Stormwater	415	1,050,000.00	-	951	USDG
Human Settlements	20170071	Malabar Ext 6 Phase 2 - Sewer Reticulation	415	3,811,050.00	-	951	USDG
Human Settlements	20200277	Uitenhage infill sites / In Situ - Roadworks	415	4,045,910.00	-	951	USDG
Human Settlements	20170088	Nkatha/Seyisi - Sewer Reticulation	415	2,100,000.00	-	951	USDG
Human Settlements	20200279	Uitenhage Infill Sites / In Situ - Water Reticulation	415	2,026,460.00	-	951	USDG
Human Settlements	20210147	Mandela Village 71 Sites - Water Reticulation	415	2,130,800.00	-	951	USDG
Human Settlements	20200280	Uitenhage Infill Sites / In Situ - Sewer Reticulation	415	3,778,050.00	-	951	USDG
Human Settlements	20120047	Walmer Development - Roadworks	415	10,804,180.00	213,562.42	951	USDG
Human Settlements	20170108	Walmer Development - Stormwater	415	3,173,920.00	94,916.60	951	USDG
Human Settlements	20130040	Nkatha/Seyisi - Roadworks	415	2,450,000.00	-	951	USDG
Human Settlements	20220070	Khayamandi Phase 5 - Water Reticulation	415	1,209,800.00	-	951	USDG
Human Settlements	20170109	Walmer Development - Water Reticulation	415	3,614,790.00	166,104.03	951	USDG
Human Settlements	20220073	Kwazakhele Infill Sites - Stormwater Reticulation	415	400,000.00	-	951	USDG
Human Settlements	20170096	Jagviagte (Chatty 11-14) - Sewer Reticulation	415	4,608,400.00	-	951	USDG
Human Settlements	20230019	Kwanobuhle Area 11 PH6: Sewer Reticulation	415	2,608,700.00	-	972	ISUPG
Human Settlements	20230017	Kwanobuhle Area 11 PH6: Stormwater Reticulation	415	2,739,130.00	-	972	ISUPG
Human Settlements	20230021	Land Acquisition: Seaview Housing Development	415	30,695,650.00	-	972	ISUPG
Human Settlements	20230018	Kwanobuhle Area 11 PH6: Water Reticulation	415	1,695,650.00	-	972	ISUPG
Human Settlements	20230015	Kwanobuhle Area 11 PH6: Roadworks	415	6,000,000.00	-	972	ISUPG
				189,277,700.00	474,583.05		
Public Health	20210219	PH: Purchase of Computer Equipment	85	500,000.00	27,805.38	901	CRR - Rate & General
Public Health	20210220	PH: Purchase of Office Furniture	85	500,000.00	-	901	CRR - Rate & General
Public Health	20190308	Upgrading of Municipal Office and Abolition facilities	469	500,000.00	-	901	CRR - Rate & General
Public Health	20210218	Construction of Settlers Park office building	1480	500,000.00	-	901	CRR - Rate & General
Public Health	20220141	Matanzima fencing Extension	71	500,000.00	-	951	USDG
Public Health	20220129	Upgrade and development of Public open spaces - Slant Park	71	1,300,000.00	-	951	USDG
Public Health	20220136	Upgrade & development Public open spaces -Liberty Park	71	1,500,000.00	-	951	USDG

Annexure "A2(ii)"

Roads & Stormwater	20220117	Roads- Tarring of circles-New Brighton	427	4,000,000.00	-	959	Levies
Roads & Stormwater	20200060	Rehabilitation of Stormwater Ponds	428	2,000,000.00	-	959	Levies
Roads & Stormwater	20200056	Roads-New /Replacement Vehicle fleet	427	5,000,000.00	-	959	Levies
Roads & Stormwater	20210173	Road Traffic Calming Measures -2021	427	3,590,000.00	-	959	Levies
Roads & Stormwater	20220122	Roads-Reconstruction of Old PE-Uitenhage - Ward 31	427	7,000,000.00	-	959	Levies
Roads & Stormwater	20210176	Roads - Provision of Rudimentary Services	427	3,200,000.00	-	959	Levies
Roads & Stormwater	20200065	New Traffic signals for roads intersections	427	1,000,000.00	-	959	Levies
Roads & Stormwater	20170126	John Tallant Link Road	427	10,000,000.00	-	959	Levies
Roads & Stormwater	20190290	Replacement of Laboratory equipment - Scientific Services	698	2,000,000.00	-	959	Levies
Roads & Stormwater	20210214	Roads: Purchase of Computer and Equipment	1099	750,000.00	-	959	Levies
Roads & Stormwater	20190294	Aluta Continua Access Road - Joe Slovo	427	5,000,000.00	-	959	Levies
Roads & Stormwater	20200054	Rehabilitation of Roads	427	11,380,000.00	-	959	Levies
Roads & Stormwater	20050286	Tarring of Gravel Roads	427	6,844,780.00	120,238.34	959	Levies
Roads & Stormwater	20200050	Rehabilitate concrete roads	427	1,200,000.00	-	959	Levies
Roads & Stormwater	20200075	Rehabilitation of William Moffet Expressway	426	2,000,000.00	-	959	Levies
Roads & Stormwater	20220169	Construction of Bloemendal Arterial - Ward 36	427	500,000.00	-	959	Levies
Roads & Stormwater	20200082	Construction of footbridges	427	500,000.00	-	959	Levies
Roads & Stormwater	20190289	New Laboratory equipment - Scientific Services	698	3,000,000.00	-	959	Levies
Roads & Stormwater	20060020	Provision of Sidewalks	427	10,000,000.00	11,355.48	959	Levies
Roads & Stormwater	20200073	Upgrade Main Road through Swankops	426	1,500,000.00	-	959	Levies
Roads & Stormwater	20200055	Replacement vehicle fleet-Automotive Transport	404	1,700,000.00	-	959	Levies
Roads & Stormwater	20030475	New Brighton/Kwazakhele: Bulk Stormwater	428	2,000,000.00	-	959	Levies
Roads & Stormwater	20200078	Intersection Improvements	427	1,500,000.00	-	959	Levies
Roads & Stormwater	20210174	Roads - Peri - urban: Rehabilitation of gravel roads	427	1,500,000.00	-	959	Levies
Roads & Stormwater	20060241	Blue Horizon Bay Bulk Stormwater	428	500,000.00	-	959	Levies
Roads & Stormwater	20182556	Acquisition of Properties - Standford Road	427	1,500,000.00	-	959	Levies
Roads & Stormwater	20200068	TM24 Guidance Signs	426	200,000.00	-	959	Levies
Roads & Stormwater	20200062	Flood Risk improvement (All other rivers)	428	500,000.00	-	959	Levies
Roads & Stormwater	20200069	Public Transport facilities	427	1,820,000.00	-	959	Levies
Roads & Stormwater	20200076	Facilities for the Disabled	427	300,000.00	-	959	Levies
Roads & Stormwater	20190297	Stormwater Improvements - Stokwe Street, ward 17	427	3,000,000.00	-	959	Levies
Roads & Stormwater	20200061	Ground water improvements metro wide	428	1,000,000.00	-	959	Levies
Roads & Stormwater	20200070	Traffic Control Equipment	426	2,000,000.00	-	959	Levies
Roads & Stormwater	20080080	Cannonville/Colchester: Stormwater improvements	428	5,000,000.00	-	959	Levies
Roads & Stormwater	20200086	Rehabilitation of Bridge Structures	426	3,000,000.00	499,962.59	959	Levies
Roads & Stormwater	20230022	2023 ISUPG Cons of road- Mweil NU12- Khwebula Str ward54	427	4,683,040.00	-	972	ISUPG
Roads & Stormwater	20230020	2023 ISUPG Con of Road - MWELL NU12-Khalakandla Str Ward 54	427	4,683,050.00	-	972	ISUPG
Roads & Stormwater	20230034	2023 ISUPG Con of Road - Vistianus Ward 31 - Nofezile Street	427	8,260,870.00	-	972	ISUPG
Roads & Stormwater	20230016	2023 ISUPG-Con of road- Motherwell NU30- Sakhwatsha St W54	427	9,209,560.00	-	972	ISUPG

Annexure "A2(i)"

SRAC	20060113	Upgrade and Restoration of Libraries - Main Library	1114		6,250,000.00	-	959	Levies
SRAC	20220181	Dwesi Library fencing	857		1,100,000.00	-	959	Levies
SRAC	20190160	SRAC: Chatty library roof replacement	1114		1,500,000.00	-	959	Levies
SRAC	20220177	Purchase of 2X VW Caddy (Library)	857		900,000.00	-	959	Levies
SRAC	20220099	Upgrade of Raymond Mhlaba Swimming Pool	62		1,200,000.00	-	959	Levies
SRAC	20190151	Wells Estate Beach- Upgrade of Infrastructure	45		2,000,000.00	-	959	Levies
SRAC	20220178	Upgrade of Salamitu / Qeeq Sports field	64		2,000,000.00	-	959	Levies
SRAC	20220105	NU 1 Motherwell Sports Facility	666		1,200,000.00	-	959	Levies
SRAC	20190432	SRAC: Galvendale Sports field Astro turf	690		2,000,000.00	717,908.54	959	Levies
SRAC	20200233	Rehabilitation of Main Pavilion - Uitenhage sports fields	64		3,000,000.00	-	959	Levies
SRAC	20220183	Upgrading of Chevrolet caretaker cottage	690		900,000.00	-	959	Levies
SRAC	20162174	Rehabilitation of Red Location Precinct Buildings	37		800,000.00	-	959	Levies
SRAC	20220104	Upgrading of Motherwell NU2 Stadium	64		1,200,000.00	-	959	Levies
SRAC	20220185	Upgrade of Walmer MPC - Caretaker Cottage	690		300,000.00	-	959	Levies
SRAC	20190158	SRAC: Upgrade and restoration of libraries - Zwide	1114		1,500,000.00	-	959	Levies
SRAC	20190157	SRAC: Motherwell library roof replacement	1114		1,500,000.00	-	959	Levies
SRAC	20220192	Installation of spectator fencing at Wolfson stadium	64		700,000.00	-	959	Levies
SRAC	20220100	Upgrade of Lillian Ngoyi Centre	64		1,200,000.00	-	959	Levies
SRAC	20190154	Happy Valley - Upgrade of Infrastructure	45		1,000,000.00	-	959	Levies
SRAC	20200237	Replacement of cork floor - Uitenhage indoor centre	64		2,200,000.00	-	959	Levies
SRAC	20230028	Fencing of Red Location sport field - New Brighton	690		4,347,630.00	-	972	ISUPG
SRAC	20230031	Construction of Ablution Facilities: Ext 37 Sports field	690		2,173,920.00	-	972	ISUPG
SRAC	20230032	Upgrade of Thembani sport field in Kamesh Uitenhage - Instal	690		2,608,670.00	-	972	ISUPG
SRAC	20230029	Construction of Borehole & provision of water tanks: Ext 37	690		2,173,920.00	-	972	ISUPG
					66,804,340.00	717,908.54		
Water	20190242	Water Services: Upgrading Groendal Water Treatment Works	951		174,900.00	174,900.00	951	USDG
Water	20200153	NOOTGEDAGT:NEW PUMP SETS - MWELL + STANFD RD PUMP STATION	474		34,950,000.00	502,661.97		USDG
Water	20190235	Water Services: Rehabilitation of Water Pump Stations	474		18,177,150.00	5,083,710.80	951	USDG
Water	20162356	Water Services: Advanced Meter Infrastructure	506		500,000.00	-	951	USDG
Water	20190241	Water Services: Purchase of Telemetry Equipment	621		500,000.00	-	951	USDG
Water	20210078	Upgrade of Kwanobuhle Water Pump Station	474		3,570,000.00	1,856,130.17	951	USDG
Water	20190159	Water Services: Nootgedagt Low Level Scheme - Phase 3	487		540,570.00	139,433.39	951	USDG
Water	20210274	Upgrade of Linton Grange WTW	487		1,000,000.00	-	951	USDG
Water	20190236	Construction of Coegakop Water Treatment Works (NON-MDRG)	474		45,000,000.00	20,094,302.31	951	USDG
Water	20190237	Water Services: Bulk Water Metering + Control	474		2,000,000.00	-	951	USDG
Water	20200008	Water: Installation of Standpipes and Associated Water Meter	474		6,000,000.00	-	951	USDG
Water	20182414	Groundwater :Drought :Drilling & Equipping of Boreholes	946		45,305,100.00	12,762,760.36	951	USDG

Annexure "A2(i)"

			474	16,357,390.00	-	972	ISUPG
Water	20230011	Installation of Standpipes & associated infrastructure-ISUP		373,887,670.00	50,536,499.88		
		TOTAL EXPENDITURE AS AT 30 SEPTEMBER 2022		1,814,925,340.00	95,572,558.12		5%
							TOTAL PERCENTAGE SPENT

PROJECTED CASH FLOW STATEMENT FOR THE 2022/23 FINANCIAL YEAR**Projected Cash Flow Statement as at 30 September 2022**

The purpose of the cash flow statement is to compare the cash inflows (receipts) with the cash outflows (payments), in order to ascertain the adequacy of the cash inflows to cover the cash outflows.

Table C7 Consolidated Monthly Budget Statement - Cash Flow – M03 September 2022

Description	Budget Year 2022/23					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	2,554,934	244,623	647,228	644,893	2,335	0%
Service charges	6,575,229	626,555	1,652,629	1,646,505	6,123	0%
Other revenue	1,007,568	(50,367)	756,897	313,955	442,943	141%
Transfers and Subsidies - Operational	1,831,543	52,433	648,717	601,318	47,398	8%
Transfers and Subsidies - Capital	868,280	119,170	198,527	200,275	(1,747)	-1%
Interest	579,186	51,617	158,097	144,554	13,544	9%
Dividends	-	-	-	-	-	-
Payments						
Suppliers and employees	(11,611,341)	(1,201,513)	(3,672,463)	(3,493,577)	178,887	-5%
Finance charges	(126,596)	(15,834)	(46,384)	(46,384)	(0)	0%
Transfers and Grants	(63,912)	(2,865)	(8,768)	(14,291)	(5,523)	39%
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,614,891	(176,181)	334,480	(2,752)	(337,232)	12255%
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	-	-	-
Decrease (increase) in non-current receivables	(20,000)	-	-	(4,998)	4,998	-100%
Decrease (increase) in non-current investments	-	-	-	-	-	-
Payments						
Capital assets	(1,829,491)	(53,591)	(318,252)	(635,164)	(316,912)	50%
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,849,491)	(53,591)	(318,252)	(640,162)	(321,910)	50%
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Short term loans	-	-	-	-	-	-
Borrowing long term/refinancing	281,943	-	-	112,777	(112,777)	-100%
Increase (decrease) in consumer deposits	3,000	-	-	750	(750)	-100%
Payments						
Repayment of borrowing	(192,847)	(11,818)	(85,200)	(85,200)	(0)	0%
NET CASH FROM/(USED) FINANCING ACTIVITIES	92,095	(11,818)	(85,200)	28,327	113,527	401%
NET INCREASE/ (DECREASE) IN CASH HELD	(142,505)	(241,589)	(68,972)	(614,586)		
Cash/cash equivalents at beginning:	4,669,266		4,763,401	4,669,266		
Cash/cash equivalents at month/year end:	4,526,761		4,694,429	4,054,680		

The significant variances are discussed below:

Receipts: Ratepayer and Other and Payments: Suppliers and Employees

- Electricity Revenue appears to be lower than anticipated.
- The variances are mainly affected by VAT claimed back from SARS and VAT paid over to SARS.
- The cash for revenue billed should have been higher as only 69.96% of the first 2 months billed revenue was collected as measured against the projected 79% collection rate as per the 2022/23 Adjustments Budget. Cash collected is less than anticipated due to lower than anticipated revenue raised. Electricity load shedding and water provided to residents due to electricity outage at Water pump stations had impacted on revenue raised.
- The COVID19 Pandemic and severe drought conditions in the water catchment areas of the municipality enforcing the introduction of punitive water tariffs have impacted on the cash collection rate and the expenditure of the NMBM and therefore a budgeted collection rate of 79% for the 2022/23 financial year compared to the 95% in previous years. The low collection rate achieved of only approximately 76.16% in the previous financial year seriously impacted on the Cash and Cash equivalent balances and the interest earned on investments.
- Traffic fines revenue is materially lower than anticipated as a result of the speed checking camera tender that was not in place during the first half of the 2022/23 financial year.

Interest Earned

- The growth in interest earned from investments were impacted by the COVID19 Pandemic resulting in lower expenditure trends. However, due to the Reserve Bank increasing the interest rates the interest earned on investments are improving. Consumers not paying their municipal bills resulting in an 69.96% average collection rate for first two months of the 2022/23 financial year are resulting in higher interest earned on outstanding consumer debtors which are not being converted into cash as consumers are not paying their municipal bills.

Government Grants

- Variances due to the timing and amounts of grants to be transferred was not available at the time the budget was concluded.
- As at 30 September 2022 Unspent Conditional Grants were at approximately R615 million and Unspent Borrowing was at R186 million contributing to a higher investment portfolio attracting interest earned on investments during the second half of the 2022/23 financial year. However, once capital expenditure had been incurred against both funding sources or unspent grants are required to be paid back to National Treasury the Cash and Cash equivalents balances will decrease accordingly.

External Borrowing, Finance Charges and Capital Payments

- Spending/payments in respect of External Borrowing, Finance Charges are in line with the 2022/23 Budget.
- The COVID pandemic also impacted on the current capital expenditure trends to date.
- NMBM had taken up external borrowing as per the loan agreement in the amount of approximately, R581.436 million since the inception of the R750.6 million loan from Nedbank.

NMBM BUDGET TABLES

The seven main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section of the report. These tables set out the Municipality's budget performance for the first quarter of the 2022/23 financial year as at 30 September 2022 and are to be noted by Council. Each table is accompanied by explanatory notes.

[Where the word - Consolidated - appears in the Table title it signifies that the municipal entity figures are included in the table]

Monthly Budget Tables**Table C1 Consolidated Monthly Budget Statement Summary – M03 September 2022**

Description	Budget Year 2022/23						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							
Financial Performance							
Property rates	2,838,816	(39,259)	2,875,491	2,663,477	212,014	8%	2,838,816
Service charges	8,473,842	1,031,876	2,803,609	1,767,341	1,036,267	59%	8,473,842
Investment revenue	179,558	19,716	3,757	42,832	(39,075)	-91%	179,558
Transfers and subsidies	1,907,396	11,838	767,108	1,085,050	(317,942)	-29%	1,907,396
Other own revenue	1,446,828	102,680	236,369	189,342	47,027	25%	1,446,828
Total Revenue (excluding capital transfers and contributions)	14,846,441	1,126,851	6,686,335	5,748,042	938,293	16%	14,846,441
Employee costs	4,210,662	295,103	831,925	923,956	(92,031)	-10%	4,210,662
Remuneration of Councillors	87,809	7,614	21,965	20,916	1,049	5%	87,809
Depreciation & asset impairment	1,295,759	108,013	324,077	259,741	64,337	25%	1,295,759
Finance charges	123,596	16,070	12,149	43,746	(31,597)	-72%	123,596
Inventory consumed and bulk purchases	5,005,802	964,817	1,563,973	1,374,809	189,164	14%	5,005,802
Transfers and subsidies	63,912	3,326	8,768	10,356	(1,588)	-15%	63,912
Other expenditure	4,612,833	226,924	392,723	767,484	(374,761)	-49%	4,612,833
Total Expenditure	15,400,374	1,621,867	3,155,580	3,401,008	(245,428)	-7%	15,400,374
Surplus/(Deficit)	(553,933)	(495,016)	3,530,754	2,347,034	1,183,720	50%	(553,933)
Surplus/(Deficit) after capital transfers & contributions	743,820	41,271	56,723	237,037	(180,314)	-76%	743,820
Taxation & Surplus/(Deficit) after taxation	41,865	523	2,793	6,500	(3,707)	-57%	41,865
Surplus/(Deficit) after capital transfers & contributions	231,753	(453,221)	3,590,270	2,590,571	999,699	39%	231,753
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	231,753	(453,221)	3,590,270	2,590,571	999,699	39%	231,753
Capital expenditure & funds sources							
Capital expenditure	1,638,626	65,028	108,656	147,001	(38,345)	-26%	1,638,626
Capital transfers recognised	785,686	39,817	59,516	84,551	(25,035)	-30%	785,686
Borrowing	281,943	10,050	18,110	19,500	(1,390)	-7%	281,943
Internally generated funds	570,998	15,161	31,031	42,950	(11,919)	-28%	570,998
Total sources of capital funds	1,638,626	65,028	108,656	147,001	(38,345)	-26%	1,638,626
Financial position							
Total current assets	7,866,463		9,365,438				7,866,463
Total non-current assets	19,248,287		18,599,339				19,248,287
Total current liabilities	3,745,901		3,635,126				3,745,901
Total non-current liabilities	4,126,717		4,028,958				4,126,717
Community wealth/Equity	19,242,132		20,295,237				19,242,132

Cash flows							
Net cash from (used) operating	1,614,891	(176,181)	334,480	(2,752)	(337,232)	12255%	1,614,891
Net cash from (used) investing	(1,849,491)	(53,591)	(318,252)	(640,162)	(321,910)	50%	(1,849,491)
Net cash from (used) financing	92,095	(11,818)	(85,200)	28,327	113,527	401%	92,095
Cash/cash equivalents at the month/year end	4,526,761	-	4,694,425	4,054,680	(639,749)	-16%	4,620,896

Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Receivables from Non									
Organs of State	3,987,071	763,081	467,867	361,225	269,236	318,146	1,929,191	5,958,953	14,054,771
PAYE deductions									
Total Creditors	503,017	446	38,293	1,023,775	-	-	-	-	1,565,531

Explanatory notes to Table C1 – Monthly Budget Summary

The aim of the Budget Summary is to provide a concise overview of the actual budget performance from all of the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the actual amounts spent compared to the monthly budget projections within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance.

Table C2 Consolidated Monthly Budget Statement - Financial Performance (standard classification) – M03 September 2022

Description	Budget Year 2022/23						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands						%	
Revenue - Functional							
Governance and administration	3,788,675	(426,338)	3,241,575	3,070,692	170,883	6%	3,788,675
Executive and council	746	224	235	105	130	124%	746
Finance and administration	3,787,930	(426,562)	3,241,340	3,070,587	170,753	6%	3,787,930
Internal audit	-	-	-	0	(0)	-100%	-
Community and public safety	1,199,526	233,193	239,987	204,323	35,664	17%	1,199,526
Community and social services	45,490	3,042	6,577	16,000	(9,423)	-59%	45,490
Sport and recreation	4,875	1,608	2,351	-	2,351	#DIV/0!	4,875
Public safety	849,165	227,737	229,226	117,890	111,337	94%	849,165
Housing	298,168	(182)	197	70,000	(69,803)	-100%	298,168
Health	1,828	987	1,636	433	1,203	278%	1,828
Economic and environmental services	647,888	19,970	23,114	133,544	(110,430)	-83%	647,888
Planning and development	171,988	2,048	5,041	38,297	(33,256)	-87%	171,988
Road transport	459,757	17,786	17,773	94,857	(77,084)	-81%	459,757
Environmental protection	16,142	137	300	390	(90)	-23%	16,142
Trading services	9,954,151	1,335,836	3,231,673	2,571,520	660,153	26%	9,954,151
Energy sources	4,945,206	309,325	1,360,435	1,284,572	75,863	6%	4,945,206
Water management	3,118,512	750,183	1,421,304	581,596	839,708	144%	3,118,512
Wastewater management	1,410,268	170,512	294,009	576,031	(282,022)	-49%	1,410,268
Waste management	480,165	105,816	155,925	129,321	26,604	21%	480,165
Other	41,887	5,985	9,501	11,500	(1,999)	-17%	41,887
Total Revenue - Functional	15,632,126	1,168,646	6,745,850	5,991,579	754,271	13%	15,632,126
Expenditure - Functional							
Governance and administration	2,726,704	196,014	514,291	670,432	(156,141)	-23%	2,726,704

Executive and council	262,786	17,613	48,589	50,912	(2,323)	-5%	262,786
Finance and administration	2,393,577	171,780	453,896	604,400	(150,504)	-25%	2,393,577
Internal audit	70,342	6,621	11,806	15,120	(3,314)	-22%	70,342
Community and public safety	2,035,348	146,077	384,640	420,720	(36,080)	-9%	2,035,348
Community and social services	379,298	23,306	68,426	81,353	(12,927)	-16%	379,298
Sport and recreation	663,690	54,187	137,813	132,800	5,013	4%	663,690
Public safety	653,456	39,953	112,104	154,067	(41,963)	-27%	653,456
Housing	226,845	21,880	47,162	30,900	16,262	53%	226,845
Health	112,059	6,750	19,135	21,600	(2,465)	-11%	112,059
Economic and environmental services	896,723	70,941	144,168	175,098	(30,931)	-18%	896,723
Planning and development	397,091	31,727	81,545	74,998	6,547	9%	397,091
Road transport	442,483	35,579	53,229	90,000	(36,771)	-41%	442,483
Environmental protection	57,149	3,635	9,394	10,100	(706)	-7%	57,149
Trading services	9,657,324	1,204,474	2,099,865	2,126,324	(26,459)	-1%	9,657,324
Energy sources	5,658,981	1,013,645	1,691,857	1,592,782	99,075	6%	5,658,981
Water management	2,374,755	95,473	205,729	234,450	(28,721)	-12%	2,374,755
Wastewater management	1,112,724	57,990	126,364	201,293	(74,929)	-37%	1,112,724
Waste management	510,864	37,366	75,915	97,800	(21,885)	-22%	510,864
Other	81,628	4,361	12,617	8,434	4,183	50%	81,628
Total Expenditure - Functional	15,397,727	1,621,867	3,155,580	3,401,008	(245,428)	-7%	15,397,727
Surplus/ (Deficit) for the year	234,399	(453,221)	3,590,270	2,590,571	999,699	39%	234,399

Explanatory notes to Table C2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities report their operations in one common format, to facilitate comparison across all municipalities. It is to be noted that the revenue by vote as reflected in this table, includes revenue attributable to capital grants.

Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) – M03 September 2022

Vote Description	Budget Year 2022/23						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							
Revenue by Vote							
Vote 1 - Budget & Treasury	3,703,636	(429,388)	3,236,205	2,984,878	251,327	8.4%	3,703,636
Vote 2 - Public Health	514,994	108,590	161,685	117,675	44,010	37.4%	514,994
Vote 3 - Human Settlements	321,076	3,282	6,886	70,000	(63,114)	-90.2%	321,076
Vote 4 - Economic Development, Tourism & Agriculture	174,485	4,430	5,285	48,298	(43,013)	-89.1%	174,485
Vote 5 - Corporate Services	15,946	1,901	3,698	2,684	1,014	37.8%	15,946
Vote 6 - Infrastructure & Engineering Unit - Rate & General	482,502	20,546	20,536	150,857	(130,322)	-86.4%	482,502
Vote 7 - Metro Water Service	3,118,598	748,040	1,419,160	581,596	837,564	144.0%	3,118,598
Vote 8 - Sanitation - Metro	1,388,023	170,417	293,914	585,881	(291,967)	-49.8%	1,388,023
Vote 9 - Electricity & Energy	4,945,206	309,340	1,360,450	1,281,572	78,877	6.2%	4,945,206
Vote 10 - Executive & Council	12,223	1,000	1,396	2,249	(853)	-37.9%	12,223
Vote 11 - Safety & Security	864,678	229,675	234,810	138,389	96,421	69.7%	864,678
Vote 12 - Mandela Bay Stadium	56,590	-	-	13,000	(13,000)	-100.0%	56,590
Vote 13 - Special Projects and Programmes	10,393	-	-	2,000	(2,000)	-100.0%	10,393
Vote 14 - Recreational & Cultural Services	23,777	811	1,826	12,500	(10,674)	-85.4%	23,777
Total Revenue by Vote	15,632,126	1,168,645	6,745,850	5,991,579	754,271	12.6%	15,632,126

Expenditure by Vote							
Vote 1 - Budget & Treasury	1,041,701	66,179	164,912	306,900	(141,988)	-46.3%	1,041,701
Vote 2 - Public Health	897,669	64,003	147,709	170,673	(22,964)	-13.5%	897,669
Vote 3 - Human Settlements	351,083	28,555	66,907	54,000	12,907	23.9%	351,083
Vote 4 - Economic Development, Tourism & Agriculture	194,698	17,500	44,218	38,098	6,120	16.1%	194,698
Vote 5 - Corporate Services	550,962	28,605	80,037	108,100	(28,063)	-26.0%	550,962
Vote 6 - Infrastructure & Engineering Unit - Rate & General	1,084,352	93,214	206,901	239,700	(32,799)	-13.7%	1,084,352
Vote 7 - Metro Water Service	2,398,620	98,730	213,375	246,250	(32,875)	-13.4%	2,398,620
Vote 8 - Sanitation - Metro	1,076,138	55,302	119,614	192,293	(72,679)	-37.8%	1,076,138
Vote 9 - Electricity & Energy	5,656,222	1,013,419	1,691,144	1,582,782	108,363	6.8%	5,656,222
Vote 10 - Executive & Council	365,572	27,628	71,760	72,812	(1,052)	-1.4%	365,572
Vote 11 - Safety & Security	1,076,297	71,468	199,020	258,767	(59,746)	-23.1%	1,076,297
Vote 12 - Mandela Bay Stadium	202,345	23,351	48,283	36,600	11,683	31.9%	202,345
Vote 13 - Special Projects and Programmes	9,164	782	2,399	2,434	(35)	-1.4%	9,164
Vote 14 - Recreational & Cultural Services	492,905	33,132	99,300	91,600	7,700	8.4%	492,905
Total Expenditure by Vote	15,397,727	1,621,867	3,155,580	3,401,008	(245,428)	-7.2%	15,397,727
Surplus/ (Deficit) for the year	234,399	(453,222)	3,590,270	2,590,571	999,698	38.6%	234,399

Explanatory notes to Table C3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

The purpose of the format in which the monthly budget reporting table is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Executive Directors concerned. Operating revenue and expenditure is thus presented by 'vote'. A 'vote' is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) – M03 September 2022

Description	Budget Year 2022/23						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							
Revenue By Source							
Property rates	2,838,816	(39,259)	2,875,491	2,663,477	212,014	8%	2,838,816
Service charges - electricity revenue	4,708,773	368,159	1,315,185	1,167,543	147,642	13%	4,708,773
Service charges - water revenue	2,693,767	564,913	1,219,459	344,996	874,463	253%	2,693,767
Service charges - sanitation revenue	776,924	64,724	186,182	184,881	1,301	1%	776,924
Service charges - refuse revenue	294,378	34,080	82,782	69,921	12,861	18%	294,378
					-		
Rental of facilities and equipment	29,488	5,229	8,742	6,857	1,885	27%	29,488
Interest earned - external investments	179,558	19,716	3,757	42,832	(39,075)	-91%	179,558
Interest earned - outstanding debtors	399,628	77,893	173,692	92,400	81,292	88%	399,628
Dividends received		-	-	-	-		
Fines, penalties and forfeits	94,347	4,932	15,511	49,046	(33,535)	-68%	94,347
Licences and permits	16,850	2,358	6,602	3,167	3,435	108%	16,850
Agency services	3,453	353	1,052	810	242	30%	3,453
Transfers and subsidies	1,907,396	11,838	767,108	1,085,050	(317,942)	-29%	1,907,396
Other revenue	903,062	11,555	30,411	37,062	(6,651)	-18%	903,062
Gains		360	360	-	360	#DIV/0!	
Total Revenue (excluding capital transfers and contributions)	14,846,441	1,126,851	6,686,335	5,748,042	938,293	16%	14,846,441
Expenditure By Type							
Employee related costs	4,210,662	295,103	831,925	923,956	(92,031)	-10%	4,210,662
Remuneration of councillors	87,809	7,614	21,965	20,916	1,049	5%	87,809
Debt impairment	2,221,127	75,281	123,304	354,954	(231,650)	-65%	2,221,127
Depreciation & asset impairment	1,295,759	108,013	324,077	259,741	64,337	25%	1,295,759
Finance charges	123,596	16,070	12,149	43,746	(31,597)	-72%	123,596
Bulk purchases - electricity	4,705,312	935,336	1,503,680	1,308,278	195,402	15%	4,705,312
Inventory consumed	300,490	29,481	60,293	66,531	(6,239)	-9%	300,490
Contracted services	1,576,121	99,827	162,155	255,613	(93,458)	-37%	1,576,121
Transfers and subsidies	63,912	3,326	8,768	10,356	(1,588)	-15%	63,912
Other expenditure	744,930	51,816	107,264	142,518	(35,254)	-25%	744,930
Losses	70,655	-	0	14,400	(14,400)	-100%	70,655
Total Expenditure	15,400,374	1,621,867	3,155,580	3,401,008	(245,428)	-7%	15,400,374
Surplus/(Deficit)	(553,933)	(495,016)	3,530,754	2,347,034	1,183,720	0	(553,933)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	743,820	41,271	56,723	237,037	(180,314)	(0)	743,820
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	41,865	523	2,793	6,500	(3,707)	(0)	41,865
Transfers and subsidies - capital (in-kind - all)					-		
Surplus/(Deficit) after capital transfers & contributions	231,753	(453,221)	3,590,270	2,590,571			231,753
Taxation					-		
Surplus/(Deficit) after taxation	231,753	(453,221)	3,590,270	2,590,571			231,753
Attributable to minorities							
Surplus/(Deficit) attributable to municipality	231,753	(453,221)	3,590,270	2,590,571			231,753
Share of surplus/ (deficit) of associate							
Surplus/ (Deficit) for the year	231,753	(453,221)	3,590,270	2,590,571			231,753

Explanatory notes to Table C4 - Budgeted Financial Performance (revenue and expenditure)

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the monthly results, the monthly budget-to-date projections and the original budget, so as to assess performance.

Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) – M03 September 2022

Vote Description	Budget Year 2022/23						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							
Multi-Year expenditure appropriation							
Vote 1 - Budget & Treasury	17,768	-	-	693	(693)	-100%	17,768
Vote 2 - Public Health	11,950	-	-	-	-		11,950
Vote 3 - Human Settlements	145,539	189	475	11,270	(10,796)	-96%	145,539
Vote 4 - Economic Development, Tourism & Agriculture	52,556	5,456	13,083	9,872	3,211	33%	52,556
Vote 5 - Corporate Services	4,200	-	-	4,100	(4,100)	-100%	4,200
Vote 6 - Infrastructure & Engineering Unit - Rate & General	396,442	11,656	8,758	26,022	(17,263)	-66%	396,442
Vote 7 - Metro Water Service	290,541	28,726	50,378	42,001	8,377	20%	290,541
Vote 8 - Sanitation - Metro	158,377	587	1,965	14,000	(12,035)	-86%	158,377
Vote 9 - Electricity & Energy	203,632	17,040	31,760	23,365	8,395	36%	203,632
Vote 10 - Executive & Council	-	-	-	-	-		-
Vote 11 - Safety & Security	-	-	-	-	-		-
Vote 12 - Mandela Bay Stadium	7,712	-	-	-	-		7,712
Vote 13 - Special Projects and Programmes	-	-	-	-	-		-
Vote 14 - Recreational & Cultural Services	26,150	-	-	4,100	(4,100)	-100%	26,150
Total Capital Multi-year expenditure	1,314,867	63,654	106,419	135,423	(29,004)	-21%	1,314,867
Single Year expenditure appropriation							
Vote 1 - Budget & Treasury	3,575	-	-	750	(750)	-100%	3,575
Vote 2 - Public Health	30,550	1,201	1,201	-	1,201	#DIV/0!	30,550
Vote 3 - Human Settlements	24,551	-	-	-	-		24,551
Vote 4 - Economic Development, Tourism & Agriculture	4,165	-	-	-	-		4,165
Vote 5 - Corporate Services	32,100	-	-	6,000	(6,000)	-100%	32,100
Vote 6 - Infrastructure & Engineering Unit - Rate & General	106,754	11	27	3,850	(3,823)	-99%	106,754
Vote 7 - Metro Water Service	22,750	-	-	608	(608)	-100%	22,750
Vote 8 - Sanitation - Metro	3,750	158	158	-	158	#DIV/0!	3,750
Vote 9 - Electricity & Energy	19,026	4	4	370	(366)	-99%	19,026
Vote 10 - Executive & Council	-	-	-	-	-		-
Vote 11 - Safety & Security	47,188	-	129	-	129	#DIV/0!	47,188
Vote 12 - Mandela Bay Stadium	-	-	-	-	-		-
Vote 13 - Special Projects and Programmes	-	-	-	-	-		-
Vote 14 - Recreational & Cultural Services	29,350	-	718	-	718	#DIV/0!	29,350
Total Capital single-year expenditure	323,760	1,374	2,237	11,578	(9,341)	-81%	323,760
Total Capital Expenditure	1,638,626	65,028	108,656	147,001	(38,345)	-26%	1,638,626
Capital Expenditure - Functional Classification							
Governance and administration	194,734	242	386	11,441	(11,055)	-97%	194,734
Executive and council	8	-	-	-	-		8
Finance and administration	194,726	242	386	11,441	(11,055)	-97%	194,726
Internal audit	-	-	-	-	-		-
Community and public safety	100,615	1,128	1,846	6,550	(4,704)	-72%	100,615
Community and social services	33,865	-	-	1,450	(1,450)	-100%	33,865

Sport and recreation	44,700	1,128	1,846	3,600	(1,754)	-49%	44,700
Public safety	20,300			1,500	(1,500)	-100%	20,300
Housing				-	-		
Health	1,750	-					1,750
Economic and environmental services	499,926	17,197	22,055	39,576	(17,521)	-44%	499,926
Planning and development	51,048	5,456	13,083	9,497	3,586	38%	51,048
Road transport	448,878	11,741	8,972	30,079	(21,107)	-70%	448,878
Environmental protection				-	-		
Trading services	843,351	46,461	84,368	89,058	(4,690)	-5%	843,351
Energy sources	214,159	17,044	31,764	23,465	8,299	35%	214,159
Water management	346,335	28,792	50,544	44,618	5,926	13%	346,335
Wastewater management	277,107	624	2,060	20,975	(18,915)	-90%	277,107
Waste management	5,750			-	-		5,750
Other	-	-		375	(375)	-100%	-
Total Capital Expenditure - Functional Classification	1,638,626	65,028	108,656	147,001	(38,345)	-26%	1,638,626
Funded by:							
National Government	743,820	39,294	56,723	78,551	(21,828)	-28%	743,820
Provincial Government				-	-		
District Municipality				-	-		
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	41,865	523	2,793	6,000	(3,207)	-53%	41,865
Transfers recognised - capital	785,686	39,817	59,516	84,551	(25,035)	-30%	785,686
Borrowing	281,943	10,050	18,110	19,500	(1,390)	-7%	281,943
Internally generated funds	570,998	15,161	31,031	42,950	(11,919)	-28%	570,998
Total Capital Funding	1,638,626	65,028	108,656	147,001	(38,345)	-26%	1,638,626

Explanatory notes to Table C5 - Budgeted Capital Expenditure by vote, standard classification and funding

Table C5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table C6 Consolidated Monthly Budget Statement - Financial Position – M03 September 2022

Description	Budget Year 2022/23		
	Original Budget	YearTD actual	Full Year Forecast
R thousands			
ASSETS			
Current assets			
Cash	200,200	504,884	200,200
Call investment deposits	4,326,561	4,189,545	4,326,561
Consumer debtors	2,836,499	4,107,977	2,836,499
Other debtors	329,985	350,685	329,985
Current portion of long-term receivables			
Inventory	173,218	212,349	173,218
Total current assets	7,866,463	9,365,438	7,866,463
Non current assets			

Long-term receivables	170,000	135,689	170,000
Investments			
Investment property	143,619	147,161	143,619
Investments in Associate			
Property, plant and equipment	18,838,990	18,261,739	18,838,990
Biological			
Intangible	95,679	54,750	95,679
Other non-current assets			
Total non-current assets	19,248,287	18,599,339	19,248,287
TOTAL ASSETS	27,114,750	27,964,777	27,114,750
LIABILITIES			
Current liabilities			
Bank overdraft			
Borrowing	192,379	192,379	192,379
Consumer deposits	159,291	155,115	159,291
Trade and other payables	3,168,641	3,083,651	3,168,641
Provisions	225,589	203,981	225,589
Total current liabilities	3,745,901	3,635,126	3,745,901
Non-current liabilities			
Borrowing	1,143,327	1,275,295	1,143,327
Provisions	2,983,390	2,753,663	2,983,390
Total non-current liabilities	4,126,717	4,028,958	4,126,717
TOTAL LIABILITIES	7,872,618	7,664,084	7,872,618
NET ASSETS	19,242,132	20,300,693	19,242,132
COMMUNITY WEALTH/EQUITY			
Accumulated Surplus/(Deficit)	18,310,572	19,363,677	18,310,572
Reserves	931,560	931,560	931,560
TOTAL COMMUNITY WEALTH/EQUITY	19,242,132	20,295,237	19,242,132

Explanatory notes to Table C6 - Budgeted Financial Position

1. The table presents Assets less, Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity, i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.
2. Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is directly informed by forecasting the statement of financial position.

Table C7 Consolidated Monthly Budget Statement - Cash Flow – M03 September 2022

Description	Budget Year 2022/23						
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands							
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates	2,554,934	244,623	647,228	644,893	2,335	0%	2,554,934
Service charges	6,575,229	626,555	1,652,629	1,646,505	6,123	0%	6,575,229
Other revenue	1,007,568	(50,367)	756,897	313,955	442,943	141%	1,007,568
Transfers and Subsidies - Operational	1,831,543	52,433	648,717	601,318	47,398	8%	1,831,543
Transfers and Subsidies - Capital	868,280	119,170	198,527	200,275	(1,747)	-1%	868,280
Interest	579,186	51,617	158,097	144,554	13,544	9%	579,186
Dividends	-	-	-	-	-	-	-
Payments							
Suppliers and employees	(11,611,341)	(1,201,513)	(3,672,463)	(3,493,577)	178,887	-5%	(11,611,341)
Finance charges	(126,596)	(15,834)	(46,384)	(46,384)	(0)	0%	(126,596)
Transfers and Grants	(63,912)	(2,865)	(8,768)	(14,291)	(5,523)	39%	(63,912)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,614,891	(176,181)	334,480	(2,752)	(337,232)	12255%	1,614,891
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE			-		-		-
Decrease (increase) in non-current receivables	(20,000)		-	(4,998)	4,998	-100%	(20,000)
Decrease (increase) in non-current investments			-		-		-
Payments							
Capital assets	(1,829,491)	(53,591)	(318,252)	(635,164)	(316,912)	50%	(1,829,491)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1,849,491)	(53,591)	(318,252)	(640,162)	(321,910)	50%	(1,849,491)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Short term loans	-		-		-		-
Borrowing long term/refinancing	281,943		-	112,777	(112,777)	-100%	281,943
Increase (decrease) in consumer deposits	3,000		-	750	(750)	-100%	3,000
Payments							
Repayment of borrowing	(192,847)	(11,818)	(85,200)	(85,200)	(0)	0%	(192,847)
NET CASH FROM/(USED) FINANCING ACTIVITIES	92,095	(11,818)	(85,200)	28,327	113,527	401%	92,095
NET INCREASE/ (DECREASE) IN CASH HELD	(142,505)	(241,589)	(68,972)	(614,586)			(142,505)
Cash/cash equivalents at beginning:	4,669,266		4,763,401	4,669,266			4,763,401
Cash/cash equivalents at month/year end:	4,526,761		4,694,429	4,054,680			4,620,896

Explanatory notes to Table C7 - Budgeted Cash Flow Statement

- The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.
- It reflects the expected cash in-flows versus cash outflows that are likely to result from the implementation of the budget.

ANALYSIS OF THE MUNICIPALITY'S BALANCE SHEET

In this section the Municipality's Debtors, Creditors and Investments will be analysed. These components have a significant impact on the Municipality's financial position.

1. DEBTORS AGE ANALYSIS & ANNUAL DEBTORS COLLECTION RATE POSITION AS AT 30 SEPTEMBER 2022 (2022/2023 1st QUARTER)

1.1. Overview of Outstanding Consumer Debtors (Inclusive of VAT)

Below is an analysis of the outstanding consumer debtors as at 30 September 2022 compared to the position as at 30 June 2022.

Debtors' Age Analysis (Inclusive of VAT) as at end of 30 June 2022

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	R 461,402,006	R 246,242,117	R 245,311,407	R 245,036,827	R 244,731,834	R 225,885,146	R 1,191,663,659	R 1,665,820,069	R 4,526,093,065
Trade and Other Receivables from Exchange Transactions - Electricity	R 337,437,956	R 80,938,557	R 34,826,176	R 18,888,418	R 21,868,915	R 19,473,521	R 63,692,638	R 553,798,922	R 1,110,925,103
Receivables from Non-exchange Transactions - Property Rates	R 253,913,809	R 21,508,714	R 20,635,966	R 8,456,406	R 32,273,484	R 70,465,900	R 196,553,532	R 726,128,929	R 1,329,936,740
Receivables from Exchange Transactions - Waste Water Management	R 103,475,860	R 52,064,563	R 39,612,771	R 36,262,204	R 28,906,002	R 27,150,216	R 136,660,716	R 615,082,756	R 1,039,235,108
Receivables from Exchange Transactions - Waste Management	R 46,736,995	R 15,211,491	R 18,836,679	R 11,616,240	R 15,911,568	R 13,599,551	R 69,916,119	R 384,140,399	R 575,969,042
Receivables from Exchange Transactions - Property Rental Debtors	R 2,180,561	R 183,148	R 933,801	R 178,857	R 853,399	R 455,415	R 2,937,173	R 31,101,144	R 38,823,488
Interest on Arrear Debtor Accounts	R 63,432,699	R 34,493,594	R 51,485,028	R 29,470,324	R 44,490,801	R 34,587,590	R 162,332,408	R 1,073,837,249	R 1,494,129,891
Other	R 16,790,692	R 6,896,266	R 7,549,388	R 11,110,806	R 6,114,834	R 5,681,671	R 28,481,789	R 338,699,932	R 421,327,688
Total By Income Source	R 1,285,370,878	R 437,560,490	R 419,191,216	R 361,020,082	R 395,150,837	R 397,299,010	R 1,852,238,032	R 5,388,609,400	R 10,536,439,945
Debtors' Age Analysis (Inclusive of VAT) as at end of 30 June 2022									
Organs of State	R 30,700,753	R 13,764,698	R 11,847,834	R 5,592,325	R 5,700,732	R 5,094,140	R 22,529,821	R 86,357,578	R 181,587,881
Commercial	R 547,770,710	R 90,441,553	R 65,572,369	R 45,279,568	R 61,046,688	R 68,720,492	R 175,371,623	R 1,311,775,563	R 2,363,078,568
Households	R 675,883,266	R 332,621,314	R 340,874,502	R 309,117,453	R 327,396,509	R 324,104,091	R 1,649,111,447	R 3,959,440,060	R 7,918,550,642
Other (NMBM)	R 31,016,149	R 732,925	R 898,511	R 1,030,736	R 1,004,908	R 1,380,287	R 5,225,141	R 31,036,199	R 72,322,856
Total By Customer Group	R 1,285,370,878	R 437,560,490	R 419,191,216	R 361,020,082	R 395,150,837	R 397,299,010	R 1,852,238,032	R 5,388,609,400	R 10,536,439,945

Debtors' Age Analysis (Inclusive of VAT) as at end of 30 September 2022

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Debtors Age Analysis By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	R 906,967,602	R 554,165,720	R 251,615,657	R 221,392,284	R 188,405,757	R 195,713,977	R 1,219,067,568	R 2,110,880,734	R 5,628,189,397
Trade and Other Receivables from Exchange Transactions - Electricity	R 442,993,943	R 67,313,328	R 41,835,261	R 28,477,975	R 20,034,787	R 19,089,058	R 62,573,068	R 564,474,482	R 1,244,791,898
Receivables from Non-exchange Transactions - Property Rates	R 2,393,392,583	R 37,837,611	R 51,142,207	R 9,515,372	R 4,734,248	R 7,830,523	R 211,885,583	R 734,954,363	R 3,451,292,491
Receivables from Exchange Transactions - Waste Water Management	R 98,597,876	R 44,744,525	R 38,488,998	R 33,228,064	R 29,094,775	R 25,904,268	R 142,424,848	R 662,235,864	R 1,076,619,239
Receivables from Exchange Transactions - Waste Management	R 50,865,833	R 15,284,600	R 19,525,187	R 15,387,615	R 11,145,974	R 15,214,140	R 71,465,350	R 409,865,291	R 608,754,057
Receivables from Exchange Transactions - Property Rental Debtors	R 3,268,253	R 164,954	R 1,090,124	R 586,792	R 157,395	R 886,932	R 2,725,893	R 32,392,391	R 41,234,734
Interest on Arrear Debtor Accounts	R 79,706,212	R 39,014,691	R 58,298,283	R 46,079,440	R 31,077,376	R 48,276,623	R 189,679,870	R 1,130,286,411	R 1,622,420,786
Other	R 17,688,570	R 5,336,306	R 6,784,572	R 7,327,842	R 4,980,514	R 6,242,881	R 35,089,257	R 347,814,972	R 431,439,014
Total By Income Source	R 3,993,690,874	R 763,855,825	R 468,760,260	R 361,965,384	R 269,620,824	R 319,042,520	R 1,934,911,133	R 5,992,964,708	R 14,104,781,528
Debtors' Age Analysis (Inclusive of VAT) as at end of 30 September 2022									
Organs of State	R 94,681,952	R 15,279,142	R 13,328,228	R 8,813,118	R 2,884,117	R 3,794,381	R 13,732,300	R 91,153,739	R 243,644,880
Commercial	R 1,563,112,063	R 85,990,382	R 74,820,521	R 42,984,407	R 27,668,234	R 33,883,171	R 203,616,322	R 1,306,745,390	R 3,340,778,490
Households	R 2,329,276,967	R 681,821,584	R 379,720,743	R 309,457,511	R 228,785,350	R 278,488,558	R 1,711,842,853	R 4,581,854,304	R 10,470,347,788
Other (NMBM)	R 6,619,692	R 774,797	R 852,768	R 748,348	R 385,123	R 896,412	R 5,719,694	R 33,931,275	R 49,880,270
Total By Customer Group	R 3,993,690,874	R 763,855,825	R 468,760,260	R 361,965,384	R 269,620,824	R 319,042,520	R 1,934,911,133	R 5,992,964,708	R 14,104,781,528

The above-mentioned analysis indicates that from 30 June 2022 – 30 September 2022 the overdue debts have increased by R859,991.587 as follows:

Detail	OVERDUE AMOUNTS		
	June 2022	September 2022	Difference
Trade and Other Receivables from Exchange Transactions – Water	R 4,064,691,059	R 4,721,231,795	R 656,540,736
Trade and Other Receivables from Exchange Transactions – Electricity	R 773,487,147	R 801,797,947	R 28,310,800

Detail	OVERDUE AMOUNTS		
	June2022	September 2022	Difference
Receivables from Non-exchange Transactions - Property Rates	R 1,076,022,931	R 1,057,899,908	-R 18,123,023
Receivables from Exchange Transactions - Waste Water Management	R 935,759,248	R 978,021,361	R 42,262,113
Receivables from Exchange Transactions - Waste Management	R 529,232,047	R 557,888,224	R 28,656,177
Receivables from Exchange Transactions - Property Rental Debtors	R 36,642,937	R 37,966,481	R 1,323,544
Interest on Arrear Debtor Accounts	R 1,430,696,992	R 1,542,714,494	R 112,017,502
Other	R 404,536,706	R 413,540,444	R 9,003,738
Total By Income Source	R 9,251,069,067	R 10,111,060,654	R 859,991,587
Debtors Age Analysis By Customer Group			
Organs of State	R 150,887,128	R 148,963,028	-R 1,924,100
Commercial	R 1,816,207,856	R 1,777,666,427	-R 38,541,429
Households	R 7,242,667,376	R 8,141,070,821	R 898,403,445
Other NMBM	R 41,306,707	R 43,360,378	R 2,053,671
Total By Customer Group	R 9,251,069,067	R 10,111,060,654	R 859,991,587

The credit control policy is being implemented to its fullest extent except for the component dealing with the sale in execution of both movable and immovable assets.

Growth in Debt by category

The following table further provides the Committee with the history of how the arrear debt situation has escalated from July 2017 up to date:

Outstanding Debtors by Category					
Month	Government	Business	Household	NMBM	Total
Jul-17	131,605,461	948,819,329	1,498,914,440	18,866,863	2,598,206,093
Aug-17	104,633,792	952,594,059	1,561,708,130	13,877,297	2,632,813,278
Sep-17	111,750,722	739,558,610	1,568,778,756	14,095,837	2,434,183,925
Oct-17	179,672,102	906,897,383	1,763,941,360	14,472,532	2,864,983,377
Nov-17	127,932,749	888,213,821	1,805,477,552	14,986,214	2,836,610,336
Dec-17	134,972,713	913,685,465	1,879,858,438	18,109,773	2,946,626,389
Jan-18	134,134,638	975,421,884	1,977,500,540	14,795,257	3,101,852,319
Feb-18	105,343,973	893,996,624	1,987,125,644	14,980,713	3,001,446,954
Mar-18	109,231,097	1,036,621,747	2,022,574,714	15,946,568	3,184,374,126
Apr-18	109,626,926	1,039,180,221	2,094,728,530	15,742,771	3,259,278,448
May-18	112,735,842	1,053,595,707	2,105,708,816	16,901,890	3,288,942,255
Jun-18	102,939,284	1,035,331,542	2,108,261,598	17,624,231	3,264,156,655
Jul-18	99,708,290	1,049,275,412	2,113,075,158	16,332,077	3,278,390,937
Aug-18	103,554,527	1,066,307,271	2,162,454,892	16,527,891	3,348,844,581
Sep-18	94,561,804	979,168,582	2,280,929,826	20,170,905	3,374,831,117
Oct-18	164,982,480	993,875,094	2,350,424,434	21,538,214	3,530,820,222
Nov-18	116,018,020	987,991,661	2,371,146,994	21,013,996	3,496,170,671
Dec-18	113,652,702	1,023,496,281	2,454,062,638	22,896,183	3,614,107,804
Jan-19	115,131,644	1,044,563,530	2,548,552,149	23,798,153	3,732,045,476
Feb-19	110,516,104	992,773,520	2,551,914,535	24,053,840	3,679,257,999
Mar-19	122,275,466	1,040,446,896	2,629,763,511	27,671,454	3,820,157,427
Apr-19	119,176,147	1,024,408,324	2,645,586,093	30,585,500	3,819,756,064
May-19	104,537,696	999,611,086	2,676,167,109	29,507,234	3,809,823,125
Jun-19	91,038,489	989,505,419	2,702,507,784	30,001,743	3,813,053,435
Jul-19	85,564,615	1,142,778,505	2,653,304,020	32,088,668	3,913,735,808
Aug-19	90,373,388	1,149,814,821	2,703,970,584	31,759,862	3,975,918,655
Sep-19	109,368,442	1,178,190,411	2,364,651,705	33,842,941	3,686,053,499
Oct-19	151,413,880	1,193,345,083	2,433,626,335	26,910,325	3,805,295,623
Nov-19	113,090,936	1,198,838,764	2,504,504,602	26,241,036	3,842,675,338
Dec-19	130,945,358	1,258,698,481	2,634,641,368	32,546,934	4,056,832,141
Jan-20	135,178,726	1,293,896,794	2,780,370,815	31,468,179	4,240,914,514
Feb-20	126,380,147	1,269,003,363	2,836,445,913	28,645,808	4,260,475,231
Mar-20	138,997,054	1,337,089,989	2,920,985,491	38,497,040	4,435,569,574
Apr-20	181,347,872	1,520,914,374	3,080,706,601	54,029,438	4,836,998,285
May-20	217,075,706	1,397,620,326	3,200,372,813	63,806,044	4,878,874,889
Jun-20	226,436,994	1,504,983,613	3,254,120,628	30,423,021	5,015,964,256
Jul-20	176,399,253	1,473,562,003	3,311,069,732	30,578,375	4,991,609,363
Aug-20	178,700,904	1,518,494,930	3,391,965,425	33,202,062	5,122,363,321

Outstanding Debtors by Category					
Month	Category				Total
	Government	Business	Household	NMBM	
Sep-20	177,913,838	1,514,531,406	3,460,129,495	35,876,824	5,188,451,563
Oct-20	180,838,124	1,585,419,568	3,609,290,419	30,348,519	5,405,896,630
Nov-20	199,820,603	1,570,647,648	3,886,751,212	43,555,953	5,700,775,416
Dec-20	207,370,797	1,604,414,662	3,930,727,030	35,623,793	5,778,136,282
Jan-21	201,207,009	1,599,260,902	4,070,002,886	31,756,091	5,902,226,888
Feb-21	202,847,103	1,551,589,618	4,120,115,720	37,884,321	5,912,436,762
Mar-21	198,750,607	1,579,442,827	4,248,102,288	32,492,235	6,058,787,957
Apr-21	201,827,172	1,608,128,527	4,333,259,122	33,258,939	6,176,473,760
May-21	151,384,533	1,648,118,675	4,431,481,888	33,565,247	6,264,550,443
Jun-21	139,326,575	1,582,792,153	4,488,806,232	37,628,117	6,248,553,077
Jul-21	164,531,984	1,650,649,855	4,642,038,574	40,205,793	6,497,426,206
Aug-21	152,655,812	1,686,234,145	4,847,662,045	56,852,499	6,753,404,501
Sep-21	154,560,053	1,703,479,311	5,113,737,194	35,130,687	7,006,907,245
Oct-21	177,656,262	1,802,561,606	5,461,557,379	36,729,127	7,478,504,374
Nov-21	207,095,304	1,828,372,065	5,785,896,888	37,354,462	7,858,718,719
Dec-21	223,874,721	1,784,577,155	6,040,058,139	40,020,922	8,088,530,937
Jan-22	237,008,342	1,901,393,994	6,320,662,619	45,053,874	8,504,118,829
Feb-22	198,555,915	1,845,283,283	6,553,678,171	41,994,914	8,693,512,283
Mar-22	219,906,424	1,901,929,313	6,745,447,544	38,838,083	8,906,121,364
Apr-22	230,404,967	1,827,933,684	6,942,836,405	39,878,537	9,041,053,593
May-22	104,831,777	1,432,153,667	6,381,720,942	29,470,399	7,948,176,785
Jun-22	150,887,128	1,816,207,856	7,242,667,376	41,306,707	9,251,069,067
Jul-22	138,071,594	1,808,368,730	7,418,890,959	46,068,829	9,411,400,112
Aug-22	151,120,798	1,816,655,770	7,685,015,131	42,592,857	9,695,384,556
Sep-22	148,963,028	1,777,666,427	8,141,070,821	43,360,378	10,111,060,654

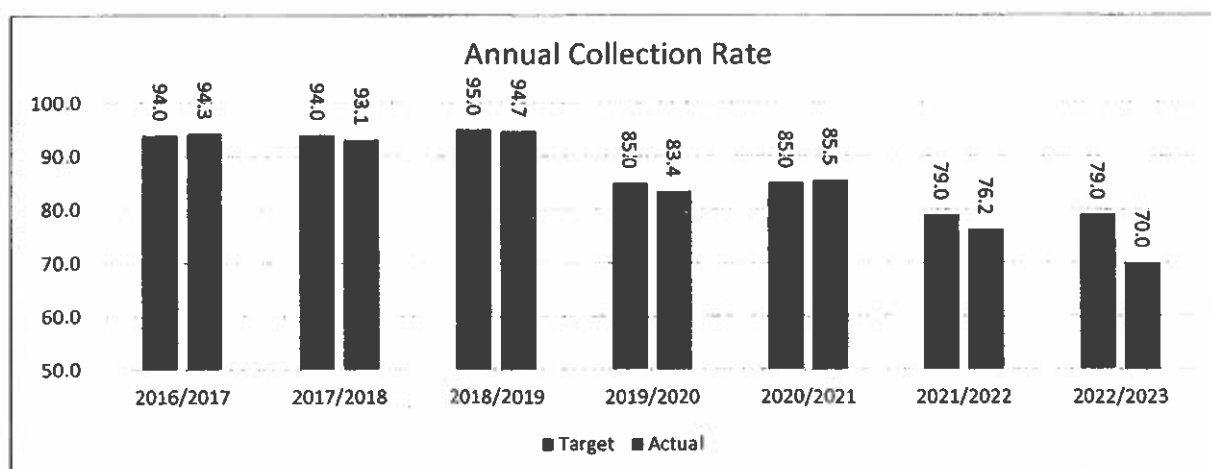
1.2. Annual Debtors Collection Rate

This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services. The ratio is 79% as per the 2022/2023 Budget. However, a collection rate of 100% or more is required to decrease the provision for doubtful debts so that more funds are released for service delivery.

The ratio to determine the percentage collection rate is as follows:

$$\frac{\text{Total Payments Received in respect of Accounts rendered during Financial year}}{\text{Total Value of Accounts Rendered during Financial year}} \times 100 = \text{Percentage Collection Rate}$$

The average collection rate for the year 2021/2022 was 76.16%. However, the average collection rate for the 2022/23 year is 69.96%, whilst the collection rate for revenue raised in August 2022 collected in the month ending 30 September 2022 amounts to only 62.70%.



1.3 Other Debtors

The bridge financing of the Housing function is at a level of R195.425,026 million as at 30 September 2022. It is critical that the current level of R195.43 million be managed downwards. Despite efforts from Budget & Treasury to try to arrange meetings with officials from the PDoHS, the NMBM Human Settlements Directorate and Budget and Treasury in order to address problem areas, no meetings are currently being held as NMBM Human Settlements officials appear not to be complying with province requests for sufficient substantive information.

2. Overview of Creditors position

Below is an analysis of the status of the major creditors:

Supporting Table SC4 Monthly Budget Statement - aged creditors – M03 September 2022

Detail	0 – 30 Days R '000	31-60 days R '000	61 – 90 days R '000	Above 91 days R '000	Total R '000	%
Bulk Electricity	393,836,318.20	-	-	-	393,836,318.20	25.16
Bulk Water	-	-	-	-	-	-
PAYE deductions	-	-	-	-	-	-
VAT (output less input)	-	-	-	-	-	-
Pensions / Retirement deductions	45,487,485.80	-	-	-	45,487,485.80	2.91
Loan Repayments	-	-	-	-	-	-
Trade Creditors	57,196,492.16	446,273.75	38,292,811.39	1,023,775,388.62	1,119,710,965.92	71.52
Auditor-General	6,496,539.32	-	-	-	6,496,539.32	0.41
Other	-	-	-	-	-	-
Total	503,016,835.48	446,273.75	38,292,811.39	1,023,775,388.62	1,565,531,309.24	100.00

The above amounts represent invoices still to be paid by the NMBM and MBDA. Creditors' payments for the NMBM approximate **95.61 days**, based on the date of invoice. The target for payment days is recorded at 30 days from receiving the relevant invoice from service provider to the payment date. The **95.61 days** excludes delayed payments as a result of irregular expenditure.

The target for payment days is recorded at 30 days from receiving the relevant invoice from service provider to the payment date.

A monthly report is submitted to Management Team on the outcome of the creditors' payment process. Executive Directors are held responsible for outcomes in the following two areas: -

- Adhering to the **19 days** allocated to Directorates for processing of all payments – this currently forms part of the Executive Directors' scorecards; and
- Reporting on and being held accountable for irregular expenditure – this is dealt with through the MPAC sub-committee for irregular, fruitless & wasteful and unauthorised expenditure.
- The Vat value was not available at the time of the report.

2.1 Payment of Service Providers

Section 65(2)(e) of the MFMA states that "all monies owing by the Municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure".

To ensure efficient administration all reporting in relation to payment is based on using the invoice date as the baseline and not the date of receipt of the invoice. An average number of days to make payment from the date of invoice have been calculated at 35 days, by allowing 5 days for postal travel of the invoice from supplier to the municipality.

For performance measuring purpose the 35 days has been split as follows:

- Phase 1 – The Directorate has 19 days to process from date of invoice: and
- Phase 2 – Creditors, Accountants & Cash Management have 16 days to finalise the payment process.

It must be noted that the date of receipt is inserted in the payments program by the directorate who is capturing the invoice. This date is subjective as it relies on the directorate to be honest when capturing the date, the invoice document was physically received by the municipality.

This reporting standard is being applied due to the fact that:

- Service Providers give discount based on the invoice date, irrespective of the invoice receipt date.
- Performance of the NMBM in relation to payment is determined by the Service Provider from the date of the invoice.
- Recording of the invoice receipt date may be subjective, impractical to manage and difficult to prove.

DATE OF INVOICE vs DATE OF DIRECTORATE APPROVAL

Table 1: Reflects the number of Days taken by Directorates to process documentation for payment from Date of Invoice

DIRECTORATE	July 2022	August 2022	September 2022	July 2022	August 2022	September 2022
Budget & Treasury	15.36	16.94	12.12	753	771	794
Chief Operating Officer	49.9	95.08	101.92	143	132	178
Corporate Services	56.95	72.74	237.67	10070	3499	478
Economic Development, Tourism & Agriculture	45.49	50.04	30.44	45	26	25
Electricity & Energy	45.95	105.82	40.76	235	301	198
Human Settlements	28.66	149	50.39	98	87	147
Infrastructure & Engineering: Rate & General	34.36	56.95	67.11	847	815	752
Water Services	33.51	12.64	25.37	111	88	76
Municipal Manager	52.07	103.27	18.11	28	33	28
Office of the Executive Mayor	109	27.31	134.48	4	13	21
Public Health	30.17	37.13	30.82	364	375	297
Recreational & Cultural Services	17.77	30.62	32.09	192	58	147
Safety & Security	27.57	20.35	72.82	285	224	190
Sanitation	53.27	32.49	27.06	227	89	126
Average for all Directorates	50	59.47	64.61			

An analysis of **Table 1** illustrates the following:

During September the number of days to process documentation has increased significantly from August for the following Directorates:

Directorate	No. of Days (September)
Corporate Services	237.67
Office of the Executive Mayor	134.48
Chief Operating Officer	101.92
Safety & Security	72.82
Water Services	25.37

The September payment day's results of the Corporate Services Directorate are attributed to late payments that were made to supplier AFRISAVE CASH AND CARRY (PTY) LTD which were paid in excess of 500 days , from the Date of Invoice. The late payment reason recorded by the Corporate Services Directorate is due to "Invoices that were accrued against 2020JACC00060 and then section has to request to pay authority from MM."

The September payment day's results of the Office of the Executive Mayor Directorate are attributed to late payments that were made to supplier RENNIES TRAVEL which were paid in excess of 300 days, from the Date of Invoice. The late payment reason recorded by the Office of the Executive Mayor Directorate is due to "OUTSTANDING DOCUMENTATION & AUTH / INSUFFICIENT BUDGET."

DATE OF RECEIPT OF INVOICE vs DATE OF DIRECTORATE APPROVAL

Table 2 below illustrates by Directorate the number of days taken to process documentation from the date of Receipt of invoice:

DIRECTORATE	July 2022	August 2022	September 2022
Budget & Treasury	3.41	4.78	3.68
Chief Operating Officer	11.34	7.54	12.63
Corporate Services	48.95	26.25	106.17
Economic Development, Tourism & Agriculture	25.07	40.62	9.32
Electricity & Energy	20.8	26.86	20.44
Human Settlements	8.85	24.74	16.8
Infrastructure & Engineering: Rate & General	11.07	7.08	28.41
Water Services	17.49	4.6	17.07
Municipal Manager	28.07	95.48	14.39
Office of the Executive Mayor	6	27.31	44.33
Public Health	5.22	14.7	7.92
Recreational & Cultural Services	6.98	11.62	5
Safety & Security	11.52	10.87	65.86
Sanitation	31.68	20.15	16.83
Average for all Directorates	39.21	19.3	28.99

Although the reporting in Table 2 is measured from the date of receipt of invoice, the Directorates have not improved for the month of September 2022 when compared to August 2022 .

The recording of the Invoice received Date is performed by each respective Directorate and is subjective as Suppliers often dispute that there has been any delay for submitting Invoices to the NMBM. When Suppliers initiate punitive action for late payment, such as legal action; penalty interest; revoking the NMBM's credit facility, etc. the date of the Invoice becomes relevant and not the date that it was received.

The analysis of the Average Number of Days between the Invoice Date and the Date of Receipt of Invoice per Directorate indicates the following for Sept 2022:

Directorate	No. of Days (Sept)
Budget & Treasury	11.76
Chief Operating Officer	90.2
Corporate Services	136.09
Economic Development, Tourism & Agriculture	22.6
Electricity & Energy	28.68
Human Settlements	35.15
Infrastructure & Engineering: Rate & General	41.52
Water Services	12.91
Municipal Manager	5.64
Office of the Executive Mayor	91.81
Public Health	27.55
Recreational & Cultural Services	30.02
Safety & Security	14.55
Sanitation	15.46

The above information indicates that there is a significant delay between the Supplier's Invoice date and the date that it is received at the NMBM. This is evident for the following Directorates where it has taken in excess of 30 Days for the Invoices to be received:

• Corporate Services	136.09
• Office of the Executive Mayor	91.81
• Chief Operating Officer	90.2
• Infrastructure & Engineering Unit - Rate and General	41.52
• Human Settlements	35.15
• Recreational & Cultural Services	30.02

All Directorates who encounter delays in receiving Invoices from Suppliers should address this with the respective Supplier(s) as the resultant late payments may be attributed to the NMBM and punitive action against the NMBM may be initiated by the Supplier(s).

The overall number of days taken to process documentation for payment has not improved for September 2022 when compared to August 2022 and the NMBM is still non-compliant with Section 65(2) (e) of the MFMA. Compliance with Section 65 (2) (e) of the MFMA is dependent on all role-players within the payment value chain adhering to their respective timeframe.

Table 3: Reflects the Average number of Days taken by the NMBM to pay Service Providers from the date that the EFT is available for release

Month	Number of Days taken by Accountant to sign off documentation	Number of Days taken by Creditors to process & final Sign Off of EFT	Delay in release of EFT's	Total No. of days from date Directorate approves invoice
July	4	6	1	11
August	13	5	0	18
September	21	7	3	31

Table 3 above reflects the Phase 2 process payment cycle where the target has been set at **16 days**. The target for this phase of processing has not been met for the months of August 2022 and September 2022. If we combine Phase 1 and Phase 2 in the payment process, then the number of days taken to pay creditors from date of invoice is as follows against the target of 35 days.

July	2022 – 61 days
August	2022 – 77.47 days
September	2022 – 95.61 days

The National Treasury target has been set at 30 days from the date when the invoice has been received. By using the receipt date of the invoice, as recorded by the Directorate, the number of days taken to pay creditors during the quarter is as follows:

July	2022 – 51 days
August	2022 – 38 days
September	2022 – 53 days

The results above indicate that the Creditors' payment days were not met for the quarter of July 2022 to September 2022. It remains the responsibility of each Directorate to ensure that Invoices are received and processed relating to service delivery within their Directorate.

The September 2022 payment day's results for the NMBM (**53 days**) are mainly attributed to late payments that were made to Xerox Eastern Cape which a total of **179** Invoices were paid in excess of 50 days from the Date of Receipt of Invoice. The reason recorded for the late payment by the Corporate Services Directorate is that the invoice was sent to incorrect office/dept.

The September 2022 payment day's results for the NMBM would have been 30 days from the Date of Receipt of Invoice if the 192 Invoices paid late to AFRISAVE CASH AND CARRY (PTY) LTD are excluded from the payment days calculation.

Another factor that contributed to the poor payment days' outcome of September 2022 is that some Directorates paid the majority of their Invoices in excess of 30 days from the Date of Receipt of Invoice as per the analysis below which measures the efficiency rate per Directorate

Directorate	Total No. Of Invoices (September 2022)	No. of Invoices paid within 30 Days of Receipt	Efficiency Rate (%), calculated as No. of Invoices paid within 30 days of Receipt / Total No. of Invoices*100
Budget & Treasury	794	699	88.04
Chief Operating Officer	178	126	70.79
Corporate Services	478	290	60.67
Economic Development, Tourism & Agriculture	25	23	92.00
Electricity & Energy	198	118	59.60
Human Settlements	147	134	91.16
Infrastructure & Engineering: Rate & General	752	547	72.74
Water Services	76	66	86.84
Municipal Manager	28	23	82.14
Office of the Executive Mayor	21	15	71.43
Public Health	297	213	71.72
Recreational & Cultural Services	147	125	85.03
Safety & Security	190	137	72.11
Sanitation	126	87	69.05

Annexure "A5"

3. Investment Portfolio as at 30 September 2022

Below is an analysis of the Investment Portfolio as at 30 September 2022: -

Financial Institution	ABSA Term Deposit R'000	ABSA Call Deposit R'000	FNB Term Deposit R'000	Investec Call Deposit R'000	Nedbank Term Deposit R'000	Nedbank Call Deposit R'000	Standard Bank Term Deposit R'000	Stanlib Call Deposit R'000	Total NIMBM Investments R'000	ABSA Current Account R'000	MBDA	Saniam Shares R'000	Total R'000
Value of Investment: 30Jun22	920,000,000	5,310,000	925,000,000	159,020,770	825,000,000	100,500,000	926,700,000	259,657	3,861,790,427	835,018,909	86,548,684	2,163,388	4,785,521,406
Value of Investment: 30Sep22	970,000,000	5,310,000	970,000,000	161,091,508	905,000,000	100,500,000	996,700,000	259,657	4,108,861,165	504,404,285	78,900,315	2,262,821	4,694,428,586
(Decrease) / Increase in Investments	50,000,000	0	45,000,000	2,070,738	80,000,000	0	70,000,000	0	247,070,738	-330,614,624	-7,648,369	99,433	-91,092,820
% Exposure of Institution	20.66%	0.11%	20.66%	3.43%	19.28%	2.14%	21.23%	0.01%	87.53%	10.74%	1.68%	0.05%	100.00%
Actual Interest earned to date	10,901,595	-456,702	-3,945,978	-2,070,738	-2,012,593	-391,950	-597,811	-2,517	1,423,306	-4,170,542	-1,010,234	-141,771	-3,757,470

There is a decrease in the investment portfolio since 30 June 2022 amounting to R91.092 million. As at 30 September 2022 the unspent conditional grants amount to R614.893 million.

It is important to note the following: -

- The Unspent Borrowing amounted to R183,576,972 as at 30 September 2022;

The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves	R'000
Bank Balances and Cash	200,200
Short-term Investment Deposits	4,491,966
Short-term Investments	<u>2,262</u>
	4,694,428
Application of Cash	
Unspent Conditional Grants	614,893
Statutory Funds – COID	58,450
Self-Insurance Fund	181,973
Outstanding Creditors Liability	1,574,562
Internally Generated Funding	539,967
Provision for Land Fill Sites	483,341
Provision for Rehab of Swartkops river	102,335
Brookes Bequest	23,589
Current Provisions	183,417
Consumer Deposits	155,216
Capital Replacement Reserve Fund	750,000
Capital Replacement Reserve	113,684
Unspent Borrowing	<u>186,647</u>
Total Commitments	<u>4,968,074</u>
Cash and Cash Equivalents less than Commitments	<u>273,646</u>

The Cash and Cash Equivalents fall short of Commitments by an amount of 273.646 million. Approximately R614.89 million represents Unspent Conditional Grant funds. The sustainability of the Municipality will remain under pressure until sufficient working capital levels have been established. To Note is that the above do not include the long-term Retirement Provision that is also required to be fully cash funded.

The following financial strategies are being implemented to address this situation:

- Optimisation of all revenue streams.
- Increasing collection rates above the targeted percentage utilising the credit control policy of Council.
- Disposal of serviced land in order to boost the depleted Capital Replacement Reserve.
- Implementation of Cost Containment Policy.

4. Allocation and Grant receipts and expenditure for the 2022/23 financial year

Monthly Budget Statement - Transfers and Grants - Receipts and Expenditure – September 2022

Description	Budget Year 2022/23		
	Original Budget	Year TD Actuals	Year TD Actuals
R thousands		RECEIPTS:	PAYMENTS
Operating Transfers and Grants			
National Government:	1,758,800	595,067	509,089
Local Government Equitable Share	1,288,228	502,409	502,409
EPWP Incentive	9,884	2,471	256
Finance Management	1,000	1,000	115
Infrastructure Skills Development	12,750	6,750	1,352
LGSETA	3,500	1,370	-
Urban Settlements Development	15,364		-
Public Transport Networks Operations	152,787	51,948	4,958
Programme and Project Support Grant	20,322		-
Informal Settlements Partnership Grant	254,966	29,120	-
Provincial Government:	32,193	53,649	-
DRPW (Maintenance of Roads)		1,549	
Marine and Coastal Development	896		-

Description	Budget Year 2022/23		
	Original Budget	Year TD Actuals	Year TD Actuals
R thousands		RECEIPTS:	PAYMENTS
Human Settlements Development		52,101	-
Eastern Cape Capacity Building Grant	31,297		-
Other grant providers:	116,403	-	-
SARS	116,403		-
Total Operating Transfers and Grants	1,907,396	648,717	509,089
Capital Transfers and Grants			
National Government:	743,820	198,527	82,205
Public Transport Infrastructure	165,757	56,357	8,918
Urban Settlements Development	460,756	119,170	53,037
Neighbourhood Development Partnership	22,244	20,000	-
Integrated National Electrification	36,006		-
Informal Settlements partnership Grant	36,231		-
Drought Relief Grant	15,000	-	250
Energy Efficiency & Demand Side Management	7,826	3,000	
Other grant providers:	41,865	-	2,793
Private Contributions	40,000	-	2,793
European Union	1,865		-
Total Capital Transfers and Grants	785,686	198,527	64,998
TOTAL RECEIPTS OF TRANSFERS & GRANTS	2,693,082	847,244	574,087

DORA Operating Grants:

Expanded Public Works Programme (EPWP)

This grant is to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery.

DORA Allocation:	R 9,884,000
Amount of Grant Received	R 2,471,000
Expenditure to date:	R 255,680
Unspent as at 30 September 2022	R 9,628,320

As at 30 September 2022, 2.59% of the DORA allocation was spent.

Infrastructure Skills Development

This grant is to strengthen capacity of local government, to effectively and efficiently deliver quality infrastructure, by increasing the pool of skills.

DORA Allocation:	R 12,750,000
Amount of Grant Received	R 6,750,000
Expenditure to date:	R 1,352,152
Unspent as at 30 September 2022:	R 11,397,848

As at 30 September 2022, 10.61% of the DORA allocation was spent.

Finance Management Grant

This grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

DORA Allocation:	R 1,000,000
Amount of Grant Received	R 1,000,000
Expenditure to date:	R 114,654
Unspent as at 30 September 2022:	R 885,346

As at 30 September 2022, 11.47% of the DORA allocation was spent.

Programme and Project Preparation Support Grant

This grant is to support metropolitan municipalities to develop a pipeline of investment ready capital programmes and projects through establishing and institutionalising an effective and efficient system of programme and project preparation.

DORA Allocation:	R 20,322,000
Amount of Grant Received	R Nil
Expenditure to date:	R Nil
Unspent as at 30 September 2022:	R 20,322,000

As at 30 September 2022, 0% of the DORA allocation was spent.

Urban Settlements Development Grant – Portion allocated for operational expenditure

This grant is to assist metropolitan municipalities to improve urban land production to the benefit of poor households, to improve spatial integration and densities by supplementing the budgets of metropolitan municipalities.

DORA Allocation:	R 15,363,790
Amount of Grant Received	R Nil
Expenditure to date:	R Nil
Unspent as at 30 September 2022:	R 15,363,790

As at 30 September 2022, 0% of the DORA allocation was spent.

Public Transport Networks Operations – Portion allocated for operational expenditure

This grant is to provide supplementary operational funding to municipalities.

DORA Allocation:	R 152,786,510
Amount of Grant Received	R51,947,594
Expenditure to date:	R 4,957,745
Unspent as at 30 September 2022:	R 147,828,765

As at 30 September 2022, 3.34% of the DORA allocation was spent.

Informal Settlements Partnership Grant – Portion allocated for operational expenditure

In 2020/21, this new grant was introduced to fund Operating Expenditure relating to the upgrade of informal settlements through partnerships between communities and metros.

DORA Allocation:	R 254,965,510
Amount of Grant Received	R29,120,000
Expenditure to date:	R Nil
Unspent as at 30 September 2022:	R 254,965,510

As at 30 September 2022, 0% of the DORA allocation was spent.

Capital Grants (DORA)**Urban Settlements Development Grant**

This grant is to assist metropolitan municipalities to improve urban land production to the benefit of poor households, to improve spatial integration and densities by supplementing the budgets of metropolitan municipalities.

DORA Allocation:	R 460,756,300
Amount of Grant Received	R 119,170,000
Expenditure to date:	R53,036,740
Unspent as at 30 September 2022:	R 407,719,560

As at 30 September 2022, 11.51% of the DORA allocation was spent.

Public Transport Infrastructure Grant

This grant is to provide for accelerated planning, construction and improvement of public and non-motorised transport infrastructure.

DORA Allocation:	R 165,756,260
Amount of Grant Received	R56,357,406
Expenditure to date:	R 8,917,752
Unspent as at 30 September 2022:	R 156,838,748

As at 30 September 2022, 5.38% of the DORA allocations was spent.

Neighbourhood Development Partnership

This grant is to support and facilitate the planning and development of neighbourhood development programmes and projects that provide catalytic infrastructure to leverage third party public and private sector development towards improving the quality of life of residents in targeted underserved neighbourhoods.

DORA Allocation:	R 22,244,000
Amount of Grant Received:	R 20,000,000
Expenditure to date:	R Nil
Unspent as at 30 September 2022:	R 220,244,000

As at 30 September 2022, 0% of the DORA allocation was spent.

Informal Settlements Partnership Grant – Portion allocated for capital expenditure

In 2020/21, this new grant was introduced to fund Capital Expenditure relating to the upgrade of informal settlements through partnerships between communities and metros.

DORA Allocation:	R36,231,010
Amount of Grant Received	R Nil
Expenditure to date:	R Nil
Unspent as at 30 September 2022:	R 67,578,107

As at 30 September 2022, 0% of the DORA allocation was spent.

Energy Efficiency & Demand Management Grant

DORA Allocation:	R 7,826,080
Amount of Grant Received	R Nil
Expenditure to date:	R Nil
Unspent as at 30 September 2022:	R 7,826,080

As at 30 September 2022, 0% of the DORA allocation was spent.

Integrated National Electrification Grant

DORA Allocation:	R36,006,020
Amount of Grant Received	R Nil
Expenditure to date:	R Nil
Unspent as at 30 September 2022:	R36,006,020

As at 30 September 2022, 0% of the DORA allocation was spent.

Drought Relief Grant

DORA Allocation:	R15,000,000
Amount of Grant Received	R Nil

Expenditure to date: R 250,383
 Unspent as at 30 September 2022: R14,749,617

As at 30 September 2022, 1.67% of the DORA allocation was spent.

5. Councillor and Board members' allowances and employee benefits

Below is an analysis of Councillor, Board members' allowances and employee benefits:

Supporting Table SC8 Monthly Budget Statement - Councillor and staff benefits – M03 September 2022

Summary of Employee and Councillor remuneration	Budget Year 2022/23					
	Original Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands						
Councillors (Political Office Bearers plus Other)						
Basic Salaries and Wages	81,696	7,199	21,261	19,460	1,801	9%
Cell phone Allowance	5,953	401	670	1,418	(748)	-53%
Other benefits and allowances	160	15	34	38	(4)	-11%
Sub Total - Councillors	87,809	7,614	21,965	20,916	1,049	5%
Senior Managers of the Municipality						
Basic Salaries and Wages	25,072	1,207	3,620	5,503	(1,884)	-34%
Pension and UIF Contributions	24	1	4	5	(1)	-18%
Performance Bonus	2,300	-	-	505	(505)	-100%
Sub Total - Senior Managers of Municipality	27,396	1,208	3,624	6,013	(2,389)	-40%
Other Municipal Staff						
Basic Salaries and Wages	2,601,434	176,140	516,651	571,008	(54,357)	-10%
Pension and UIF Contributions	421,656	31,649	95,033	92,552	2,481	3%
Medical Aid Contributions	220,027	16,238	48,849	48,295	554	1%
Overtime	294,689	30,500	60,236	64,683	(4,448)	-7%
Performance Bonus	218,445	9,037	22,275	47,948	(25,673)	-54%
Motor Vehicle Allowance	70,078	5,634	16,452	15,382	1,070	7%
Cell phone Allowance	9	1	2	2	(0)	-20%
Housing Allowances	45,314	3,502	10,091	9,946	145	1%
Other benefits and allowances	88,511	7,742	19,125	19,428	(303)	-2%
Payments in lieu of leave	8,056	-	-	1,768	(1,768)	-100%
Long service awards	139,649	10,355	30,788	30,653	135	0%
Post-retirement benefit obligations	36,747	-	-	8,066	(8,066)	-100%
Sub Total - Other Municipal Staff	4,144,616	290,796	819,503	909,733	(90,230)	-10%
Total Parent Municipality	4,259,821	299,619	845,092	936,663	(91,570)	-10%
Unpaid salary, allowances & benefits in arrears:						
Board Members of Entities						
Board Fees	1,248	118	267	416	(149)	-36%
Sub Total - Board Members of Entities	1,248	118	267	416	(149)	-36%
Senior Managers of Entities						
Basic Salaries and Wages	12,753	1,183	3,385	3,188	197	6%
Pension and UIF Contributions	1,529	109	313	382	(69)	-18%
Medical Aid Contributions	1,668	63	180	417	(237)	-57%
Performance Bonus		8	22	-	22	#DIV/0!
Motor Vehicle Allowance		306	877	-	877	#DIV/0!
Cellphone Allowance	427	0	1	69	(68)	-99%
Other benefits and allowances		10	28	-	28	#DIV/0!
Sub Total - Senior Managers of Entities	16,377	1,679	4,806	4,057	749	18%
Other Staff of Entities						
Basic Salaries and Wages	18,798	1,068	3,055	3,784	(729)	-19%
Pension and UIF Contributions	1,950	103	295	382	(87)	-23%
Medical Aid Contributions	277	112	322	417	(95)	-23%

Other benefits and allowances		19	54	69	(16)	-23%
Sub Total - Other Staff of Entities	21,025	1,302	3,725	4,653	(927)	-20%
Total Municipal Entities	38,650	3,098	8,798	9,125	(327)	-4%
TOTAL SALARY, ALLOWANCES & BENEFITS	4,298,471	302,717	853,890	945,788	(91,898)	-10%
TOTAL MANAGERS AND STAFF	4,209,414	295,103	831,925	924,456	(92,798)	-10%

6. Key performance indicators

The table below reflects the key performance indicators as per the 2021/22 Budget and the associated performance to date.

Supporting Table SC2 Monthly Budget Statement - performance indicators – M03 September 2022

Description of financial indicator	Basis of calculation	Budget Year 2022/23	
		Original Budget	YearTD actual
Borrowing Management			
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure	2.1%	3.1%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants	33.1%	36.9%
Safety of Capital			
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves	23.4%	22.4%
Gearing	Long Term Borrowing/ Funds & Reserves	5.9%	6.3%
Liquidity			
Current Ratio	Current assets/current liabilities	2.10:1	2.57:1
Liquidity Ratio	Monetary Assets/Current Liabilities	1.20:1	1.29:1
Revenue Management			
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing	88%	70%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	22.5%	30.9%
Creditors Management			
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))	100.0%	75%
Other Indicators			
Employee costs	Employee costs/Total Revenue - capital revenue	28.4%	12.4%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	4.0%	1.0%
Interest & Depreciation	&D/Total Revenue - capital revenue	9.6%	5.0%
IDP regulation financial viability indicators			
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	40.8 times	60.8 times
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	26.6%	37.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.51 months	3.90 Months

The above table is discussed in detail below.

6.1 Borrowing Management

6.1.1 Borrowing to Asset Ratio

This ratio assesses to what extent there are adequate assets to cover the amount of outstanding long-term borrowing (refer figure 1).

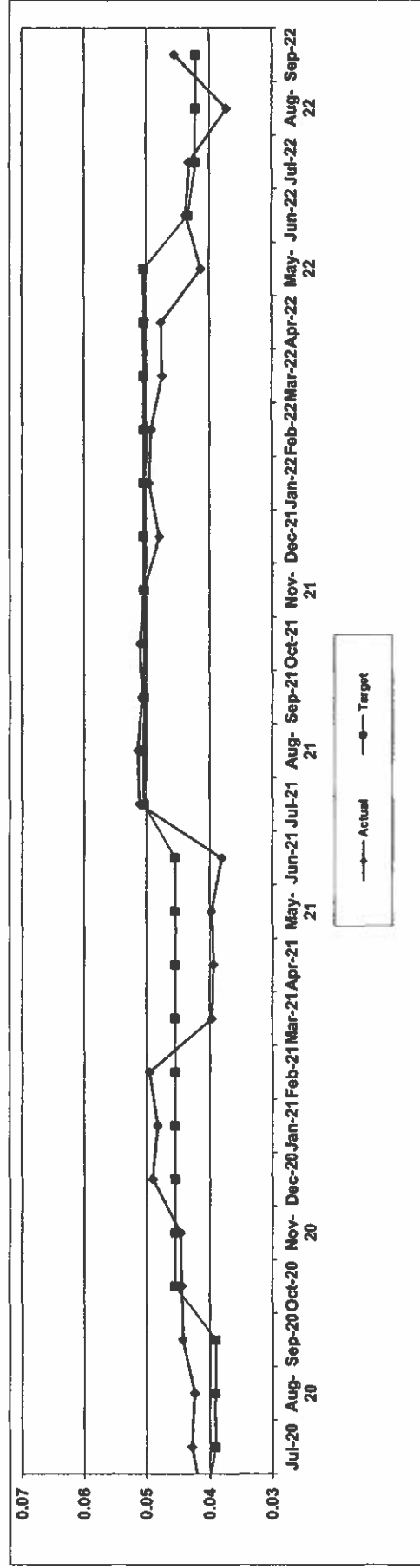
The ratio is determined as follows:

$$\text{Long-Term Borrowing} / \text{Total Assets}$$

The risk that the Municipality might not be able to settle its long-term borrowing becomes greater if this ratio is high. The Municipality must therefore exercise due caution, so that its assets are not overburdened by raising excessive borrowing. The careful and judicious management of borrowing is considered very critical, to ensure the Municipality's continued financial viability.

As at the end of September 2022, the borrowing to asset ratio was at **0.0456:1**, compared to the 2022/23 budget target of 0.0421:1. A ratio of 0.0434:1 as reflected in the 2021/22 approved adjusted budget appears to be appropriate for the Municipality from a financial affordability and sustainability perspective. External borrowing should only be utilised for the creation of economic assets that will generate future revenue streams for the Municipality

Figure 1: Borrowing to Asset Ratio



Annexure "A5"

6.1.2 Capital Charges to Operating Expenditure

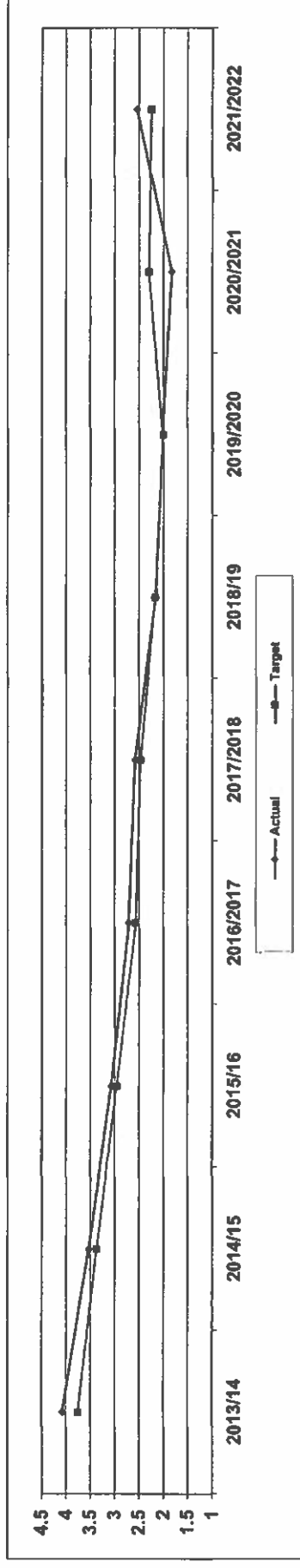
This ratio indicates the proportion of capital charges (interest and principal paid on borrowing) to actual operating expenditure to date. The ratio also provides an assurance that the proportion of capital charges to total annual operating expenditure is financially prudent. (Refer figure 2).

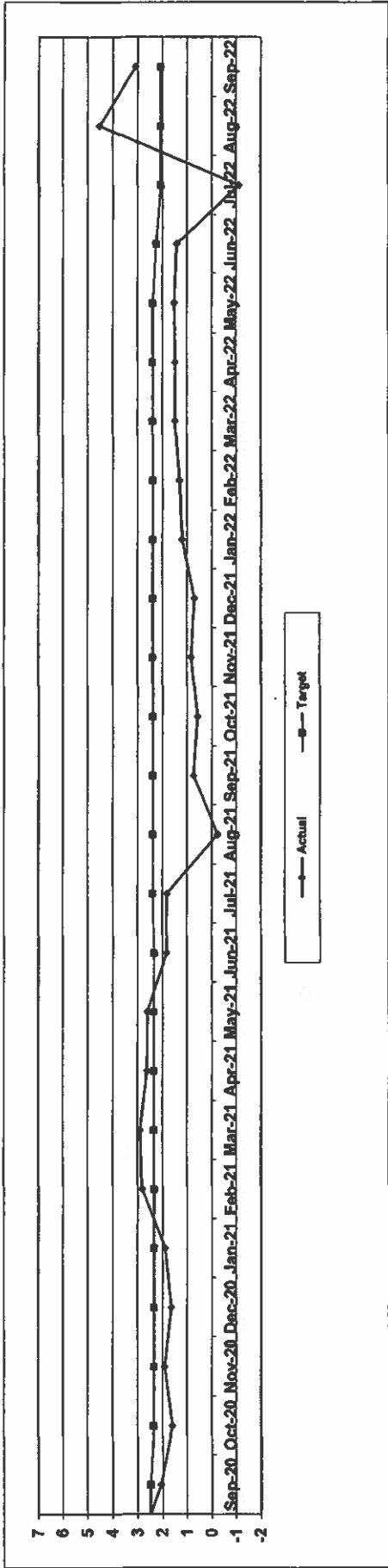
The ratio is determined as follows:

$$\text{Capital Charges / Total Operating Expenditure to date}$$

The ratio indicates that 3.01% of the Operating Budget was utilised for capital charges, compared to the 2022/23 budget target of 2.05%. Capital charges (Debt servicing costs) are paid at specific intervals. The ratio as at 30 September 2022 will increase as debt servicing costs are processed during the remainder of the 2021/22 financial year.

Figure 2: Capital Charges to Annual Operating Expenditure





6.1.3 Borrowed funding of capital expenditure

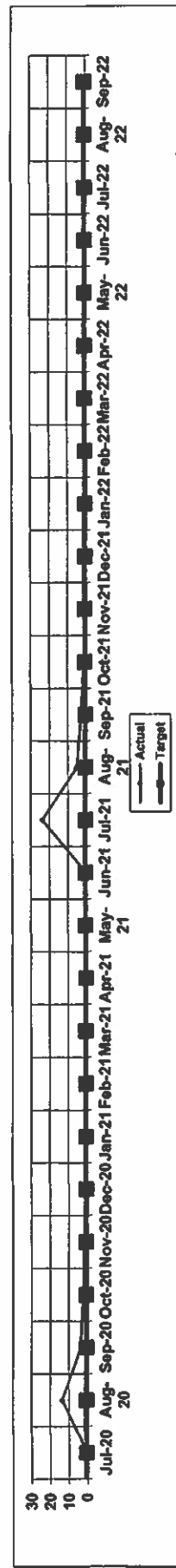
This ratio indicates the proportion of borrowed funding to actual capital expenditure to date (excluding transfers and grants). The ratio also indicates the extent of capital expenditure being financed from borrowed funding compared to own and other funding sources, excluding transfers and grant-funded expenditure (refer figure 3).

The ratio is determined as follows:

$$\text{Capital expenditure funded from Borrowings / Total Capital Expenditure to date (excluding transfers and grants)}$$

The ratio was at 0.36:1 compared to the budget target of 0.33:1 as per the 2022/23 Operating Budget.

Figure 3: Borrowed funding of Capital Expenditure



Annexure "A5"

6.1.4 Debt Servicing Costs to Operating Revenue Ratio

This ratio indicates the proportion of debt servicing costs (interest and principal paid on borrowing) to actual operating revenue to date. (Refer figure 4).

The ratio is determined as follows:

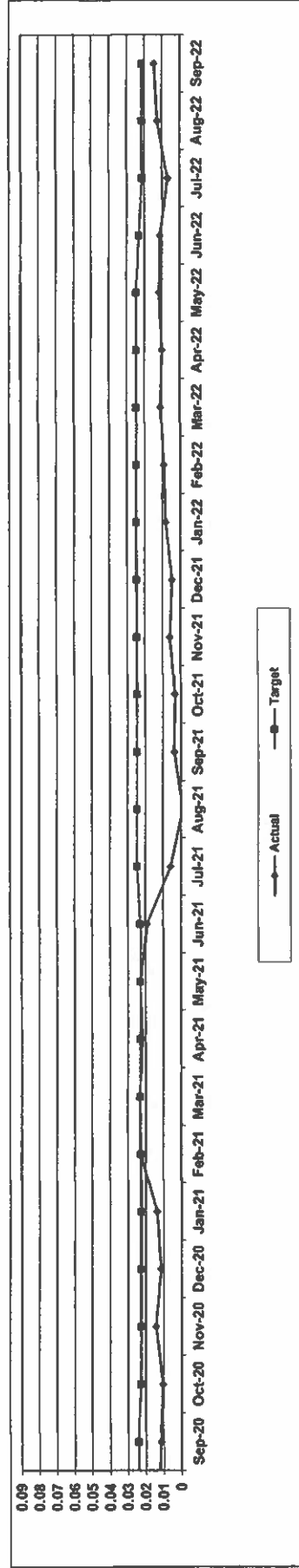
$$\text{Debt Servicing Costs} / \text{Operating Revenue}$$

The risk that the Municipality might not be able to settle its annual long-term borrowing commitments becomes greater if this ratio is high. The Municipality must therefore exercise due caution, so that its operating revenues are not overburdened by the level of borrowing. The careful and judicious management of borrowing is considered very critical, to ensure the Municipality's continued financial viability.

As at the end of September 2022, the debt servicing costs to operating revenue ratio was at **0.0145:1**, compared to the 2022/23 budget target of **0.0213:1**. A ratio of **0.03:1** appears to be the maximum borrowing level for the Municipality from a financial affordability and sustainability perspective. The ratio indicates that the Municipality is positioned to take on limited external borrowing over the short to medium term. The ratio as at 30 September 2022 will increase as debt servicing costs and year-end accruals are processed during the period July 2022 to August 2022 in respect of the 021/22 financial year.

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Figure 4: Debt Servicing Costs to Operating Revenue Ratio



2. Safety of Capital

6.2.1 Gearing Ratio

The gearing ratio assesses the percentage of capital employed that is financed by long-term borrowing (refer figure 5).

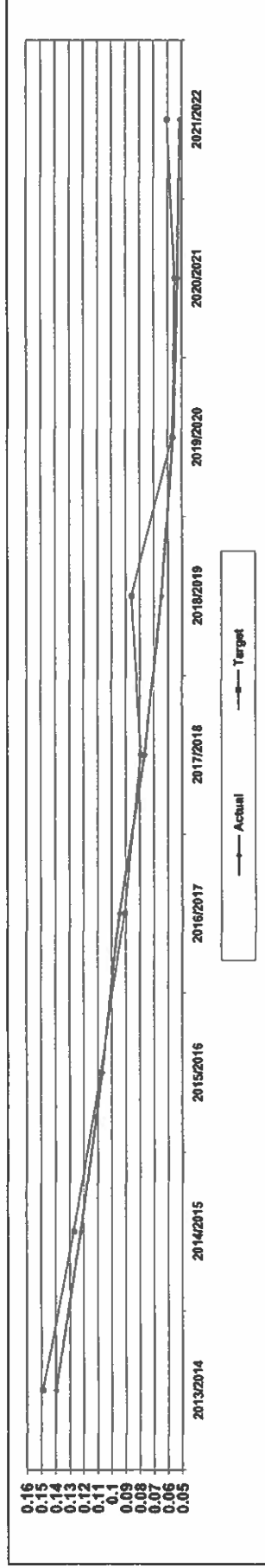
The ratio is determined as follows:

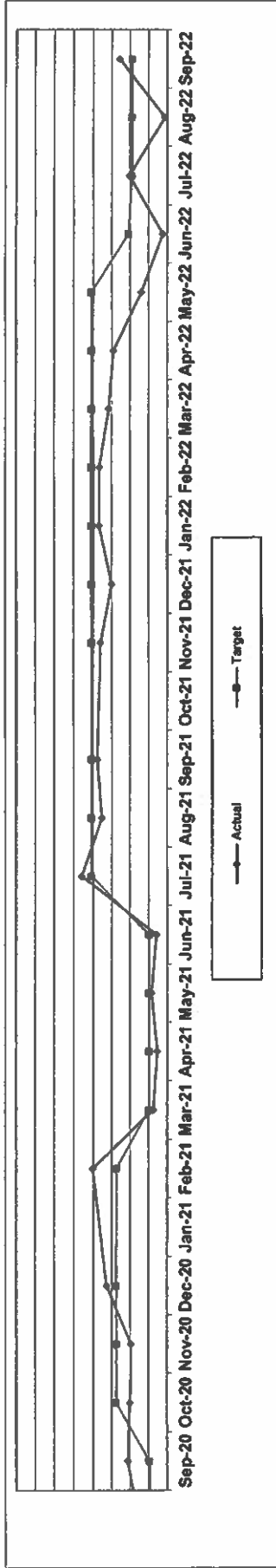
Long Term Borrowing / Funds & Reserves (Equity)

The higher the gearing ratio, the higher the dependence will be on borrowings. The lower the gearing ratio, the higher will be the dependence on the Municipality's funds and reserves.

The gearing ratio as at the end of September 2022 was **0.0628:1**, compared to the 2022/23 budget target of **0.0594:1**.

Figure 5: Gearing Ratio





6.3 Liquidity

6.3.1 Current Ratio

The current ratio assesses a Municipality's ability to meet its short-term commitments (refer figure 6).

The ratio is determined as follows:

$$\text{Current assets} / \text{Current liabilities}$$

The different components of current assets and current liabilities are reflected below:

Current Assets	R	%
Cash & investments	4,694,428,585	50.13%
Consumer Debtors	4,107,976,511	43.86%
Other Debtors	350,684,604	3.74%
Current portion of long-term receivables		0.00%
Inventory	212,348,507	2.27%
Total	9,365,438,206	100.00%

Annexure "A5"

Current Liabilities	R	%
Borrowing	192,379,300	5.29%
Consumer Deposits	155,115,018	4.27%
Trade and other payables	3,083,650,786	84.83%
Provisions	203,981,048	5.61%
Total	3,635,126,152	100.00%
Current Ratio	2.57:1	

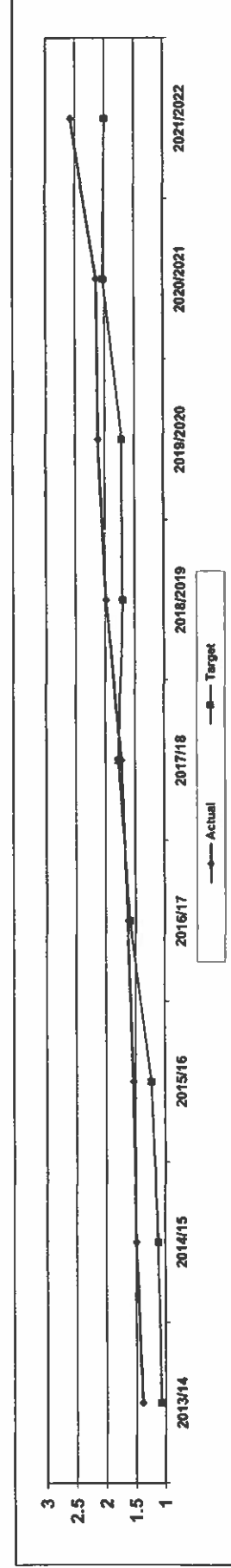
It is to be noted that cash and investments, consumer & other debtors and inventory comprise 50.13%, 47.6% and 2.27% respectively of total current assets. Trade and other payables constitute 84.83% of total current liabilities (refer to Sections 1.8.3, 1.8.1 and 1.8.2 of this report for a further discussion on investments, debtors and creditors).

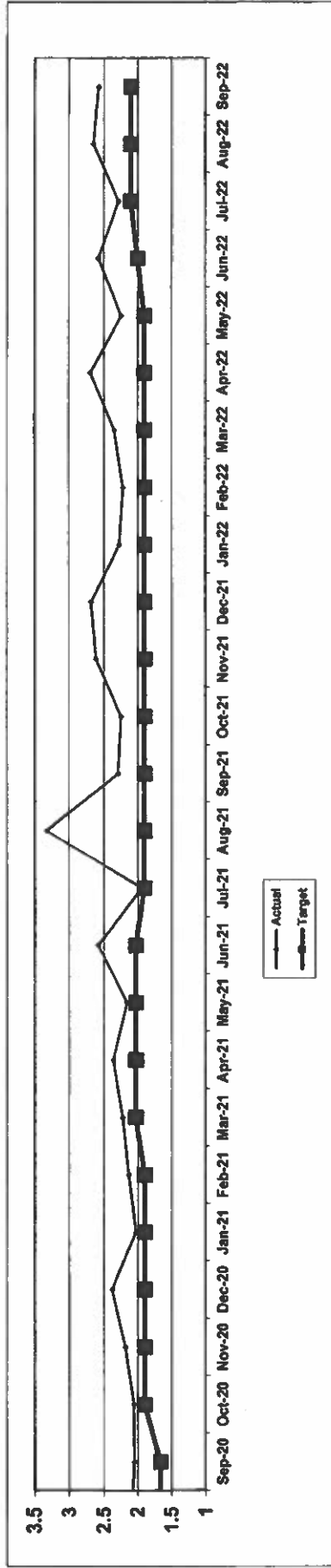
A favourable ratio would ensure that the Municipality is able to settle its short-term commitments to its creditors. In this regard, it is important that the Municipality ensure the relative liquidity of its current assets. Non-liquid assets, such as long outstanding debtors, could negatively affect liquidity, possibly resulting in a situation where current assets are not liquid enough to cover current liabilities. The ratio as of 30 September 2022 was 2.57:1.

The current ratio is of utmost importance to measure the financial liquidity and sustainability of the Municipality. Although the 2022/23 a budget target is 2.10:1, it does not imply that it is a satisfactory target. It is important that a ratio of at least 2:1 be achieved for medium and long-term financial sustainability.

The current ratio will become under pressure as National Treasury continues with the current trend of not transferring all gazetted DORA allocations to the NMBM. The poor collection rate of 70% is not assisting to improve the financial viability of NMBM.

Figure 6: Current Ratio





6.3.2 Liquidity Ratio

The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets (refer figure 7).

The ratio is determined as follows:

$$\text{Monetary assets} / \text{Current liabilities}$$

The different components of monetary assets and current liabilities are reflected below.

	R	%
Monetary Assets		
Cash & investments	4,694,428,585	100.00%
Total	4,694,428,585	100.00%

	R	%
Current Liabilities		
Borrowing	192,379,300	5.29%
Consumer Deposits	155,115,018	4.27%
Trade and other payables	3,083,650,786	84.83%
Provisions	203,981,048	5.61%
Total	3,635,126,152	100.00%

Annexure "A5"

Current Ratio

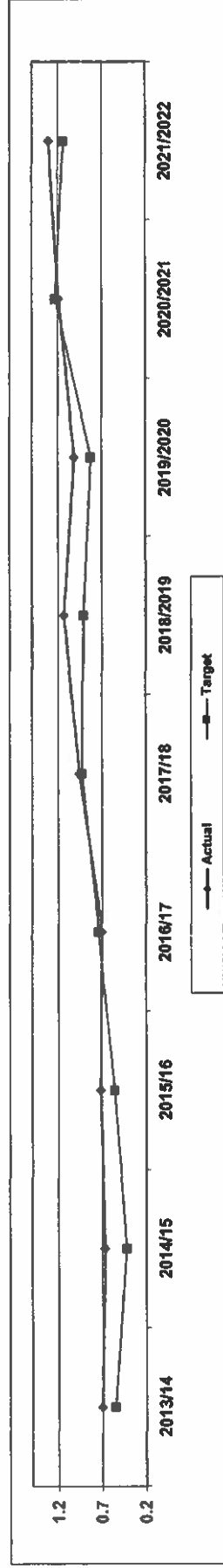
1.29:1

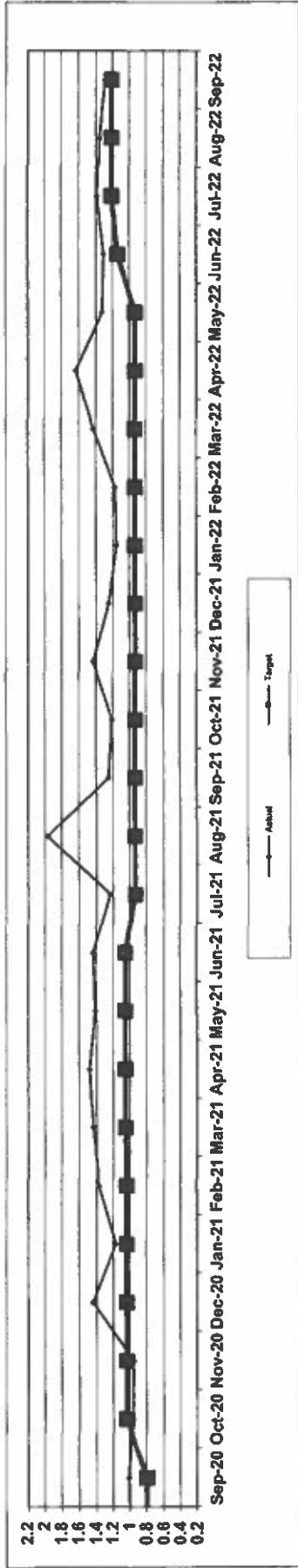
A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 30 September 2022 is 1.29:1.

The liquidity ratio is of utmost importance to measure the financial liquidity and sustainability of the Municipality. The 2022/23 budget target of 1.21:1 is not a satisfactory target. It is important that a ratio of at least 1:1 be achieved for medium and long-term financial sustainability.

The liquidity ratio will become under pressure as National Treasury continues with the current trend of not transferring all gazetted DORA allocations to the NMBM. The poor average annual collection rate of 75.70% for 2021/2022 is not assisting to improve the financial viability of NMBM.

Figure 7: Liquidity Ratio





6.4 Revenue Management

6.4.1 Annual Debtors Collection Rate

This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services. The ratio is 79% as per the 2021/22 adjusted budget. However, a collection rate of 100% or more is required to decrease the provision for doubtful debts so that more funds are released for service delivery.

The ratio to determine the percentage collection rate is as follows:

$$\frac{\text{Total Payments Received in respect of Billing this Financial year}}{\text{Total Value of Accounts Rendered this Financial year}} \times 100 = \text{Percentage Collection Rate}$$

The average collection rate for the period July 2022 to September 2022 is 70%. The collection rate for September 2022 amounted to 62.70%. There is a substantial risk that the collection rate of 79% on budgeted revenue will not be achieved during the 2021/22 financial year. However, strategies and policies should be adhered to ensure that the projected collection rate be achieved.

Figure 8: Annual Debtors Collection Rate

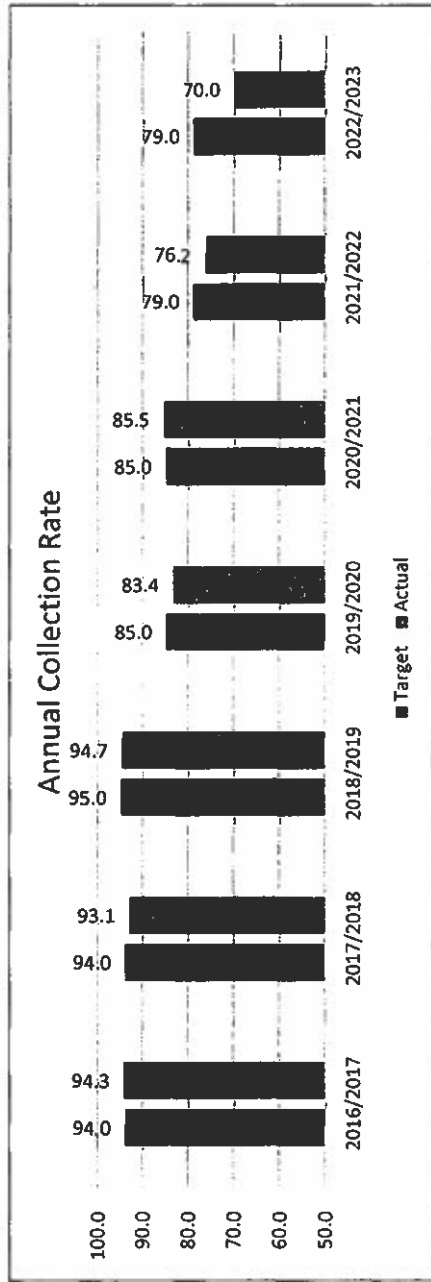
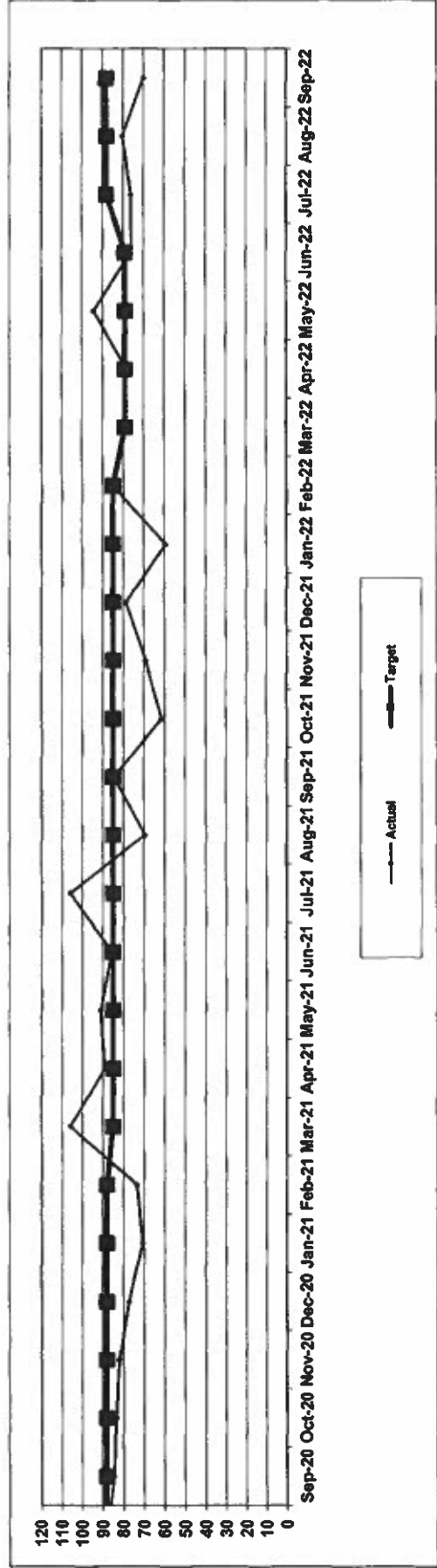


Figure 9: Monthly Debtors Collection Rate



6.4.2 Outstanding Debtors to Annual Operating Revenue

This ratio focuses on the amount owed by outstanding debtors as a percentage of the annualised operating revenue.

The ratio is determined as follows:

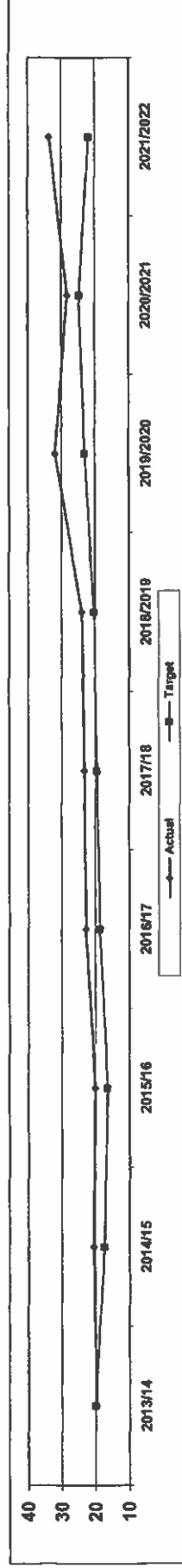
$$\text{Outstanding Debtors} / \text{Annualised Operating Revenue}$$

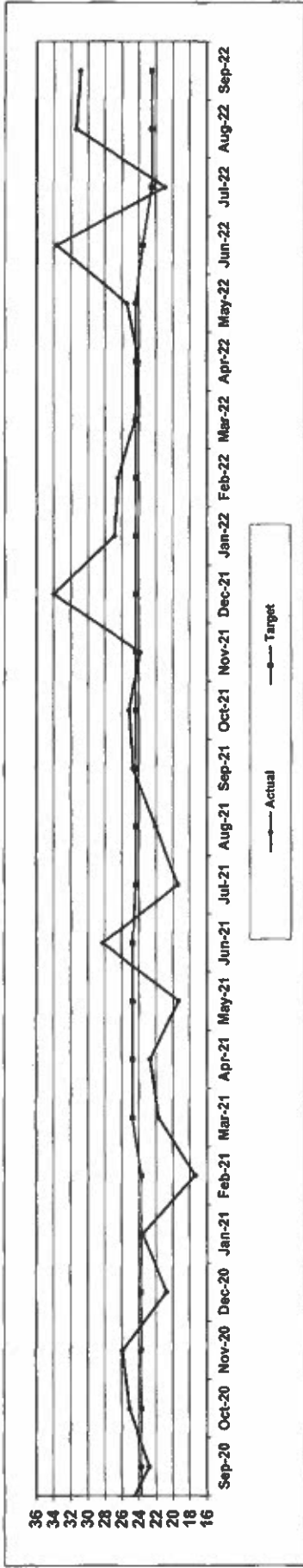
The ratio at the end of September 2022 was 30.95% compared to the 2022/23 budget target of 22.47%.

The ratio is impacted by the fact that long outstanding debt is not written off timeously and therefore attracts further interest charges. Due to the lack of regular Council meetings over the last two financial years to approve the write-off of doubtful debt where applicable the debtors' book is growing. The poor economy as well as the punitive water tariffs because of severe drought conditions inter alia contributed further to the fast-growing gross outstanding debtors' position.

It is considered of the utmost importance that strict financial management is maintained, to decrease the outstanding debt owed to Council. A Revenue Enhancement Strategy to improve revenue collection has been drafted and is being reviewed. This strategy is monitored by the CFO monthly and reported to the Budget and Treasury Standing Committee on a quarterly basis. Amongst others, the decline in the current economic climate has had a negative impact on this ratio. It is important that the collection rate of at least 95% be achieved to reduce the escalating outstanding debtors.

Figure 9: Outstanding Debtors to Annual Operating Revenue





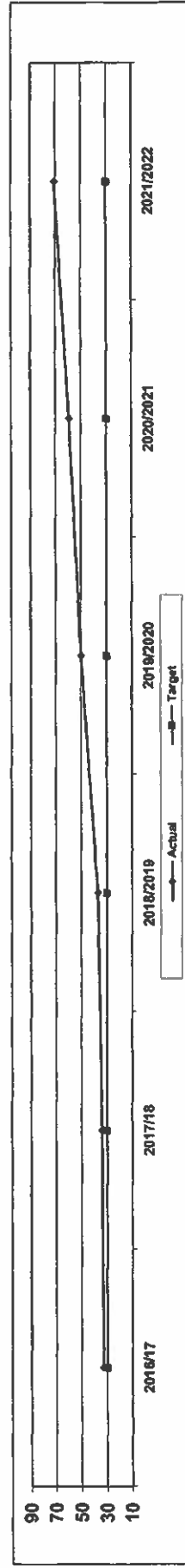
6.5 Creditor Management

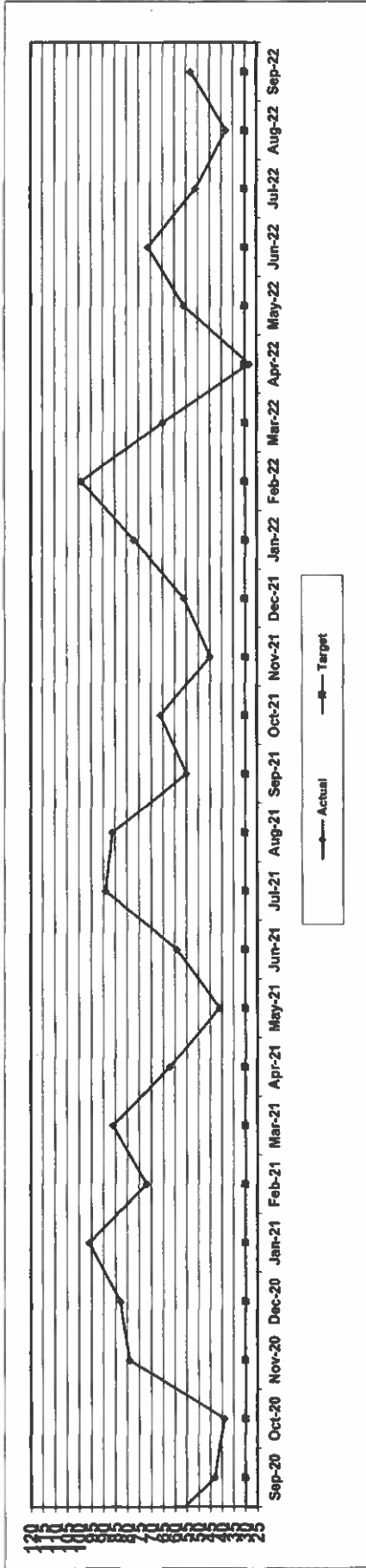
6.5.1 Creditors Turnover (days)

This ratio reflects the number of days that it takes on average to pay the Municipality's suppliers. Section 65 (2) (e) of the MFMA states that all money owing by the Municipality must be paid within 30 days of receiving the relevant invoice or statement (refer figure 10).

The ratio is determined from the date of receipt of the invoice until the date of payment. The ratio as at 30 September 2022 amounted to 53 days (also refer to Section 1.8.2 of this report.)

Figure 10: Creditors Turnover (days) (From date of Invoice Received)





6.6 Financial Viability and Sustainability

6.6.1 Operating Surplus

The ratio indicates the extent to which revenues cover operational expenses only or are also available for capital funding or debt repayments.

The ratio is determined as follows:

$$\frac{\text{Operating Result or Net Results (Excluding Capital Items)}}{\text{Total Operating Revenue (Excluding Capital Items)}} \times 100$$

The ratio as at 30 September 2022 amounted to **52.81%**.

	2016/17 Audited AFS	2017/18 Restated AFS	2018/19 Pre Audited AFS	2019/20 Operating budget	2019/20 2 nd Adjustments Budget	2020/21 Operating Budget	2020/21 Adjustments Budget	2021/22 Operating Budget	2021/22 Adjusted Operating Budget	Sept 2022
Operating surplus Ratio										
Operating surplus/(deficit)	1,063,847,739	2,001,476,031	1,474,825,341	1,482,406,904	980,374,999	1,224,804,268	1,086,670,839	406,057,160	405,472,073	3,590,270,045
Less: Transfers recognised Capital	973,156,239	1,348,305,565	1,397,578,556	1,088,829,651	1,124,719,714	977,009,786	711,898,872	851,761,620	829,683,490	59,515,701
Total	-235,310,036	652,170,466	77,246,785	393,577,253	-144,344,715	247,794,483	374,771,968	-445,704,460	-424,211,417	3,530,754,344
Total Operating Revenue	8,918,689,930	9,569,552,365	9,995,609,051	11,285,723,317	11,509,629,367	11,939,658,863	12,222,925,790	12,835,447,880	13,895,014,910	6,686,334,720
Ratio	-2.64	6.82	0.77	3.49	-1.25	2.08	3.07	-3.47	-3.05	52.81

6.6.2 Cost coverage

The ratio indicates the extent to which the available cash and investments are adequate to cover monthly payments (refer figure 11).

The ratio is determined as follows:

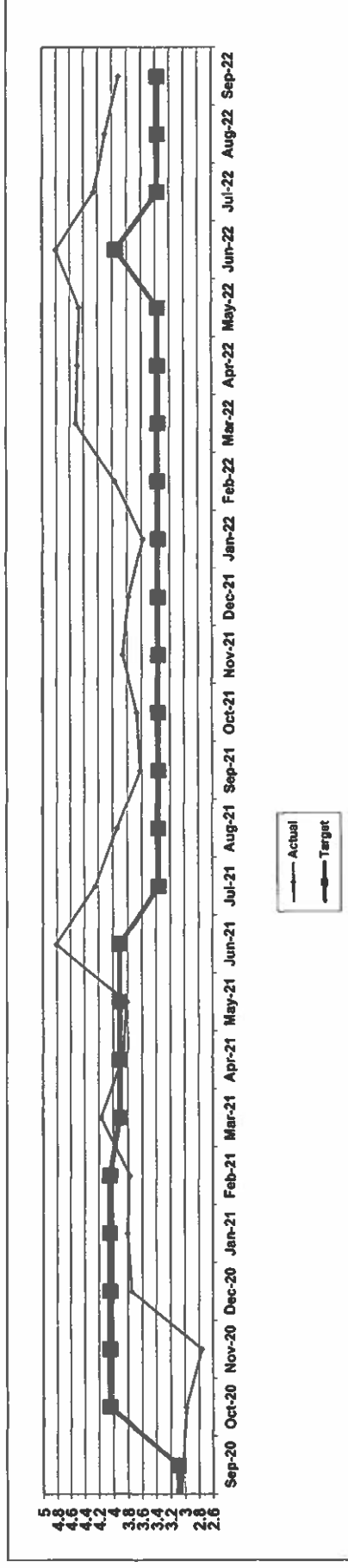
Cash and Cash Equivalents – Unspent Conditional Grants – Overdraft – Unspent External Loan + Short Term Investments /Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provisions for Bad Debts, Impairment and Loss on the disposal of Assets):

$$\frac{R4,694,428,585 - R614,893,103 - R186,647,815}{R997,043,268} = 3.90 \text{ months (117.13 days)}$$

The cost coverage ratio of 3.90 months is above the IDP target of 1.5 months. The monthly average projected operating payments for the period July 2022 to June 2023 was used as a basis for the calculation. The 2022/23 budget target is 4.51 months.

National Treasury has indicated that the cost coverage of 3 months should be the target.

Figure 11: Cost Coverage (months)



6.6.3 Net Financial Liabilities

This ratio indicates the extent to which total liabilities, from which current assets are subtracted, can be serviced from operating revenues.

The ratio is determined as follows:

$$\frac{\text{Total Liabilities} - \text{Current Assets}}{\text{Total Operating Revenue (Excluding Capital Items)}} \times 100$$

The ratio as at 30 September 2022 amounts to -25.45%.

Net Financial Liabilities Ratio	2016/17 Audited AFS	2017/18 Audited AFS	2018/19 Unaudited AFS	2019/20 Operating budget	2019/20 2 nd Adjustments budget	2020/21 Operating budget	2020/21 Adjustments Budget	2021/22 Operating Budget	2021/22 Adjusted Operating Budget	2022/23 Operating Budget	Sep 2022
Total Liabilities	5,980,994,889	6,440,709,666	6,651,692,367	7,526,953,827	7,037,026,501	7,294,045,405	7,521,362,193	7,225,915,005	7,273,572,291	7,872,618,041	7,664,084,136
Less: Current Assets	3,799,982,666	4,946,791,228	4,806,245,489	5,431,993,452	5,421,068,883	5,455,686,919	6,288,466,533	6,320,549,421	7,047,421,892	7,866,463,151	9,365,438,206
Total	2,181,012,223	1,493,918,438	1,845,446,878	2,094,960,375	1,615,957,618	1,838,358,486	1,232,895,659	905,365,584	226,150,400	6,154,890	-1,701,354,070
Operating Revenue excl. Transfer recognised Capital	8,918,689,930	9,542,115,842	9,452,115,842	11,266,723,317	11,509,629,367	11,939,668,863	12,222,925,790	12,835,447,880	13,895,014,910	14,846,440,730	6,686,334,720
Ratio	24.45	15.66	15.66	18.60	14.04	15.40	10.09	7.05	1.63	0.04	-25.45

6.6.4 Asset Sustainability

This ratio indicates the extent to which the infrastructure (non-financial) assets managed by the Municipality are being replaced as they reach the end of their useful lives

The ratio is determined as follows:

$$\frac{\text{Capital Expenditure in Replacement of Assets (Renewals)}}{\text{Depreciation Expenditure}} \times 100$$

The ratio as of 30 September 2022 amounts to 9.15%.

Asset Sustainability Ratio	2016/17 Audited AFS	2017/18 Audited AFS	2018/19 Unaudited AFS	2019/20 Operating budget	2019/20 2 nd Adjustments budget	2020/21 Operating budget	2020/21 Adjustments budget	2021/22 Operating Budget	2021/22 Adjusted Operating Budget	2022/23 Operating Budget	Sep 2022
Capital renewals	771,215,653	332,131,558	288,753,015	313,609,860	235,822,048	303,828,967	302,258,967	266,314,170	295,886,967	331,751,310	29,652,389
Depreciation	778,250,286	636,791,733	738,535,181	614,541,199	739,657,047	740,575,415	740,575,415	1,033,770,465	1,039,206,040	1,295,769,160	324,077,159
Ratio	99.10	52.16	39.10	51.03	31.88	40.81	41.03	25.76	28.47	25.60	9.15

Annexure "A5"

Due to the lower current rate of spending in respect of the capital budget to date, the ratio indicates that capital renewals, as compared to depreciation is higher than anticipated in the 2022/23 Budget.

6.6.5 Asset Preservation

This ratio indicates the extent to which repairs and maintenance expenditure is incurred in relation to the useful lives of the assets

The ratio is determined as follows:

$$\text{Operating Expenditure on Repairs \& Maintenance + Capital Expenditure on Renewals} / \text{Depreciation Expenditure} \times 100$$

The ratio as of 30 September 2022 amounts to **30.8%**.

Asset Preservation Ratio	2016/17 Audited AFS	2017/18 Audited AFS	2018/19 Unaudited AFS	2019/20 Operating Budget	2019/20 2~ Adjustments Budget	2020/21 Operating Budget	2020/21 Adjustments Budget	2021/22 Operating Budget	2021/22 Adjusted Operating Budget	2022/23 Operating Budget	Sep 2022
Operating Repairs and maintenance	342,298,119	334,923,900	460,219,360	481,276,730	454,913,720	477,612,894	464,474,380	497,619,120	494,040,490	594,068,360	70,172,247
Capital renewals	771,215,653	332,131,558	288,753,015	313,609,860	235,822,048	303,828,967	302,258,967	266,314,170	295,886,967	331,751,310	29,652,389
Total	1,113,513,772	666,429,677	748,972,375	794,886,590	690,735,768	781,441,861	766,733,347	763,933,290	789,927,457	925,819,670	99,824,636
Depreciation	778,250,286	280,095,083	738,535,181	614,541,199	739,657,047	740,575,415	740,575,415	1,033,770,465	1,039,206,040	1,295,759,160	324,077,159
Ratio	143.08	237.92	101.41	129.35	93.39	105.52	103.53	73.90	75.72	71.45	30.80

Due to the low spending in respect of the capital budget and repairs and maintenance to date the ratio indicates that capital renewals and the repairs and maintenance, as compared to depreciation are decreasing. The ratio is lower than anticipated in the 2022/23 Budget.

6.7 Other Indicators

6.7.1 Employee costs as a percentage of Total Operating Income

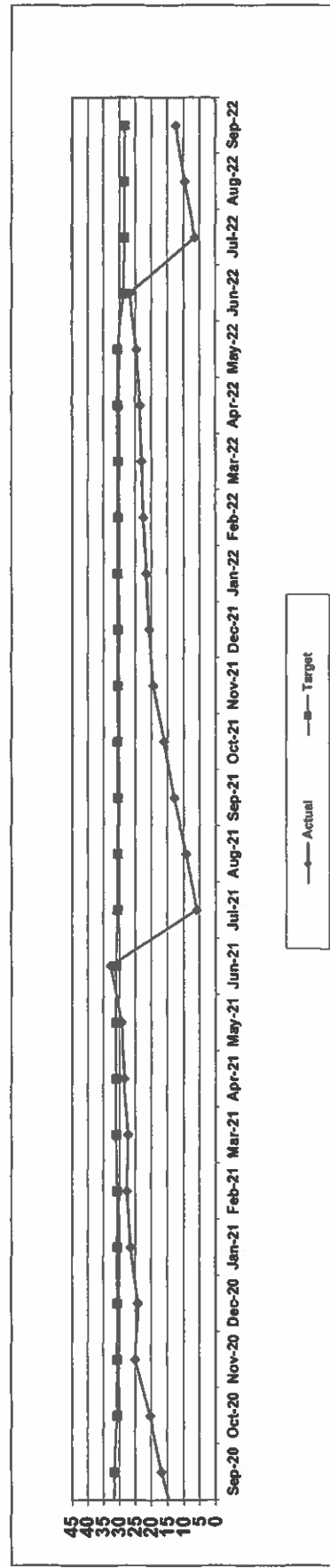
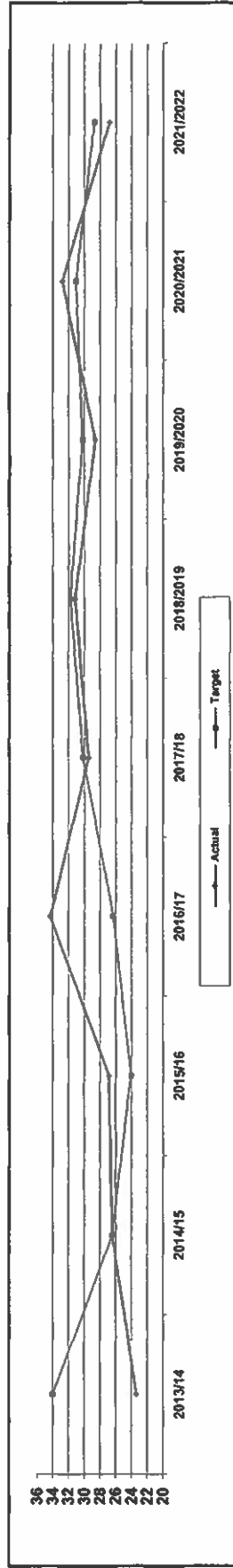
This ratio assesses the extent to which the Municipality's Operating Revenue is consumed by costs associated with the employment of human resources (refer figure 12).

The ratio is determined as follows:

Employee Costs to Date / Total Operating Revenue to Date

The target has been set at 30.51% for the financial year. As of 30 September 2022, the actual personnel costs constituted 12.44% of the total operating income.

Figure 12: Personnel Cost as a % of Total Revenue



6.7.2 Repairs and Maintenance as a % of Total Operating Revenue

This ratio assesses the extent to which the Municipality's Operating Revenue is consumed by costs associated with the repairs and maintenance of its assets (refer figure 13).

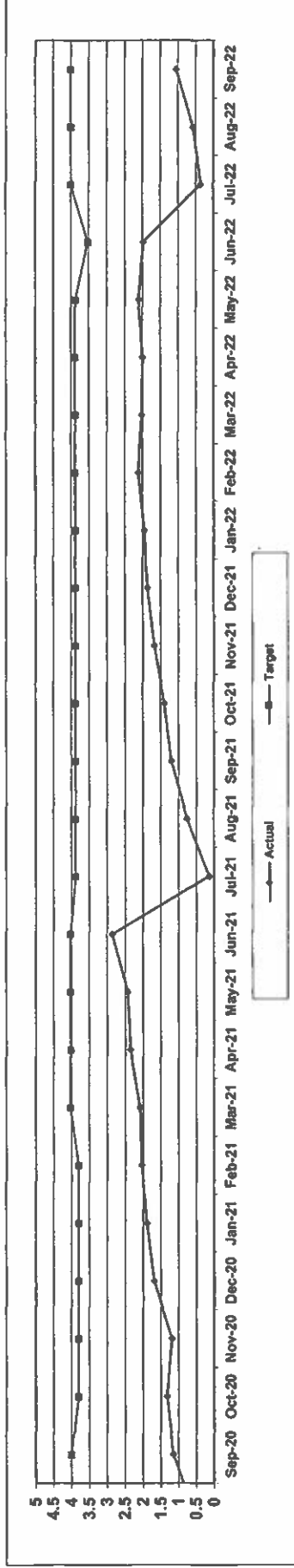
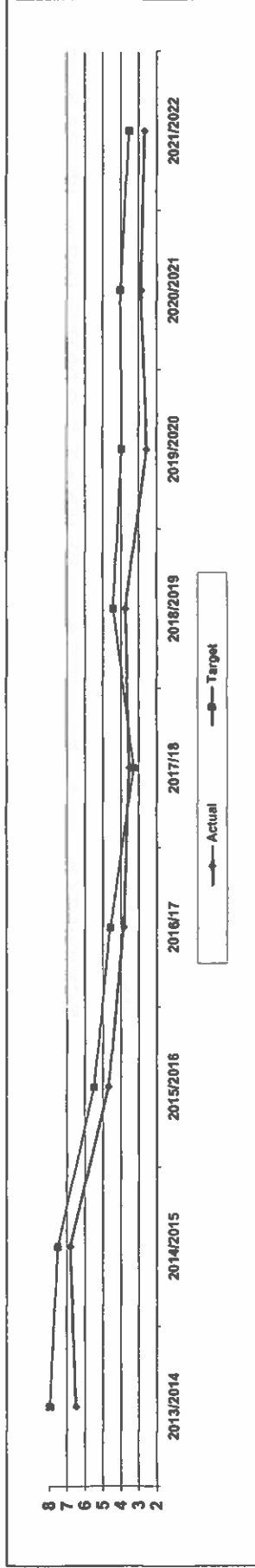
The ratio is determined as follows:

$$\text{Repairs and Maintenance expenditure to date} / \text{Total Operating Income to date}$$

The actual expenditure of **1.05%** is below the 2022/23 budget target of 4.00%. The unbundling of the repairs and maintenance vote for mSCOA purposes make comparison of results to previous financial years problematic. However, once the mSCOA budgeting of Repairs and Maintenance at the project level commences, it will provide management with the actual spending on repairs and maintenance.

Repairs and Maintenance of assets are undertaken on an on-going basis.

Figure 13: Repairs and Maintenance as a % of Total Operating Income



6.7.3 Repairs and Maintenance as a % of the book value of Property, Plant and Equipment (PPE)

This ratio assesses the level of repairs and maintenance expenditure incurred, compared to the book value of PPE (refer figure 14).

The ratio is determined as follows:

$$\text{Repairs and maintenance expenditure to date} / \text{Book value of PPE to date}$$

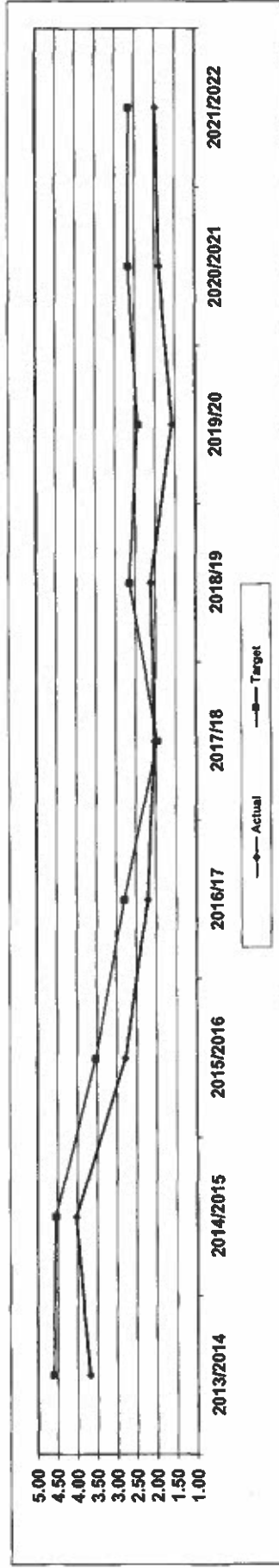
Annexure "A5"

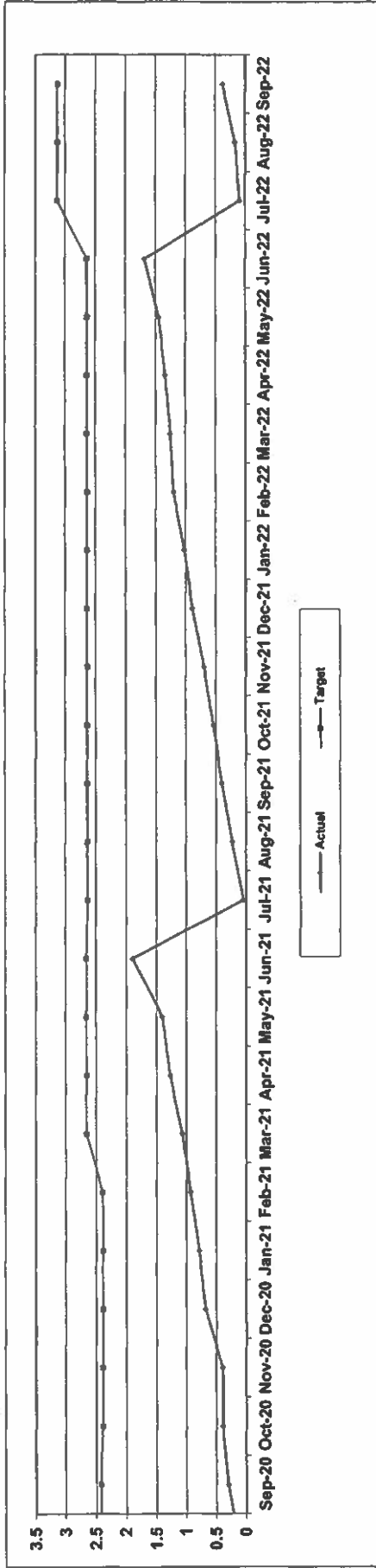
The repairs and maintenance expenditure incurred to date constitutes 0.38% of the book value of PPE, as at the end of September 2022, compared to the 2022/23 budget target of 3.13%. This indicates a relatively low level of repairs and maintenance expenditure, considering that significant backlogs currently exist. The expenditure levels are anticipated to increase in future, as the maintenance backlogs have now been determined.

The unbundling of the repairs and maintenance vote for mSCOA purposes makes comparison of results to previous financial years problematic. However, once the mSCOA budgeting of Repairs and Maintenance at the project level commences, it will provide management with the actual spending on repairs and maintenance

It should be noted that new assets would not have an immediate effect on the repairs and maintenance component, as they do not generally deteriorate within the first few years.

Figure 14: Repairs and Maintenance as a % of the book value of (PPE)





6.7.4 Capital Budget Spending

This ratio assesses the level of actual capital spending compared to the budgeted capital expenditure (refer figure 15).

The ratio is determined as follows:

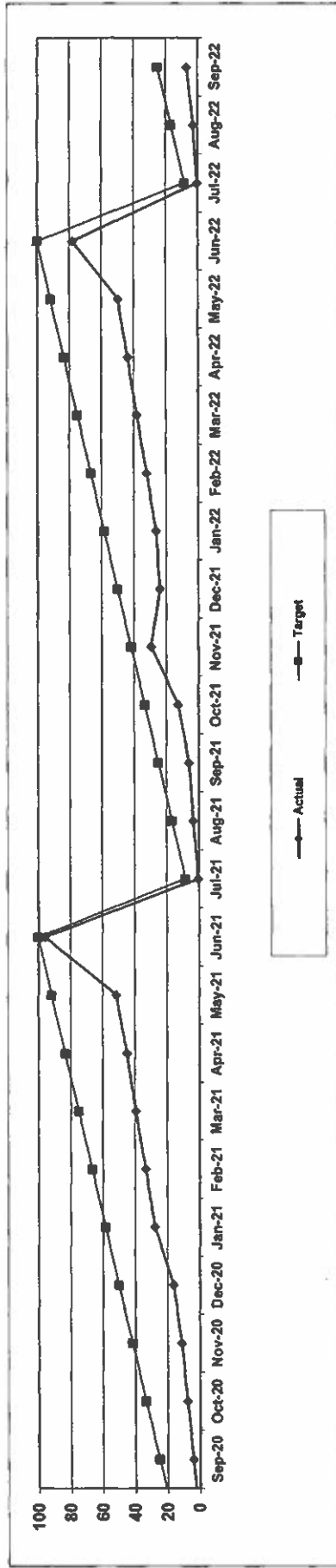
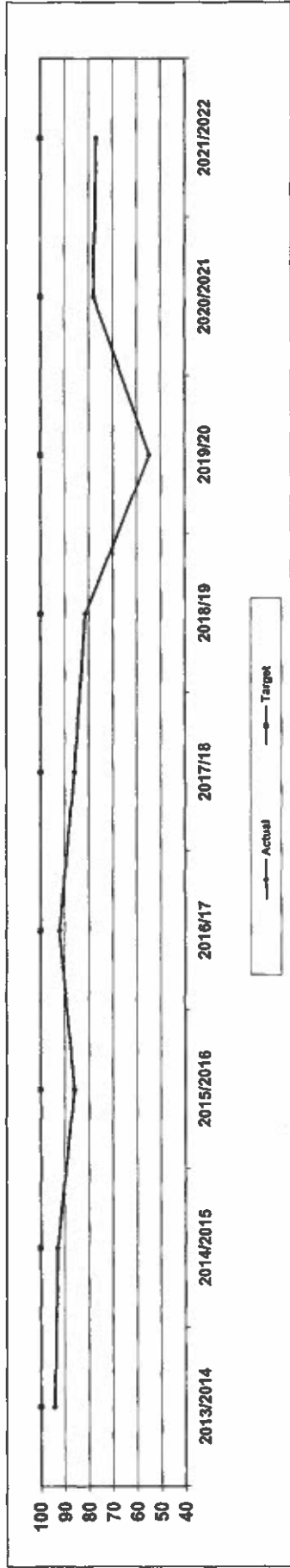
$$\text{Actual Capital spending to date} / \text{Approved Capital Budget}$$

- The actual spending as at the end of September 2022 amounted to 6.67%. Effort must be made by the directorates to spend their capital budgets in order to ensure that all conditional grant funding is used productively towards achieving the SDBIP and therefore, the IDP of the Municipality.

The Budget Performance Monitoring Forum meets every two months, as opposed to previously meeting on a quarterly basis. The Executive Directors present their capital budgets at the Forum meetings by project, with detailed explanations in the event of under/overspending.

Monthly one-on-one sessions are held with Directorates, in order to identify problem areas early on in the process. These meetings are attended by the Chairperson of the Budget and Treasury Committee, the Portfolio Councillor and the Executive Director of the Directorate concerned and representatives from the Budget and Treasury Directorate.

Figure 15: Capital Budget Spending



6.7.5 Own Revenue Generation

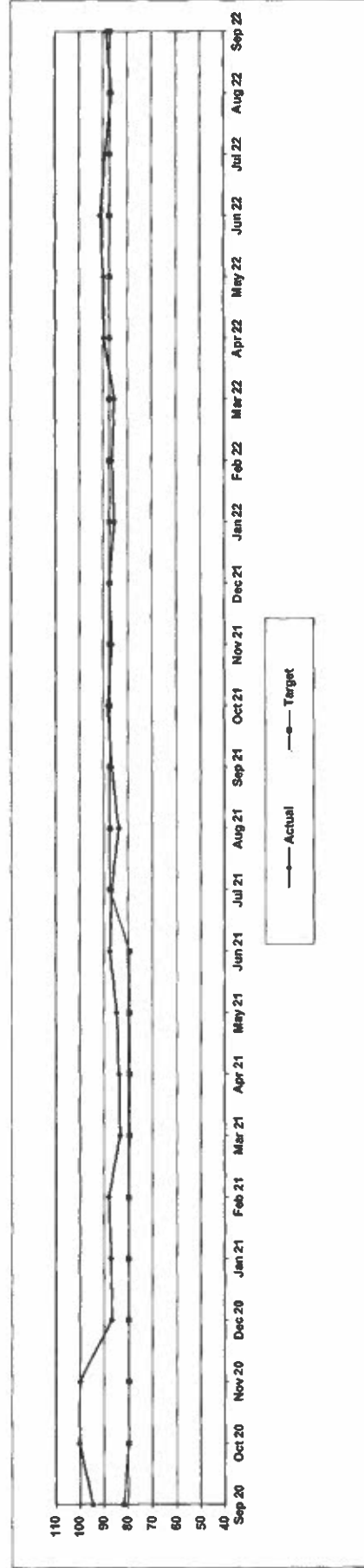
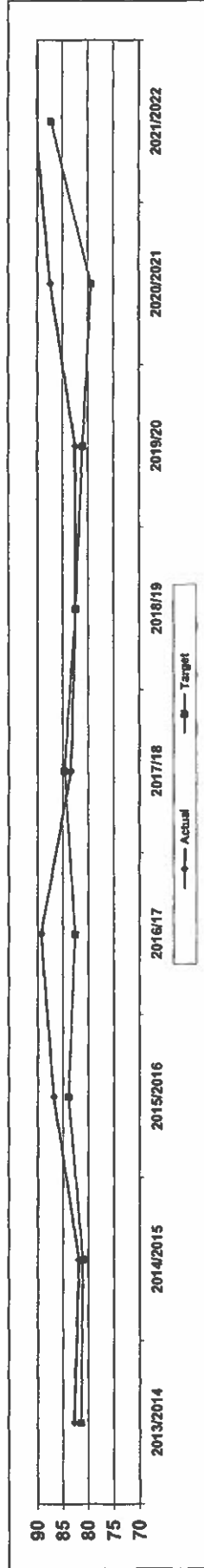
This ratio measures the extent to which the Municipality has control over its revenue sources, i.e. what percentage of its revenue is generated locally. The higher the ratio, the less reliant a Municipality is on Provincial and National Government to support its operations (refer figure 16).

The ratio is determined as follows:

$$\text{Own Revenue Sources} / \text{Total Operating Income (includes operating grants)}$$

As at the end of September 2022, the Municipality's own revenue sources constituted 88.53% of its total Operating Income compared to the 2022/23 budget target of 87.15%. The Municipality is thus not fully reliant on the finances received from Provincial and National Government to support its day-to-day operations. The equitable share, for example greatly assists the Municipality to cover the ATPP subsidies. Although the Municipality would like to become sufficient by not having to rely on Government support via Grants and Subsidies it has become very clear that without increased Government funding the Municipality will not be able to meet its service delivery mandate from its limited revenue base.

Figure 16: Own Revenue Generation



6.7.6 Reducing Electricity and Water Losses

6.7.6.1 Electricity Losses

This ratio indicates the percentage of electricity losses incurred in relation to the number of electricity units purchased. The ratio is determined as follows:

$$\frac{\text{Electricity units purchased} - \text{Electricity units sold}}{\text{Electricity units purchased}} \times 100$$

Total non-revenue electricity losses (excluding unbilled street lighting and traffic lights) for the 2022/23 financial year as at 30 September 2022 amounted to R347.9 million or 26.27%. Total non-revenue electricity losses (excluding unbilled street lighting and traffic lights) for July 2022, August 2022 and September 2022 amounted to R139,067 million (28.20%), R154,789 million (30.14%) and R54,028 million (19.97%) respectively. It is evident that the current strategies to address electricity losses are not yielding positive results.

The highest percentage non-revenue electricity losses per month are always incurred during the high season tariff months namely July and August of each year, which significantly affects the value of electricity losses.

6.7.6.2 Water Losses

This ratio indicates the percentage of water losses incurred in relation to the number of water units purchased

The ratio is determined as follows:

$$\frac{\text{Water units purchased} - \text{Water units sold}}{\text{Water units purchased}} \times 100$$

The Non-revenue Water Losses for September 2022 amount to 3.812 million kl or 47.1%. The cumulative Water losses for the period 01 July 2022 to 30 September 2022 amounts to 12.882 million kl or 53.3%. Strategies to address this trend are currently being implemented. In comparison, the Water losses for the period 01 July 2021 to 30 September 2022 were 11.560 million kl or 43.9%.