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NORTHERN CAPE PROVINCIAL TREASURY

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Quarterly Consolidated Municipal Performance Report 3rd Quarter

MBQR: March 2018

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ACRONYMS

BTO	Budget and Treasury Office
MFMA	Municipal Finance Management Act, 56 of 2003
MSA	Municipal Systems Act, 32 of 2000
SCM	Supply Chain Management
CFO	Chief Financial Officer
CAPEX	Capital Expenditure
PAYE	Pay as you earn
SDBIP	Service Delivery and Budget Implementation Plan
MIG	Municipal Infrastructure Grant
RSC	Regional Service Council Levies

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1. INTRODUCTION

In terms of section 71 of the Municipal Finance Management Act (MFMA), municipalities are required to submit to the relevant provincial treasury a monthly statement on the state of the municipality's budget, by no later than 10 working days after the end of the month. The statement must be in the form of a signed document and electronic format. Section 74 of the MFMA requires accounting officers to submit such information, returns, documents and motivations as may be required.

The provincial treasury must by no later than 22 working days after the end of each month submit to the National Treasury a consolidated statement on the statement of municipalities' budgets in the prescribed format.

To facilitate transparency, the National Treasury publishes this information within 30 days after the end of each quarter.

Publishing this information is part of the evolving system of reporting envisaged by the MFMA. The aim is to assist in oversight of performance, address shortcomings, improve internal controls and facilitate service delivery. Publishing this information further improves transparency and fosters effective oversight, promotes fiscal discipline and provides a mechanism for measuring the ongoing performance of the municipality.

The financial analysis focuses on a number of key aspects of financial performance: including the status of the capital and operational budgets, debtors and grants.

The implementation of capital budgets by municipalities is a vital element of the roll-out of service delivery. The focus of the financial report on this element is intended to motivate municipalities to meet their budget and service delivery commitments to the community, and to highlight deviations in this regard.

The analysis of the implementation of municipalities' operational budget is intended to monitor whether expenditure is taking place within the total adjusted budget limits and that revenue targets are being realized so as to ensure the agreed service delivery targets are achieved in a sustainable manner.

Material under-expenditure is indicative of poor service delivery performance. Over-expenditure may be an indication of unauthorized payments, poor service delivery planning or unsustainable pricing of services.

Debt collection is crucial element of financial sustainability, with non-payment by debtors putting the ability of municipalities to meet their expenditure plans at risk. Debtors' aged analysis is a generally accepted early warning technique to indicate when collection levels and the time taken to collect are deteriorating. High or increasing levels of payments, and high or increasing levels of the absolute value of outstanding debts, are clear indications that there are problems with a municipality's revenue collection systems

2. CONSOLIDATED MUNICIPAL BUDGET OUTCOMES AS AT 31 MARCH 2018

2.1 Provincial Overview: Budget Performance

This report is based on the available financial information as submitted by the municipalities. The budget outcome for the period ending 31 March 2018 is summarized as follows:

The Provincial Treasury is using the Local Government database of the National Treasury as the primary source for the data used in the report.

Table 1 : Aggregate Expenditure as at 31 March 2018

District Municipality	Original Budget (R000)	Adjusted Budget (R000)	No of Municipalities in the District	Year to Dated (R000)	% Spent
Sol Plaatje	2 168 557	2 271 753	1	1 488 390	66%
John Taolo Gaetsewe	1 447 942	1 399 881	4	524 032	37%
Namakwa	854 534	842 780	7	387 327	46%
Pixley ka Seme	1 162 377	1 182 331	9	683 256	58%
ZF Mgcawu	1 506 272	1 508 859	7	816 524	54%
Frances Baard	863 324	875 170	4	354 270	40%
Total	5 834 449	5 809 820	31	2 765 408	48%

* Provincial Total Exclude Sol Plaatje

Table 1 above shows the aggregate expenditure of both operating and capital expenditure for all municipalities in the province.

In aggregate municipalities in the province (excluding Sol Plaatje) spent a total of R2.8 billion or 48% of the total adjusted budgets of R5.8 billion, this represent a year on year decrease of R313,314 million or 10% when compared to the same period of the previous financial year.

Municipalities in Pixley ka Seme district reported the highest expenditure at R683,256 million or 58%, of their total adjusted budgets, followed by those in ZF Mgcawu District at R816,524 million or 54%, Namakwa at R387,327 million or 46%, Frances Baard at R354,270 million or 40% and the lowest was reported in John Taolo Gaetsewe at R524,032 million or 37%.

2.1.1 Operating Budgets

Sound financial practice and the desire to maintain a credible budget dictates that municipal budgets be properly funded, constantly monitored and be responsive to changes in service demand.

Annual operating budgets should not be appropriated on balanced basis, where operating revenue are used to fund operating expenditure. The budget of a municipality must be funded.

2.1.2 Operating Revenue

Table 1.1 and figure 1.1 indicate the aggregated municipal revenue generated as at 31 March 2018

Table 1.1 : Operating Revenue as at 31 March 2018 (R'000)

District Municipality	Original Budget	Adjusted Budget	Year to Date	% Collected	Detail		
					Property Rates	Service Charges	Other
Sol Plaatje	2 104 318	2 104 318	1 512 597	72%	420 929	759 968	332 699
Namakwa	758 186	800 756	467 380	58%	74 320	201 118	191 942
Pixley ka Seme	1 055 971	1 068 970	719 081	67%	69 588	290 229	359 264
ZF Mgcawu	1 384 634	1 384 634	885 343	64%	96 900	445 100	343 343
Frances Baard	764 188	764 188	493 774	65%	33 000	111 628	349 146
John Taolo Gaetsewe	1 190 435	1 199 731	696 099	58%	38 878	104 008	553 212
Total	7 257 733	7 322 598	4 774 275	65%	733 617	1 911 050	2 129 608

Municipalities are largely self-financing. This means that the bulk of their resources must be raised from own resources such as rates and taxes.

Revenue determines the capacity of the municipality to provide and sustain service. To ensure that revenue is adequate to support the desired levels of services, the municipality must carefully and routinely monitor all amounts due to it. This implies that aggressive policy of collection must be followed for all receivables.

Municipalities in the province reported to have generated total revenue of R4.8 billion or 65% of the total adjusted operating revenue budgeted of R7.3 billion, this represent a year on year decrease of R699,492 million or 13%. However, factoring out grant allocations and giving consideration to huge increase in outstanding debtors, the assumption would be that minimal fiscal effort has been applied by municipalities to generate revenue.

Municipalities in Pixley ka Seme region reported the highest revenue at R719,081 million or 67% of their total adjusted revenue budget, followed by those in Frances Baard at R493,774 million or 65% and ZF Mgcawu at R885,343 million or 64% respectively.

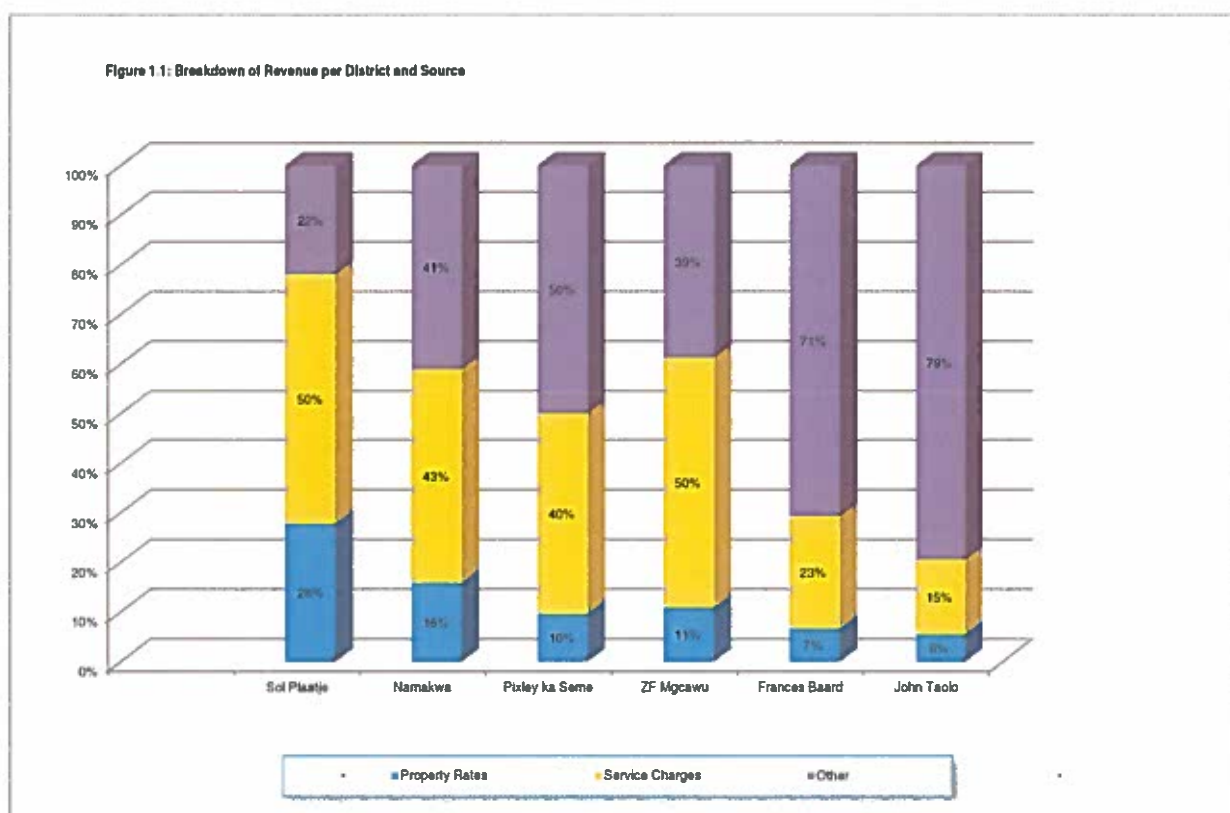
Namakwa and John Taolo Gaetsewe municipalities reported the lowest expenditure at R467,380 million and R696,099 million or 58% of their respective revenue adjusted budgets.

The highest revenue was reported under Other/sundry revenue at R2.1 billion or 45% of the total operating revenue of R4.8 billion, followed by Service Charges at R1.9 billion or 40% and the lowest was reported under property rates at R733,617 million or 15%.

From Table 1.1 it is evident that whilst municipalities are revenue raising agents, they are still reliant on grants from central governments.

On the district level, the second biggest revenue stream is that of service charges relating to Water, Electricity, Refuse and Sanitation.

Figure 1.1 below indicates the breakdown of revenue per district and the corresponding sources.



From figure 1.1 it is evident that most income is generated from other revenue sources. This constitutes mostly sources that include Grants and Subsidies, Interest from investment, Rental of municipal facilities and fines.

Other/sundry revenue contributed 79% in John Taolo Gaetsewe, 71% in Frances Baard, 50% in Pixley ka Seme, 41% in Namakwa and 39% in ZF Mgcawu

Service Charges have contributed 47% in ZF Mgcawu, 39% in Namakwa, 38% in Pixley ka Seme, 16% in Frances Baard district and 14% in John Taolo Gaetsewe.

Property Rates contributed 16% in Namakwa, 11% in ZF Mgcawu, 10% in Pixley ka Seme, 7% in Frances Baard and 6% in John Taolo Gaetsewe.

2.1.3 Operating Expenditure

Table 1.2 below shows total operating expenditure reported by municipalities in the province excluding Sol Plaatje Municipality.

Table 1.2 : Operating Expenditure as at 31 March 2018

District Municipality	Original Budget (R'000)	Adjusted Budget (R'000)	No of Municipalities in the District	Year to Dated (R'000)	% Spent
Sol Plaatje	1 938 481	1 957 812	1	1 331 791	68%
John Taolo Gaetsewe**	1 029 169	1 087 858	4	375 692	35%
Namakwa	689 954	716 129	7	263 525	37%
Pixley ka Seme	936 604	937 607	9	603 511	64%
ZF Mgcawu	1 304 702	1 317 338	7	733 585	56%
Frances Baard	714 282	722 168	4	280 043	39%
Total	4 674 711	4 781 098	31	2 256 356	47%

* Provincial Total Exclude Sol Plaatje

Municipalities in the province had spent R2.2 billion or 47%(excluding Sol Plaatje) of the total adjusted operating expenditure budget of R4.8 billion as at the end of the 3rd quarter, which represent an decrease of R410,727 million or 15% when compared to the same period of the previous financial year.

Municipalities in Pixley ka Seme reported the highest expenditure at R603,511 million or 64% of their adjusted budget, followed by those in ZF Mgcawu at R733,585 million or 56%, Frances Baard at R280,043 or 39%, Namakwa at R263,525 million or 37% and John Taolo Gaetsewe reported the lowest expenditure at R375,692 million or 35%.

Table 1.3 and figure 1.2 show the breakdown of consolidated municipal operating expenditure for reporting municipalities by district.

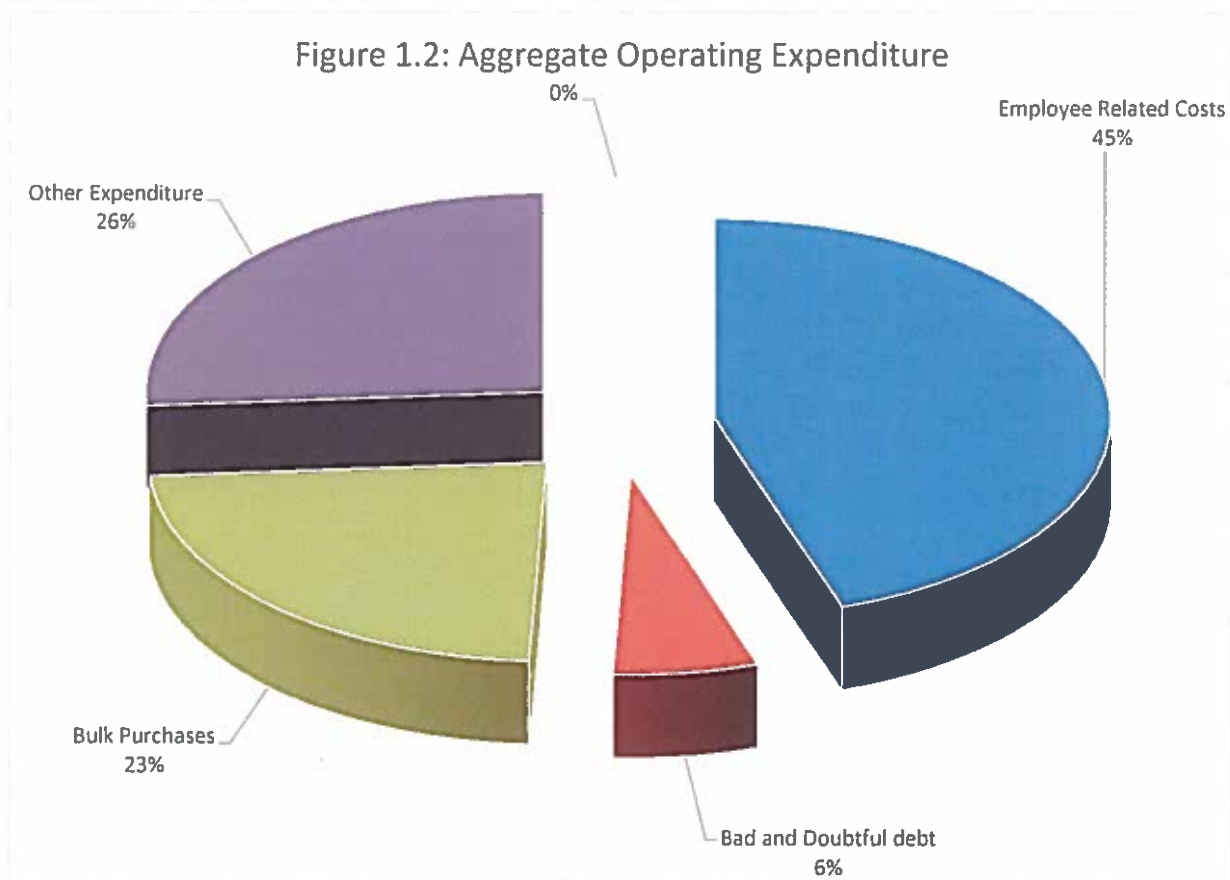
Table 1.3 - Operating Expenditure as at 31 March 2018 (R'000)

District Municipality	Original Budget	Adjusted Budget	Year to Date	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Sol Plaatje	1 936 491	1 957 812	1 331 791	68%	482 169	211 024	351 130	287 468
Namakwa	689 954	716 129	263 525	37%	119 066	942	69 900	73 618
Pitso ka Seme	936 604	937 607	603 511	64%	272 388	540	138 595	191 988
ZF Mgcawu	1 304 702	1 317 338	733 585	56%	397 129	9	169 830	166 617
Frances Baard	714 282	722 166	280 043	39%	156 471	-	26 304	97 268
John Taolo Gaetsewe	1 029 169	1 087 858	376 892	35%	179 616	148	75 605	120 323
Total	8 611 202	8 738 910	3 588 147	53%	1 606 839	212 663	831 364	937 281

The consolidated operating expenditure for the 3rd quarter amounted to R3.6 billion or 53% of the total adjusted budget of R6.7 billion, this represent a year on year decrease in operating expenditure of R342,070 million or 9% when compared to the same period of the previous financial year.

The highest expenditure was reported under employee related cost at R1.6 billion or 45% of the total expenditure of R3.6 billion, followed by Other/sundry expenditure at R937,281 million or 26%, bulk purchases of water and electricity at R831,364 million or 23% and the lowest was reported under bad and doubtful debt at R212,663 million or 6%.

Figure 1.2 shows aggregate operating expenditure by category



Employee related cost amounts to 45%, while Other/sundry 26%, Bulk purchase 23% and Bad and doubtful debt 6%. Other expenses include among others capital charges, hire charges and rentals.

To ensure that the primary infrastructure useful life is maintained and preserved, it is critical for the municipalities to increase their allocations and spending on repairs and maintenance. Municipalities are also encouraged to budget for the renewal of existing assets.

2.1.4 Capital Budgets

The table 1.4 below shows provincial spending on capital budgets in all districts in the province. As a general trend municipality are supposed to have spent 50% of their capital budgets at the end of first quarter. Funding for capital spending is mostly from conditional grants, primarily the Municipal Infrastructure Grant (MIG).

Table 1.4 : Capital Expenditure as at 31 March 2018

District Municipality	Original Budget (R000)	Adjusted Budget (R000)	No of Municipalities in the District	Year to Dated (R000)	% Spent
Sol Plaatje	232 068	313 941	1	156 599	67%
John Taolo Gaetsewe	418 773	311 823	4	148 340	48%
Namakwa	164 580	126 651	7	123 801	98%
Pixley ka Seme	225 773	245 724	9	79 745	32%
ZF Mgcawu	201 570	191 521	7	82 938	43%
Frances Baard	149 042	153 004	4	74 227	49%
Total	1 159 738	1 028 722	31	509 052	49%

* Provincial Total Exclude Sol Plaatje

Capital spending incurred by municipalities in the province (except Sol Plaatje municipality) amounted to R509,052 million or 49% of the total adjusted capital budget of R1.0 billion, which represent a year on year increase in capital budget spending at R97,413 million or 24%.

Spending was generally very low with all municipalities in the Province and this is a worrying factor as it gives an indication of poor planning and/or budgeting for the roll out of infrastructure plans as well as poor/inaccurate reporting.

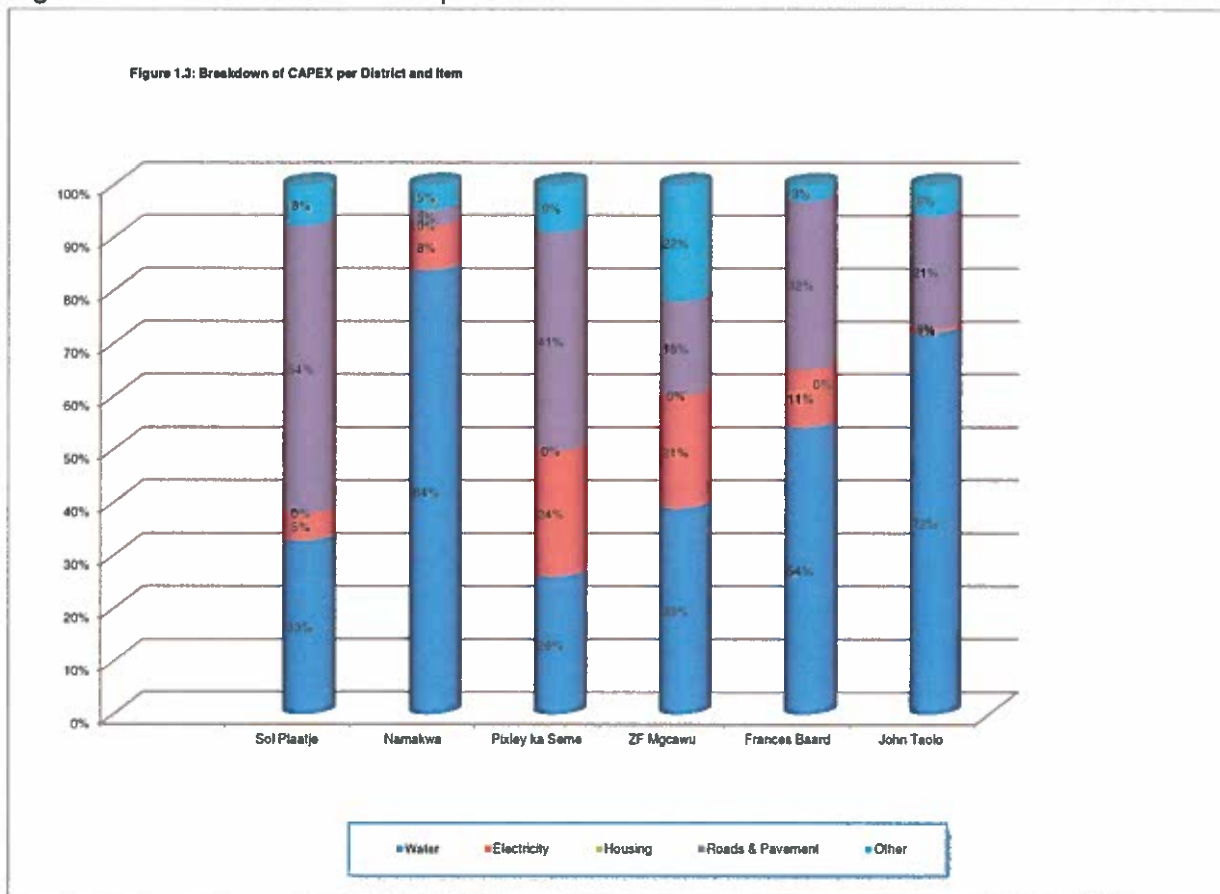
Municipalities in Namakwa district reported the highest capital expenditure at R123,801 million or 98% of their total capital budget, followed by those in Frances Baard at R74,227 million or 49%, John Taolo Gaetsewe at R148,340 million or 48% and ZF Mgcawu at R82,938 million or 43%.

Municipalities in Pixley ka Seme district reported the lowest capital expenditure at R79,745 million or 32%.

Sol Plaatje municipality reported capital expenditure of R156,599 million or 67%.

Figure 1.3 below indicates a breakdown of capital expenditure (CAPEX) by municipalities per district, according to the major items of the expenditure

Figure 1.3: Breakdown of CAPEX per District and Item



The spending on infrastructure as an average for the province is broken down into the following spending categories from the highest to the lowest; Water at 47%, Roads and Pavements at 30%, Electricity at 13% and, other at 10%. Housing was the lowest at 0%. The other is constituted by assets not classified under Infrastructural Assets like community halls, libraries, clinics, museums, office equipment and/or vehicles.

2.1.5 Accounts Receivable (Debtors)

In terms of section 35(6) of the MFMA, National and Provincial Departments and Entities must promptly meet their financial commitments towards municipalities. The significant amount of debt owed by government to municipalities is a clear indication that these financial commitments are not being met on time. This is an indication that municipalities in the province are still faced with the challenge of effectively implementing debt collection and credit control policy.

Table 1.5 shows outstanding debtors per district municipality and supporting table 1.5 (a) shows the outstanding debtors per customer group and per service type as at 31 March 2018.

Table 1.5 : Debtor Age Analysis as at 31 March 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	119 500	5%	211 192	9%	50 698	2%	1 874 873	83%	2 256 263	51%
Namakwa	23 063	7%	9 547	3%	7 393	2%	291 707	88%	331 710	8%
Pixley ka Seme	12 509	2%	22 420	4%	17 318	3%	501 037	91%	553 284	13%
ZF Mgcawu	44 665	10%	11 957	3%	11 808	3%	357 496	84%	425 926	10%
John Taolo Gaetsewe	14 011	4%	9 220	3%	8 579	3%	289 217	90%	321 027	7%
Frances Baard	23 239	4%	9 875	2%	9 566	2%	489 184	92%	531 874	12%
Total	236 987	5%	274 211	6%	105 362	3%	3 803 524	86%	4 420 084	100%

Supporting table 1.5(a) (1): Debtor Age Analysis by customer group as at 31 March 2018 (R'000)

Provincial Total	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	30 891	4%	172 896	20%	12 401	1%	661 915	75%	878 103	20%
Business	91 406	15%	27 083	4%	20 428	3%	467 650	77%	606 769	14%
Households	99 294	4%	73 760	3%	69 551	2%	2 570 082	91%	2 812 687	64%
Other	15 394	13%	472	0%	2 982	2%	103 677	85%	122 525	3%
Total	236 987	5%	274 211	6%	105 362	2%	3 803 524	86%	4 420 084	100%
Water	39 647	4%	33 348	3%	32 507	3%	998 415	90%	1 103 917	25%
Electricity	91 207	21%	24 830	6%	17 637	4%	297 841	68%	431 515	10%
Property rates	45 263	4%	133 697	13%	15 744	1%	858 545	82%	1 063 249	24%
RSC Levies										
Other	60 870	3%	82 336	5%	39 474	2%	1 638 723	90%	1 821 403	41%
Total	236 987	5%	274 211	6%	105 362	2%	3 803 524	86%	4 420 084	100%

Total debt owed to municipalities in province amounts to R4.4 billion, this represent a year on year increase of R828,918 million or 23% when compared to the same period of the previous financial year. Of the total debtors outstanding, R3.8 billion or 86% is owed for more than 90 days. Most of these debtors are not realistically collectable.

Municipalities in Pixley ka Seme district reported the highest outstanding debtors at R553,284 million or 13% of the total outstanding debtors of R4.4 billion, followed by those in Frances Baard at R531,874 million or 12%, ZF Mgcawu at R425,926 million or 10%, Namakwa at R331,710 million or 8% and the lowest was reported in John Taolo Gaetsewe district at R321,027 million or 7%.

Sol Plaatje municipality alone reported outstanding debtors at R2.3 billion or 51% of the reported outstanding debtors in the province.

In aggregate 5% of debtors is outstanding between 0-30 days, 6% for 31-60 days, 3% for 61-90 day and 86% for more than 90 days.

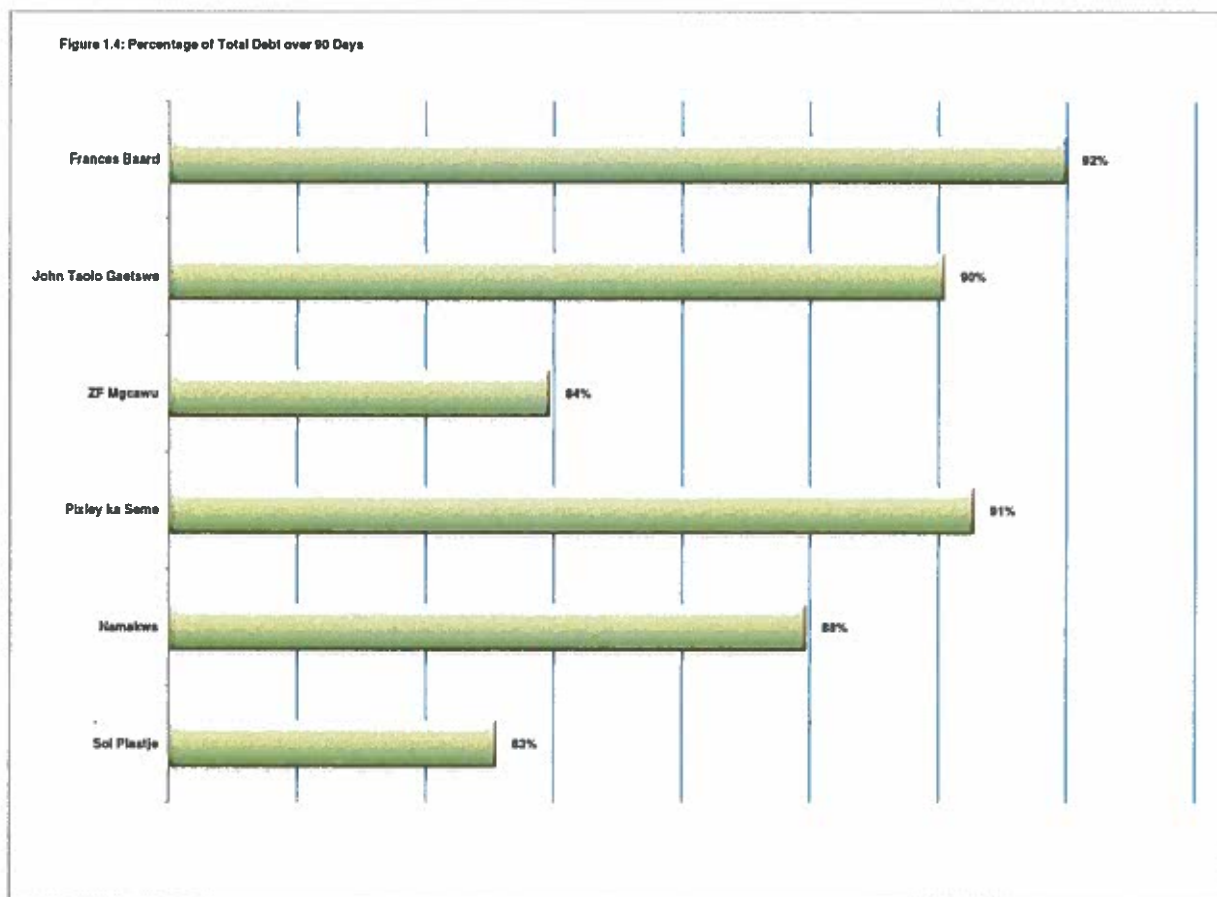
Table 1.5 (a) shows age analysis by customer group.

Government departments owed municipalities R878,103 million or 20% and business owed an amount of R606,769 million or 14%, while household owed R2.8 billion or 64% of the total outstanding debtors.

Of the total outstanding debtors owed by government, R661,915 million or 75% was due for more than 90 days.

The highest outstanding debtors was reported under other debtors at R1.8 billion or 41% of the total outstanding debtors of R4.4 billion, followed by water at R1.1 billion or 25%, property rates at R1.1 billion or 24% and the lowest was reported under electricity at R431,515 million or 10%.

Figure 1.4 shows outstanding debtors over 90 days as a percentage of total outstanding debtors



Of the total owed over 90 days, Frances Baard district reported the highest at 92%, followed by Pixley ka Seme at 91%, John Taolo Gaetsewe at 90%, Namakwa at 88% and the lowest was reported in and ZF Mgcawu at 84%.

2.1.6 Accounts Payable (Creditors)

In terms of section 65(2) (e) of the MFMA, municipalities must pay creditors within 30 days. Section 65(2) (f) of the MFMA further stipulates that the municipality must comply with its tax, pension, medical aid, audit fees and other statutory commitments.

Table 1.6 indicates the total outstanding creditors per district municipality and table 1.6 (a) shows outstanding creditors per category.

Of the total outstanding creditors 18% represents outstanding creditors up to 30 days and 72% is over 90 days

Table 1.6 : Creditors Age Analysis as at 31 March 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	76 932	100%							76 932	6%
Namakwa	23 783	9%	13 296	5%	7 573	3%	222 778	83%	267 430	20%
Paisley ka Seme	24 494	8%	9 124	3%	13 026	4%	248 514	84%	297 040	23%
ZF Mgcawu	46 928	14%	10 748	3%	3 956	1%	286 307	82%	348 939	27%
John Taolo Gaetsewe	0	0%	43 760	25%	28 135	16%	100 202	58%	172 097	13%
Frances Baard	58 161	35%	1 194	1%	2 400	2%	87 927	59%	149 682	11%
	232 298	18%	78 122	6%	55 090	4%	945 728	72%	1 313 120	100%

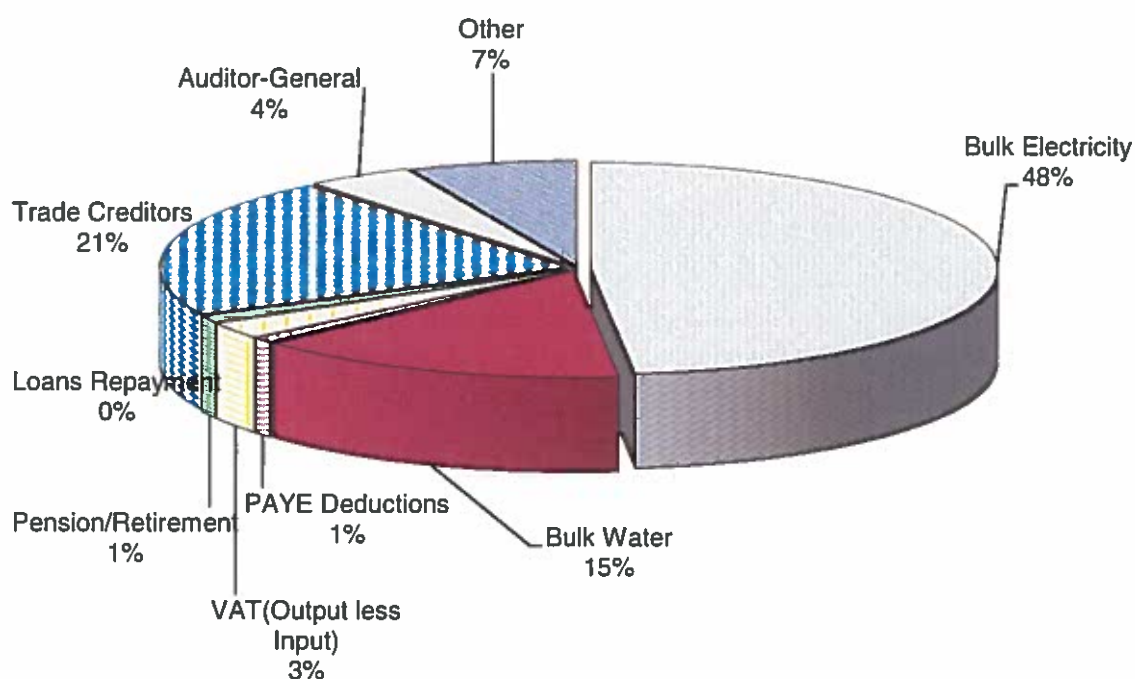
Table 1.6(a): Outstanding Creditors as at 31 March 2018 (R'000)

Provincial overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	60 867	10%	26 192	4%	19 021	3%	527 442	83%	633 522	48%
Bulk Water	14 736	8%	12 355	6%	4 596	2%	163 901	84%	195 588	15%
PAYE Deductions	9 234	84%	385	4%	301	3%	1 028	9%	10 948	1%
VAT (Output less Input)	10 658	32%	1 259	4%	0	0%	21 825	65%	33 742	3%
Pension/Retirement	11 980	83%	1 635	11%	255	2%	576	4%	14 454	1%
Loans Repayments										
Trade Creditors	72 891	26%	32 978	12%	25 647	9%	149 505	53%	281 021	21%
Auditor-General	-12 509	-22%	2 512	5%	6 138	11%	59 498	107%	55 637	4%
Other	64 433	73%	806	1%	1 018	1%	21 953	25%	88 208	7%
Total	232 298	18%	78 122	6%	55 072	4%	945 728	72%	1 313 120	100%

Municipalities in the province owed their creditors a total amount of R1.3 billion as the end of third quarter, this represent a year on year increase of R606,202 million or 86% when compared to the same period of the previous financial year.

Municipalities in ZF Ngcawu district reported the highest outstanding creditors at R349,939 million or 27% of the total outstanding creditors of R1.3 billion, followed by those in Pixley ka Seme district at R297,040 million or 23%, Namakwa at R267,430 million or 20%, John Taolo Gaetsewe at R172,097 million or 13% and the lowest was reported in Frances Baard district at R149,682 million or 11%.

Figure 1.5 : Creditors per Category as % of Total



Of the total outstanding creditors 48% is due under electricity, followed by trade creditors at 21%, bulk water at 15%, other sundry creditors at 7%, PAYE, auditor general at 4%, VAT at 3%, pension and PAYE at 1% and the lowest was reported under loan repayment at 0%

Most accounts payable are outstanding for over 90 days. This is contrary to section 65(2) (f) of the MFMA. This may pose a serious risk on the municipality's ability to continue providing sustainable services should the suppliers stop the services. As it is well known these services are the most essential service to be supplied by local authorities to consumers and the rest of society.

2.1.7 Cash Flow

The way in which a municipality generates and manages its cash flows determines the extent to which it can provide the required level of services and meet its commitments.

Table 1.7 shows the sources and application of cash by municipalities in the province over the period under review.

Table 1.7 : Cash Flow Position as at 31 March 2018 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
John Taolo Gaetsewe	5 063	503 594	178 394	193 817	175 987	127 602	6 133	89 906	93 606
Namakwa	15 962	385 290	373 270	190 345	223 914	102 182	1 370	203 424	53 287
Pixley Ka Seme	21 747	369 517	440 836	260 260	204 228	65 334	6 809	249 671	45 798
ZF Mgcawu	58 017	379 053	577 239	392 630	140 623	78 080	5 279	226 041	171 656
Frances Baard	283 258	722 745	1 155 468	614 960	342 186	167 901	5 011	597 051	434 362
Total	384 047	2 360 199	2 725 207	1 652 012	1 086 938	541 099	24 602	1 368 093	798 709

Source : FYM Summary Reports Submitted by Municipalities to LG Database

The total aggregate cash and cash equivalents for the period under review ended positively with an amount of R798,709 million. All districts reported positive cash and cash equivalent at the end of the period under review, with the highest positive cash and cash equivalent reported in Frances Baard R434,362 million, followed by ZF Mgcawu at R171,656 million, John Taolo Gaetsewe district at R93,606 million, Namakwa at R53,287 million and the lowest positive cash and cash equivalent was reported in Pixley ka Seme at R45,798 million.

Though most municipalities in the province are reporting positive cash and cash equivalent at the end of the period, it must be noted that the correctness of the reported information is questionable. This is evident by the growing outstanding creditors and outstanding debtors. The slow spending of capital budget which is mostly financed by the conditional grants might be an indication that municipalities are using the conditional grants to fund operational budget.

3. Detailed Municipal Analysis per Municipality

3.1 John Taolo Gaetsewe

3.1.1 Operating Revenue

Table 2.1(a) shows the reported revenue collected as at 31 March 2018 by the municipalities in the John Taolo Gaetsewe District against the budgeted revenue.

Table 2.1(a) : Operating Revenue as at 31 March 2018 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Joe Morolong	272 108	289 323	264 723	91%	2 905	10 421	251 396
Ga-Segonyana	426 626	418 707	354 140	85%	35 973	93 587	224 580
Gamagara	409 327	409 327	-	0%	-	-	-
John Taolo Gaetsewe District	82 374	82 374	77 236	94%	-	-	77 236
Total	1 190 435	1 190 731	696 099	58%	38 878	104 008	553 212

Municipalities in the district reported an actual year to date revenue at R696,099 million or 58% of the total adjusted operating budget of R1.2 billion in the district, this represent a year on year decrease of R364,448 million or 34% when compared to the same period of the previous financial year.

Joe Morolong reported the highest revenue at R264,723 million or 91% of their adjusted revenue budget of R289,323 million, followed by Ga-Segonyana at R354,140 million or 85%.

Gamagara municipality has not submit their reports since the beginning of the financial year.

Other/Sundry revenue constitutes R553,212 million or 79% of the total revenue generated of R696,099 million in this district, followed by Service Charges at R104,008 million or 15% and Property Rates being the lowest at R38,878 million or 6%. The high revenue collection on *other* can be attributed to the Grants and subsidies received by the municipalities especially the district.

3.1.2 Operating Expenditure

Table 2.1(b) shows the total expenditure incurred by the municipalities in the District. The figures indicate that the municipalities in the district have spent R375,692 million or 35% of the total adjusted budget of R1.1 billion. The lower spending in the district can be attributed to the non-reporting by Gamagara municipality. This represent a year on year decrease in operating budget spending by R164,610 million or 30% when compared to the same period of the previous year.

Table 2.1(b) : Operating Expenditure as at 31 March 2018 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Joe Morolong	157 639	174 710	101 613	58%	52 202	-	8 667	40 744
Ga-Segonyana	330 499	357 117	210 666	59%	82 569	149	66 937	61 011
Gamagara	459 603	474 604	-	0%	-	-	-	-
John Taolo Gaetsewe District	81 428	81 428	83 413	78%	44 845	(0)	-	18 568
Total	1 029 169	1 087 858	375 692	35%	179 616	148	75 605	120 323

The highest expenditure in the district is Employee related costs at R179,616 million or 48% of the total adjusted expenditure of R375,692 million, followed by Other sundry expenditure at R120,323 million or 32%, Bulk purchases of water and electricity at R75,605 million or 20% and the lowest was reported under bad and doubtful debt at R148 thousand or 0%.

Ga-Segonyana municipality reported the highest expenditure in the district at R210,666 million or 59% of their budget, followed by Joe Morolong at R101,613 million or 58%.

Gamagara municipality did not submit their report.

3.1.3 Capital Expenditure

Table 2.1(c) shows capital spending by municipalities in the district as at 31 March 2018. The municipalities have spent R148,340 million or 48% of the total adjusted capital budget of R311,823 million, which represent a year on year decrease of R54,160 million or 27% when compared to the same period of the previous financial year. On a straight-line basis, municipalities should have spent at least 75% of their capital budget as the end of the third quarter.

Table 2.1(c) : Capital Expenditure as at 31 March 2018 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Joe Morolong	114 264	114 613	71 009	62%	58 734	-	-	5 967	6 288
Ga-Segonyana	95 256	90 980	77 305	85%	46 794	1 061	-	25 678	3 772
Gamagara	208 307	105 614	-	0%	-	-	-	-	-
John Taolo Gaetsewe District	945	1 216	26	2%	-	-	-	-	26
Total	418 773	311 823	148 340	48%	105 528	1 061	-	31 665	10 086

The highest capital expenditure was reported in Ga - Segonyana at R77,305 million or 85% of their total adjusted capital budget of R90,980 million, followed by Joe Morolong at R71,009 million or 62% and Gamagara did not report.

The slow spending by the municipalities is a worrying factor as it gives an indication of poor planning and/or budgeting for the roll out of infrastructure plan.

The spending on infrastructure items in the district ranges from the highest to the lowest in the different categories; Water was the highest at R105,528 million or 71%, followed by Roads & Pavements at R31,665 million or 21%, other capital expenditure at R10,086 million or 7% and the lowest was reported under electricity at R1,061 million or 1%.

3.1.4 Debtors

Table 2.1(d) shows total outstanding debtors in the whole district per municipality, whereas supporting table 2.1(d)(1) shows outstanding debtors in the district per customer group.

Table 2.1(d) : Debtor Age Analysis as at 31 March 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Joe Morolong	3 750	2%	3 719	2%	3 486	2%	185 628	94%	196 593	61%
Ga-Segonyana	9 903	9%	5 348	5%	4 305	4%	81 044	82%	110 600	34%
Gamagara										
John Toalo Gaetswe	358	3%	153	1%	778	6%	12 545	91%	13 834	4%
Total	14 011	4%	9 220	3%	8 579	3%	289 217	90%	321 027	100%

Supporting table 2.1(d)(1):Debtor Age Analysis by customer group as at 31 March 2018 (R'000)

	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
John Toalo District										
Government	1 686	3%	661	1%	1 211	2%	48 835	93%	50 393	16%
Business	6 161	9%	3 578	5%	2 763	4%	53 772	81%	66 274	21%
Households	5 859	3%	4 756	2%	4 433	2%	183 967	92%	199 015	62%
Other	305	6%	225	4%	172	3%	4 643	87%	5 345	2%
Total	14 011	4%	9 220	3%	8 579	3%	289 217	90%	321 027	100%
Water	3 885	7%	2 789	5%	2 448	4%	45 871	83%	54 993	17%
Electricity	4 119	26%	1 728	11%	1 618	9%	8 726	54%	16 091	5%
Property rates	2 346	2%	1 754	2%	1 615	1%	103 582	95%	109 117	34%
RSC Levies	0	0%	0	0%	0	0%	0	0%	0	0%
Other	3 661	3%	2 949	2%	3 098	2%	131 118	93%	140 826	44%
Total	14 011	4%	9 220	3%	8 579	3%	289 217	90%	321 027	100%

Municipalities in the district are owed an amount of R321,027 million, which represent a year on year increase of R210,599 billion or 191% when compared to the same period of the previous financial year.

Table 2.1(d) shows that the highest outstanding debtors were reported in Joe Morolong at R196,593 million or 61% and Ga-Segonyana at R110,600 million or 34%.

Table 2.1(d)(1) shows that of the total outstanding debtors R199,015 million or 62% was owed by Households, followed by Business at R66,274 million or 21%, Government at R50,393 million or 16% and the lowest was reported under other sundry debtors at R5,345 million or 2%.

The highest outstanding amount was reported under other sundry debtors at R140,826 million or 44% of the total outstanding debtors, followed by property rates at R109,117 million or 34%,

water at R54,993 million or 17% and the lowest reported under electricity at R16,091 million or 5%.

Gamagara municipalities did not submit their debtors' age analysis reports for the period under review.

3.1.5 Creditors

Table 2.1 (e) shows outstanding creditors in the District per municipality and 2.1 (e) (1) shows outstanding creditors in the District by type.

Table 2.1(e) : Creditors Age Analysis as at 31 March 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Joe Morolong										
Ga-Segonyana			43 569	25%	28 043	16%	100 055	58%	171 667	100%
Gamagara										
John Tsalo Gaetswe			191	44%	92	21%	147	34%	430	0%
Total			43 760	25%	28 135	16%	100 202	58%	172 097	100%

Table 2.1(e) (1): Outstanding Creditors as at 31 March 2018

District overview R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity			11 178	23%	7 132	15%	30 523	63%	48 831	28%
Bulk Water			2 214	33%	2 214	33%	2 214	33%	6 642	4%
PAYE Deductions										
VAT(Output less Input)										
Pension/Retirement										
Loans Repayments										
Trade Creditors			30 370	28%	18 789	16%	67 465	58%	116 624	68%
Auditor-General										
Other										
Total			43 760	25%	28 135	16%	100 202	58%	172 097	100%

Municipalities in this region owe creditors a total of R172,097 million and Ga – Segonyana is the only local municipality that reported creditors of R171,667 million or 100%,

Joe Morolong and Gamagara municipality did not submit their creditors' age analysis report.

Table 2.1(e) (1) shows that from the total outstanding creditors R172,097 million, R116,624 million or 68% was owed to trade creditors, followed by bulk electricity at R48,831 million or 28%, and the lowest was reported under bulk water at R6,642 million or 4%

3.1.6 Cash Flow

The way in which a municipality generates and manages its cash flows determines the extent to which it can provide the required level of services and meet its commitments.

Table 2.1(f) shows the sources and application of cash by municipalities in the district over the period under review.

Table 2.1(f) : Cash Flow Position as at 31 March 2018 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Joe Morolong	1 074	227 053	28 169	52 202	93 944	63 088		16 165	30 897
Ga-Segonyana	3 841	197 054	137 520	93 835	51 532	64 514	5 738	73 741	49 055
Gamagara									0
John Taolo Gaetsewe District	148	79 487	12 705	47 780	30 511		395		13 654
Total	5 063	503 594	178 394	193 817	175 987	127 602	6 133	89 906	93 606

Source : IYM Summary Reports Submitted by Municipalities to LG Database

The total aggregate cash and cash equivalents for the period under review ended positively with an amount of R93,606 million.

Ga-Segonyana reported the highest positive cash and cash equivalent at R49,055 million, followed by Joe Morolong at R30,897 million and Gamagara municipality did not report.

3.1.7 MFMA Returns

	Quarterly			
	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities
	Q3	Q3	Q3	Q3
Joe Morolong	x	x	x	x
Ga-Segonyana	x	x	√	√
Gamagara	√	x	x	x
John Taolo Gaetsewe District	√	√	√	√

√ Documents Received

Only the district municipality submitted all its required reports for the quarter under review, Ga-Segonyana submitted two reports, Gamagara Submitted one report and Joe Morolong did not submit any report.

3.2 Namakwa District

3.2.1 Operating Revenue

Table 2.2(a) shows actual revenue collected as at 31 March 2018 by the municipalities in the Namakwa District against the budgeted revenue.

Table 2.2(a) : Operating Revenue as at 31 March 2018 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Richtersveld	86 881	87 636	59 410	68%	11 012	21 090	27 308
Nama Khoi	257 221	265 236	215 263	81%	45 100	106 417	63 746
Kamiesberg	63 821	73 911	16 497	22%	-	9 556	6 941
Hantam	160 687	175 266	47 082	27%	8 390	36 541	2 151
Karoo Hoogland	67 331	67 331	49 291	73%	5 459	14 714	29 118
Khai-Ma	65 654	72 276	35 075	49%	4 359	12 800	17 916
Namakwa District	56 591	59 100	44 762	76%	-	-	44 762
Total	759 186	800 756	467 380	58%	74 320	201 118	191 942

The whole district managed to generate R467,380 million or 58% of the total adjusted revenue budget of R800,756 million, which represent a year on year decrease of R6,909 million or 1% when compared the same period of the previous financial year.

The highest revenue was reported in Nama - Khoi at R215,263 million or 81% of their adjusted budget of R265,236 million, followed by Karoo Hoogland at R49,291 million or 73%, Richtersveld at R59,410 million or 68%, Khai-Ma at R35,075 million or 49%, Hantam at R47,082 million or 27% and the lowest was reported in Kamiesberg at R16,497 million or 22%.

Service Charges constitutes R201,118 million or 43% of the total revenue generated of R367,380 million in this district, followed by Other/Sundry revenue at R191,942 million or 41% and the lowest was reported under Property Rates at R74,320 million or 16%.

The high revenue collection on *Other* can be attributed to the Grants and subsidies received by the municipalities especially the district.

3.2.2 Operating Expenditure

Table 2.2(b) shows the total expenditure incurred by the municipalities in the District. The figures indicate that the municipalities in the district have spent R263,525 million or 37% of the total adjusted budget of R716,129 million, which represent a year on year decrease of R139,201 million or 35% when compared to same period of the previous financial year.

Table 2.2(b) : Operating Expenditure as at 31 March 2018 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Richtersveld	65 389	74 241	38 482	52%	14 890	942	10 269	12 363
Nama Khoi	280 746	291 248	72 612	25%	21 099	-	32 594	18 919
Kamiesberg	63 261	63 579	16 397	26%	14 327	-	-	2 070
Hantam	94 803	96 642	49 456	51%	26 613	-	12 974	9 870
Karoo Hoogland	59 091	59 091	40 195	68%	17 221	-	5 577	17 397
Khai-Ma	61 079	63 671	32 049	50%	17 427	-	8 488	6 134
Namakwa District	65 585	67 668	14 354	21%	7 490	-	-	6 864
Total	689 954	716 129	263 525	37%	119 066	942	69 900	73 618

The highest expenditure in the district is on employee related cost at R119,066 million or 45% of the total expenditure of R263,525 million followed by other general expenses at R73,618 million or 28%, bulk purchases of water and electricity at R69,900 million or 27% and the lowest was reported under bad and doubtful debt at R942 thousand or 0%.

Karoo Hoogland municipality reported the highest expenditure at R40,195 million or 68% of their adjusted budget, followed by Richtersveld at R38,462 million or 52%, Hantam at R49,456 million or 51%, Khai-Ma at R32,049 million or 50%, Kamiesberg at R16,397 million or 26% and the lowest was reported in Nama Khoi at R38,462 million or 25%.

3.2.3 Capital Expenditure

Table 2.2(c) shows capital spending by municipalities in the District. Municipalities have spent R123,801 million or 98% of the total adjusted capital budget of R126,651 million, which represent an increase of capital expenditure at R72,251 million or 140% when compared to the same period of the previous financial year.

Table 2.2(c) : Capital Expenditure as at 31 March 2018 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Richtersveld	21 948	21 948	9 001	41%	2 913	3 401	-	339	2 348
Nama Khoi	24 774	32 579	13 963	43%	10 439	3 523	-	-	-
Kamiesberg	11 601	21 604	8 990	42%	8 990	-	-	-	-
Hantam	75 577	15 350	74 583	489%	69 599	1 243	-	2 894	827
Karoo Hoogland	8 145	8 145	12 040	148%	8 678	2 058	-	99	1 204
Khai-Ma	22 425	26 589	5 214	20%	3 226	186	-	482	1 320
Namakwa District	110	536	31	6%	-	-	-	-	31
Total	184 580	126 651	123 801	98%	103 847	10 412	-	3 813	5 730

Hantam municipality reported the highest capital expenditure at R74,563 million or 489% , which represent an abnormal overspending of 389% of their adjusted capital budget, followed by Karoo Hoogland at R12,040 million or 148%, Nama Khoi at R13,963 million or 43%, Kamiesberg at R8,990 million or 42%, Richtersveld at R9,001 million or 41% and the lowest was reported in Khai-Ma at R5,214 million or 20%.

The district municipality spending is mostly on equipment, furniture and vehicles.

The highest expenditure was reported under water at R103,847 million or 84% of the total capital expenditure of R123,801 million, followed by electricity at R10,412 million or 8%, other capital expenditure at R5,730 million or 5% and the lowest was reported under roads & pavement at R3,813 million or 3%

3.2.4 Debtors

Table 2.2(d) shows total debtors outstanding in the whole district, whereas supporting table 2.2(d) (1) show outstanding debtors in the district per customer group.

Table 2.2(d) : Debtor Age Analysis as at 31 March 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Richtersveld										
Nama Khoi	10 213	7%	5 354	4%	2 840	2%	123 649	87%	142 056	43%
Kamiesberg	4 592	6%	1 453	2%	1 302	2%	64 394	90%	71 741	22%
Hantam	4 678	11%	1 193	3%	919	2%	35 831	84%	42 621	13%
Karoo Hoogland	1 894	7%	396	1%	1 083	4%	24 058	88%	27 431	8%
Khai Ma	1 564	3%	1 049	2%	1 164	3%	42 586	92%	46 363	14%
Namakwa District	122	8%	102	7%	85	6%	1 189	79%	1 498	0%
Total: Namakwa District	23 063	7%	9 547	3%	7 393	2%	291 707	88%	331 710	100%

Supporting table 2.2(d) (1):Debtor Age Analysis by customer group as at 31 March 2018 (R'000)

Namakwa District	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	1 661	18%	589	6%	431	5%	6 525	71%	9 206	3%
Business	6 224	11%	2 019	4%	1 385	2%	46 448	83%	56 076	17%
Households	11 535	5%	6 537	3%	5 213	2%	222 773	91%	246 058	74%
Other	3 643	16%	402	2%	364	2%	15 961	78%	20 370	6%
Total	23 063	7%	9 547	3%	7 393	2%	291 707	88%	331 710	100%
Water	4 359	5%	2 901	3%	2 283	2%	85 887	90%	95 430	29%
Electricity	8 109	12%	1 842	4%	1 504	3%	40 204	81%	49 659	15%
Property rates	7 393	9%	2 037	3%	1 372	2%	69 059	86%	79 861	24%
RSC Levies	0		0		0		0		0	
Other	5 202	5%	2 767	3%	2 234	2%	96 557	90%	106 760	32%
Total	23 063	7%	9 547	3%	7 393	2%	291 707	88%	331 710	100%

Municipalities in the region are owed a total amount of R331,710 million, which represent a year on year decrease of R31,772 million or 5% when compared to the same period of the previous financial year.

Richtersveld municipality is owed the highest amount at R142,056 million or 43% of the total outstanding debtors of R331,710 million in the district, followed by Nama Khoi at R71,741 million or 22%, Khai-Ma at R46,363 million or 14%, Kamiesberg at R42,621 million or 13% and the lowest was reported in Hantam at R27,431 million or 8%.

Supporting table 2.2 (d) (1) shows that of the total outstanding debtors R246,058 million or 74% is owed by households, followed by business at R56,076 million or 17%, other debtors at R20,370 million or 6% and the lowest was reported under government at R9,206 million or 3%.

The highest outstanding amount reported is under other at R106,760 million or 32%, followed by water at R95,430 million or 29%, property rates at R79,861 million or 24% and the lowest amount was reported under electricity at R49,659 million or 15%.

3.2.5 Creditors

Table 2.2 (d) shows outstanding creditors in the District per municipality and 2.2 (e) (1) shows outstanding creditors in the District by type.

Table 2.2(d) : Creditors Age Analysis as at 31 March 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Richtersveld	520	14%	337	9%	352	9%	2 520	68%	3 729	1%
Nama Khoi	7 496	4%	7 833	4%	1 491	1%	181 453	92%	198 273	74%
Kamiesberg	1 919	10%	1 784	9%	1 053	5%	19 181	95%	20 099	8%
Hantam	15 408	83%	898	4%	1 134	6%	1 216	7%	18 456	7%
Karoo Hoogland	398	12%	331	10%	0	0%	2 706	79%	3 435	1%
Khai Ma	1 880	8%	2 312	10%	3 543	15%	15 702	67%	23 437	9%
Namakwa District			1	100%					1	0%
Total: Namakwa District	23 783	9%	13 296	8%	7 573	3%	222 778	83%	267 430	100%

Table 2.2(e) : Outstanding Creditors as at 31 March 2018

District overview R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	9 241	9%	2 854	3%	994	1%	85 572	87%	98 661	37%
Bulk Water	2 398	2%	7 266	8%	1 884	2%	107 565	90%	119 113	45%
PAYE Deductions	259	13%	385		301		1 028	52%	1 973	1%
VAT(Output less Input)										
Pension/Retirement	264	20%	257		255		576		1 352	1%
Loans Repayments										
Trade Creditors	1 266	13%	1 548	16%	773	8%	5 802	62%	9 389	4%
Auditor-General	-5 100	-31%	849	5%	3 164	34%	17 569	107%	16 482	6%
Other	15 455	76%	137	1%	202	2%	4 666	23%	20 460	8%
Total	23 783	9%	13 296	5%	7 573	3%	222 778	47%	267 430	100%

Municipalities in the district were owing their creditors an amount of R267,430 million, which represent a year on year increase of R37,947 million or 17% when compared to the same period of the previous financial year.

Table 2.2 (d) indicates that the highest outstanding creditors was reported in Nama Khoi municipality at R198,273 million or 74% of the total outstanding creditors of R267,430 million in the district, followed by Khai-Ma at R23,437 million or 9%, Kamiesberg at R20,099 million or 8%, Hantam at R18,456 million or 7% and the lowest was reported in Richtersveld and Karoo Hoogland at R3,729 million and R3,435 million or 1% respectively.

Table 2.2 (e)(1) indicates that of the total creditors outstanding in terms of the categories, bulk water is the highest at R119,113 million or 45%, followed by bulk electricity at R98,661 million or 37%, other at R20,460 million or 8%, auditor general at R21,761 million or 6%, trade creditors at

R9,389 million or 4% and the lowest was reported under PAYE and pension/retirement at R1,973 million or R1,352 million or 1% respectively.

3.2.6 Cash Flow

Table 2.2(f) shows cash flow position of municipalities in the Namakwa District.

Table 2.2(f) : Cash Flow Position as at 31 March 2018 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Richtersveld	537	52 528	36 306	22 770	61 051	7 242	1 308	-3 345	345
Nama Khoi	3 346	80 164	169 923	63 894	46 077	15 755		116 464	11 243
Kamiesberg	352	45 036	51 093	17 042	62 941			16 433	65
Hantam	1 683	118 789	32 301	26 613	9 865	66 983	62	36 185	13 065
Karoo Hoogland	2 490	15 668	18 995	17 221	13 699	7 810		-8 669	7 092
Khai-Ma	6 534	25 843	21 494	15 355	15 670	4 361		3 395	15 090
Namakwa District	1 020	47 262	43 158	27 450	14 611	31		42 961	6 387
Total	15 962	385 290	373 270	190 345	223 914	102 182	1 370	203 424	53 287

Source : IYM Summary Reports Submitted by Municipalities to LG Database

The highest positive cash and cash equivalent was reported in Khai-Ma municipality at R15,090 million, followed by Hantam at R13,065 million, Nama Khoi at R11,243 million, Karoo Hoogland at R7,092 million and the lowest was reported in Richtersveld and Kamiesberg at R345 thousand and R65 thousand respectively.

3.2.7 MFMA Returns

Table 2.2. (g) shows annual and quarterly MFMA returns as submitted by the municipality in the district.

	Quarterly			
	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities
	Q3	Q3	Q3	Q3
Richtersveld	√	√	√	√
Nama Khoi	√	√	√	√
Kamiesberg	√	√	√	√
Hantam	√	x	√	√
Karoo Hoogland	√	√	√	√
Khai-Ma	x	x	x	x
Namakwa District	x	x	√	√

√ Documents Received

Out of four expected reports per municipality only four municipalities submitted all required reports, Hantam and Namakwa district submitted three and two reports respectively while Khai-ma did not submit any report for the quarter.

3.3 Pixley ka Seme

3.3.1 Operating Revenue

Table 2.3(a) shows revenue generated as at 31 March 2018 by the municipalities in the Pixley Ka Seme District against the budgeted revenue. The whole district managed to generate R719,081million or 67% of the total adjusted revenue budget of R1.1 billion, which represent a year on year decrease of R38,282 million or 6% when compared to the same period of the previous financial year.

Table 2.3(a) : Operating Revenue at 31 March 2018 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Ubuntu	128 324	128 324	100 091	78%	-	43 967	56 124
Umsobomvu	149 425	162 424	103 617	64%	8 331	47 275	50 011
Emthanjeni	257 549	257 549	189 754	74%	25 199	81 303	83 252
Kareeberg	-	-	33 608	-	5 198	14 089	14 320
Renosterberg	70 239	70 239	17 547	25%	2 140	8 597	6 810
Thembelihle	87 256	87 256	44 287	51%	4 072	14 274	25 941
Siyathemba	112 280	112 280	80 558	72%	12 329	34 152	34 077
Siyancuma	199 793	199 793	104 304	52%	14 319	46 571	43 414
Pixley Ka Seme District	51 105	51 105	45 315	89%	-	-	45 315
Total	1 055 971	1 068 970	719 081	67%	69 588	290 229	359 264

Other/sundry revenue constitutes R359,264 million or 50% of the total revenue generated of R719,081 million in this district, followed by service charges at R290,229 million or 40% and property rates being the lowest at R69,588 million or 10%. The high revenue on other can be attributed to the Grants and subsidies received by the municipalities especially the district.

The highest revenue was reported in Ubuntu municipality at R100,091 million or 78% of their total budget of R128,324 million, followed by Emthanjeni at R189,754 million or 74%, Siyathemba at R80,558 or 72%, Umsobomvu at R103,617 million or 64%, Siyancuma at R104,304 or 52%, Thembelihle at R44,287 million or 51% and the lowest was reported in Renosterberg at R17,547 million or 25%. Kareeberg municipality's budget returns are still outstanding.

3.3.2 Operating Expenditure

Table 2.3(b) shows the total expenditure incurred by the municipalities in the Pixley Ka Seme District. The figures indicate that the municipalities in the district have spent R603,511 million or 64% of the total adjusted budget of R937,607 million, which represent a year on year decrease in operational spending of R92,491 million or 13% when compared to the same period of the previous financial year.

Table 2.3(b) : Operating Expenditure as at 31 March 2018 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Ubuntu	110 139	110 139	70 047	64%	22 477	-	24 679	22 891
Umsobomvu	149 292	160 296	80 061	53%	35 952	-	15 220	28 829
Emthanjeni	231 349	231 349	152 435	66%	60 576	-	46 923	44 936
Kareeberg	-	-	20 100	-	13 344	-	-	6 765
Renosterberg	46 212	46 212	24 966	54%	12 908	-	3 727	8 330
Thembelihle	65 802	65 802	34 519	52%	19 357	534	4 223	10 405
Siyathemba	118 921	118 921	76 766	65%	32 582	6	15 420	28 758
Siyancuma	162 913	162 913	103 311	63%	45 459	-	28 403	29 449
Pixley Ka Seme District	51 976	51 976	41 356	80%	29 732	-	-	11 624
Total	938 604	937 607	603 511	64%	272 388	540	138 595	191 988

The highest expenditure in the district was reported under employee related cost at R272,388 million or 45% of the total expenditure of R603,511 million; followed by other expenditure at R191,988 million or 32%, bulk purchases of water and electricity at R138,595 million or 23% and the lowest was reported under provision for working capital at R540 thousand or 0%.

Spending by municipalities ranges from the highest in Emthanjeni at R152,435 million or 66% of their adjusted budget, followed by Siyathemba at R76,766 million or 65%, Ubuntu at R70,047 million or 64%, Siyancuma at R103,311 million or 63%, Renosterberg at R24,966 million or 54%, Umsobomvu at R80,001 million or 53% and the lowest was reported in Thembelihle at R34,519 million or 52%. Kareeberg municipality's budget returns are still outstanding.

3.3.3 Capital Expenditure

Table 2.3(c) shows capital spending by municipalities in the Pixley Ka Seme district. The municipalities have spent R79,745 million or 32% of the total adjusted capital budget of R245,724 million, which represent a year on year decrease of R23,244 million or 41% when compared to the same period of the previous financial year. The lowest spending in the district can be attributed to non-submission of reports by municipalities.

Table 2.3(c) : Capital Expenditure as at 31 March 2018 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Ubuntu	15 063	15 063	7 651	51%	-	-	-	7 651	-
Umsobomvu	20 781	40 732	20 190	50%	1 502	3 028	-	11 360	4 308
Emthanjeni	39 082	39 082	20 762	53%	5 748	5 630	-	5 621	3 563
Kareeberg	-	-	3 060	-	3 021	7	-	39	-
Renosterberg	24 027	24 027	14 721	61%	8 799	1 771	-	4 150	-
Thembelihle	14 055	14 055	4 824	34%	-	800	-	4 024	-
Siyathemba	25 131	25 131	-	0%	-	-	-	-	-
Siyancuma	87 473	87 473	8 521	10%	856	7 476	-	167	-
Pixley Ka Seme District	161	161	-	-	-	-	-	-	-
Total	225 773	245 724	79 745	32%	19 826	18 915	-	33 033	7 871

Spending by municipalities ranges from the highest in Renosterberg municipality at R14,721 million or 61% of their adjusted capital budget, followed by Emthanjeni at R20,762 million or 53%, Ubuntu at R7,652 million or 51%, Umsobomvu at R20,198 million or 50%, Thembelihle at R4,824 million or 34% and the lowest was reported in Siyancuma municipality at R8,521 million or 10%. Kareeberg and Siyathemba municipalities did not submit their reports.

The low spending and non-spending by municipalities is a serious concern considering that we are at the end of the third quarter of the financial year. This is an indication that the municipalities might be using conditional grants to fund their operations.

The district municipality's spending is mostly on equipment, furniture and vehicles.

The spending on infrastructure items in the district ranges from the highest to the lowest in the different categories; Roads and Pavement is the highest at R33,033 million or 41% of the total year to date capital expenditure of R79,745 million, followed by Water R19,926 million or 25%, and Electricity at R18,915 million or 24%, and the lowest was reported under other R7,871 million or 10%.

3.3.4 Debtors

Table 2.3(d) shows total amount of debtors in the Pixley Ka Seme District, whereas supporting table 2.3(d) (1) show total amount of debtors in the district per customer group.

Table 2.3(d): Debtor Age Analysis as at 31 March 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Ubuntu	2 530	3%	2 255	3%	2 318	3%	74 477	91%	81 580	15%
Umsobomvu	-700	0%	3 641	3%	3 003	2%	134 345	96%	140 289	25%
Emthanjeni			8 665	19%	5 294	12%	30 789	69%	44 748	8%
Kareeberg										
Renosterberg	2 778	5%	1 421	2%			54 618	93%	58 817	11%
Thembelihle	2 236	5%	1 301	3%	1 007	2%	39 023	90%	43 567	8%
Siyathemba	0	0%	1 269	2%	3 017	4%	78 416	95%	82 702	15%
Siyancuma	5 420	5%	3 630	4%	2 441	2%	89 202	89%	100 693	18%
Pixley Ka Seme District	245	28%	238	27%	238	27%	167	19%	888	0%
Total: Pixley Ka Seme District	12 509	2%	22 420	4%	17 318	3%	501 037	91%	553 284	100%

Supporting table 2.3(d)(1): Debtor Age Analysis by customer group as at 31 March 2018 (R'000)

Pixley Ka Seme District	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	1 670	7%	1 765	7%	1 660	7%	18 616	79%	23 711	4%
Business	5 762	12%	4 862	10%	2 481	5%	35 589	73%	48 694	9%
Households	4 713	1%	17 801	4%	12 632	3%	441 978	93%	477 122	86%
Other	364	10%	-2 008	-53%	545	15%	4 856	129%	3 757	1%
Total	12 509	2%	22 420	4%	17 318	3%	501 037	91%	553 284	100%
Water	-816	0%	8 064	4%	5 744	3%	185 884	93%	198 876	36%
Electricity	7 128	11%	7 441	12%	4 195	7%	44 380	70%	63 144	11%
Property rates	1 743	2%	1 034	1%	2 421	3%	84 653	94%	89 851	16%
RSC Levies	0		0		0		0			

Other	4 454	2%	5 881	3%	4 958	2%	186 120	92%	201 413	36%
Total	12 509	2%	22 420	4%	17 318	3%	501 037	91%	553 284	100%

Municipalities in the district were owed R553,284 million at the end of the third quarter of the 2017/18 financial year, which represent a year on year increase of R65,914 million or 14% when compared to the same period of the previous financial year

Umsobomvu municipality reported the highest outstanding trade receivables at R140,289 million or 25% of the total outstanding debtors of R553,284 million in the district, followed by Siyancuma at R100,693 million or 18%, Ubuntu and Siyathemba at R81,580 million and R82,702 million both on 15%, Renostersberg at R58,817 million or 11% and the lowest amount was reported in Thembelihle and Emthanjeni at R43,567 million and R44,748 or 8%. Kareeberg municipality did not submit their debtor's age analysis report.

This is clear indication municipalities are finding it difficult to collect revenue due to them or to implement debt collection and credit control policy. This might also be an indication that due to prevailing inflation outlook, households have minimum income at their disposal to service some of their debts.

Table 2.3 (d)(1) reflects that of the total outstanding debtors the highest amount was reported under household at R477,122million or 86% of the total outstanding debtors in the district, followed by Business at R48,694 million or 9%, Government at R23,711 million or 4% and the lowest was reported under other at R3,757 million or 1%.

The highest outstanding debtors were reported under other service and water at R201,413 million and R198,876 million or 36%, followed by property rates at R89,851 million or 16%, and the lowest was reported under electricity at R63,144 million or 11%.

3.3.5 Creditors

Table 2.3 (e) shows outstanding creditors in the District per municipality and 2.3(e) (1) shows outstanding creditors in the District by type.

Table 2.3(e) : Creditors Age Analysis as at 31 March 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Ubuntu	2 080	100%							2 080	1%
Umsobomvu	20 168	89%	592	11%					22 642	8%
Emthanjeni										
Kareeberg										
Renostersberg	1 421	2%	1 515	2%	285	0%	67 763	95%	70 984	24%
Thembelihle	2 211	4%	1 126	2%	872	1%	53 944	93%	58 153	20%
Siyathemba	5 916	16%	2 047	6%	3 237	9%	36 940	102%	36 308	12%
Siyancuma	4 504	4%	3 829	4%	8 405	8%	89 867	84%	106 605	36%
Pitsoy Ka Seme District	26	10%	15	6%	227	85%	0	0%	268	0%
Total: Pitsoy Ka Seme District	24 494	8%	9 124	3%	13 928	4%	248 514	84%	297 040	100%

Table 2.3(e) : Outstanding Creditors as at 31 March 2018

District overview R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity	10 147	4%	7 837	3%	10 403	4%	207 275	88%	235 682	79%
Bulk Water	126		135	2%	140	2%	7 123	95%	7 524	3%
PAYE Deductions										
VAT(Output less Input)										
Pension/Retirement										
Loans Repayments										
Trade Creditors	15 850	68%	-406	-2%	2 291	10%	5 453	24%	23 188	8%
Auditor-General	-8 205	-43%	1 449	8%	1 819	10%	23 925	126%	18 988	6%
Other	6 578	56%	109	1%	255	2%	4 738	41%	11 678	4%
Total	24 494	8%	9 124	3%	14 908	5%	248 514	84%	297 040	100%

Municipalities in the district owed their creditors an amount of R297,040 million at the end of the third quarter which represent an increase of R30,836 million or 12% when compared to the same period of the previous financial year.

Of the total outstanding creditors, the highest amount was reported in Siyancuma municipality at R106, 605 million or 36% of the total outstanding creditors in the district, followed by Renosterberg at R70,984 million or 24%, Thembelihle at R58,153 million or 20%, Siyathemba at R36,308 million or 12%, Emthanjeni at R22,642 million or 8% and the lowest was reported in Umsobomvu at R2,080 million or 1%. Ubuntu and Kareeberg municipalities did not submit their creditor's age analysis report for the third quarter.

Table 2.3 (e)(1) shows that of the total outstanding creditors in terms of the categories, Bulk electricity was the highest owed service at R235,662 million or 79%, followed by Trade creditors at R23,188 million or 8% and Auditor General at R18,988 million or 6%, then other was at R11,678 million or 4% the lowest was reported under bulk water at R7,524 million or 3%.

3.3.6 Cash Flow

Table 2.3(f) : Cash Flow Position as at 31 March 2018 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Ubuntu	3 456	13 392	38 942	17 973	13 248	8 394	131	38 308	-22 264
Umsobomvu	17 114	47 976	91 473	34 851	40 019	20 172	862	49 652	11 007
Emthanjeni	-1 021	70 855	112 210	60 576	45 393	21 079	4 342	48 923	3 731
Kareeberg	22 956	14 655	15 197	13 344	9 062	3 577		11 567	15 258
Renosterberg		25 476	3 756	11 360	3 074			3 527	11 271
Thembelihle	577	32 294	35 968	19 357	39 243	4 194	486	6 440	-881
Siyathemba	146	47 436	50 023	32 625	17 046			27 142	20 792
Siyancuma	-22 811	74 571	51 961	40 442	25 519	7 918	77	23 010	6 755
Pietermaritzburg District	1 330	42 862	41 306	29 732	11 624		911	43 102	129
Total	21 747	369 517	440 836	260 280	204 228	65 334	8 809	249 671	45 796

Source : IYM Summary Reports Submitted by Municipalities to LG Database

Two (2) municipalities in the district closed with a negative cash and cash equivalent. The highest positive cash and cash equivalent was reported in Siyathemba municipality at R20,792 million, followed by Kareeberg at R15,258 million, Renosterberg at R11, 271 million, Umsobomvu at R11, 007 million, Siyancuma at R6,755 million and the lowest positive cash and cash equivalent was reported in Emthanjeni at R3,731 million.

Ubuntu municipality reported the highest negative cash and cash equivalent at R22, 264 million and the other was reported in Thembelihle at R881 thousand.

3.3.7 MFMA Returns

Table 2.2. (g) shows annual and quarterly MFMA returns as submitted by the municipality in the district.

	Quarterly			
	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities
	Q3	Q3	Q3	Q3
Ubuntu	x	x	x	x
Umsobomvu	✓	✓	✓	✓
Emthanjeni	x	x	✓	✓
Kareeberg	✓	✓	✓	✓
Renosterberg	x	x	x	x
Thembelihle	✓	✓	✓	✓
Siyathemba	x	x	x	x
Siyancuma	x	x	x	x
Pietermaritzburg District	x	x	✓	✓

✓ Documents Received

Out of the four reports expected from each municipality only three municipalities Umsobomvu, Kareeberg and Thembelihle submitted all their reports. Emthanjeni and the district municipality submitted two reports, while Ubuntu, Siyathemba and Siyancuma did not submit a single report.

3.4 ZF Mgcawu District

3.4.1 Operating Revenue

Table 2.4(a) shows revenue generated as at 31 March 2018 by the municipalities in the District against the budgeted revenue. The whole district managed to generate R885,343 million or 64% of the total adjusted revenue budget of R1.4 billion. Which represent a year on year decrease of R270,154 million or 23% when compared the same period of the previous financial year

Table 2.4(a) : Operating Revenue as at 31 March 2018 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Date	% Collected	Detail		
					Property Rates	Service Charges	Other
Kaif Garib	245 415	245 415	154 825	63%	863	73 262	80 700
IKheis	63 218	63 218	59 059	93%	9 354	6 260	43 445
Tsantsabane	226 272	226 273	105 810	47%	10 004	50 721	45 084
Kgatelopele	95 713	95 713	37 542	39%	4 687	9 872	22 982
Dawid Kruiper	688 201	688 201	471 856	69%	71 992	304 986	94 879
ZF Mgcawu	65 815	65 815	56 252	85%	-	-	56 252
Total	1 384 634	1 384 634	885 343	64%	96 900	445 100	343 343

Recovery ranges from the highest in IKheis municipality at R59,059 million or 93%, followed by Dawid Kruiper at R471,856 million or 69%, Kaif Garib at R154,825 million or 63%, Tsantsabane at R105,810 million or 47% and the lowest was reported in Kgatelopele at R37,542 million or 39% of their budget.

Service charges was the highest at R445,100 million or 50% of the total operating revenue of R885,343 million in the district, followed by other/sundry revenue at R343,343 million or 39% and the lowest was reported under property rates at 96,900 million or 11%

The high revenue collection on *Other* can be attributed to the Grants and subsidies received by the municipalities especially the district.

3.4.2 Operating Expenditure

Table 2.4(b) shows the total expenditure incurred by the municipalities in the ZF Mgcawu District. The figures indicate that the municipalities in the district have spent R733,585 million or 56% of the total adjusted budget of R1.3 billion. Which represent a year on year increase of R27,743 million or 4%.

Table 2.4(b) : Operating Expenditure as at 31 March 2018 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Kail Garib	208 508	208 508	128 244	62%	74 242	-	22 231	31 771
IKheis	60 708	60 708	32 600	54%	21 673	-	1 635	9 293
Tsanisabane	224 876	224 876	82 383	37%	49 081	-	14 759	18 543
Kgatelopele	83 324	90 665	29 734	33%	11 475	-	10 369	7 890
Dawid Kruiper	663 046	663 046	415 922	63%	203 418	9	120 836	91 658
ZF Mgcawu	64 240	69 845	44 703	64%	37 241	-	-	7 462
Total	1 304 702	1 317 338	733 585	56%	397 129	9	169 830	166 617

The highest expenditure was reported in Dawid Kruiper at R415,922 million or 63% of their adjusted budget, followed by Kail Garib at R128,244 million or 62% and the lowest was reported in Kgatelopele at R29,734 million or 33%.

The highest expenditure in the district was reported under Employee related cost at R397,129 million or 54%, followed by Bulk purchases of water and electricity and other expenditure at R169,830 million and R166,617 million or 23% respectively.

3.4.3 Capital Expenditure

Table 2.4(c) shows capital spending by municipalities in the ZF Mgcawu District. The municipalities have spent R82,938 million or 43% of the total adjusted capital budget of R191,521 million. Which represent a year on year increase of R21,072 million or 34%.

Table 2.4(c) : Capital Expenditure as at 31 March 2018 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Kail Garib	36 907	36 907	35 025	95%	6 304	13 310	-	-	15 412
IKheis	18 298	18 298	9 007	49%	4 496	-	-	4 511	-
Tsanisabane	39 155	39 155	8 065	23%	756	-	-	8 210	-
Kgatelopele	12 864	4 606	11 195	243%	10 341	-	-	792	62
Dawid Kruiper	91 817	91 817	18 746	20%	10 353	4 308	-	1 380	2 704
ZF Mgcawu	1 530	740	-	0%	-	-	-	-	-
Total	201 570	191 521	82 938	43%	32 250	17 618	-	14 893	18 178

The highest capital expenditure was reported in Kgatelopele at R11,195 million or 243% of their adjusted capital budget, followed by Kail Garib at R35,025 million or 95% and the lowest was reported in Dawid Kruiper at R18,746 million or 20%.

The highest capital expenditure was reported under water at R32,250 million or 39%, followed by other capital expenditure at R18,178 million or 22%, electricity at R17,618 million or 21% and the lowest was reported under roads & pavement at R14,893 million or 18%.

The district municipality spending is mostly on equipment, furniture and vehicles.

3.4.4 Debtors

Table 2.4(d) shows total amount of debtors outstanding in the district by customer type, whereas supporting table 2.4(d) (1) shows debtors outstanding by customer group.

Table 2.4(d) : Debtor Age Analysis as at 31 March 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Kail Garib										
!Kheis	1 236	2%	1 108	2%	1 234	2%	57 752	94%	61 330	14%
Tsantsabane	5 582	3%	5 394	3%	4 937	2%	181 762	92%	197 675	46%
Kgatelopele	4 497	7%	14	0%	2 435	4%	54 914	89%	61 860	15%
Dawid Kruger	33 191	32%	5 441	5%	3 202	3%	62 579	60%	104 413	25%
ZF Mgcawu District	159	25%					489	75%	648	0%
Total: Siyanda District	44 685	10%	11 957	3%	11 808	3%	357 496	84%	425 926	100%

Supporting table 2.4(d)(1): Debtor Age Analysis by customer group as at 31 March 2018 (R'000)

ZF Mgcawu	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	3 441	22%	1 317	9%	337	2%	10 305	67%	15 400	4%
Business	14 442	32%	1 775	4%	1 252	3%	27 191	81%	44 660	10%
Households	23 542	8%	7 703	3%	8 897	3%	265 643	87%	305 785	72%
Other	3 240	5%	1 162	2%	1 322	2%	54 357	90%	60 081	14%
Total	44 685	10%	11 957	3%	11 808	3%	357 496	84%	425 926	100%
Water	7 599	6%	2 288	2%	3 087	3%	105 184	89%	118 158	28%
Electricity	16 566	50%	1 973	6%	1 035	3%	13 501	41%	33 075	8%
Property rates	7 801	10%	1 470	2%	1 809	2%	64 049	85%	75 129	18%
RSC Levies	0		0		0		0		0	0%
Other	12 699	6%	6 226	3%	5 877	3%	174 762	88%	199 564	47%
Total	44 685	10%	11 957	3%	11 808	3%	357 496	84%	425 926	100%

Municipalities in the district were owed R425,926 million at the end of the third quarter, which represent a year on year increase of R33,762 million or 7% when compared to the same period of the previous financial year.

The municipality with the highest outstanding debtors was Tsantsabane municipality at R197,675 million or 46%, followed by Dawid Kruger at R104,413 million or 25%, then Kgatelopele at R61,860 or 15% million and the lowest was !Kheis municipalities at R61,330 million or 14% respectively. Kail Garib municipality did not submit debtors for the third quarter.

Of the total outstanding debtors, the highest outstanding amount was reported under Household at R305,785 million or 72%, followed by Other at R60,081 million or 14% and Business at R44,660 million or 10% respectively and the lowest was reported under Government at R15,400 million or 4%.

The highest service owed was reported under Other services at R199,564 million or 47%, followed by water at R118,158 million or 28%, property rates at R75,129 million or 18% and electricity was the lowest at R33,075 million or 8%.

3.4.5 Creditors

Table 2.4(f) shows creditors outstanding per municipality and 2.4(e) (1) shows outstanding creditors in the District by type.

Table 2.4(e)1 : Creditors Age Analysis as at 31 March 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Kaif Garib	17 269	10%	3 651	2%	2 791	2%	154 286	87%	177 997	51%
IKheis	147	3%	208	4%	247	5%	4 099	87%	4 701	1%
Tsantsabane	6 909	5%	6 756	5%	559	0%	124 477	90%	138 701	40%
Kgatelepele	24 183	86%	133	0%	359	1%	3 445	12%	28 120	8%
Dawid Kruper	420	100%	-	-	-	-	-	-	420	0%
ZF Mgcawu District	48 928	14%	10 748	3%	3 956	1%	286 307	82%	349 939	100%

Table 2.3(e) : Outstanding Creditors as at 31 March 2018

District overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
R'000										
Creditors Age Analysis										
Bulk Electricity	8 083	4%	4 314	2%			200 560	94%	212 957	61%
Bulk Water	1 691	5%	2 013	6%	103	0%	27 829	88%	31 636	9%
PAYE Deductions										
VAT(Output less Input)	9 110	28%	1 259	4%			21 825	68%	32 194	
Pension/Retirement	5 238	79%	1 378	21%					6 616	2%
Loans Repayments										
Trade Creditors	17 928	57%	1 146	4%	2 807	9%	9 447	30%	31 328	9%
Auditor-General	761	5%	78	1%	487	3%	14 097	91%	15 423	4%
Other	6 117	31%	560	3%	559	3%	12 549	63%	19 785	6%
Total	48 928	14%	10 748	3%	3 956	1%	286 307	82%	349 939	100%

Municipalities in the district owed their creditors an amount of R349,939 million at the end of the third quarter, which represent a year on year increase of R299,770 million or 598% when compared to the same period of the previous financial year.

The highest outstanding creditors were reported in Kail Garip municipality at R177,997 million or 51% of the total outstanding creditors of R349,939 million in the district, its followed by Tsantsabane at R138,701 million or 40% then Dawid Kruiper at R28,120 million or 8% and the lowest was reported in !Kheis at R4,701 million or 1%. Kgatelopele municipalities did not submit their reports.

The highest outstanding creditors was reported under bulk electricity at R212,957 million or 61% of the total outstanding creditors, followed by bulk water and trade creditors at R31,636 million and R31328 or 9% respectively and the lowest was reported under pension at R6,616 million or 2%.

3.4.6 Cash Flow

Table 2.4(f) shows cash flow position of municipalities in the ZF Mgcawu District

Table 2.4(f) : Cash Flow Position as at 31 March 2018 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Kail Garib	568	71 895	77 117	67 043	30 066	30 162		23 425	-1 116
!Kheis		43 528	8 728	21 553	8 787	7 660		2 612	11 644
Tsantsabane	369	81 736	81 423	49 194	15 244	8 486		75 787	14 817
Kgatelopele	13 037	47 287	42 998	17 052	8 813	11 740		13 212	52 505
Dawid Kruiper	43 754	71 134	364 967	203 401	71 632	20 032	5 279	98 615	80 896
ZF Mgcawu District	289	63 473	2 006	34 387	6 081			12 390	12 910
Total	58 017	379 053	577 239	382 630	140 823	78 080	5 279	226 041	171 656

Source : IYM Summary Reports Submitted by Municipalities to LG Database

All municipalities (except Kail Garib) reported a positive cash and cash equivalent at the end of the period under review, with the highest positive cash and cash equivalent reported in Dawid Kruiper at R80,896 million, followed by Kgatelopele at R52,505 million, Tsantsabane at R14,817 million, the lowest was reported in !Kheis at R11,612 million.

Although municipalities are reporting positive cash and cash equivalent at the end of the period under review, the correctness of the reports cannot be confirmed. These is evident by the growing outstanding creditors and outstanding debtors. The slow spending of capital budget which is mostly financed by the conditional grants might be an indication that municipalities are using conditional grants to fund operational budget.

3.4.7 MFMA Returns

Table 2.4(g) shows annual and quarterly MFMA returns as submitted by the municipality in the district.

Table 2.4(g) : Submission of MFMA Returns

	Annual		Quarterly			
	MFMA Implementation Plan	Budget Evaluation Checklist	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities
			Q3	Q3	Q3	Q3
Kaif Garib			x	x	✓	x
IKheis			x	x	✓	x
Tsantsabane			X	X	x	✓
Kgatelopele			✓	✓	x	✓
Dawid Kruijer			✓	✓	✓	✓
ZF Mgcawu District			✓	✓	✓	x

✓ Documents Received

x Documents not received

Out of the total of the four returns expected for the quarter from each municipality, Dawid Kruijer was the only municipality that submitted all four returns, Kgatelopele and ZF Mgcawu each submitted three reports, Kail Garib, IKheis and Tsantsabane only submitted one report each.

3.5 Frances Baard District

3.5.1 Operating Revenue

Table 2.5(a) shows revenue generated as at 31 March 2018 by municipalities in the District against the budgeted revenue. The municipalities generated R2 billion or 70% of the total adjusted revenue budget of R2.9 billion. Which represent a decrease of R96,264 million or 5% when compared to the same period of the previous financial year.

Table 2.5(a) : Operating Revenue as at 31 March 2018 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Sol Plaatje	2 104 318	2 104 318	1 512 597	72%	420 929	758 968	332 699
Dikgatlong	160 459	160 459	161 971	101%	15 999	24 837	121 136
Magareng	136 922	136 922	79 409	58%	2 443	7 060	69 906
Phokwane	341 249	341 249	161 220	47%	14 558	79 730	66 932
Frances Baard District	125 558	125 558	91 175	73%	-	-	91 175
Total	2 868 506	2 868 506	2 066 371	70%	453 930	870 594	681 848

The highest revenue was reported in Dikgatlong municipality at R161,971 or 101%, followed by Sol Plaatje at R1.5 billion or 72% then Magareng at R79,409 million or 58%, and the lowest was reported in Phokwane at R161,220 million or 47% of their total revenue budget.

Service charges constitutes the highest revenue at R870,594 million or 43%, followed by other revenue at R681,848 million or 34% and the lowest was reported under Property rates at R453,930 million or 23% of the total revenue generated of R1.3 billion in the district.

The high revenue collection on *Other* can be attributed to the Grants and subsidies received by the municipalities especially the district.

3.5.2 Operating Expenditure

Table 2.5(b) shows the total expenditure incurred municipalities in the Frances Baard District. The figures indicate that the municipalities in the district have spent R1.6 billion or 60% of the total adjusted budget of R2.7 billion. Which represent a year on year decrease of R26,489 million or 2% if compared to the same period of the previous financial year.

Table 2.5 (b) : Operating Expenditure as at 31 March 2018

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Sol Plaatje	1 936 491	1 957 812	1 331 791	68%	482 169	211 024	351 130	267 468
Dikgatlong	160 003	160 003	105 220	66%	39 791	-	19 766	45 663
Magareng	140 294	140 294	18 586	13%	12 049	-	2 063	4 475
Phokwane	278 736	278 736	75 863	27%	57 506	-	4 475	13 882
Frances Baard District	135 249	143 133	80 374	56%	47 126	-	-	33 248
Total	2 650 773	2 679 978	1 611 834	60%	638 640	211 024	377 435	384 736

The highest expenditure was reported in Sol Plaatje municipality at R1.3 billion or 68%, followed by Dikgatlong at R105,220 million or 66%, Phokwane at R75,863 million or 27% and the lowest was reported in Magareng at R18,586 million or 13%.

The highest expenditure in the district was reported under employee related costs at R638,640 million or 40% of the total expenditure in the district, followed by other expenditure at R384,736 million or 24%, bulk purchases of water and electricity at R377,435 million or 23% and the lowest was reported under Provision for working capital at R211,024 million or 13%.

3.5.3 Capital Expenditure

Table 2.5(c) shows capital spending by municipalities in the district. The municipalities reported capital expenditure totaling to R230,825 million or 49% of the total adjusted capital budget of R466,945 million. Which represent a year on year increase of R135,223 million or 141% when compared to the same period of the previous financial year.

Table 2.5 (c) : Capital Expenditure as at 31 March 2018 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Sol Plaatje	232 066	313 941	156 599	50%	51 335	8 113	-	85 227	11 923
Dikgatlong	37 507	37 507	27 027	72%	13 405	1 062	-	12 561	-
Magareng	41 037	41 037	3 683	9%	3 057	626	-	-	-
Phokwane	60 411	60 411	41 368	68%	23 790	6 400	-	11 076	102
Frances Baard District	10 087	14 058	2 148	15%	-	-	-	-	2 148
Total	381 107	466 945	230 825	49%	91 587	16 201	-	108 864	14 173

The highest capital expenditure was reported in Dikgatlong municipality at R27,027million or 72% of their adjusted capital budget, followed by Phokwane at R41,368 million or 68%, Sol Plaatje at 156,599 million or 50% and the lowest was reported in Magareng at R3,683 million or 9%.

Spending ranging from the highest in roads & pavement at R108,864 million or 47%, followed by water at R91,587 million or 40%, electricity at R16,201 or 7% and the lowest was reported under other at R14,173 million or 6%.

3.5.4 Debtors

Table 2.5(d) shows debtors age analysis by customer type, whereas supporting table 2.5(d) (1) shows debtors' age analysis by customer group.

Table 2.5(d) : Debtor Age Analysis as at 31 March 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	119 500	5%	211 192	9%	50 698	2%	1 874 873	83%	2 256 263	81%
Dikgatlong	7 168	2%	6 388	2%	6 253	2%	318 541	94%	338 350	12%
Magareng	8 878	5%	3 346	2%	3 194	2%	170 474	92%	185 892	7%
Phokwane	-	-	-	-	-	-	-	-	-	-
Frances Baard District	7 193	94%	141	2%	119	2%	179	2%	7 632	0%
Total: Frances Baard District	142 739	5%	221 067	8%	60 264	2%	2 364 067	85%	2 788 137	100%

Supporting table 2.5(d)(1) : Debtor Age Analysis by customer group as at 31 March 2018 (R'000)

Frances Baard District	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	22 433	3%	168 564	22%	8 762	1%	579 634	74%	779 393	28%
Business	58 819	15%	14 849	4%	12 547	3%	304 850	78%	391 065	14%
Households	53 645	3%	36 963	2%	38 376	2%	1 455 723	92%	1 584 707	57%
Other	7 842	24%	691	2%	579	2%	23 860	72%	32 972	1%
Total	142 739	5%	221 067	8%	60 264	2%	2 364 067	85%	2 788 137	100%
Water	24 620	4%	17 306	3%	18 945	3%	575 589	90%	636 460	23%
Electricity	57 285	21%	11 846	4%	9 385	3%	191 030	71%	269 546	10%
Property rates	25 980	4%	127 402	18%	8 627	1%	547 282	77%	709 291	25%
RSC Levies	0	-	0	-	0	-	0	-	0	0%
Other	34 854	3%	64 513	6%	23 307	2%	1 050 166	90%	1 172 840	42%
Total	142 739	5%	221 067	8%	60 264	2%	2 364 067	85%	2 788 137	100%

Municipalities in the district were owed R2.8 billion at the end of the third quarter, which represents a year on year increase of R550,471 million or 25% when compared to the same period of the previous financial year.

Sol Plaatje municipality had the highest outstanding debtors amounting at R2.2 billion or 81% followed by Dikgatlong at R338,350 or 12%, the lowest was Magareng at R185,892 million or 7%. Phokwane municipalities did not submit their debtors' age analysis reports for the period under review.

Of the total outstanding debtors R1.6 billion or 57% was owed by households, followed by government at R779,393 million or 28%, business at R391,065 million or 14% and the lowest was other/sundry debtors at R32,972 million or 1%.

The highest reported outstanding service was other at R1.2 billion or 42%, followed by property rates at R709,291 million or 25%, water at R636,460 million or 23% and the lowest was reported electricity at R269,546 million or 10%.

3.5.5 Creditors

Table 2.5(e) (1) shows creditors outstanding per municipality and 2.5(e)(1) shows outstanding creditors in the District by type.

Table 2.5(e)1 : Creditor Age Analysis as at 30 September 2017 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	76 932	100%	-	-	-	-	-	-	76 932	34%
Dikgatlong	22 095	19%	1 194	1%	2 400	2%	87 927	77%	113 616	50%
Magareng	-	-	-	-	-	-	-	-	-	-
Phokwane	-	-	-	-	-	-	-	-	-	-
Frances Baard District	36 066	100%	-	0%	-	-	-	-	36 066	16%
Total: Frances Baard District	135 093	60%	1 194	1%	2 400	1%	87 927	39%	226 614	100%

Table 2.5 (e) : Outstanding Creditors as at 31 March 2018

District overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
R'000										
Creditors Age Analysis										
Bulk Electricity	33 396	89%	11	0%	492	1%	3 512	9%	37 411	17%
Bulk Water	10 521	34%	727	2%	255	1%	19 170	62%	30 673	14%
PAYE Deductions	8 975	100%	-	-	-	-	-	-	8 975	4%
VAT(Output less Input)	1 548	100%	-	-	-	-	-	-	1 548	1%
Pension/Retirement	6 486	100%	-	-	-	-	-	-	6 486	3%
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	37 847	38%	320	0%	987	1%	61 338	61%	100 492	44%
Auditor-General	35	1%	136	3%	666	14%	3 907	82%	4 744	2%
Other	36 285	100%	-	-	-	-	-	-	36 285	16%
Total	135 093	60%	1 194	1%	2 400	1%	87 927	39%	226 614	100%

Only the district and Sol Plaatje and Dikgatlong municipality submitted creditors age analysis reports in the district, with Sol Plaatje reporting their outstanding creditors at R76,932 million and Dikgatlong at R113,616 million. Which represents a year on year increase of R84,894 million or 60% when compared to the same period of the previous financial year.

Table 2.5 (e)(1) indicates that of the total creditors outstanding in terms of the categories, trade creditors is the highest at R100,492 million or 44%, followed by bulk electricity at R37,411 million or 17%, then other at 36,285 million or 16%, the lowest was reported under VAT at R1,548 million or 1%.

3.5.6 Cash Flow

Table 2.5(f) shows the cash flow position of municipalities in the Frances Baard District.

Table 2.5(f) : Cash Flow Position as at 31 March 2018 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Sol Plaatje	226 581	372 049	1 081 251	482 169	264 393	148 347	3 903	515 599	267 450
Dikgatlong	1 989	106 431	30 963	42 865	46 351	16 371	35	43 659	-9 898
Magareng	106	56 534	18 023	29 000	10 736	3 035		5 980	23 912
Phokwane		71 094	22 982	14 722	4 468			6 669	68 199
Frances Baard District	54 602	116 637	4 269	46 204	16 240	2 148	1 073	25 144	84 699
Total	283 258	722 745	1 155 466	614 960	342 186	167 901	5 011	597 051	434 362

Source : IYM Summary Reports Submitted by Municipalities to LG Database

All municipalities except for Dikgatlong municipality closed their books with positive cash and cash equivalent at the end of the period under review. The highest positive balance reported is Sol Plaatje municipality with R267,450 million, followed by Phokwane at R68,199 million, Magareng at R23,912 million and Dikgatlong closed with a negative balance of R9,898 million.

3.5.7 MFMA Returns

Table 2.5(g) shows annual and quarterly MFMA returns as submitted by the municipality in the district.

Table 2.5(g): Submission of MFMA Returns

	Annual		Quarterly			
	MFMA Implementation Plan	Budget Evaluation Checklist	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities
			Q3	Q3	Q3	Q3
Dikgatlong			x	x	✓	x
Magareng			✓	✓	x	✓
Phokwane			✓	✓	✓	✓
Frances Baard District			✓	✓	✓	✓

Out of the total of four returns expected for the quarter from each municipality, only Phokwane and the district municipality submitted all the returns. Magareng municipality submitted three reports and Dikgatlong only submitted one report for the period under review.

4. IMPLEMENTATION AND MAINTENANCE OF THE MUNICIPAL FINANCE MANAGEMENT ACT

4.1 BANKING

4.1.1 Short term Debt

In terms of section 45(4) of the Municipal Finance Management Act, a municipality:

- (a) must pay off short-term debt within the financial year; and
- (b) May not renew or refinance short-term debt, whether its own debt or that of any other entity, where such renewal or refinancing will have the effect of extending the short-term debt into a new financial year.

Table 2.6 shows the bank balances of the municipalities as at 31 March 2018 in the province.

Persistence of municipalities' negative end of quarter cash balances

Persistence of municipalities negative end of quarter cash balances		Section 71 Reports for the second quarter of financial year 2016/17			
Mun Code	Municipality	Quarter 1	Quarter 2	Quarter 3	Quarter 4
		Sep '17	Dec '17	Mar'18	Jun '18
John Taolo Gaetsewe District					
NC451	Joe Morolong	✓	✓	✓	
NC452	Ga-Segonyana	✓	✓	✓	
NC453	Gemagare				
DC45	JT Gaetsewe District	✓	✓	✓	
Nemakwa District					
ND61	Richtersveld	✓	✓	✓	

NCD62	Mama Khol	✓	✓	✓
NCD64	Kamiesberg		✓	✓
NCD65	Hantam	x	✓	✓
NCD66	Karoo Hoogland	✓	✓	✓
NCD67	Kha-MA	x	✓	✓
DC5	Namakwa District	✓	✓	✓
Pitsoy ka Seme District				
NCD71	Ubuntu	x	x	x
NCD72	Umsobomvu		✓	✓
NCD73	Emthanjeni	✓	✓	✓
NCD74	Kareeberg		✓	✓
NCD75	Renosterberg	✓	✓	✓
NCD76	Thembelihle	✓	x	x
NCD77	Siyathemba	✓	✓	✓
NCD78	Siyancuma	x	✓	✓
DC7	Pitsoy ka Seme District	✓	✓	✓
FZ Mgcawu District				
NCD82	Kai! Garib	✓	✓	x
NCD84	Nkheis		✓	✓
NCD85	Tsantsabane	✓	x	✓
NCD86	Kgatelopele	✓	✓	✓
NCD87	Dawid Kruger	✓	✓	✓
DC8	ZF Mgcawu District	✓	✓	✓
Frances Baard district				
NCD91	Sol Plaatje	✓	✓	✓
NCD92	Dikgatlong	✓	✓	x
NCD93	Magareng	✓	✓	✓
NCD94	Phokwane		✓	✓
DC9	Frances Baard District	✓	✓	✓

Four municipalities in the province reported negative cash and cash equivalent at the end of the third quarter (i.e. Ubuntu, Thembelihle, Kai! Garib and Dikgatlong municipalities). This is a slight regression from three in the second quarter however Ubuntu municipality reported negative cash and cash equivalent for all three quarters.

Gamagara municipality has not submitted cash flow returns for the past three quarters, which is of great concern.

Although other municipalities are reporting a positive cash and cash equivalent at the end of each quarter, it must be noted that the correctness of the reported information cannot be confirmed.

5. CONDITIONAL GRANTS AS AT 31 March 2018

The information on conditional grants as at 31 March 2018 was based on the conditional grants report from the LG database. The report does not include Sol Plaatje municipality as it is non – delegated.

5.1. Financial Management Grant

Table 3.1 below shows performance on Financial Management Grant at 31 March 2018

Municipalities in the province spent R46,430 million or 76% of the total allocation of R60,925 million.

Table 3.1 Financial Management Grant						
MUNICIPALITY	DORA Allocation	Available	Transferred	Spending	% Spending (DORA Allocation)	% Spending (Transferred)
Richersveld Local Municipality	1 900	1 900	1 900	1 428	75	75
Nama Khol Local Municipality	2 145	2 145	2 145	1 873	87	87
Kamiesberg Local Municipality	2 345	2 345	2 345	2 090	89	89
Hantam Local Municipality	1 900	1 900	1 900	1 604	84	84
Karoo Hoogland Local Municipality	1 900	1 900	1 900	1 853	98	98
Kha-Ma Local Municipality	1 900	1 900	1 900	1 508	79	79
Namakwa District Municipality	1 250	1 250	1 250	1 053	84	84
Total - Namakwa	13 340	13 340	13 340	11 409	86	86
Uburu Local Municipality	1 900	1 900	1 900	2 141	113	113
Umsobomvu Local Municipality	1 900	1 900	1 900	1 900	100	100
Emthanjeni Local Municipality	1 700	1 700	1 700	1 511	89	89
Kareeberg Local Municipality	1 900	1 900	1 900	1 620	85	85
Renosterberg Local Municipality	2 345	2 345	2 345	1 714	73	73
Thembelihle Local Municipality	2 345	2 345	2 345	2 079	89	89
Siyathemba Local Municipality	2 345	2 345	2 345	1 770	75	75
Siyancuma Local Municipality	2 345	2 345	2 345	1 825	78	78
Pixley ka Seme District Municipality	1 250	1 250	1 250	729	58	58
Total - Pixley ka Seme	18 030	18 030	18 030	15 289	85	85
Kai IGarib Local Municipality	2 345	2 345	2 345	1 287	55	55
IKheis Local Municipality	2 345	2 345	2 345	2 103	90	90
Tsantsabane Local Municipality	2 345	2 345	2 345	1 434	61	61
Kgatelopele Local Municipality	2 345	2 345	2 345	1 515	65	65
Dawid Kruger Local Municipality	4 045	4 045	4 045	3 628	90	90
ZF Mgcawu District Municipality	1 250	1 250	1 250	457	37	37
Total - ZF Mgcawu	14 675	14 675	14 675	10 424	71	71
Dikgatong Local Municipality	2 345	2 345	2 345	1 690	72	72
Magareng Local Municipality	1 900	1 900	1 900	552	29	29
Phokwane Local Municipality	2 145	2 145	2 145	942	44	44
Frances Baard District Municipality	1 250	1 250	1 250	924	74	74
Total - Frances Baard	7 640	7 640	7 640	4 108	54	54
Joe Morolong Local Municipality	2 145	2 145	2 145	906	42	42
Ga-Segonyana Local Municipality	2 145	2 145	2 145	1 877	88	88
Gamagara Local Municipality	1 700	1 700	1 700	1 321	78	78
John Taolo Gaetsewe District Municipality	1 250	1 250	1 250	1 096	88	88
Total - John Taolo Gaetsewe	7 240	7 240	7 240	5 200	72	72
Total - Province	60 925	60 925	60 925	46 430	76	76

Ubuntu and Umsombomvu municipality reported the highest spending at 113% and 100% respectively, followed by Karoo Hoogland at 98% and the lowest was reported in Magareng at 29%

At a district level, the highest spending was reported by Namakwa at 88% followed by Pixley Ka Seme at 85%, John Taolo Gaetsewe at 72%, ZF Ngcawu at 71% and the lowest was Frances Baard at 54%.

5.2 Extended Public Works Programme Grant

Table 3.2 shows the performance for EPWP Grant as at 31 March 2018

Table 3.2. Extended Public Works Programme

MUNICIPALITY	DORA Allocation	Available	Transferred	Spending	% Spending (DORA Allocation)	% Spending (Transferred)
Richersveld Local Municipality	1 000	1 000	1 000	438	44	44
Nama Khoi Local Municipality	1 000	1 000	1 000	850	85	85
Kamiesberg Local Municipality	1 000	1 000	1 000	1 051	105	105
Hantam Local Municipality	1 000	1 000	1 000	994	99	99
Karoo Hoogland Local Municipality	1 000	1 000	1 000	778	78	78
Khai-Ma Local Municipality	1 000	1 000	1 000	751	75	75
Namakwa District Municipality	1 000	1 000	1 000	813	81	81
Total - Namakwa	7 000	7 000	7 000	5 675	81	81
Ubuntu Local Municipality	1 000	1 000	1 000	579	58	58
Umsobomvu Local Municipality	1 000	1 000	1 000	591	59	59
Erntshani Local Municipality	1 086	1 086	1 086	624	57	57
Kareeberg Local Municipality	1 000	1 000	1 000	757	76	76
Renosterberg Local Municipality	1 000	1 000	1 000	874	87	87
Thembelihle Local Municipality	1 000	1 000	1 000	555	56	56
Siyathemba Local Municipality	1 000	1 000	1 000	1 584	158	158
Siyancuma Local Municipality	1 000	1 000	1 000	720	72	72
Pixley ka Seme District Municipality	1 000	1 000	1 000	1 078	108	108
Total - Pixley ka Seme	9 086	9 086	9 086	7 362	81	81
Kal IGarib Local Municipality	1 000	1 000	1 000	730	73	73
IKhels Local Municipality	1 000	1 000	1 000	478	48	48
Tsantsabane Local Municipality	1 000	1 000	1 000	1 062	106	106
Kgatelopele Local Municipality	1 000	1 000	1 000	504	50	50
Dawid Kruiper Local Municipality	1 161	1 161	1 161	213	18	18
ZF Mgcawu District Municipality	1 000	1 000	1 000	866	87	87
Total - ZF Mgcawu	6 161	6 161	6 161	3 853	63	63
Dikgatlong Local Municipality	1 000	1 000	1 000	501	50	50
Magareng Local Municipality	1 000	1 000	1 000	1 071	107	107
Phokwane Local Municipality	1 000	1 000	1 000	322	32	32
Frances Baard District Municipality	1 168	1 168	1 168	430	37	37
Total - Frances Baard	4 168	4 168	4 168	2 324	58	58
Joe Morolong Local Municipality	1 000	1 000	1 000	402	40	40
Ga-Segonyana Local Municipality	1 000	1 000	1 000	677	68	68
Gamagara Local Municipality	1 158	1 158	1 158	1 216	105	105
John Taolo Gaetsewe District Municipality	1 000	1 000	1 000	995	100	100
Total - John Taolo Gaetsewe	4 158	4 158	4 158	3 290	79	79
Total - Province	30 573	30 573	30 573	22 504	74	74

Municipalities in the province reported a total spending of R22,504 million or 74% of the allocated amount of R30,573 million as at 31 March 2018.

The spending was relatively satisfactory with only 9 out of 30 municipalities reporting spending of 50% or less. The highest spending was reporting in Siyathemba municipality at 158%, followed by Magareng at 107% while the lowest spending was reported in Dawid Kruiper and Phokwane municipalities at 18% and 32% respectively.

At a district level, the highest spending was reported in Namakwa and Pixley Ka Seme both at 81%, followed by John Taolo Gaetsewe at 79%, ZF Ngcawu at 63% and the lowest was Frances Baard at 56%.

5.3 Rural Road Asset Management System Grant

Table 3.3 shows the performance for RRAMS Grant as at 31 March 2018

Table 3.3. Rural Road Assets Management System Grant						
MUNICIPALITY	DORA Allocation	Available	Transferred	Spending	% Spending (DORA Allocation)	% Spending (Transferred)
Namakwa District Municipality	2 898	2 898	2 898	-	-	-
Total - Namakwa	2 898	2 898	2 898	-	-	-
Pixley ka Seme District Municipality	3 003	3 003	3 003	2 632	88	88
Total - Pixley ka Seme	3 003	3 003	3 003	2 632	88	88
ZF Mgcawu District Municipality	2 860	2 860	2 860	396	14	14
Total - ZF Mgcawu	2 860	2 860	2 860	396	14	14
Frances Baard District Municipality	2 516	2 516	2 516	1 213	48	48
Total - Frances Baard	2 516	2 516	2 516	1 213	48	48
John Taolo Gaetsewe District Municipality	1 979	1 979	1 979	1 053	53	53
Total - John Taolo Gaetsewe	1 979	1 979	1 979	1 053	53	53
Total - Province	13 256	13 256	13 256	5 294	40	40

Only the district municipalities were allocated this grant amounting to R13,256 million, of which R13,256 million was transferred and a total spending of R5,294 million or 40% was spent as at 31 March 2018.

The spending was very low with only Pixley Ka Seme and John Taolo Gaetsewe reporting expenditure of 50% and more all other districts spending is less than 50%. Namakwa still reported 0% expenditure as at end of the third quarter.

5.4 Integrated National Electrification Programme Grant

Table 3.4 shows the performance for INEP Grant as at end of March 2018

Table 3.4. Integrated National Electrification Programme

MUNICIPALITY	DORA Allocation	Adjustments	Available	Transferred	Spending	% Spending (DORA Allocation)	% Spending (Transferred)
Richersveld Local Municipality	7 000	-	7 000	7 000	4 182	60	60
Nama Khol Local Municipality	5 000	7 300	12 300	12 300	4 017	33	33
Kamiesberg Local Municipality	-	-	-	-	-	-	-
Hantam Local Municipality	1 000	-	1 000	1 000	1 090	109	109
Karoo Hoogland Local Municipality	1 000	-	1 000	1 000	-	-	-
Khal-Ma Local Municipality	1 000	-	1 000	1 000	189	19	19
Namakwa District Municipality	-	-	-	-	-	-	-
Total - Namakwa	15 000	7 300	22 300	22 300	9 478	43	43
Ubuntu Local Municipality	1 000	-1 000	-	-	-	-	-
Umsobomvu Local Municipality	2 000	-	2 000	2 000	268	13	13
Emnhanjeni Local Municipality	6 000	1 500	7 500	7 500	6 579	88	88
Kareeberg Local Municipality	1 000	-	1 000	1 000	76	8	8
Renosterberg Local Municipality	3 000	-	3 000	3 000	2 916	97	97
Thembelihle Local Municipality	1 000	7 000	8 000	1 000	800	10	10
Siyathamba Local Municipality	-	2 500	2 500	2 500	-	-	-
Siyancuma Local Municipality	3 000	1 750	4 750	4 750	2 915	61	61
Pixley ka Seme District Municipality	-	1 000	1 000	1 000	-	-	-
Total - Pixley ka Seme	17 000	12 750	29 750	22 750	13 554	46	60
Kai !Garib Local Municipality	3 000	-	3 000	3 000	4 719	157	157
IKheis Local Municipality	-	-	-	-	-	-	-
Tsantsabane Local Municipality	-	-	-	-	-	-	-
Kgatllopele Local Municipality	-	-	-	-	-	-	-
Dawid Kruiper Local Municipality	17 000	-	17 000	17 000	-	-	-
ZF Mgcawu District Municipality	-	-	-	-	-	-	-
Total - ZF Mgcawu	20 000	-	20 000	20 000	4 719	24	24
Dikgatong Local Municipality	3 000	-	3 000	3 000	1 062	35	35
Magareng Local Municipality	15 000	-10 000	5 000	5 000	941	19	19
Phokwane Local Municipality	3 000	-	3 000	3 000	3 021	101	101
Frances Baard District Municipality	-	-	-	-	-	-	-
Total - Frances Baard	21 000	-10 000	11 000	11 000	5 024	46	46
Joe Morolong Local Municipality	-	-	-	-	-	-	-
Ga-Segonyana Local Municipality	5 000	-	5 000	5 000	1 201	24	24
Gamagara Local Municipality	15 000	-	15 000	15 000	-	-	-
John Taolo Gaetsewe District Municipality	-	-	-	-	-	-	-
Total - John Taolo Gaetsewe	20 000	-	20 000	20 000	1 201	6	-
Total - Province	93 000	10 050	103 050	96 050	33 976	33	35

Only 14 out of 30 delegated municipalities were allocated this grant totaling R93,000 million. A total of R96,050 million was transferred and R33,976 million or 33% of the allocated amount was spent for the period under review.

The highest spending was reported in Kai ! Garib at 157% which exceeds the allocated amount by 57%, followed by Hantam at 109%.

The overall spending was very poor with seven (5) municipalities still reporting 0% spending as at end of quarter three.

At a district level, the highest spending was reported in Pixley Ka Seme and Frances Baard both at 46%, followed by Namakwa at 43%, ZF Mgcawu at 24% and the lowest was John Taolo Gaetsewe at 6%.

5.5 Energy Efficiency and Demand Side Management Grant

Table 3.5 shows the performance for EEDSM Grant as at end of March 2018

Table 3.5. Energy Efficiency and Demand Side Management Grant						
MUNICIPALITY	DORA Allocation	Available	Transferred	Spending	% Spending (DORA Allocation)	% Spending (Transferred)
Hantam Local Municipality	-	-	-	-	-	-
Total - Namakwa	2 000	2 000	2 000	1 674	84	84
Dawid Kruiper Local Municipality	5 000	5 000	5 000	107	2	2
ZF Mgcawu District Municipality	-	-	-	-	-	-
Total - ZF Mgcawu	5 000	5 000	5 000	107	2	2
Total - Province	7 000	7 000	7 000	1 781	25	25

Only two (2) municipalities in the province (i.e. Dawid Kruiper and Karoo Hoogland) were allocated this grant totaling to R7 million, of which R7,000 million was transferred and R1,781 million or 25% of the allocated amount was spent for the period under review.

5.6 Regional Bulk Infrastructure Grant

Table 3.6 shows the performance for RBIG Grant as at end of March 2018

Table 3.6. Regional Bulk Infrastructure Grant (RBIG)						
MUNICIPALITY	DORA Allocation	Available	Transferred	Spending	% Spending (DORA Allocation)	% Spending (Transferred)
Hantam Local Municipality	65 426	65 246	65 246	61 643	94	94
Total - Namakwa	65 426	65 426	65 246	61 643	94	94
Kareeberg Local Municipality	15 000	15 000	15 000	12 091	81	81
Total - Pixley ka Seme	15 000	15 000	15 000	12 091	81	81
Total - Province	80 426	80 426	80 246	73 734	92	92

Only (2) delegated municipalities in the province were allocated this grant totaling R80,426 million, of which R80,246 million was transferred and R73,734 million or 92% was spent at the

end of the period under review. Hantan municipality has spent 94% of its allocation while Kareeberg 81% of its allocation.

5.7 Water Service Infrastructure Grant

Table 3.7 shows the performance for WSIG Grant as at end of March 2018

Table 3.7. Water Service Infrastructure Grant (WSIG)						
MUNICIPALITY	DORA Allocation	Available	Transferred	Spending	% Spending (DORA Allocation)	% Spending (Transferred)
Richersveld Local Municipality	6 000	6 000	6 000	3 096	52	52
Nama Khol Local Municipality	5 000	5 000	5 000	578	12	12
Kamiesberg Local Municipality	4 000	4 000	4 000	1 914	48	48
Hantam Local Municipality	4 000	4 000	4 000	2 517	63	63
Karoo Hoogland Local Municipality	4 000	4 000	4 000	3 784	95	95
Khai-Ma Local Municipality	5 000	5 000	5 000	193	4	4
Namakwa District Municipality	-	-	-	-	-	-
Total - Namakwa	28 000	28 000	28 000	12 082	43	43
Ubuntu Local Municipality	4 000	4 000	4 000	-	-	-
Umsobomvu Local Municipality	4 000	4 000	4 000	207	5	5
Emthanjeni Local Municipality	14 000	14 000	14 000	-	-	-
Kareeberg Local Municipality	4 000	4 000	4 000	1 772	44	44
Renosterberg Local Municipality	10 000	10 000	10 000	10 000	100	100
Thembelihle Local Municipality	4 000	4 000	4 000	317	8	8
Siyathemba Local Municipality	-	-	-	-	-	-
Siyancuma Local Municipality	10 000	10 000	10 000	2 051	21	21
Pixley ka Seme District Municipality	-	-	-	-	-	-
Total - Pixley ka Seme	50 000	50 000	50 000	14 347	-	-
Kai IGarib Local Municipality	10 000	10 000	10 000	-	-	-
IKheis Local Municipality	7 500	7 500	7 500	2 064	28	28
Tsantsabane Local Municipality	4 000	4 000	4 000	481	12	12
Kgalabolepe Local Municipality	4 000	4 000	4 000	3 300	83	83
Dawid Kruiper Local Municipality	7 000	7 000	7 000	609	9	9
ZF Mgcawu District Municipality	-	-	-	-	-	-
Total - ZF Mgcawu	32 500	32 500	32 500	6 454	-	-
Dikgatlong Local Municipality	-	-	-	-	-	-
Magareng Local Municipality	-	-	-	-	-	-
Phokwane Local Municipality	25 000	25 000	25 000	6 043	24	24
Frances Baard District Municipality	-	-	-	-	-	-
Total - Frances Baard	25 000	25 000	25 000	6 043	-	-
Joe Morolong Local Municipality	45 000	45 000	45 000	17 844	40	40
Ga-Segonyana Local Municipality	35 000	35 000	35 000	26 084	75	75
Gamagara Local Municipality	20 000	20 000	20 000	-	-	-
John Tsolo Gaetsewe District Municipality	-	-	-	-	-	-
Total - John Tsolo Gaetsewe	100 000	100 000	100 000	43 928	44	44
Total - Province	235 500	235 500	235 500	82 854	35	35

Municipalities in the Province reported a total spending of R82,854 million or 35% of the allocated amount of R235,500 for the period under review.

The spending was very low with only 6 out of 22 municipalities reporting a spending of 50% or more, with the highest spending in Renosterberg at R10,000 million or 100% of its total allocation followed by Karoo Hoogland at R3,784 million or 95%, Kgatelopele at R3,300 million or 83% and Ga-Segonyana at R26,084 million or 75%.

Five (4) municipalities still reported 0% spending at the end of third quarter i.e. Ubuntu, Erntanjeni, Thembelihle and Kai Garib.

5.8 Municipal Infrastructure Grant

Table 3.8 shows the performance for MIG Grant as at end of March 2018

Table 3.8 Municipal Infrastructure Grant							
MUNICIPALITY	DORA Allocation	Adjustments	Available	Transferred	Spending	% Spending (DORA Allocation)	% Spending (Transferred)
Richtersveld Local Municipality	7 382	-	7 382	7 382	2 927	40	40
Nama Khol Local Municipality	14 774	-	14 774	14 774	10 959	74	74
Kamiesberg Local Municipality	7 601	5 500	13 101	13 101	6 732	51	51
Hantam Local Municipality	16 716	-	16 716	16 716	10 866	65	65
Karoo Hoogland Local Municipality	8 145	6 500	14 645	18 557	6 795	46	37
Khai-Ma Local Municipality	7 825	-	7 825	7 825	3 501	45	45
Namakwa District Municipality	-	-	-	-	-	-	-
Total - Namakwa	62 443	12 000	74 443	78 355	41 780	56	53
Ubuntu Local Municipality	10 063	-	10 063	10 063	7 874	78	78
Umsobomvu Local Municipality	11 612	-	11 612	11 612	11 063	95	95
Erntanjeni Local Municipality	12 292	-	12 292	12 292	4 515	37	37
Kareeberg Local Municipality	8 095	-2 000	6 095	4 095	3 756	62	62
Renosterberg Local Municipality	7 527	-	7 527	7 527	5 640	75	75
Thembelihle Local Municipality	9 533	-1 367	8 166	8 166	5 521	68	68
Siyathemba Local Municipality	9 920	6 000	15 920	15 920	9 732	61	61
Siyancuma Local Municipality	23 693	-9 000	14 693	14 693	3 561	24	24
Pixley ka Seme District Municipality	-	-	-	-	-	-	-
Total - Pixley ka Seme	92 735	-6 367	86 368	84 368	51 662	60	61
Kai I Garib Local Municipality	22 744	-	22 744	22 744	26 991	119	119
IKheis Local Municipality	10 798	-	10 798	10 798	8 640	80	80
Tsantabane Local Municipality	15 740	-4 000	11 740	11 740	8 361	71	71
Kgatelopele Local Municipality	8 099	18 000	26 099	26 099	8 457	32	32
David Kruiper Local Municipality	25 468	-5 861	19 607	19 607	6 174	31	31
ZF Mgcawu District Municipality	-	-	-	-	-	-	-
Total - ZF Mgcawu	82 849	8 139	90 988	90 988	58 623	64	64
Dikgatong Local Municipality	19 800	-	19 800	19 800	15 935	80	80
Magareng Local Municipality	11 279	-4 279	7 000	7 000	4 981	71	71
Phokwane Local Municipality	26 685	15 000	41 685	41 685	22 075	53	53
Frances Baard District Municipality	-	-	-	-	-	-	-
Total - Frances Baard	57 744	10 721	68 465	68 465	42 991	63	63
Joe Morolong Local Municipality	61 060	-	61 060	61 060	48 539	79	79
Ga-Segonyana Local Municipality	54 211	-	54 211	54 211	39 188	72	72
Gamagara Local Municipality	11 982	-2 000	9 982	9 982	7 449	75	75
John Taolo Gaetsewe District Municipality	-	-	-	-	-	-	-
Total - John Taolo Gaetsewe	127 253	-2 000	125 253	125 253	95 176	76	76
Total - Province	423 024	22 493	445 517	447 429	290 232	66	66

A total of R423,024 million was allocated to the province, with R447,429 million transferred at the end of March 2018.

Municipalities in the province reported a total spending of R290,232 million or 65% of the total allocation as at end of quarter 3.

On a straight-line basis, municipalities should have spent 75% of their allocations at the end of the 3rd quarter.

The highest spending was reported in Kai !Garib municipality at 119%, followed by Umsobomvu at 95%, Dikgatlong and !Kheis both at 80% and the lowest was reported in Siyancuma at 24%.

At a district level, the highest spending was reported in John Taolo Gaetsewe at 76%, followed by ZF Mgcawu at 64%, Frances Baard at 63%, Pixley Ka Seme at 60% and the lowest was ZF Namakwa at 56%.

6. CHALLENGES

The following are challenges that were identified:

- Lack of consequence management in municipalities
- The quality of the reported information by municipalities is still of a serious concern
- Poor knowledge of financial systems resulting in non – optimal use of modules
- Slow spending of the capital budget, which is mostly funded by the conditional grants
- Non-performing of month end procedures by some municipalities, which result in inaccurate reporting
- Vacancies in key position, which result in people acting for extended period of time.
- Non-implementation of credit control policies, which results in outstanding debtors amount growing
- Non-payment of creditors resulting in penalties and charges which increases fruitless and wasteful expenditure.
- Appointment of people with relevant skills is still a challenge, especially in budget and treasury.
- High reliance on consultants without any monitoring and skills transfer
- Performance Management System is not implemented in most municipalities.
- Training is not accessible to everyone. The middle or senior managers get trained, whereas majority of junior officials are left out.
- Planning, strategizing and reporting are not taken seriously in most municipalities.
- Tariffs of most municipalities are not cost reflective and as a result services are provided at a loss
- Poor Indigent management resulting misuse of free basic services and indigent registers are not updated regularly.

7. Recommendations

- Training should be arranged on all modules in the financial systems to ensure optimal use.
- Reports should be review and signed off by a senior official to ensure accuracy.
- Municipalities must maintain and implement procurement plans to ensure maximum and meaningful spending of conditional grants.
- Implementation of credit control policies, is crucial to ensure financial sustainability of the municipalities.
- Municipalities should embark on data cleansing exercises to ensure that billing is done correctly and meters are read properly.
- Municipalities must priorities the filling of vacant critical posts and ensure that the existing staff is capacitated.
- The service level agreements with consultants should include skills transfer and the process should be closely monitored.
- Municipalities must enter in to affordable payment agreement with their creditors and honor such arrangements.



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Date: 13/05/2018