



**KANNALAND**  
MUNISIPALITEIT | MUNICIPALITY

## **Quarterly Budget Report – Section 52** **4<sup>th</sup> Quarter 2021/2022**



Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 July 2009

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## GLOSSARY

**Adjustment's budget** - Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

**Allocations** - Money received from Provincial or National Government or other municipalities.

**Approved Budget** – means an annual budget –

- a) approved by a municipal council; or
- b) approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;

**Budget** - The financial plan of the Municipality.

**Budget related policy** - Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

**Capital expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

**Cash flow statement** – Summarizes the amount of cash and cash equivalents entering and leaving the municipality. The cash flow statement measures how well the municipality manages its cash position. It should be noted that there could be a difference between the timing of the actual cash flow compared to the recognition of expenditure. For example, when an invoice is received by the Municipality it is recognised as expenditure in the month it is dated, even though it may not be paid within the same month.

**DORA** - Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

**Equitable share** - A general unconditional grant paid to municipalities. It is predominantly targeted to subsidise the delivery of free basic services.

**Fruitless and wasteful expenditure** - Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**GFS** - Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

**GRAP** - Generally Recognised Accounting Practice. The standard for municipal accounting.

**IDP** - Integrated Development Plan. The main strategic planning document of the Municipality

**MBRR** - Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

**MFMA** - Local Government: Municipal Finance Management Act (56/2003). The principal piece of legislation relating to municipal financial management. From here on to be referred to as the Act.

**MTREF** - Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two outer year's budget allocations. Also includes details of the previous and current year's financial position.

**Operating expenditure** - Spending on the day-to-day expenses of the Municipality such as salaries and wages. It provides a short-term benefit, normally less than a year.

**Rates** - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

**SDBIP** - Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**Strategic objectives** - The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**Unauthorised expenditure** – in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes –

- a) overspending of the total amount appropriated in the municipality's approved budget;
  - b) overspending of the total amount appropriated for a vote in the approved budget;
- Unauthorised expenditure refers to expenditure that municipalities incurred without provision having been made for it in the budget approved by the council or which does not meet the conditions of a grant.

**Virement** - A transfer of budget.

**Virement policy** - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

**Vote** - One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

## PART 1: IN-YEAR REPORT

### Section 1 – Mayor’s Report

#### 1.1 In -Year Report – Quarterly Budget Statement

The Quarterly Budget Statement, for **Quarter 4**, covering the period from 1 April 2022 to 30 June 2022, has been prepared to meet the legislative requirements of the Municipal Budget and Reporting Regulations (2009) and the Municipal Finance Management Act 56 of 2003.

- a) The budget of the municipality has been implemented in terms of **the Service Delivery Budget Implementation Plan (SDBIP)**. Details on the implementation and any material deviations from the SDBIP will be covered under Section 10 of this document.

Cash flow has and will, for the foreseeable future be of concern. In the short-term Kannaland Municipality has done well to meet the most pressing commitments such as employee related costs and meeting service delivery requirements. The municipality still experiences cash flow challenges due to constrained resources. A Budget Funding Plan was developed and is being implemented to mitigate risk.

### Section 2 – Resolutions

#### **Recommendation:**

That the council takes cognisance of the Quarterly Budget Statement for the Fourth Quarter of 2021/2022.

## Section 3 – Executive Summary

### 3.1 Introduction

In terms of section 52(d) of the Municipal Finance Management Act 56 of 2003, the mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality. The format and content of in-year reporting are set out in the Municipal Budget and Reporting Regulations of 2009, that was published in terms of section 168 of the MFMA (2003).

### 3.2 Consolidated Performance

The performance against the budget can be summarized as follow:

'000	Original Budget	Adjustments Budget	YTD Budget	YTD Actual	YTD Budget vs YTD Actual Variance	YTD Budget vs YTD Actual Variance %
Operating Revenue	R 186 419	R 176 492	R 176 492	R 176 847	R 356	0%
Operating Expenditure	R 191 830	R 204 637	R 204 637	R 186 613	R (18 024)	-9%
Capital	R 22 763	R 25 622	R 25 622	R 16 062	R (9 560)	-37%

### 3.3 Payment Percentage

The collection rate on billed services and rates, came in at 77.5% on a year-to-date basis, which is below the 85% used as per budget assumption on average.

The cyclical nature of the economy as well as the differences (seasonal differentiation between tariffs etc.) within the billing cycle, explains the differences in the collection rate on a month-to-month basis throughout the quarter.

In evaluating the collection rate, the following considerations will provide some context:

- The collection rate as below in table 1, is calculated – Q4 Receipts / Q4 Billing.

- This causes a misalignment and do not consider considerations like “High / Low Season” electricity tariffs and to some extent the cyclical nature of the economy on a month-month basis.
- Indigent registrations for Quarter 4 (Q4) 2021/22 increased by 1% from Q3 registrations. There was a 583-household drop in year-on-year registrations. It is highly unlikely that their respective conditions improved to the extent that they all stopped from being indigent and became paying consumers.
- Indigent household registrations for Q1 were 1995, Q2 it was 2034, with Q3 registrations amounting to 2161 and Q4 2189.

**Table 1: Payment percentage based on billed vs received same month**

Collection percentage for Kannaland Municipality									
Period	Levy	Payments	Journals	Total Levy, Journals & Transfers	Payments	Payment % per month	Total Levies accumulated month to month	Total Payments accumulated month to month	Average YTD
Jul-21	10,594,968,62	(6,192,505,73)	(124,826,55)	10,470,142,07	(6,192,505,73)	-59,1%	10,470,142,07	(6,192,505,73)	59,1%
Aug-21	11,083,479,27	(11,300,212,54)	(661,154,90)	10,422,324,37	(11,300,212,54)	-108,4%	20,892,466,44	(17,492,718,27)	83,7%
Sep-21	11,269,448,88	(8,351,169,59)	160,655,15	11,430,104,03	(8,351,169,59)	-73,1%	32,322,570,47	(25,843,887,86)	80,0%
Oct-21	10,156,779,22	(8,465,485,99)	74,321,81	10,156,779,22	(8,465,485,99)	-83,3%	42,479,349,69	(34,309,373,85)	80,8%
Nov-21	9,949,353,39	(7,338,353,68)	20,495,91	9,949,353,39	(7,338,353,68)	-73,8%	52,428,703,08	(41,647,727,53)	79,4%
Dec-21	10,053,334,98	(6,639,666,28)	214,167,91	10,053,334,98	(6,639,666,28)	-66,0%	62,482,038,06	(48,287,393,81)	77,3%
Jan-22	10,824,844,01	(8,021,502,88)	(380,439,96)	10,824,844,01	(8,021,502,88)	-74,1%	73,306,882,07	(56,308,896,69)	76,8%
Feb-22	10,571,243,61	(7,849,651,68)	145,063,27	10,571,243,61	(7,849,651,68)	-74,3%	83,878,125,68	(64,158,548,37)	76,5%
Mar-22	11,005,338,94	(8,008,036,53)	258,616,62	11,005,338,94	(8,008,036,53)	-72,8%	94,883,464,62	(72,166,584,90)	76,1%
Apr-22	10,603,781,95	(7,807,663,22)	(60,221,93)	10,603,781,95	(7,807,663,22)	-73,6%	105,487,246,57	(79,974,248,12)	75,8%
May-22	9,898,214,29	(9,059,080,93)	346,015,59	9,898,214,29	(9,059,080,93)	-91,5%	115,385,460,86	(89,033,329,05)	77,2%
Jun-22	9,824,350,57	(8,031,457,93)	195,728,03	9,824,350,57	(8,031,457,93)	-81,8%	125,209,811,43	(97,064,786,98)	77,5%

**Table 2: Payment percentage based on received vs billed the month it relates to**

Collection percentage for Kannaland Municipality - Payments received in respect of the billing it relates to (month delay)									
Period	Levy	Payments	Journals	Total Levy, Journals & Transfers	Payments	Payment % per month	Total Levies accumulated month to month	Total Payments accumulated month to month	Average YTD
Jul-21	10 594 968.62	(11 300 212.54)	(124 826.55)	10 470 142.07	(11 300 212.54)	-107.9%	10 470 142.07	(11 300 212.54)	107.9%
Aug-21	11 083 479.27	(8 351 169.59)	(661 154.90)	10 422 324.37	(8 351 169.59)	-80.1%	20 892 466.44	(19 651 382.13)	94.1%
Sep-21	11 269 448.88	(8 465 485.99)	160 655.15	11 430 104.03	(8 465 485.99)	-74.1%	32 322 570.47	(28 116 868.12)	87.0%
Oct-21	10 156 779.22	(7 338 353.68)	74 321.81	10 156 779.22	(7 338 353.68)	-72.3%	42 479 349.69	(35 455 221.80)	83.5%
Nov-21	9 949 353.39	(6 639 666.28)	20 495.91	9 949 353.39	(6 639 666.28)	-66.7%	52 428 703.08	(42 094 888.08)	80.3%
Dec-21	10 053 334.98	(8 021 502.88)	214 167.91	10 053 334.98	(8 021 502.88)	-79.8%	62 482 038.06	(50 116 390.96)	80.2%
Jan-22	10 824 844.01	(7 849 651.68)	(380 439.96)	10 824 844.01	(7 849 651.68)	-72.5%	73 306 882.07	(57 966 042.64)	79.1%
Feb-22	10 571 243.61	(8 008 036.53)	145 063.27	10 571 243.61	(8 008 036.53)	-75.8%	83 878 125.68	(65 974 079.17)	78.7%
Mar-22	11 005 338.94	(7 807 663.22)	258 616.62	11 005 338.94	(7 807 663.22)	-70.9%	94 883 464.62	(73 781 742.39)	77.8%
Apr-22	10 603 781.95	(9 059 080.93)	(60 221.93)	10 603 781.95	(9 059 080.93)	-85.4%	105 487 246.57	(82 840 823.32)	78.5%
May-22	9 898 214.29	(8 031 457.93)	346 015.59	9 898 214.29	(8 031 457.93)	-81.1%	115 385 460.86	(90 872 281.25)	78.8%
						> 100%	Government Departments paying for the full year		
						78.8%	Cumulative rate - collections in respect of amount billed		
						77.5%	Collections Rate - Month billed - collected same month		



## TABLE C1–QUARTERLY BUDGET SUMMARY

Western Cape: Kannaland (WC041) - Table C1 Quarterly Budget Summary for 4th Quarter ended 30 June 2022

Description	2020/21	2021/22	Budget year 2021/22										Full Year Forecast
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	
<b>Financial Performance</b>													
Property rates	19,337	-	24,562	25,522	6,492	6,476	6,481	6,442	25,891	25,522	369	1,45	25,522
Service charges	87,941	-	104,162	100,680	27,131	22,794	27,744	24,785	102,455	100,680	1,775	1,76	100,680
Investment revenue	1,150	-	864	880	333	213	251	436	1,232	880	352	40,04	880
Transfers and subsidies	42,601	-	45,128	42,097	15,187	1,780	19,753	3,234	39,954	42,097	(2,142)	(5,09)	42,097
Other own revenue	6,358	-	11,704	7,313	1,612	1,723	1,901	2,078	7,314	7,313	1	0,02	7,313
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>157,387</b>	<b>-</b>	<b>186,419</b>	<b>176,492</b>	<b>50,756</b>	<b>32,986</b>	<b>56,130</b>	<b>36,976</b>	<b>176,847</b>	<b>176,492</b>	<b>356</b>	<b>0,20</b>	<b>176,492</b>
Employee costs	66,653	-	65,553	71,572	15,230	20,345	17,008	18,419	71,002	71,572	(570)	(0,80)	71,572
Remuneration of councillors	3,184	-	3,637	3,637	973	808	925	966	3,672	3,637	36	0,98	3,637
Depreciation & asset impairment	12,039	-	12,698	12,698	3,175	2,116	4,233	3,175	12,698	12,698	0	0,00	12,698
Finance charges	3,188	-	382	2,318	55	67	322	349	793	2,318	(1,525)	(65,77)	2,318
Inventory consumed and bulk purchases	49,813	-	56,133	58,284	5,703	5,288	30,532	(4,147)	37,376	58,284	(20,908)	(35,87)	58,284
Transfers and subsidies	246	-	838	498	-	-	120	120	240	498	(258)	(51,84)	498
Other expenditure	46,911	-	52,589	55,630	43,273	5,456	4,099	8,004	60,831	55,630	5,201	9,35	55,630
<b>Total Expenditure</b>	<b>182,033</b>	<b>-</b>	<b>191,830</b>	<b>204,637</b>	<b>68,409</b>	<b>34,080</b>	<b>57,238</b>	<b>26,886</b>	<b>186,613</b>	<b>204,637</b>	<b>(18,024)</b>	<b>(8,81)</b>	<b>204,637</b>
<b>Surplus/(Deficit)</b>	<b>(24,646)</b>	<b>-</b>	<b>(5,411)</b>	<b>(28,145)</b>	<b>(17,653)</b>	<b>(1,094)</b>	<b>(1,108)</b>	<b>10,090</b>	<b>(9,766)</b>	<b>(28,145)</b>	<b>18,379</b>	<b>(65,30)</b>	<b>(28,145)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	19,524	-	22,763	25,622	88	1,690	6,934	10,177	18,889	25,622	(6,734)	(26,28)	25,622
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions) & Transfers and subsidies - capital (in-kind - all)	34	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(5,088)</b>	<b>-</b>	<b>17,352</b>	<b>(2,522)</b>	<b>(17,566)</b>	<b>595</b>	<b>5,826</b>	<b>20,267</b>	<b>9,123</b>	<b>(2,522)</b>	<b>11,646</b>	<b>(461,68)</b>	<b>(2,522)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(5,088)</b>	<b>-</b>	<b>17,352</b>	<b>(2,522)</b>	<b>(17,566)</b>	<b>595</b>	<b>5,826</b>	<b>20,267</b>	<b>9,123</b>	<b>(2,522)</b>	<b>11,646</b>	<b>(461,68)</b>	<b>(2,522)</b>
<b>Capital expenditure &amp; funds sources</b>													
<b>Capital expenditure</b>	<b>8,490</b>	<b>-</b>	<b>23,767</b>	<b>26,639</b>	<b>2,255</b>	<b>7,263</b>	<b>1,550</b>	<b>5,225</b>	<b>16,293</b>	<b>26,639</b>	<b>(10,346)</b>	<b>(38,84)</b>	<b>26,639</b>
Transfers recognised - capital	(909)	-	22,763	25,622	1,950	6,956	1,922	5,184	16,012	25,622	(9,610)	(37,51)	25,622
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	614	-	1,004	1,004	305	307	(372)	28	268	1,004	(736)	(73,28)	1,004
<b>Total sources of capital funds</b>	<b>(295)</b>	<b>-</b>	<b>23,767</b>	<b>26,626</b>	<b>2,255</b>	<b>7,263</b>	<b>1,550</b>	<b>5,212</b>	<b>16,280</b>	<b>26,626</b>	<b>(10,346)</b>	<b>(38,86)</b>	<b>26,626</b>
<b>Financial position</b>													
Total current assets	(19,985)	-	(17,989)	(31,615)	(24,555)	6,250	7,672	(4,733)	(15,365)	(39,766)	24,401	(61,36)	(31,615)
Total non current assets	314,302	-	351,292	354,164	(920)	5,147	(2,682)	2,050	3,595	15,923	(12,328)	(77,43)	354,164
Total current liabilities	23,169	-	29,011	38,132	(7,759)	10,809	(776)	(22,931)	(20,658)	(20,028)	(630)	3,14	38,132
Total non current liabilities	53,876	-	37,082	37,082	-	-	-	-	-	(1,292)	1,292	(100,00)	37,082
Community wealth/Equity	222,359	-	249,857	249,857	(150)	(7)	(60)	(19)	(236)	-	(236)	-	249,857
<b>Cash flows</b>													
Net cash from (used) operating	100,500	-	34,440	28,962	44,716	27,858	3,707	5,780	82,062	28,962	53,100	183,34	28,962
Net cash from (used) investing	-	-	(23,767)	(26,626)	-	-	(5,881)	(1,226)	(7,107)	(26,626)	19,519	(73,31)	(26,626)
Net cash from (used) financing	-	-	(572)	(572)	-	-	-	-	-	(572)	572	(100,00)	(572)
<b>Cash/cash equivalents at the year end</b>	<b>149,305</b>	<b>-</b>	<b>52,588</b>	<b>44,251</b>	<b>44,712</b>	<b>72,570</b>	<b>70,396</b>	<b>74,950</b>	<b>74,950</b>	<b>1,763</b>	<b>73,187</b>	<b>4,151,08</b>	<b>44,251</b>
<b>Collection Rate</b>	<b>30,53</b>	<b>-</b>	<b>83,16</b>	<b>81,76</b>	<b>68,32</b>	<b>72,72</b>	<b>39,27</b>	<b>22,19</b>	<b>49,75</b>	<b>81,76</b>	<b>-</b>	<b>-</b>	<b>81,76</b>
Property rates	38,77	-	82,29	79,25	53,10	58,75	37,04	22,41	42,86	79,25	-	-	79,25
Service charges	29,95	-	85,83	86,15	71,99	76,71	44,70	23,48	53,91	86,15	-	-	86,15
Service charges - electricity revenue	32,52	-	95,11	104,36	80,94	90,86	47,75	25,71	60,43	104,36	-	-	104,36
Service charges - water revenue	29,17	-	76,82	60,23	64,47	64,80	41,57	23,11	48,44	60,23	-	-	60,23
Service charges - sanitation revenue	23,32	-	58,23	53,00	47,41	50,48	38,50	16,57	38,44	53,00	-	-	53,00
Service charges - refuse revenue	18,79	-	55,93	50,00	40,56	43,86	33,97	14,53	33,39	50,00	-	-	50,00
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-

### **3.4 Quarterly Summary**

#### **3.4.1 Operational Expenditure**

The municipality's total operational expenditure amounts to **R186.61 million or 91%** of total adjustment budget. The fourth quarter expenditure amounted to **R26.9 million or 13%** of the total budget. The municipality has reduced expenditure to only the necessities without compromising service delivery. It should be noted that the creditors sub-system was not in use and that caused a delay in the recognition of expenditure.

#### **3.4.2 Operational Revenue**

Operating revenue realized in line with the final budget.

#### **3.4.3 Capital Expenditure**

Capital Expenditure amounts to R 5.2 million for grant funded projects for Q4 2022. The year-to-date actual capital expenditure is 61% of the total Capital budget.

The municipality's capital budget is mainly funded from conditional grants.

#### **3.4.4 Operating Surplus/Deficit**

The year-to-date operating revenue amounted to **R176.8 million**, with expenditure amounting to **R186.6 million** and thereby reporting a deficit of **R9.8 million**.

The deficit does not account for transactions that were made outside the accounting system. This problem will be addressed as soon as possible. The main contributor to the year-to-date deficit was a bad debt write-off that amounted to R38.5 million with a budget amount of R24.4 million.

The surplus that relates to Q4 amounted to R10 million, with a significant variance under bulk purchases that will be investigated. The difference will be addressed with year-end corrections and the correcting of the recognition of expenditure that was not recognised as in terms of GRAP or section 65 of the MFMA.

### **3.5 Material differences to the SDBIP**

Material differences to the SDBIP will be discussed under section 10 and in more detail within Appendix A.

### **3.6 Remedial actions**

- (a) Directorates are to ensure that the budget is being implemented in accordance with the Service Delivery and Budget Implementation Plan of the Municipality;
- (b) All transactions must be accounted for on the SAMRAS accounting system;
- (c) Strategic decisions / resolutions to improve capital expenditure to be implemented;
- (d) Monthly monitoring of the implementation of the Budget Funding Plan;
- (e) That measures on debt collection are implemented and applied effectively;
- (f) A procurement plan be developed and approved as a matter of urgency; and
- (g) That the funding plan addresses all issues and challenges on the financial performance of the municipality and adapt to an always changing environment.

## Section 4 – In-year budget statement tables

**Table C4 – Quarterly Financial Performance**

Western Cape: Kannaland (WC041) - Table C4 Quarterly Budgeted Financial Performance ( All ) for 4th Quarter ended 30 June 2022

Western Cape: Namakwa (R0047) - Table 04 Quarterly Budgeted Financial Performance (All) for 4th Quarter ended 30 June 2022														
Description	Ref	2020/21	2021/22	Budget year 2021/22										
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
R thousands														
<b>Revenue By Source</b>														
Property rates		19,337		24,562	25,522	6,492	6,476	6,481	6,442	25,891	25,522	369	1.45	25,522
Service charges - electricity revenue		55,432		67,946	62,578	17,935	13,341	17,702	15,822	64,800	62,578	2,222	3.55	62,578
Service charges - water revenue		18,013		20,787	20,746	4,729	5,124	5,776	4,736	20,365	20,746	(381)	(1.84)	20,746
Service charges - sanitation revenue		7,456		8,019	8,738	2,236	2,189	2,152	2,129	8,706	8,738	(32)	(0.37)	8,738
Service charges - refuse revenue		7,040		7,410	8,617	2,231	2,140	2,114	2,099	8,583	8,617	(34)	(0.39)	8,617
Rental of facilities and equipment		606		631	533	132	132	135	152	552	533	19	3.48	533
Interest earned - external investments		1,150		864	880	333	213	251	436	1,232	880	352	40.04	880
Interest earned - outstanding debtors		3,541		3,087	4,628	10	7	3,462	1,505	4,984	4,628	356	7.69	4,628
Dividends received														
Fines, penalties and forfeits		142		5,547	15	1,063	1,085	(2,165)	10	(7)	15	(22)	(149.43)	15
Licences and permits		217		378	361	46	38	32	43	159	361	(202)	(55.90)	361
Agency services		1,083		1,087	1,200	215	356	299	209	1,079	1,200	(121)	(10.06)	1,200
Transfers and subsidies		42,601		45,128	42,097	15,187	1,780	19,753	3,234	39,954	42,097	(2,142)	(5.09)	42,097
Other revenue		769		974	576	146	104	138	160	548	576	(28)	(4.88)	576
Gains														
Total Revenue (excluding capital transfers and contributions)		157,387	-	186,419	176,492	50,756	32,986	56,130	36,976	176,847	176,492	356	0.20	176,492
<b>Expenditure By Type</b>														
Employee related costs		66,653		65,553	71,572	15,230	20,345	17,008	18,419	71,002	71,572	(570)	(0.80)	71,572
Remuneration of councillors		3,184		3,637	3,637	973	808	925	966	3,672	3,637	36	0.98	3,637
Debt impairment		21,016		20,723	24,401	38,540	71		16	38,627	24,401	14,227	58.30	24,401
Depreciation and asset impairment		12,039		12,698	12,698	3,175	2,116	4,233	3,175	12,698	12,698	0		12,698
Finance charges		3,188		382	2,318	55	67	322	349	793	2,318	(1,525)	(65.77)	2,318
Bulk purchases - electricity		44,054		48,940	52,650	4,878	3,964	29,574	(4,700)	33,717	52,650	(18,933)	(35.96)	52,650
Inventory consumed		5,759		7,193	5,634	825	1,323	958	552	3,659	5,634	(1,975)	(35.05)	5,634
Contracted services		8,030		17,971	15,821	2,582	2,876	1,246	4,511	11,215	15,821	(4,606)	(29.11)	15,821
Transfers and subsidies		246		838	498			120	120	240	498	(258)	(51.84)	498
Other expenditure		17,815		13,895	15,408	2,151	2,508	2,853	3,476	10,988	15,408	(4,419)	(28.68)	15,408
Losses		50												
Total Expenditure		182,033	-	191,830	204,637	68,409	34,080	57,238	26,886	186,613	204,637	(18,024)	(8.81)	204,637
Surplus/(Deficit)		(24,646)	-	(5,411)	(28,145)	(17,653)	(1,094)	(1,108)	10,090	(9,766)	(28,145)	18,379	(65.30)	(28,145)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		19,524		22,763	25,622	88	1,690	6,934	10,177	18,889	25,622	(6,734)	(26.28)	25,622
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)														
Transfers and subsidies - capital (in-kind - all)		34												
		(5,088)	-	17,352	(2,522)	(17,566)	595	5,826	20,267	9,123	(2,522)	11,646	(461.68)	(2,522)
Surplus/(Deficit) after capital transfers and contributions														
Taxation														
Surplus/(Deficit) after taxation		(5,088)	-	17,352	(2,522)	(17,566)	595	5,826	20,267	9,123	(2,522)	11,646	(461.68)	(2,522)
Attributable to minorities														
Surplus/(Deficit) attributable to municipality		(5,088)	-	17,352	(2,522)	(17,566)	595	5,826	20,267	9,123	(2,522)	11,646	(461.68)	(2,522)
Share of surplus/ (deficit) of associate														
Surplus/(Deficit) for the year		(5,088)	-	17,352	(2,522)	(17,566)	595	5,826	20,267	9,123	(2,522)	11,646	(461.68)	(2,522)

### 4.1 Quarterly Operating Revenue Variances

Only deviations exceeding 5% or more to be explained, and / or if considered to be material in nature and in need of an explanation to provide to the necessary context.

- **Interest earned on external investments (40% variance)** - Exceeds the forecast due to the cyclical nature of funds received and it being ring-fencing in call accounts. The budget was exceeded due to the slow and under-spending of conditional grants.

- **Interest earned on outstanding debtors (8% variance)** - Exceeds the budget due to a drop-off in the collection rate and the budget assumption of an 85% collection rate, not realizing because of the lack of implementation of the budget funding plan.
- **Fines Penalties and forfeits (-149%)** deviates as interest charges were incorrectly allocated to this item. Subsequently the parameter issue was addressed, and this item will be in line with the annual budget. Interest related correcting journals were incorrectly allocated to this item that caused the deviation, but of a very low base.
- **Licence and Permits (-56%)** - The reason for this variance was due to a breakdown in the equipment needed for the testing and issuing of licenses.
- **Agency Services (-10% variances)** – This is a difficult item to budget for with revenue realizing lower than the previous financial year in real terms when discounting the annual increase.
- **Transfer and subsidies (-5% variances)** – Not all operational grants were spent, and the municipality had an unspent amount to be carried over.
- **Other revenue (-5%)** – This is a very unpredictable item and revenue can be difficult to predict with it being very incidental in nature.

## 4.2 Quarterly Operating Expenditure Variances

- **Debt Impairment (58% variance)** – The municipality had written-off R38.5 million of prescription and indigent related debt during August 2021. The debt was meant to be written-off during the previous financial year and therefor the deviation from the current year budget.
- **Finance Charges (-66% variances)** – The budget accounted for interest on employee cost related provisions (PEMA & LSA) and interest on the provision for landfill sites that are not yet accounted for on the accounting system. Eskom related interest is also not yet completely accounted for on SAMRAS. The shortfall will definitely be eradicated and if anything, might exceed the budget.

- **Bulk Purchases (-36% variance)** – Not all Eskom accounts were accounted for to date and this are being addressed as part of the year-end procedures. It should be noted that the financial year has not been closed at the time of reporting.
- **Inventory Consumed (-36%), Contracted Services (-28%), Transfers and Subsidies (- 46%) and Other Expenditure (-27%),** This deviates from the budget as result of the municipality only incurring expenditure in terms of revenue realising.

## TABLE C5 – QUARTERLY BUDGETED CAPITAL EXPENDITURE

Western Cape: Kannaland (WC041) - Table C5 Quarterly Budgeted Capital Expenditure by Functional Classification and Funding for 4th Quarter ended 30 June 2022

Description	Ref	2020/21	2021/22	Budget year 2021/22										Full Year Forecast
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	
R thousands														
Capital Expenditure - Functional														
Municipal governance and administration		9,480	-	2,001	2,001	66	359	77	923	1,425	2,001	(575)	(28,76)	2,001
Executive and council				192	192		28	77		105	192	(87)	(45,27)	192
Finance and administration		9,480		1,809	1,809	66	332		923	1,320	1,809	(488)	(27,00)	1,809
Internal audit														
Community and public safety		(11,297)	-	378	1,211	-	-	634	189	823	1,211	(388)	(32,03)	1,211
Community and social services		(11,467)			833			634	90	724	833	(109)	(13,07)	833
Sport and recreation		170		378	378				99	99	378	(279)	(73,77)	378
Public safety														
Housing														
Health														
Economic and environmental services		-	-	500	513	305	144	(449)	28	28	513	(484)	(94,44)	513
Planning and development														
Road transport				500	513	305	144	(449)	28	28	513	(484)	(94,44)	513
Environmental protection														
Trading services		10,308	-	20,888	22,915	1,884	6,760	1,288	4,085	14,016	22,915	(8,899)	(38,83)	22,915
Energy sources		797		2,699	2,699		147	88	93	328	2,699	(2,371)	(87,85)	2,699
Water management		9,510		18,189	20,216	1,884	6,613	1,199	3,992	13,688	20,216	(6,528)	(32,29)	20,216
Waste water management														
Waste management														
Other														
Total Capital Expenditure - Functional	3	8,490	-	23,767	26,639	2,255	7,263	1,550	5,225	16,293	26,639	(10,346)	(38,84)	26,639
Funded by														
National Government		10,245		22,763	22,763	1,950	5,904	396	5,094	13,344	22,763	(9,419)	(41,38)	22,763
Provincial Government		(11,154)			2,859		1,053	1,525	90	2,668	2,859	(191)	(6,69)	2,859
District Municipality														
Transfers and subsidies - capital (monetary allocations) (Nat/Prov)														
Transfers recognised - capital		(909)	-	22,763	25,622	1,950	6,956	1,922	5,184	16,012	25,622	(9,610)	(37,51)	25,622
Borrowing	6													
Internally generated funds		614		1,004	1,004	305	307	(372)	28	268	1,004	(736)	(73,28)	1,004
Total Capital Funding		(295)	-	23,767	26,626	2,255	7,263	1,550	5,212	16,280	26,626	(10,346)	(38,86)	26,626

The total year to date expenditure amounts to R 16 million for grant funded projects. The year-to-date actual capital expenditure is 61% of the total Capital budget.

## TABLE C6 – Quarterly Budgeted Financial Position

Western Cape: Kannaland (WC041) - Table C6 Quarterly Budget Statement - Financial Position ( All ) for 4th Quarter ended 30 June 2022

Description	Ref	2020/21	2021/22	Budget year 2021/22										Full Year Forecast
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	
R thousands	1													
<b>ASSETS</b>														
<b>Current assets</b>														
Cash		12,512		(13,359)	(25,094)	(5,530)	929	(7,975)	270	(12,306)	(29,719)	17,413	(58,59)	(25,094)
Call deposits and investments		42,610		37,862	37,862	12,932	(4,563)	2,127	(10,913)	(417)		(417)		37,862
Consumer debtors		6,656		6,755	4,247	(34,125)	7,394	8,202	5,746	(12,782)	(4,104)	(8,678)	211,43	4,247
Other debtors		(85,795)		(46,381)	(46,381)	1,776	2,180	5,414	(397)	8,974	(1,250)	10,224	(817,89)	(46,381)
Current portion of long-term receivables														
Inventory		4,031		(2,867)	(2,249)	392	311	(96)	560	1,167	(4,692)	5,859	(124,86)	(2,249)
<b>Total current assets</b>		<b>(19,985)</b>	<b>-</b>	<b>(17,989)</b>	<b>(31,615)</b>	<b>(24,555)</b>	<b>6,250</b>	<b>7,672</b>	<b>(4,733)</b>	<b>(15,365)</b>	<b>(39,766)</b>	<b>24,401</b>	<b>(61,36)</b>	<b>(31,615)</b>
<b>Non current assets</b>														
Long-term receivables														
Investments														
Investment property		1,136		1,364	1,364									1,364
Investment in Associate														
Property, plant and equipment		313,149		349,890	352,761	(912)	5,152	(2,672)	2,058	3,626	15,923	(12,297)	(77,23)	352,761
Biological														
Intangible		18		38	38	(8)	(5)	(10)	(8)	(31)		(31)		38
Other non-current assets														
<b>Total non current assets</b>		<b>314,302</b>	<b>-</b>	<b>351,292</b>	<b>354,164</b>	<b>(920)</b>	<b>5,147</b>	<b>(2,682)</b>	<b>2,050</b>	<b>3,595</b>	<b>15,923</b>	<b>(12,328)</b>	<b>(77,43)</b>	<b>354,164</b>
<b>TOTAL ASSETS</b>		<b>294,317</b>	<b>-</b>	<b>333,303</b>	<b>322,549</b>	<b>(25,475)</b>	<b>11,397</b>	<b>4,989</b>	<b>(2,682)</b>	<b>(11,770)</b>	<b>(23,843)</b>	<b>12,072</b>	<b>(50,63)</b>	<b>322,549</b>
<b>LIABILITIES</b>														
<b>Current liabilities</b>														
Bank overdraft														
Borrowing		333		586	586	(153)	(159)	(165)	(170)	(647)		(647)		586
Consumer deposits		1,210		1,027	1,027	65	22	1	11	99		99		1,027
Trade and other payables		13,361		14,780	23,900	(7,671)	10,946	(613)	(22,772)	(20,110)	(20,028)	(82)	0,41	23,900
Provisions		8,265		12,619	12,619									12,619
<b>Total current liabilities</b>		<b>23,169</b>	<b>-</b>	<b>29,011</b>	<b>38,132</b>	<b>(7,759)</b>	<b>10,809</b>	<b>(776)</b>	<b>(22,931)</b>	<b>(20,658)</b>	<b>(20,028)</b>	<b>(630)</b>	<b>3,14</b>	<b>38,132</b>
<b>Non current liabilities</b>														
Financial liabilities		(28)		(429)	(429)						(1,292)	1,292	(100,00)	(429)
Provisions		53,904		37,511	37,511									37,511
<b>Total non current liabilities</b>		<b>53,876</b>	<b>-</b>	<b>37,082</b>	<b>37,082</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,292)</b>	<b>1,292</b>	<b>(100,00)</b>	<b>37,082</b>
<b>TOTAL LIABILITIES</b>		<b>77,045</b>	<b>-</b>	<b>66,094</b>	<b>75,215</b>	<b>(7,759)</b>	<b>10,809</b>	<b>(776)</b>	<b>(22,931)</b>	<b>(20,658)</b>	<b>(21,320)</b>	<b>663</b>	<b>(3,11)</b>	<b>75,215</b>
<b>NET ASSETS</b>	2	<b>217,272</b>	<b>-</b>	<b>267,209</b>	<b>247,335</b>	<b>(17,716)</b>	<b>589</b>	<b>5,766</b>	<b>20,249</b>	<b>8,887</b>	<b>(2,522)</b>	<b>11,410</b>	<b>(452,33)</b>	<b>247,335</b>
<b>COMMUNITY WEALTH/EQUITY</b>														
Accumulated Surplus/(Deficit)		221,420		238,953	238,953									238,953
Reserves		939		10,904	10,904	(150)	(7)	(60)	(19)	(236)		(236)		10,904
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>222,359</b>	<b>-</b>	<b>249,857</b>	<b>249,857</b>	<b>(150)</b>	<b>(7)</b>	<b>(60)</b>	<b>(19)</b>	<b>(236)</b>	<b>-</b>	<b>(236)</b>	<b>-</b>	<b>249,857</b>

## TABLE C7 – Quarterly Budgeted Cash Flow

Western Cape: Kannaland (WC041) - Table C7 Quarterly Budgeted Cash Flows ( All ) for 4th Quarter ended 30 June 2022

Description	Ref	2020/21	2021/22	Budget year 2021/22										Full Year Forecast
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	
R thousands														
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>														
<b>Receipts</b>														
Property rates		7,496		20,213	20,227	3,447	3,805	2,400	1,444	11,096	20,227	(9,131)	(45,14)	20,227
Service charges		26,341		89,407	86,739	19,531	17,485	12,400	5,820	55,237	86,739	(31,502)	(36,32)	86,739
Other revenue		1,379		9,833	3,895	331	267	235	213	1,045	3,895	(2,850)	(73,16)	3,895
Transfers and Subsidies - Operational	1	43,137		44,598	41,567	18,865	2,886	1,335	1,682	24,768	41,567	(16,799)	(40,41)	41,567
Transfers and Subsidies - Capital	1	22,164		22,763	25,622	2,542	4,004			6,546	25,622	(19,076)	(74,45)	25,622
Interest														
Dividends														
<b>Payments</b>														
Suppliers and employees		(17)		(152,375)	(149,089)		(588)	(12,665)	(3,379)	(16,631)	(149,089)	132,457	(88,84)	(149,089)
Finance charges														
Transfers and Grants	1													
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>100,500</b>	<b>-</b>	<b>34,440</b>	<b>28,962</b>	<b>44,716</b>	<b>27,858</b>	<b>3,707</b>	<b>5,780</b>	<b>82,062</b>	<b>28,962</b>	<b>53,100</b>	<b>183,34</b>	<b>28,962</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>														
<b>Receipts</b>														
Proceeds on disposal of PPE														
Decrease (Increase) in non-current debtors (not used)														
Decrease (increase) in non-current receivables														
Decrease (increase) in non-current investments														
<b>Payments</b>														
Capital assets				(23,767)	(26,626)			(5,881)	(1,226)	(7,107)	(26,626)	19,519	(73,31)	(26,626)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>(23,767)</b>	<b>(26,626)</b>	<b>-</b>	<b>-</b>	<b>(5,881)</b>	<b>(1,226)</b>	<b>(7,107)</b>	<b>(26,626)</b>	<b>19,519</b>	<b>(73,31)</b>	<b>(26,626)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>														
<b>Receipts</b>														
Short term loans														
Borrowing long term/refinancing														
Increase (decrease) in consumer deposits														
<b>Payments</b>														
Repayment of borrowing				(572)	(572)					(572)		572	(100,00)	(572)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>(572)</b>	<b>(572)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(572)</b>	<b>572</b>	<b>(100,00)</b>	<b>(572)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>100,500</b>	<b>-</b>	<b>10,100</b>	<b>1,763</b>	<b>44,716</b>	<b>27,858</b>	<b>(2,175)</b>	<b>4,554</b>	<b>74,954</b>	<b>1,763</b>	<b>73,191</b>	<b>4,151,34</b>	<b>1,763</b>
Cash/cash equivalents at the year begin:		48,805		42,488	42,488	-	44,712	72,570	70,396	-	-	-	-	42,488
Cash/cash equivalents at the year end:	2	149,305	-	52,588	44,251	44,712	72,570	70,396	74,950	74,950	1,763	73,191	4,151,34	44,251

The total bank balances ending of **Quarter 4 of 2021/2022** were as follow;

- Standard Bank Main Account : **R 981 thousand;**
- The Traffic Account : **R 376 thousand;**
- Deposit Account : **R 1. 3 million;** and
- Call Account : **R 10 million (unspent grants)**

The lack of revenue streams has left the municipality to be heavily dependent on grant funding to run its daily operations. Insufficient funding was available to fund reserves and provisions and the liquidity in the municipality remains a challenge and poses a risk to the day-to-day operations.



## TABLE C2 – Quarterly Budgeted Financial Performance (Functional Classification)

Western Cape: Kannaland (WC041) - Table C2 Quarterly Budgeted Financial Performance by Functional Classification for 4th Quarter ended 30 June 2022

Western Cape: Namdama (W0047) - Table Q2: Quarterly Budgeted Financial Performance by Functional Classification for 4th Quarter ended 30 June 2022														
Description	Ref	2020/21	2021/22	Budget year 2021/22										
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
R thousands														
<b>Revenue - Functional</b>														
Municipal governance and administration		59,433	-	40,973	42,232	21,961	9,113	19,675	9,059	59,809	42,232	17,576	41,62	42,232
Executive and council		34,237		6,402	7,365	12,730		13,500	813	27,043	7,365	19,678	267,17	7,365
Finance and administration		25,196		34,571	34,867	9,231	9,113	6,175	8,246	32,766	34,867	(2,102)	(6,03)	34,867
Internal audit														
Community and public safety		15,409	-	20,827	17,541	1,318	2,325	6,230	5,267	15,140	17,541	(2,401)	(13,69)	17,541
Community and social services		15,193		14,727	15,820	1,274	2,323	6,223	4,731	14,551	15,820	(1,268)	(8,02)	15,820
Sport and recreation														
Public safety		251				44	2	7	4	57		57		
Housing		(36)		6,100	1,721				532	532	1,721	(1,189)	(69,10)	1,721
Health														
Economic and environmental services		1,677	-	7,047	2,151	385	484	514	352	1,736	2,151	(415)	(19,32)	2,151
Planning and development														
Road transport		1,677		7,047	2,151	385	484	514	352	1,736	2,151	(415)	(19,32)	2,151
Environmental protection														
Trading services		100,426	-	140,336	140,190	27,179	22,754	36,646	32,474	119,052	140,190	(21,138)	(15,08)	140,190
Energy sources		56,671		74,321	68,974	17,940	13,343	22,377	17,761	71,421	68,974	2,447	3,55	68,974
Water management		27,712		35,358	37,908	4,772	5,081	8,613	9,920	28,386	37,908	(9,522)	(25,12)	37,908
Waste water management		8,188		15,079	16,137	2,236	2,189	2,797	2,395	9,618	16,137	(6,520)	(40,40)	16,137
Waste management		7,855		15,578	17,170	2,231	2,140	2,858	2,398	9,627	17,170	(7,543)	(43,93)	17,170
Other	4													
Total Revenue - Functional	2	176,945	-	209,182	202,114	50,843	34,676	63,064	47,153	195,736	202,114	(6,378)	(3,16)	202,114
<b>Expenditure - Functional</b>														
Municipal governance and administration		56,053	-	57,383	68,435	50,708	15,621	(22,402)	17,329	61,257	68,435	(7,178)	(10,49)	68,435
Executive and council		14,176		17,062	23,700	4,617	5,749	4,707	8,534	23,607	23,700	(94)	(0,39)	23,700
Finance and administration		41,877		40,321	44,735	46,092	9,873	(27,109)	8,795	37,650	44,735	(7,084)	(15,84)	44,735
Internal audit														
Community and public safety		10,562	-	17,233	13,240	2,592	3,669	2,712	3,216	12,189	13,240	(1,051)	(7,94)	13,240
Community and social services		7,726		9,166	9,856	2,075	2,807	2,122	1,999	9,003	9,856	(853)	(8,65)	9,856
Sport and recreation		380		549	379	56	35	108	199	398	379	19	4,98	379
Public safety		1,579		375	220	239	535	254	248	1,276	220	1,056	478,91	220
Housing		877		7,143	2,785	223	293	227	769	1,512	2,785	(1,273)	(45,71)	2,785
Health														
Economic and environmental services		8,845	-	16,083	11,749	2,193	2,103	2,800	2,544	9,640	11,749	(2,108)	(17,95)	11,749
Planning and development														
Road transport		8,845		16,083	11,749	2,193	2,103	2,800	2,544	9,640	11,749	(2,108)	(17,95)	11,749
Environmental protection														
Trading services		106,574	-	101,131	111,212	12,914	12,687	74,129	3,796	103,526	111,212	(7,686)	(6,91)	111,212
Energy sources		56,175		59,169	63,538	6,643	5,655	33,182	(2,571)	42,909	63,538	(20,629)	(32,47)	63,538
Water management		29,635		18,684	21,254	3,015	3,232	19,279	2,924	28,450	21,254	7,196	33,86	21,254
Waste water management		5,754		9,711	10,995	1,467	1,336	10,577	1,535	14,914	10,995	3,919	35,64	10,995
Waste management		15,010		13,566	15,425	1,790	2,463	11,091	1,908	17,253	15,425	1,828	11,85	15,425
Other	4													
Total Expenditure - Functional	3	182,033	-	191,830	204,637	68,409	34,080	57,238	26,886	186,613	204,637	(18,024)	(8,81)	204,637
		(5,088)	-	17,352	(2,522)	(17,566)	595	5,826	20,267	9,123	(2,522)	11,646	(461,68)	(2,522)

## TABLE C3 – Quarterly Budgeted Financial Performance

### (Revenue & Expenditure by Municipal Vote)

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q4 Fourth Quarter										
Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>Revenue by Vote</b>	1									
Vote 1 - MUNICIPAL MANAGER		34,237	6,402	7,365	813	27,043	7,365	19,678	267,2%	7,365
Vote 2 - CORPORATE SERVICES		15,822	26,377	18,175	1,866	15,443	18,175	(2,732)	-15,0%	18,175
Vote 3 - FINANCIAL SERVICES		24,791	34,128	34,432	2,669	32,352	34,432	(2,080)	-6,0%	34,432
Vote 4 - TECHNICAL SERVICES		102,096	142,274	142,141	12,836	120,891	142,141	(21,251)	-15,0%	142,141
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>176,945</b>	<b>209,182</b>	<b>202,114</b>	<b>18,185</b>	<b>195,729</b>	<b>202,114</b>	<b>(6,385)</b>	<b>-3,2%</b>	<b>202,114</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - MUNICIPAL MANAGER		14,176	17,062	23,700	3,455	23,646	23,700	(54)	-0,2%	23,700
Vote 2 - CORPORATE SERVICES		22,037	34,547	28,806	2,836	26,600	28,806	(2,206)	-7,7%	28,806
Vote 3 - FINANCIAL SERVICES		32,333	29,387	31,689	1,905	24,513	31,689	(7,176)	-22,6%	31,689
Vote 4 - TECHNICAL SERVICES		113,358	109,345	119,161	(4,077)	111,435	119,161	(7,726)	-6,5%	119,161
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		130	1,490	1,280	43	662	1,280	(618)	-48,2%	1,280
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>182,033</b>	<b>191,830</b>	<b>204,637</b>	<b>4,162</b>	<b>186,857</b>	<b>204,637</b>	<b>(17,779)</b>	<b>-8,7%</b>	<b>204,637</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(5,088)</b>	<b>17,352</b>	<b>(2,522)</b>	<b>14,023</b>	<b>8,872</b>	<b>(2,522)</b>	<b>11,394</b>	<b>-451,7%</b>	<b>(2,522)</b>

## PART 2 SUPPORTING DOCUMENTATION

### Section 5 – Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q4 Fourth Quarter

Description	NT Code	Budget Year 2021/22										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		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	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	808	792	767	657	731	918	3,348	19,022	27,043	24,677	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	746	218	187	128	128	90	341	1,697	3,535	2,383	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	1,007	486	394	346	309	303	2,528	14,852	20,225	18,337	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	264	246	246	246	245	245	1,445	10,977	13,913	13,157	-	-
Receivables from Exchange Transactions - Waste Management	1600	603	438	408	398	390	385	2,226	14,123	18,971	17,522	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	23	23	23	-	-
Interest on Arrear Debtor Accounts	1810	0	14	25	34	28	42	403	17,785	18,331	18,292	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(1,860)	182	149	139	134	114	603	2,774	2,234	3,764	-	-
Total By Income Source	2000	1,569	2,376	2,177	1,948	1,965	2,096	10,894	81,253	104,277	98,155	-	-
2020/21 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	(459)	82	65	53	16	16	390	607	770	1,081	-	-
Commercial	2300	309	232	219	172	163	120	621	3,006	4,843	4,083	-	-
Households	2400	1,966	1,918	1,760	1,603	1,673	1,844	8,781	67,838	87,383	81,740	-	-
Other	2500	(247)	144	133	120	113	115	1,101	9,801	11,281	11,250	-	-
Total By Customer Group	2600	1,569	2,376	2,177	1,948	1,965	2,096	10,894	81,253	104,277	98,155	-	-

- Outstanding debtors amounted to **R104.28** million during the end of **Q4**. Due to a timing issue, the debtors report closed with the billing cycle and subsequent payments will reduce the number of outstanding debtors to R90 million as at year-end (2021/2022).
- Recoverability will be a challenge with 78% of the total outstanding debtors are older than a year and 94% outstanding for more than 90 days.

## Section 6 – Creditors' analysis


**WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q4 Fourth Quarter**

Description	NT Code	Budget Year 2021/22								
		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
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	4,732	4,623	4,960	4,512	18,883	–	–	–	37,710
Bulk Water	0200	22	–	–	–	–	–	–	–	22
PAYE deductions	0300	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–
Loan repayments	0600	60	–	–	–	–	–	–	–	60
Trade Creditors	0700	343	471	463	433	7,534	–	–	–	9,244
Auditor General	0800	110	(1,408)	1,334	112	7,734	–	–	–	7,882
Other	0900	241	87	14	–	6,667	–	–	–	7,009
Total By Customer Type	1000	5,509	3,773	6,771	5,056	40,818	–	–	–	61,926

- Outstanding creditors increased with 16% on a quarter-to-quarter basis with the total amounting to R61.93 million at the end of Q4 vs R 52.7 million as at the end of Q3.
- The biggest outstanding creditors are Eskom (**R37.7 million**), the Auditor-General of South Africa (**R9.2 million**). Combined, the before-mentioned, represents **76%** of all outstanding creditors.

The outstanding trade creditors continue to have a negative influence on service delivery and the ability to fully comply to supply chain management regulations. Creditors are owed money for extended periods of time and this is causing a reluctance to quote and take part in competitive bidding processes. Pressure on cash flow is increasing with long outstanding creditors demanding settlement.

## Section 7 – Investment portfolio analysis

Kannaland Municipality (WC041) 32 Church Street P.O. Box 30 Ladismith 6655 Republic of South Africa	 <b>DBSA</b> Development Bank of Southern Africa  VAT Registration No: 4260126711
Date: 10.09.2018	
<b>ACCOUNT STATEMENT</b>	

Interest Accrual	30.06.2022	30.06.2022	0.00	2,801.70	0.00	2,801.70	275,500.71	272,699.01
Interest Capitalisation	30.06.2022	30.06.2022	0.00	-2,801.70	2,801.70	0.00	275,500.71	275,500.71
Repayment Due	30.06.2022	30.06.2022	-57,198.30	0.00	-2,801.70	-60,000.00	215,500.71	215,500.71

- The total outstanding long-term debt of Kannaland Municipality amounts to **R216 thousand**
- A monthly instalment of **R60 thousand** at an interest rate of **12.5%** per annum is being paid

## Section 8 – Allocation and grant receipts and expenditure

Transfers and Grant Receipts 2021/ 2022							
	Original Budget	Roll-over (Approved)	Adjustment Budget	Total Received	Total Spent	Unspent	REJECTED ROLLOVERS
<b>National Government Grants</b>							
Financial Management Grant (FMG)	R2,811,000.00	R82,803.00	R2,893,803.00	R2,893,803.00	R2,893,803.00	R0.00	
Integrated National Electrification (INEP)	R2,699,000.00		R2,699,000.00	R2,699,000.00	R2,140,956.57	R558,043.43	R1,576,282.41
Equitable Share	R30,553,000.00		R30,553,000.00	R12,730,000.00	R12,730,000.00	R0.00	-R13,924,972.59
Municipal Infrastructure Grant (Operational)	529,700.00		R529,700.00	R529,700.00	R529,700.00	R0.00	
Municipal Infrastructure Grant (Capital)	R10,064,300.00		R10,064,300.00	R10,064,300.00	R9,886,026.23	R178,273.78	R3,370,300.75
Water Service Infrastructure Grant	R10,000,000.00		R10,000,000.00	R10,000,000.00	R5,332,175.75	R4,667,824.25	R8,978,389.43
EPWP Incentive Grant	R1,359,000.00	R12,500.00	R1,371,500.00	R1,371,500.00	R1,371,500.00	R0.00	
<b>Provincial Government</b>							
Human Settlements	R6,100,000.00	-R4,379,000.00	R1,721,000.00	R531,804.50	R531,804.50		
Libraries (Conditional Grant)		R832,802.90	R832,802.90	R832,802.90	R799,599.79	R33,203.11	
MRF (Municipal Replacement Fund)	R3,217,000.00	R288,519.14	R3,505,519.14	R3,217,000.00	R3,129,321.84	R376,197.30	
Local Government Employee Support Grant		R900,000.00	R900,000.00	R900,000.00	R773,763.60	R126,236.40	
CDW Grant	R113,000.00	R62,943.00	R175,943.00	R175,943.00	R39,475.79	R136,467.21	
Provincial Government Roads	R50,000.00		R50,000.00	-R50,000.00		R0.00	
Drought Relief		R2,026,369.00	R2,026,369.00	R0.00	R2,080,801.99	-R54,432.99	
Capacity Bursary Grant	R250,000.00		R250,000.00	R250,000.00	R0.00	R250,000.00	
Departmental Agencies	<b>Original Budget</b>	<b>Roll-over (Approved)</b>	<b>Adjustment Budget</b>	<b>Total Received</b>	<b>Total Spent</b>	<b>Unspent</b>	<b>REJECTED ROLLOVERS</b>
Public Sector Seta	R145,000.00		R145,000.00	R133,704.00		R133,704.00	

The National Government rejected the Municipality rollover application in respect of MIG, WSIG and INEP. The impact of the rejected rollover affected the equitable share allocation, with R13 million being withheld by National Treasury. This has subsequently transferred in the current reporting period to own revenue from the unspent grants.

## Section 9 – Expenditure on Councillor, Senior Managers and Other Staff

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q4 Fourth Quarter									
Summary of Employee and Councillor remuneration	Ref	2020/21	Budget Year 2021/22						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands									
	1	A	B	C					D
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages		2,551	2,895	2,895	265	3,116	2,895	221	8%
Pension and UIF Contributions		0	-	-	3	26	-	26	#DIV/0!
Medical Aid Contributions		133	220	220	5	67	220	(154)	-70%
Motor Vehicle Allowance		189	172	172	19	157	172	(15)	-9%
Cellphone Allowance		311	349	349	26	307	349	(42)	-12%
Housing Allowances		-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		<b>3,184</b>	<b>3,637</b>	<b>3,637</b>	<b>318</b>	<b>3,672</b>	<b>3,637</b>	<b>36</b>	<b>1%</b>
<b>% increase</b>	4		<b>14,2%</b>	<b>14,2%</b>					<b>14,2%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages		1,802	2,525	3,937	239	1,670	3,937	(2,267)	-58%
Pension and UIF Contributions		0	3	3	0	1	3	(2)	-67%
Medical Aid Contributions		-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-
Motor Vehicle Allowance		64	168	168	3	130	168	(38)	-22%
Cellphone Allowance		35	75	75	6	37	75	(39)	-51%
Housing Allowances		-	17	17	-	-	17	(17)	-100%
Other benefits and allowances		29	272	552	2	172	552	(381)	-69%
Payments in lieu of leave		-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>1,930</b>	<b>3,060</b>	<b>4,753</b>	<b>251</b>	<b>2,009</b>	<b>4,753</b>	<b>(2,743)</b>	<b>-58%</b>
<b>% increase</b>	4		<b>58,6%</b>	<b>146,3%</b>					<b>146,3%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages		41,773	41,120	44,519	4,224	45,367	44,519	848	2%
Pension and UIF Contributions		5,472	7,271	7,258	586	6,740	7,258	(518)	-7%
Medical Aid Contributions		2,768	2,162	2,162	190	2,047	2,162	(115)	-5%
Overtime		5,118	4,106	4,893	7	4,747	4,893	(146)	-3%
Performance Bonus		2,012	-	-	-	1,354	-	1,354	#DIV/0!
Motor Vehicle Allowance		2,026	2,133	2,133	237	2,367	2,133	235	11%
Cellphone Allowance		119	80	80	18	165	80	85	106%
Housing Allowances		269	279	279	21	353	279	74	26%
Other benefits and allowances		2,408	4,651	4,712	507	5,796	4,712	1,084	23%
Payments in lieu of leave		688	-	130	-	34	130	(96)	-74%
Long service awards		(518)	-	100	-	-	100	(100)	-100%
Post-retirement benefit obligations		2,589	692	692	-	22	692	(670)	-97%
<b>Sub Total - Other Municipal Staff</b>		<b>64,722</b>	<b>62,493</b>	<b>66,957</b>	<b>5,790</b>	<b>68,992</b>	<b>66,957</b>	<b>2,035</b>	<b>3%</b>
<b>% increase</b>	4		<b>-3,4%</b>	<b>3,5%</b>					<b>3,5%</b>
<b>Total Parent Municipality</b>		<b>69,836</b>	<b>69,189</b>	<b>75,346</b>	<b>6,358</b>	<b>74,674</b>	<b>75,346</b>	<b>(672)</b>	<b>-1%</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>									
<b>Other Staff of Entities</b>									
Basic Salaries and Wages		-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-
<b>Sub Total - Other Staff of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% increase</b>	4								
<b>Total Municipal Entities</b>		<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>#DIV/0!</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>69,837</b>	<b>69,189</b>	<b>75,346</b>	<b>6,358</b>	<b>74,674</b>	<b>75,346</b>	<b>(672)</b>	<b>-1%</b>
<b>% increase</b>	4		<b>-0,9%</b>	<b>7,9%</b>					<b>7,9%</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>66,652</b>	<b>65,553</b>	<b>71,709</b>	<b>6,041</b>	<b>71,001</b>	<b>71,709</b>	<b>(708)</b>	<b>-1%</b>

## **Section 10 – Material variances to the SDBIP**

**FINAL REVISED TOP LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) 2021/22** includes the following:

KPA 1: To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens

KPA 2: To Provide adequate Services and improve our public relations

KPA 3: To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks

KPA 4: To Facilitate Economic Growth and Social and Community development

KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation

KPA 6: To Provide an efficient workforce by aligning our institutional arrangements to our overall strategy

KPA 7: To Strive towards a financially sustainable municipality

The performance of Kannaland Municipality in terms of the top-layer SDBIP will be included as an Appendix to this document.

## Section 11– Capital programme performance

Project Status 2021/2022 FY (June 2022)									
Grant	Project No	Project Name	Budget	Received	Outstanding	Expenditure	Still to spend	% Spend	Status/Progress/Comments
MIG	235124	Kannaland: Installation of Water Meters	R 577,517,00	R 577,517,00		R 543,239,32	R 34,277,68	94%	Contractor on site. Invoices paid but not captured on the MIG MIS system
MIG	213625	Zoar: Upgrade new Cemetery	R 1,688,015,00	R 1,688,015,00		R 1,802,100,57	-R 114,085,57	107%	Contractor on sit. Invoices was paid to late and not captured on the MIG MIS system.
MIG	160843	Ladismith: New Waste Water Treatment Works	R 6,422,209,00	R 6,422,209,00		R 6,378,195,85	R 44,013,15	99%	Contractor on site. Invoices was paid to late and not captured on the MIG MIS system.
MIG	285450	Ladismith: Upgrade Water Treatment Works	R 1,376,559,00	R 1,376,559,00		R 1,162,188,72	R 214,370,28	84%	Contractor appointed awaiting material delivery. Invoices was paid to late and not captured on the MIG MIS system.
MIG	PMU/041	PMU	R 529,700,00	R 529,700,00	R -	R 529,700,00	R -	100%	In progress
		<b>TOTALS</b>	<b>R 10,594,000,00</b>	<b>R 10,594,000,00</b>	<b>R -</b>	<b>R 10,415,424,46</b>	<b>R 178,575,54</b>	<b>98%</b>	<b>EXPENDITURE FOR 2021/2022 FY</b>
Grant	Project No	Project Name	Budget			Expenditure	Still to spend	% Spend	Status/Progress/Comments
WSIG		Calitzdorp: Deep Boreholes	R 10,000,000,00			R 5,332,176,34	R 4,667,823,66	53%	Contractor on site. Applied for Roll-over
		<b>TOTALS</b>	<b>R 10,000,000,00</b>	<b>R -</b>		<b>R 5,332,176,34</b>	<b>R 4,667,823,66</b>	<b>53%</b>	<b>EXPENDITURE FOR 2021/2022 FY</b>
Grant	Project No	Project Name	Budget			Expenditure	Still to spend	% Spend	Status/Progress/Comments
Drought Relief		Ladismith: Boreholes	R 2,026,369,00			R 2,080,801,99	-R 54,432,99	103%	Contractors appointed. Applied for Roll-over
		<b>TOTALS</b>	<b>R 2,026,369,00</b>			<b>R 2,080,801,99</b>	<b>-R 54,432,99</b>	<b>103%</b>	<b>EXPENDITURE FOR 2021/2022 FY</b>
Grant	Project No	Project Name	Budget			Expenditure	Still to spend	% Spend	Status/Progress/Comments
EPWP		Temporary Workers appointed	R 1,359,000,00	R 1,359,000,00	R -	R 1,359,000,00	R -	100%	Late approval of business plan by Council resulted in late submissions which caused the withholding of the first transfer. Targets are 118 work opportunities and 54 FTE
		<b>TOTALS</b>	<b>R 1,359,000,00</b>	<b>R 1,359,000,00</b>		<b>R 1,359,000,00</b>	<b>R -</b>	<b>100%</b>	<b>EXPENDITURE FOR 2021/2022 FY</b>
Grant	Project No	Project Name	Budget			Expenditure	Still to spend	% Spend	Status/Progress/Comments
INEP		Ladismith Electrification of new network	R 2,699,000,00	R 2,699,000,00	R -	R 2,140,956,58	R 558,043,42	79%	
		<b>TOTALS</b>	<b>R 2,699,000,00</b>	<b>R 2,699,000,00</b>	<b>R -</b>	<b>R 2,140,956,58</b>	<b>R 558,043,42</b>	<b>79%</b>	<b>EXPENDITURE FOR 2021/2022 FY</b>



## Section 13 – Quality certification

I, **Ian Avontuur**, the Acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the Quarterly Budget Statement for **Quarter 4**, ending **30 June 2022**, has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

**Print name: Ian Avontuur**

**Signature:** .....

**Date** .....

## APPENDIX A – BUDGET FUNDING PLAN

IMPLEMENTATION PLAN TOWARDS A FUNDED BUDGET										
Main Pillars	Key priority areas	Milestone/Output	Responsible	Target		Did the municipality meet the target?		Activities (To be implemented immediately to 30 November 2021)	Activities (To be implemented longer term Dec 2021 - Jul 2022)	SHORT TERM TARGETS & GENERAL PROGRESS
				Short to Medium Term - July 2021 to 30 Nov 2021	Long Term (Dec 2021 to June 2022)	Medium Term (July 2021 to Nov 2021)	Long Term (Dec 2021 to June 2022)			
Positive cash flows from revenue from trading services	Revenue Management	Improve the monthly Debt Collection Rate	Revenue Manager/ CFO	<ul style="list-style-type: none"> <li>Meet budget assumptions target pertaining to a 55% Collection Rate on billed services.</li> <li>Needs to improve 6% from the ytd collection rate. (76% to 82%) Note: Collection rate higher during Q1&amp;Q2</li> <li>Policies adjustments were made in support of activities</li> <li>R3.1 million additional revenue (4 months)</li> </ul>	<ul style="list-style-type: none"> <li>Maintain at least an average collection rate of 85% for the full financial year.</li> <li>R6.2 million additional revenue in total R9.3 additional / annum</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Award tenders in support of activity including: <ul style="list-style-type: none"> <li>Pre-paid water &amp; Electricity tender with auxiliary function</li> <li>Tender for issuing of summonses</li> <li>Bulk SMS / account notifications</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Expand the implementation of pre-paid water meters</li> <li>Address non-technical losses via exception reporting on pre-paid after system clean-up (impact of new pre-paid tender clearing dormant meters)</li> </ul>	<ul style="list-style-type: none"> <li>Pre-Paid vendor appointed and operational - auxiliary functions only be active from 31 Jan.</li> <li>Bulk SMS's are being sent out to inform the public on account status</li> <li>Collection rate missed the target and is currently on ytd basis 77.3%</li> <li>Summons tender - budget was secured, specifications were finalized and currently in the procurement process.</li> <li>Policy deficiencies to be addressed by the newly appointed council - impact on collection rate</li> </ul>
								<ul style="list-style-type: none"> <li>Resolve outstanding queries - <ul style="list-style-type: none"> <li>Public works</li> <li>Account disputes (farms)</li> <li>address issue of unpaid fire levies / disputes</li> <li>Policy (CreditC) implementation</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Continuous strengthening &amp; improvement in credit control actions - monitoring of progress</li> </ul>	<ul style="list-style-type: none"> <li>Disputes are being handled and government account issues were addressed - will need a council resolution to address some of the issues raised.</li> <li>Council must advise on debtors book items and cleaning of debtors</li> <li>Management of debtors will need policy support and a council resolution will be needed to change rebate on property rates to include RDP houses.</li> <li>Council support for fair and equitable credit control will be needed.</li> <li>Summons tender imperative to be finalised - impacting credit control negatively</li> </ul>
								<ul style="list-style-type: none"> <li>Implement Auxiliary Services</li> <li>Introduce pre-paid water to indigent households</li> <li>Monitor over / above R65 consumption of indigent households</li> </ul>	<ul style="list-style-type: none"> <li>Avoid prescription debt &amp; meet requirements of an official demand for payment</li> </ul>	<ul style="list-style-type: none"> <li>Auxiliary services will be implemented with the pre-paid electricity contract - start later than expected 31 Jan 2022</li> <li>Council support needed pertaining to indigent households and indigent management</li> </ul>
		Improve Accuracy of Monthly Billing	Revenue Manager/ CFO / Technical Director / Manager Technical Services	<ul style="list-style-type: none"> <li>Improve Revenue generation by R500 000</li> </ul>	<ul style="list-style-type: none"> <li>Improve Revenue generation by 2%</li> <li>Additional revenue of R 2.6 million</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Award a tender for TID &amp; Meter Verification</li> </ul>	<ul style="list-style-type: none"> <li>Water and Electricity meters to be recorded correctly and linked to the financial system</li> </ul>	<ul style="list-style-type: none"> <li>TID &amp; Meter verification - will be delayed due to a lack of funding</li> <li>Dormant meters were removed from the pre-paid system and will allow for improved exception reporting and curb non-technical elec losses.</li> <li>Pre-paid water meter installations - phase one indigent households - New council will advise on how to proceed, item will need political support</li> </ul>
								<ul style="list-style-type: none"> <li>Ensure Accurate Monthly Meter Reading &amp; Address system billing parameters</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that correct details of accountholder are on record and have been verified.</li> </ul>	<ul style="list-style-type: none"> <li>Corrective journals been passed to address misallocations and parameters will be fixed before the next billing cycle. Exception reporting is being done and will improve with the new pre-paid system being implemented.</li> <li>Debtors cleaning still needed</li> </ul>
								<ul style="list-style-type: none"> <li>Communication between departments - Meter installation &amp; reporting of broken meters</li> </ul>	<ul style="list-style-type: none"> <li>Improved access to accounts at a lower cost - email / download account</li> </ul>	<ul style="list-style-type: none"> <li>Initially delayed due to critical vacancies in technical dept, managerial positions. System in place will be improved and formalized.</li> <li>A portal was established to improve access to accounts and has been very successful - less account queries and positive impact payment of accounts</li> <li>Impertive that the pay-point at VWD will be restored.</li> <li>An analysis of the different sewerage systems will be needed in due course to support completeness of billing as well - Technical dept function/ building control regulations</li> <li>LT goal addressed, ST goal still WIP</li> </ul>

Positive cash flows - Revenue from other Sources	Other Revenue	Improved Contract Management	Legal / CFO / Manager Revenue / Asset Accountant	<ul style="list-style-type: none"> <li>Improved / complete rent register that reconciles to actual billing for rent</li> <li>Improved recordkeeping</li> <li>Additional revenue - R30k</li> </ul>	<ul style="list-style-type: none"> <li>Continuous strengthening of activity</li> <li>Improved Revenue 5% (R30k) - Full year R60k</li> <li>Evaluate where applicable market related rent &amp; economical viability of rent-generating /underlying asset</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Ensure all lease contracts are in place &amp; up to date</li> <li>market related rent where applicable.</li> <li>Apply credit control</li> </ul>	<ul style="list-style-type: none"> <li>Ensure all lease contracts are in place &amp; up to date</li> <li>market related rent where applicable.</li> <li>Apply credit control</li> </ul>	<ul style="list-style-type: none"> <li>Rental contracts for all properties are a WIP.</li> <li>Corrections on rental in addressing prior year audit findings were made</li> <li>Municipal properties in context of cost of up-keep should be evaluated and to consider disposal if uneconomical (R&amp;M on municipal houses vs rent income makes them uneconomical to keep) - a WIP</li> <li>Asset Account vacant and management of lease contracts - no progress</li> </ul>
		Traffic Department	Head: Traffic Services / CFO / Manager Community Services	<ul style="list-style-type: none"> <li>Realize budget relating to traffic fines -</li> <li>AARTO Implementation - at an cost effective cost and ensuring administrative costs are minimised.</li> <li>Revenue projection first 4 months R1.5 million</li> </ul>	<ul style="list-style-type: none"> <li>Revenue target Dec - Jun 2022 = R3.5 million</li> <li>Continuous improvement &amp; increase in productivity</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Appoint vendor</li> <li>Obtain experienced support on AARTO implementation &amp; effective management practices of administrative demands</li> <li>spot fines to improve collection rate</li> <li>increase section 56 fines</li> </ul>	<ul style="list-style-type: none"> <li>Improved productivity &amp; Performance</li> <li>Incorporate best practice practices</li> </ul>	<ul style="list-style-type: none"> <li>Impacted by leadership instability - currently extremely low income and procurement process to appoint vendor will be fast-tracked.</li> <li>Financial impact is significant - no AARTO much easier to address but progress to slow</li> <li>No revenue from speed camera fines - targets will be missed and revenue can be reduced to minimum (still interest charges to be removed then less than R20k of R5 mil budget)</li> </ul>
			Head: Traffic Services / CFO / Manager Community Services	<ul style="list-style-type: none"> <li>Improve vehicle testing experience &amp; improve service</li> <li>Additional revenue potential R100k</li> <li>Not to be subsidised - break-even</li> </ul>	<ul style="list-style-type: none"> <li>Transport Cpy's use local</li> <li>Issuing of drivers licenses</li> <li>Additional revenue R250k</li> <li>Become profitable</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Appoint a Head of Traffic Services</li> <li>Increase staff discipline &amp; productivity + clear targets</li> <li>Laise with transport &amp; earthmoving cpy's</li> <li>Analyse current performance</li> </ul>	<ul style="list-style-type: none"> <li>Build K53 test course</li> <li>Improve customer relations</li> <li>Monitor progress</li> </ul>	<ul style="list-style-type: none"> <li>Manager Traffic Services has been appointed</li> </ul>
2. Implementation of cost containment measures and a reduction of expenditure	Human Resource	Review and strengthen the implementation of HR policies.	HR Manager / Manager Technical Services / Director Technical Services /CFO	<ul style="list-style-type: none"> <li>Manage Overtime, Stand-by.</li> <li>Cut Empl costs by R500k</li> <li>Leave, Allowances, S&amp;T</li> <li>Reduce leave liability</li> <li>Increase productivity &amp;</li> <li>Improved org. culture</li> </ul>	<ul style="list-style-type: none"> <li>Continues improvement in effectiveness &amp; productivity in the use of HR</li> <li>Cut Empl cost by R1.5mil /Y/E</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Review all HR policies in context of the cost containment measures</li> <li>Phased-in implementation of cost cutting measures on allowances</li> <li>Ensure completeness of HR records and related party transactions</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that all policies be workshopped and well understood</li> <li>promote implementation. To be monitored on a monthly basis</li> <li>Cost containment measures implemented &amp; report upon</li> </ul>	<ul style="list-style-type: none"> <li>All municipal officials service account details communicated and monitored to be paid on a monthly basis / HR monitor - no progress</li> <li>Ensure that payroll data correspond with HR records - WIP - was done for the 2020/21 audit</li> <li>Cost Containment Measures Policy to be strengthened by HR policies. Reporting quarterly on implementation as required in terms of regulation</li> <li>Progress not sufficient</li> </ul>
	Contract Management	Appointment & Monitoring of the contract function.	Legal / SCM / CFO / Director Technical Services	<ul style="list-style-type: none"> <li>Manage cost of consultants &amp; legal expenses.</li> <li>All outsourced contract costs justifiable</li> <li>Build internal capacity &amp; reduce dependence</li> <li>R100k reduction</li> </ul>	<ul style="list-style-type: none"> <li>Ensure completeness of contracts in place</li> <li>Performance measures in place - improved performance</li> <li>Y/E reduction of R500k</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Policy for the appointment of consultants, stringent monitoring and see to value for money.</li> <li>A "need" analysis must be completed and ensure that the appointment is justifiable.</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of consultant performance on a regular base</li> <li>ensure capacity building</li> <li>in-house activities instead of using consultants to do the job of officials</li> </ul>	<ul style="list-style-type: none"> <li>Draft Contract Management Policy with a value for money and needs assessment checklist was drafted and stands to be workshopped and approved.</li> <li>Consultant performance to be monitored and not to overlap with current employee functions / or replace - WIP</li> </ul>
4. Creditors payment rates that ensure that all fixed obligations, including obligations for bulk purchases, are met	Liability Management	Compliance to section 65 of the MFMA	BTO / CFO	<ul style="list-style-type: none"> <li>Pay all current creditors on 30 days</li> <li>Affordable Eskom payment arrangement</li> <li>Reduction of Finance charges</li> </ul>	<ul style="list-style-type: none"> <li>Pay Current creditors and reduce old outstanding debt</li> <li>R800k saving in finance charges (F&amp;W)</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Recognise expenditure when incurred and capture immediately on the system / Use GRN's</li> <li>improve accuracy of reporting</li> <li>Monthly cash flow planning &amp; address straight lining of cash flows in the budget</li> <li>Establish a budget steering committee in line with MBRR</li> </ul>	<ul style="list-style-type: none"> <li>Monthly payable reconciliations</li> <li>Develop a strategy to deal with creditors in arrears and interest charges</li> <li>AG fees to 1% of Exp</li> </ul>	<ul style="list-style-type: none"> <li>Recognition of expenditure on an accrual basis will be addressed with the help of Ducharme (to be funded out of cost saving on AFS tender)</li> <li>Budget Steering committee to be established by new council - sit once a month &amp; monitor budget implementation</li> <li>Little progress to date - significant impact on planning and ability to manage finances</li> </ul>
5. Ring fencing of conditional grants and ensuring that conditional grant funding is cash backed			BTO / CFO / PMU / Technical Director	<ul style="list-style-type: none"> <li>Spending of conditional grants</li> <li>Improved grant and retention management practices</li> <li>No grants to revert back to PT /NT</li> </ul>	<ul style="list-style-type: none"> <li>Ensure mSCOA compliance and transactional accuracy on SAMRAS</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>An accurate grant and retention registers in place.</li> <li>Account cash &amp; accrual basis to accommodate dept reporting. Trace old grant owners and request recognition of revenue</li> <li>Administration responsibilities of PMU allocated</li> </ul>	<ul style="list-style-type: none"> <li>Ensure mSCOA compliance and transactional accuracy on SAMRAS</li> <li>Get assistance if necessary - prioritised reporting accuracy - seamless transacting no Jnl's</li> </ul>	<ul style="list-style-type: none"> <li>Retention register accurate and functional, grant register to be improved and linked to projects</li> <li>Role of PMU i.t.o retention, grant and contract register be defined</li> <li>Progress but improvement needed</li> </ul>

4. Other measures	Losses Management	Reduce water distribution losses	CFO / Technical Director / Manager Technical Services	<ul style="list-style-type: none"> <li>Reduce water losses to 30%</li> </ul>	<ul style="list-style-type: none"> <li>Reduce water losses to 25%</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Reduce theft through exception reporting and monitoring of use.</li> <li>Technical losses managed by isolating areas of high losses and fix</li> <li>Pre-Paid meters indigent households</li> </ul>	<ul style="list-style-type: none"> <li>Meter verification &amp; TID process</li> <li>Expansion of Pre-paid water metering system</li> <li>Calibration of bulk meters</li> </ul>	<ul style="list-style-type: none"> <li>Water losses was reduced to 15,1% during Q2</li> <li>Water losses dropped to 21,6% but Zoar bulk meter is impacting accuracy.</li> <li>Pre-paid water meters is much needed - assist credit control and management of water</li> </ul>
		Reduce Electricity distribution losses	CFO / Technical Director / Manager Technical Services	<ul style="list-style-type: none"> <li>Reduce elec losses by 1%</li> <li>R130 k reduction in bulk account</li> </ul>	<ul style="list-style-type: none"> <li>Reduce elec losses by 2% for the full year</li> <li>R950k</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Reduce theft through exception reporting and monitoring of use.</li> <li>Technical losses managed by isolating areas of high losses and fix</li> <li>Removing dormant meters from pre-paid system</li> </ul>	<ul style="list-style-type: none"> <li>Meter verification &amp; TID process</li> </ul>	<ul style="list-style-type: none"> <li>Pre-paid electricity contract will address dormant meter issue and improve exception listing capabilities</li> <li>C2d Losses (16,7%) to be addressed as it pulled down the average losses to 12,9% - above the target.</li> <li>significant progress towards addressing non-technical losses - results to be reported</li> </ul>
	Asset Management	Improved fleet management	SCM Manager / CFO	<ul style="list-style-type: none"> <li>Reduce fleet opex by R10k</li> </ul>	<ul style="list-style-type: none"> <li>Reduce fleet opex by R30k full year</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Award fleet monitoring contract</li> <li>Manage fuel and vehicle usage, (tyres / licensing etc.)</li> <li>Monthly reporting</li> <li>Review policy considerations</li> </ul>	<ul style="list-style-type: none"> <li>Improved monitoring</li> <li>Manage condition and care of municipal fleet</li> <li>accurate logbooks and records of use</li> </ul>	<ul style="list-style-type: none"> <li>Draft policy in place to be adjusted according to fleet management contract</li> <li>Fleet Management contract - no progress</li> </ul>
		Ensure assets reach expected economic life & only maintain economic assets	CFO / Technical Director / SCM Manager	<ul style="list-style-type: none"> <li>Improve use of municipal assets</li> <li>Evaluate economical use of municipal assets</li> <li>reduce cost R&amp;M especially on municipal houses</li> </ul>	<ul style="list-style-type: none"> <li>Cost reduction on maintenance and revenue disposal of assets R2 million</li> <li>Review &amp; accommodate Adj Budget</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Identify uneconomical assets.</li> <li>Identify indicators of impairment and reason.</li> <li>Maintain through maintenance plans and avail finances for financing</li> </ul>	<ul style="list-style-type: none"> <li>Develop a R&amp;M Policy</li> <li>Improved reporting on asset management &amp; use</li> <li>Dispose of all uneconomical assets</li> <li>review municipal houses and economical viability to maintain</li> </ul>	<ul style="list-style-type: none"> <li>high maintenance cost of municipal houses and lack of contracts an issue that will be dealt with.</li> <li>Asset verification revealed areas of concern to be investigated and reported to MM</li> <li>Asset management function currently standing still - no staff</li> </ul>
	Staff Expenditure	Staff Expenditure maintained at affordable ratio to Expenditure (funded budget)	CFO / BTO Manager	<ul style="list-style-type: none"> <li>Review effectiveness of org structure &amp; organogram</li> <li>Prioritise vacancies &amp; manage risks / return on investment in staff</li> </ul>	<ul style="list-style-type: none"> <li>Reduced to 35% of total opex expenditure (in deficit express in terms of revenue)</li> <li>Realize a R1.5 million saving</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Ensure expense justify the output - performance management and</li> <li>filling of critical vacancies will improve revenue.</li> <li>Prioritise expense.</li> </ul>	<ul style="list-style-type: none"> <li>Review grading of positions (T-Grading)</li> <li>Structure council to ensure savings (Sec 79 Chair combine with Dep Mayor position - R400k/annum saving)</li> </ul>	<ul style="list-style-type: none"> <li>New Council to advise - cost to be evaluated against disposal income and operational costs needs to be reduced.</li> <li>YTD employee and council expenditure contributed to 64% of all cash expenditure transactions relative to the financial year (income statement related)</li> </ul>

## APPENDIX B - SCM IMPLEMENTATION REPORT

**APPENDIX C – COST CONTAINMENT MEASURES IMPLEMENTATION**

## APPENDIX D – SDBIP

## APPENDIX E – MFMI PRIORITIES REPORT