



Northern Cape Provincial Treasury

# Quarterly Consolidated Municipal Performance Report

4th Quarter

**MBQR: June 2019**

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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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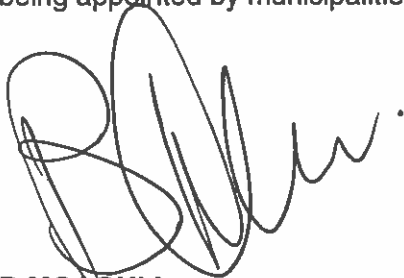
## Foreword

We are pleased to present the third quarter report on the municipal budget performance analysis of the municipalities in the Northern Cape Province for the 2018/19 financial year. We cannot over emphasize the importance of keeping our oversight structures, be it in the form of provincial legislature committees or municipal councilors informed about the performance of the municipalities in the province in order to allow them to perform their oversight role with ease.

On a monthly basis, municipalities in the province submit their monthly financial reports to the Local Government Database however the accuracy and reliability of the information submitted remains a great challenge. This reporting is supposed to serve as an early warning mechanism for Council and municipal employees to identify potential cash – flow challenges and proactively implement corrective measures. The Provincial Treasury continues to assess these reports on a monthly basis in order to make recommendations and propose solutions however the non – implementation of such recommendations by municipalities remains a great challenge.

The slow spending on conditional grants continues to be a matter of serious concern as most of the municipalities were unable to spend at least 50% of their allocation by 30 June 2019, which put them under threat of being included in the list for the stopping and reallocation process by National Treasury. The low spending is attributed to delays which are caused by poor planning of capital projects resulting in failure to meet project milestones. The other contributing factor is the appointment of incompetent service providers resulting in poor workmanship and in most cases punitive measures are not implemented for recurrent underperformance. Furthermore, vacancies on Technical Director level and lack of contract management continues to be a challenge.

The Auditor General conducted the audit of the annual financial statements of respective municipalities in the province for the 2017/18 financial year. The audit outcomes shows that four of our delegated municipalities have regressed and five audits have still not been finalized, with two annual financial statements still outstanding. It is greatly concerning that from the four municipalities that regressed, three were utilizing consultants for compilation of their financial statements which then raises the question of value for money. The high reliance on consultants is alarming with only 23% of municipalities in the Province being able to compile their financial statements in – house, this bring the discussion of the caliber of Chief Financial Officers that are being appointed by municipalities



**B MGAGULI**  
**DIRECTOR MUNICIPAL FINANCE**

## 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. Furthermore, publishing this information improves transparency and fosters effective oversight, promotes fiscal discipline and provides a mechanism for measuring the ongoing performance of the municipalities.

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 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 while 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 30 JUNE 2019

### 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 30 June 2019 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 30 June 2019

District Municipality	Original Budget (R000)	Adjusted Budget (R000)	No of Municipalities in the District	Year to Dated (R000)	% Spent
<b>Sol Plaatje</b>	<b>2 380 097</b>	<b>2 380 097</b>	<b>1</b>	<b>1 961 539</b>	<b>82%</b>
<b>John Taolo Gaetsewe</b>	<b>1 452 441</b>	<b>1 452 441</b>	<b>4</b>	<b>1 127 056</b>	<b>78%</b>
<b>Namakwa</b>	<b>971 295</b>	<b>971 295</b>	<b>7</b>	<b>803 953</b>	<b>83%</b>
<b>Pixley ka Seme</b>	<b>1 416 385</b>	<b>1 416 385</b>	<b>9</b>	<b>888 036</b>	<b>63%</b>
<b>ZF Mgcawu</b>	<b>1 620 749</b>	<b>1 620 749</b>	<b>7</b>	<b>1 127 804</b>	<b>70%</b>
<b>Frances Baard</b>	<b>914 587</b>	<b>914 587</b>	<b>4</b>	<b>603 030</b>	<b>66%</b>
<b>Total</b>	<b>6 375 456</b>	<b>6 375 456</b>	<b>31</b>	<b>4 549 879</b>	<b>71%</b>

\* 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 R4.5 billion or 71% of the total adopted budgets of R6.4 billion.

Municipalities in Namakwa district reported the highest expenditure at R803,953 million or 83% of their total adopted budgets, followed by those in John Taolo Gaetsewe at R1.1 billion or 78%, ZF Mgcawu at R1.1 billion or 70%, Frances Baard at R603,030 million or 66% and the lowest was reported in Pixley ka Seme at R888,038 million or 63%.



## 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 30 June 2019.

Table 1.1 : Operating Revenue as at 30 June 2019 (R'000)

District Municipality	Original Budget	Adjusted Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Sei Plastje	2 338 902	2 338 902	1 863 734	80%	630 937	853 801	379 796
Nemakwa	849 162	849 162	637 890	75%	93 364	274 257	270 249
Pitsoley ka Seme	1 225 068	1 225 068	860 498	70%	88 627	300 677	461 195
ZF Mgcawu	1 512 082	1 512 082	1 192 199	79%	173 831	569 399	448 969
Frances Baard	834 251	834 251	993 311	119%	39 392	483 510	470 409
John Taolo Gaetsewe	1 334 921	1 334 921	1 230 603	92%	145 802	358 638	726 163
<b>Total</b>	<b>8 094 386</b>	<b>8 094 386</b>	<b>6 778 236</b>	<b>84%</b>	<b>1 081 973</b>	<b>2 839 482</b>	<b>2 756 781</b>

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 R6.8 billion or 84% of the total adopted operating revenue budgets of R8.1 billion. However, factoring out grant allocations and considering huge increase in outstanding debtors, the assumption would be that minimal fiscal effort has been applied by municipalities to generate revenue.

Municipalities in Frances Baard District reported the highest revenue at R993,311 million or 119%, followed by those in John Taolo Gaetsewe at R1.2 billion or 92%, ZF Mgcawu at R1.2 billion or

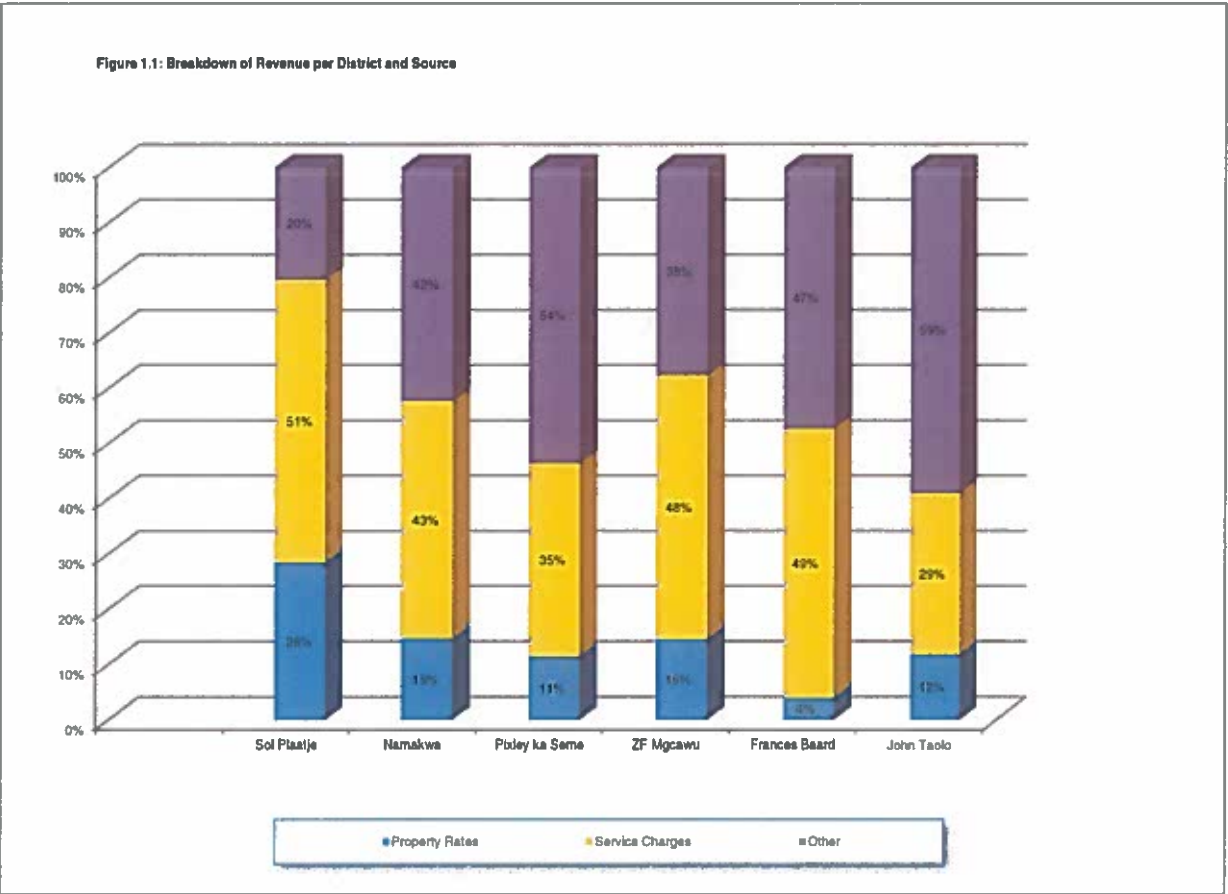
79%, Namakwa at R637,890 million or 75% and the lowest revenue was reported in Pixley ka Seme district at R860,498 million or 70%. The under collection in Namakwa, Pixley ka Seme, ZF Mgcawu and John Taolo Gaetsewe Districts is an indication of poor budgeting by municipalities in those districts.

The highest revenue was reported under Service Charges at R2.9 billion or 43%, followed by Other Revenue at R2.8 billion or 41% of the total operating revenue of R6.8 billion and the lowest was reported under Property Rates at R1.1 billion or 16%.

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 revenue John Taolo Gaetsewe contributed 59% followed by Pixley ka Seme at 54%, Frances Baard at 47%, Namakwa contributed 42% and the lowest was reported in ZF Mgcawu at 38%.

Service Charges have contributed 49% in Frances Baard district, followed by ZF Mgcawu at 48%, Namakwa at 43%, Pixley ka Seme at 35% and the lowest in John Taolo Gaetsewe at 29%.

Property Rates contributed 15% in Namakwa and ZF Mgcawu, 12% in John Taolo Gaetsewe, 11% in Pixley ka Seme and the lowest in Frances Baard at 4% .

### 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 30 June 2019

District Municipality	Original Budget (R'000)	Adjusted Budget (R'000)	No of Municipalities in the District	Year to Dated (R'000)	% Spent
<b>Sol Plaatje</b>	<b>2 048 855</b>	<b>2 048 855</b>	<b>1</b>	<b>1 780 387</b>	<b>87%</b>
John Taolo Gaetsewe**	1 155 478	1 155 478	4	905 377	78%
Namakwa	764 555	764 555	7	630 362	82%
Pixley ka Seme	1 145 840	1 145 840	9	749 745	65%
ZF Mgcawu	1 434 589	1 434 589	7	996 383	69%
Frances Baard	774 770	774 770	4	501 343	65%
<b>Total</b>	<b>5 275 231</b>	<b>5 275 231</b>	<b>31</b>	<b>3 783 210</b>	<b>72%</b>

\* Provincial Total Exclude Sol Plaatje

Municipalities in the province had spent R3.8 billion or 72%(excluding Sol Plaatje) of the total adopted operating expenditure budget of R5.3 billion as at the end of the 4th quarter.

Municipalities in Namakwa district reported the highest expenditure at R630,362 million or 82% of their respective budget, followed by those in John Taolo Gaetsewe at R905,377 million or 78%, ZF Mgcawu at R996,383 million or 69% and the lowest was reported in Frances Baard district and Pixley Ka Seme District at R501,343 million and R749,745 million or 65%.

Table 1.3 and figure 1.2 show the breakdown of consolidated municipal operating expenditure for reporting municipalities by district (including Sol Plaatje).

Table 1.3 : Operating Expenditure as at 30 June 2019 (R000)

District Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Sol Plaatje	2 046 855	2 046 855	1 789 387	87%	876 355	207 902	501 329	395 700
Namakwa	764 555	764 555	630 362	82%	270 133	-	157 370	202 859
Pixley ka Seme	1 145 840	1 145 840	749 745	65%	331 777	12 221	163 925	241 822
ZF Mgcawu	1 434 589	1 434 589	996 383	69%	517 234	16 060	235 932	227 156
Frances Baard	774 770	774 770	501 343	65%	256 868	8 555	87 572	148 349
John Taolo Gaetsewe	1 155 478	1 155 478	905 377	78%	376 012	12 911	200 369	316 085
<b>Total</b>	<b>7 322 086</b>	<b>7 322 086</b>	<b>5 583 597</b>	<b>76%</b>	<b>2 428 379</b>	<b>256 749</b>	<b>1 348 497</b>	<b>1 531 972</b>

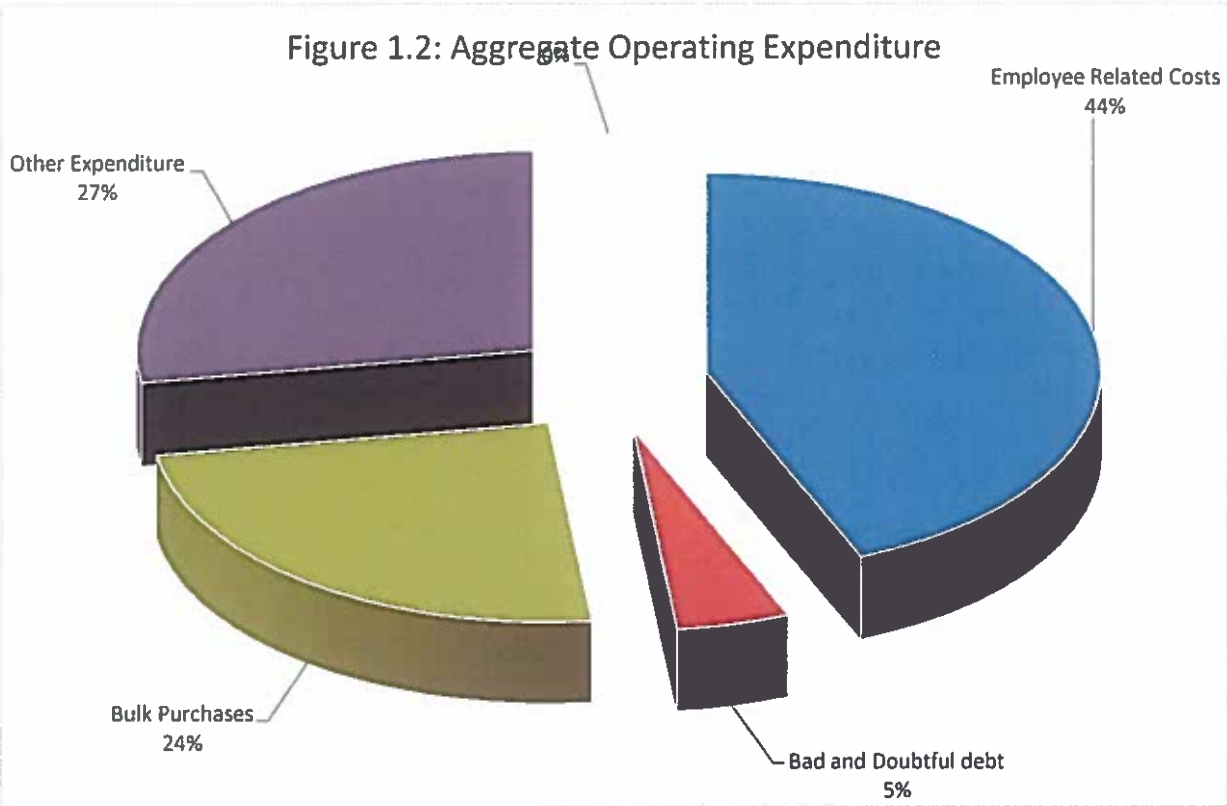
The consolidated operating expenditure for the 4th quarter amounted to R5.6 billion or 76% of the total adopted budget of R7.3 billion.

The highest expenditure was reported under employee related cost at R2.4 billion or 44% of the total expenditure of R5.6 billion, followed by other expenditure at R1.5 billion or 27%, Bulk Purchases of Water and Electricity at R1,3 billion or 24% and the lowest was reported under Bad and Doubtful Debts at R256,749 million or 5%.

Municipalities in the province have spent R5.6 billion or 76% (including Sol Plaatje) of the total adopted operating expenditure budget of R7.3 billion as at the end of 4<sup>th</sup> quarter.

Sol Plaatje reported the highest operating expenditure at R1.8 billion or 87% of their total adopted budget, followed by Namakwa district at R630,362 million or 82%, John Taolo Gaetsewe at R905,377 million or 78%, ZF Mgcawu at R996,383 million or 69% and the lowest was reported in Pixley Ka Seme and Frances Baard Districts at R749,745 million and R501,343 million or 65% respectively.

Figure 1.2 shows aggregate operating expenditure by category



Employee related cost amounts to 44%, while Other Expenditure at 27%, Bulk Purchases of Water and Electricity at 24% and Bad and doubtful debt 5%. 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. Funding for capital spending is mostly from conditional grants, primarily the Municipal Infrastructure Grant (MIG).

Table 1.4 : Capital Expenditure as at 30 June 2019

District Municipality	Original Budget (R'000)	Adjusted Budget (R'000)	No of Municipalities in the District	Year to Date (R'000)	% Spent
<b>Sol Plaatje</b>	<b>333 242</b>	<b>333 242</b>	<b>1</b>	<b>181 152</b>	<b>54%</b>
John Taolo Gaetsewe	296 963	296 963	4	221 680	75%
Namakwa	206 740	206 740	7	173 591	84%
Pixley ka Seme	270 545	270 545	9	138 291	51%
ZF Mgcawu	186 160	186 160	7	131 421	71%
Frances Baard	139 817	139 817	4	101 687	73%
<b>Total</b>	<b>1 100 225</b>	<b>1 100 225</b>	<b>31</b>	<b>766 669</b>	<b>70%</b>

\* Provincial Total Exclude Sol Plaatje

Capital spending incurred by municipalities in the province (except Sol Plaatje municipality) amounted to R766,669 million or 70% of the total capital budget of R1.1 billion.

Municipalities in Namakwa district reported the highest capital expenditure at R173,591 million or 84% of their respective budgets, followed by those in John Taolo Gaetsewe at R221,680 million or 75%, Frances Baard at R101,687 million or 73%, ZF Mgcawu at R131,421 million or 71% and the lowest was reported in Pixley ka Seme at R138,291 million or 51%.

### 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 30 June 2019.

Table 1.5 : Debtor Age Analysis as at 30 June 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
<b>Sol Plaatje</b>	<b>108 558</b>	<b>5%</b>	<b>54 542</b>	<b>2%</b>	<b>48 414</b>	<b>2%</b>	<b>2 074 904</b>	<b>91%</b>	<b>2 286 418</b>	<b>48%</b>
Namakwa	24 370	5%	11 887	2%	6 981	1%	444 775	91%	488 019	10%
Pixley ka Seme	14 436	4%	9 611	2%	10 401	3%	370 022	91%	404 470	9%
ZF Mgcawu	34 333	15%	8 410	4%	7 081	3%	186 639	79%	236 463	5%
John Taolo Gaetsewe	9 107	7%	4 134	3%	2 837	2%	107 054	87%	123 132	3%
Frances Baard	31 866	3%	24 788	2%	23 999	2%	1 115 442	93%	1 196 105	25%
<b>Total</b>	<b>222 670</b>	<b>5%</b>	<b>113 362</b>	<b>2%</b>	<b>99 713</b>	<b>2%</b>	<b>4 298 836</b>	<b>91%</b>	<b>4 734 607</b>	<b>100%</b>

Supporting table 1.5(a) (1): Debtor Age Analysis by customer group as at 30 June 2019 (R'000)

Provincial Total	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	28 210	3%	15 552	2%	14 570	1%	922 695	94%	981 027	21%
Business	78 719	12%	21 794	3%	17 957	3%	516 017	82%	632 487	13%
Households	117 097	4%	74 872	2%	64 622	2%	2 745 090	91%	3 001 681	63%
Other	650	1%	1 164	1%	2 564	2%	115 034	96%	119 412	3%
<b>Total</b>	<b>222 678</b>	<b>5%</b>	<b>113 382</b>	<b>2%</b>	<b>99 713</b>	<b>2%</b>	<b>4 298 836</b>	<b>91%</b>	<b>4 734 607</b>	<b>100%</b>
Water	48 767	4%	30 808	3%	27 929	3%	1 003 567	90%	1 111 071	23%
Electricity	67 650	15%	17 488	4%	13 743	3%	344 899	78%	443 780	9%
Property rates	44 247	4%	18 305	2%	16 134	1%	1 031 524	93%	1 110 210	23%
RSC Levies										
Other	29 127	2%	26 251	2%	23 389	2%	1 106 244	93%	1 185 011	25%
<b>Total</b>	<b>222 678</b>	<b>5%</b>	<b>113 382</b>	<b>2%</b>	<b>99 713</b>	<b>2%</b>	<b>4 298 836</b>	<b>91%</b>	<b>4 734 607</b>	<b>100%</b>

Total debt owed to municipalities in province amounts to R4.7 billion.

Of the total outstanding debtors R4.3 billion or 91% is owed for more than 90 days. Most of these debtors are not realistically collectable.

Municipalities in Frances Baard district reported the highest outstanding debtors at R1.2 billion or 25%, followed by Namakwa district at R488,019 million or 10%, Pixley ka Seme district at R404,470 million or 9%, ZF Mgcawu at R236,463 million or 5% and the lowest was reported in John Taolo Gaetsewe district at R123,132 million or 3%.

Sol Plaatje municipality alone reported outstanding debtors at R2.3 billion or 48% of the reported outstanding debtors in the province.

In aggregate 5% of debtors is outstanding between 0-30 days, 2% for 31-60 days, 2% for 61-90 days and 91% for more than 90 days.

Government departments owed municipalities R981,027 million or 21% of the total outstanding debtors and Business owed an amount of R632,487 million or 13%, while Households owed the highest at R3 billion or 63% and Other debtors amounted to R119,412 million or 3% of the total outstanding debtors of R4.7 billion.

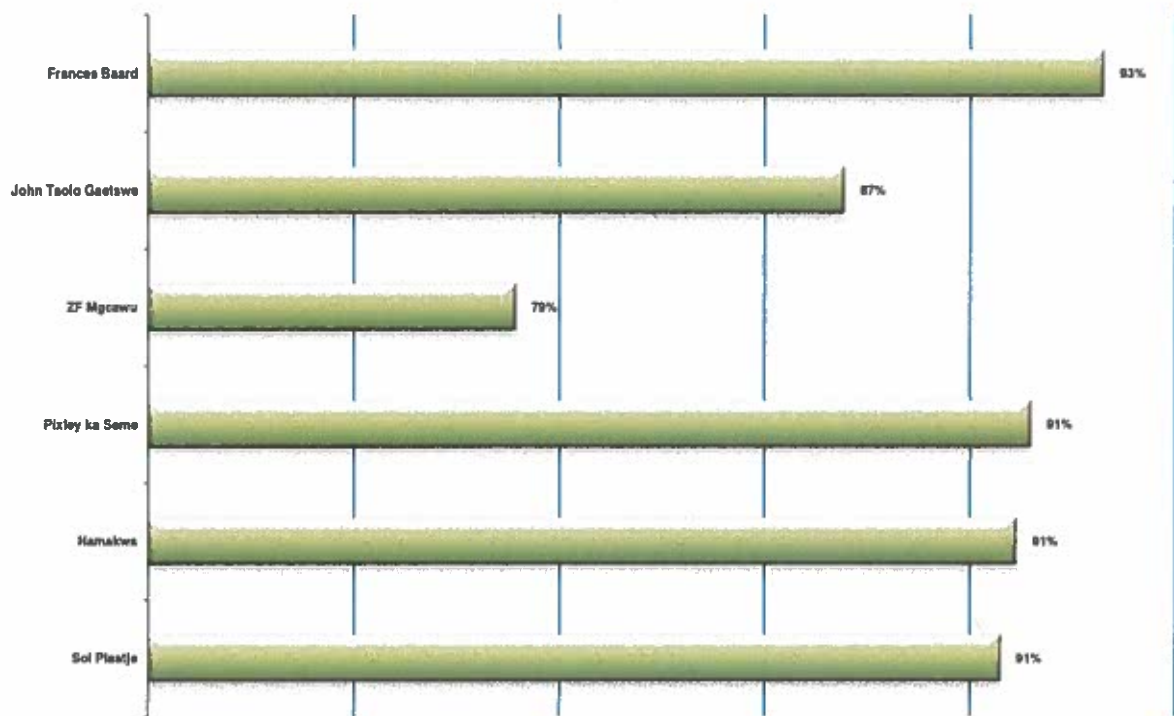
Of the total outstanding debtors owed by government, R922,695 million or 94% was due for more than 90 days.

The highest outstanding debtors was reported under Other debtors at R1.2 billion or 25% of the total outstanding debtors of R4.7 billion, followed by Property rates at R1.1 billion or 23%, Water at R1.1 billion or 23% and the lowest was reported under Electricity at R443,780 million or 9%.

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



Figure 1.4: Percentage of Total Debt over 90 Days



Of the total owed over 90 days, Frances Baard district reported the highest at 93%, followed by Pixley Ka Seme and Namakwa districts at 91%, John Taolo Gaetsewe at 87% and the lowest was reported in ZF Mgcawu at 79%.

#### 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 17% represents outstanding creditors up to 30 days and 74% is over 90 days

Table 1.6 : Creditors Age Analysis as at 30 June 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	121 609	100%							121 609	9%
Namakwa	35 009	10%	11 750	3%	13 975	4%	300 561	83%	361 295	27%
Pixley ka Seme	25 496	6%	27 002	6%	10 502	2%	390 689	86%	453 689	34%
ZF Mgcawu	28 907	57%	4 392	9%	1 620	3%	15 459	31%	50 378	4%
John Taolo Gaetsewe	4 769	11%	7 199	18%	2 370	5%	29 826	68%	44 164	3%
Frances Baard	13 628	5%	13 564	4%	20 227	7%	255 377	84%	302 796	23%
	229 418	17%	63 907	5%	48 694	4%	991 912	74%	1 333 931	100%

Table 1.6(a): Outstanding Creditors as at 30 June 2019 (R'000)

Provincial overview R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Creditors Age Analysis</b>										
Bulk Electricity	107 951	13%	28 754	3%	23 355	3%	683 998	81%	844 058	55%
Bulk Water	13 377	3%	16 265	4%	22 431	5%	361 020	87%	413 093	27%
PAYE Deductions	10 215	76%	657	5%	670	5%	1 872	14%	13 414	1%
VAT(Output less Input)	8 755	100%							8 755	1%
Pension/Retirement	8 559	59%	968	7%	619	4%	4 279	30%	14 425	1%
Loans Repayments	14	100%							14	0%
Trade Creditors	71 321	52%	11 584	8%	7 789	6%	45 882	34%	136 576	9%
Auditor-General	1 608	5%	1 679	6%	706	2%	25 315	86%	29 308	2%
Other	13 371	18%	7 168	10%	884	1%	53 480	71%	74 903	5%
<b>Total</b>	<b>229 418</b>	<b>17%</b>	<b>63 907</b>	<b>5%</b>	<b>48 694</b>	<b>4%</b>	<b>991 912</b>	<b>74%</b>	<b>1 333 931</b>	<b>100%</b>

Municipalities in the province owed their creditors a total amount of R1.3 billion as the end of the quarter.

Municipalities in Pixley Ka Seme reported the highest outstanding creditors at R453,689 million or 34% of the total outstanding creditors of R1.3 billion in the province, followed by those in Namakwa at R361,295 million or 27%, Frances Baard at R302,796 million or 23%, ZF Mgcawu at R50,378 million or 4% and the lowest was reported in John Taolo Gaetsewe at R44,164 million or 3%.

Of the total outstanding creditors 55% is due under Bulk Electricity, followed by Bulk Water at 27%, Trade Creditors at 9%, Other Creditors at 5%, Auditor general 2% and the lowest was reported under PAYE, VAT and Pension at 1%.

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 30 June 2019 (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	8 180	631 092	601 009	385 362	305 202	298 605	960	187 511	62 641
Namakwa	7 234	353 720	493 219	279 375	264 398	136 854	1 930	168 331	3 285
Pixley Ka Seme	43 751	532 703	460 454	324 859	269 814	98 571	7 629	193 765	142 270
ZF Mgcawu	89 504	432 917	824 225	488 046	396 806	144 768	10 194	233 287	73 545
Frances Baard	193 115	688 929	1 561 812	764 393	440 254	204 178	11 788	694 667	348 576
<b>Total</b>	<b>341 784</b>	<b>2 639 361</b>	<b>3 960 719</b>	<b>2 242 035</b>	<b>1 676 474</b>	<b>682 976</b>	<b>32 501</b>	<b>1 477 561</b>	<b>630 317</b>

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 R630,317 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 R348,576 million, followed by Pixley ka Seme at R142,270 million, ZF Mgcawu at R73,545 million, John Taolo Gaetsewe district at R62,641 million and the lowest positive cash and cash equivalent was reported in Namakwa at R3,285 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 30 June 2019 by the municipalities in the John Taolo Gaetsewe District against the budgeted revenue.

Table 2.1(a) : Operating Revenue as at 30 June 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Joe Morolong	300 626	300 626	300 862	100%	1 889	20 766	278 207
Ga-Segonyana	477 321	477 321	461 619	97%	44 936	127 327	289 355
Gamagara	456 563	456 563	373 144	82%	98 977	210 545	63 622
John Taolo Gaetsewe District	100 409	100 409	94 979	95%	-	-	94 979
<b>Total</b>	<b>1 334 921</b>	<b>1 334 921</b>	<b>1 230 603</b>	<b>92%</b>	<b>145 802</b>	<b>358 638</b>	<b>726 163</b>

Municipalities in the district reported an actual year to date revenue at R1.2 billion or 92% of the total adopted operating budget of R1.3 billion in the district.

Joe Morolong reported the highest revenue at R300,862 million or 100% of their revenue budget of R300,626 million followed by Ga-Segonyana municipality at R416,619 million or 97%, John Taolo Gaetsewe at R94,979 million or 95% and the lowest was reported in Gamagara at R373,144 million or 82%.

Other Revenue constituted R726,163 million or 59% of the total revenue generated in this district, followed by Service Charges at R358,638 million or 29% and Property Rates being the lowest at R145,802 million or 12%. 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 R905,377 million or 78% of the total adopted budget of R1.2 billion.

Table 2.1(b) : Operating Expenditure as at 30 June 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Date	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Joe Morolong	178 438	178 438	133 141	75%	68 355	-	10 494	58 292
Ga-Segonyana	381 446	381 446	323 121	85%	113 509	23	98 406	113 182
Gamagara	495 955	495 955	353 510	71%	134 454	12 888	93 469	112 699
John Taolo Gaetsewe District	99 639	99 639	95 605	96%	61 694	-	-	33 911
<b>Total</b>	<b>1 155 478</b>	<b>1 155 478</b>	<b>905 377</b>	<b>78%</b>	<b>378 012</b>	<b>12 911</b>	<b>200 369</b>	<b>318 085</b>

The highest expenditure in the district is Employee Related Costs at R376,012 million or 42% of the total expenditure of R905,377 million, followed by Other Expenditure at R316,085 million or 35%, Bulk Purchases of Water and Electricity at R200,369 million or 22% and the lowest was reported under Bad and Doubtful Debt at R12,911 million or 1%.

John Taolo Gaetsewe municipality reported the highest expenditure in the district at R95,605 million or 96% of their budget while Ga-Segonyana reported R323,121 million or 85% of their budget. Joe Morolong municipality reported R133,141 million or 75% of their budget and Gamagara reported the lowest at R353,510 million or 71%

### 3.1.3 Capital Expenditure

Table 2.1(c) shows capital spending by municipalities in the district as at 30 June 2019. The municipalities have spent R221,680 million or 75% of the total capital budget of R296,963 million.

Table 2.1(c) : Capital Expenditure as at 30 June 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Date	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Joe Morolong	120 535	120 535	80 515	67%	62 839	-	-	13 874	3 802
Ga-Segonyana	100 176	100 176	120 601	120%	57 083	28 152	-	24 840	10 526
Gamagara	75 482	75 482	19 871	26%	6 160	13 424	-	-	287
John Taolo Gaetsewe District	770	770	683	90%	-	-	-	-	683
<b>Total</b>	<b>296 963</b>	<b>296 963</b>	<b>221 680</b>	<b>75%</b>	<b>126 082</b>	<b>41 575</b>	<b>-</b>	<b>38 714</b>	<b>15 309</b>

The highest capital expenditure was reported in Ga – Segonyana at R120,601 million or 120% of their total capital budget of R100,176 million, followed by John Taolo Gaetsewe at R693 thousand or 90%, Joe Morolong reported at R80,515 million or 67% and Gamagara reported the lowest at R19,871 million or 26%.

The slow spending by all the municipalities in the district 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 R126,082 million or 57%, followed by Electricity at

R41,575 million or 19%, Roads & Pavements at R38,714 million or 17% and Other Capital Expenditure reported the lowest at R15,309 million or 7%.

### 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 30 June 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Joe Morolong	8 928	8%	4 134	4%	2 748	2%	95 336	86%	111 146	90%
Ga-Segonyana										
Gamagara	179	1%	0	0%	89	1%	11 718	98%	11 986	10%
John Taolo Gaetsewe										
<b>Total</b>	<b>9 107</b>	<b>7%</b>	<b>4 134</b>	<b>3%</b>	<b>2 837</b>	<b>2%</b>	<b>107 054</b>	<b>87%</b>	<b>123 132</b>	<b>100%</b>

Supporting table 2.1(d)(1): Debtor Age Analysis by customer group as at 30 June 2019 (R'000)

John Taolo District	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	1 404	5%	639	2%	280	1%	23 939	91%	26 262	21%
Business	4 677	32%	1 210	8%	821	6%	8 034	54%	14 742	12%
Households	2 426	3%	2 137	3%	1 587	2%	63 642	91%	69 782	57%
Other	600	5%	148	1%	149	1%	11 439	93%	12 336	10%
<b>Total</b>	<b>9 107</b>	<b>7%</b>	<b>4 134</b>	<b>3%</b>	<b>2 837</b>	<b>2%</b>	<b>107 054</b>	<b>87%</b>	<b>123 132</b>	<b>100%</b>
Water	1 541	19%	811	10%	482	6%	5 313	65%	8 147	7%
Electricity	4 238	42%	1 024	10%	758	8%	4 076	40%	10 096	8%
Property rates	455	1%	459	1%	209	1%	31 004	97%	32 127	26%
RSC Levies	1 439		886		696		27 931		30 952	25%
Other	1 434	3%	954	2%	691	2%	38 731	93%	41 810	34%
<b>Total</b>	<b>9 107</b>	<b>7%</b>	<b>4 134</b>	<b>3%</b>	<b>2 837</b>	<b>2%</b>	<b>107 054</b>	<b>87%</b>	<b>123 132</b>	<b>100%</b>

Municipalities in the district are owed an amount of R123,132 million.

Table 2.1(d) shows that Ga-Segonyana reported the highest outstanding debtors at R111,146 million or 90%, of which R95,336 million or 86% was owed for more than 90 days, followed by John Taolo Gaetsewe at outstanding debtors of R11,986 million or 10%. Joe Morolong and Gamagara did not submit their outstanding debtors reports.

Table 2.1(d)(1) shows that of the total outstanding debtors R69,792 million or 57% was owed by Households, followed by Government at R26,262 million or 21%, Business reported at R14,742 million or 12% and the lowest was reported under Other Debtors at R12,336 million or 10%.

The highest outstanding amount was reported under Other Services at R41,810 million or 34% and Property Rates at R32,127 million or 26%, RSC Levies at R30,952 million or 25%, Electricity at R10,096 million or 8% and Water reported the lowest at R8,147 million or 7%.

It is concerning that households and other debtors have reported credit balance for the period from 0 – 30 days, this might be attributed to incorrect reporting.

### 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 30 June 2019 (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	2 296	6%	7 099	17%	2 366	6%	29 783	72%	41 544	94%
Gamagara										
John Taolo Gaetsewe	2 473	94%	100	4%	4	0%	43	2%	2 620	6%
<b>Total</b>	<b>4 769</b>	<b>11%</b>	<b>7 199</b>	<b>16%</b>	<b>2 370</b>	<b>5%</b>	<b>29 826</b>	<b>68%</b>	<b>44 164</b>	<b>100%</b>

Table 2.1(e) (1): Outstanding Creditors as at 30 June 2019

District overview R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Creditors Age Analysis</b>										
Bulk Electricity							28 645	100%	28 645	65%
Bulk Water	2 366	20%	7 099	60%	2 366	20%			11 831	27%
PAYE Deductions										
VAT(Output less Input)										
Pension/Retirement										
Loans Repayments										
Trade Creditors	41	3%					1 138	97%	1 179	3%
Auditor-General	1	100%							1	0%
Other	2 361	94%	100	4%	4	0%	43	2%	2 508	6%
<b>Total</b>	<b>4 769</b>	<b>11%</b>	<b>7 199</b>	<b>16%</b>	<b>2 370</b>	<b>5%</b>	<b>29 826</b>	<b>68%</b>	<b>44 164</b>	<b>100%</b>

Municipalities in this region owe creditors a total of R44,164 million. Gamagara and Joe Morolong municipalities did not submit their creditors' age analysis report.

Ga – Segonyana municipality reported the highest outstanding creditors at R41,544 million or 94%, of which R29,783 million or 72% have been outstanding for more than 90 days. John Taolo Gaetsewe reported the lowest outstanding creditors of R2,620 million or 6%. This is of great concern as it is a clear contradiction of section 65(2) (f) of the MFMA, which requires municipalities to pay their creditors within 30 days of receipt of invoice.

Table 2.1(e) (1) shows that from the total outstanding creditors R28,645 million or 65% was owed to Bulk Electricity, followed by Bulk Water at R11,831 million or 27%, Other Creditors at R2,508 million or 6%, Trade Creditors at R1,179 million or 3% and Auditor-General reported the lowest at R1 thousand or 0% respectively.

### 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 30 June 2019 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Joe Morolong	-8 319	245 486	61 344	68 355	69 116	108 449		10 584	44 007
Ga-Segonyana	11 063	259 101	199 915	111 954	96 632	120 119	960	139 873	541
Gamagara	5 339	29 963	334 530	140 248	101 813	70 037		37 054	19 680
John Taolo Gaetsewe District	97	97 542	5 220	68 805	37 641				-1 587
<b>Total</b>	<b>8 180</b>	<b>631 092</b>	<b>601 000</b>	<b>385 362</b>	<b>305 202</b>	<b>298 605</b>	<b>960</b>	<b>187 511</b>	<b>62 641</b>

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 R62,641 million.

Joe Morolong reported the highest positive cash and cash equivalent of R44,007 million, followed by Gamagara at R19,680 million and the lowest positive cash and cash equivalents was reported in Ga-Segonyana at R541 thousand. John Taolo Gaetsewe reported a negative cash and cash equivalents of R1,587 million at the end of the period under review.

### 3.2 Namakwa District

#### 3.2.1 Operating Revenue

Table 2.2(a) shows actual revenue collected as at 30 June 2019 by the municipalities in the Namakwa District against the budgeted revenue.

Table 2.2(a) : Operating Revenue as at 30 June 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Date	% Collected	Detail		
					Property Rates	Service Charges	Other
Richtersveld	96 512	96 512	57 071	59%	11 315	25 109	20 647
Nama Khoi	282 021	282 021	264 848	94%	47 471	149 983	67 394
Kamiesberg	74 507	74 507	74 339	100%	8 314	15 945	50 080
Hantam	156 478	156 478	62 390	40%	8 421	55 865	(1 896)
Karoo Hoogland	98 250	98 250	55 795	57%	12 552	10 498	32 744
Khai-Ma	74 962	74 962	61 568	82%	5 311	16 857	39 401
Namakwa District	66 432	66 432	61 879	93%	-	-	61 879
<b>Total</b>	<b>849 162</b>	<b>849 162</b>	<b>637 890</b>	<b>75%</b>	<b>93 384</b>	<b>274 257</b>	<b>270 249</b>

The whole district managed to generate R637,890 million or 75% of the total revenue budget of R849,162 million.

The highest revenue was reported in Kamiesberg at R74,339 million or 100% respectively, followed by Nama Khoi at R264,848 million or 94%, Namakwa district at R61,879 million or 93%, Khai-Ma at R61,568 million or 82%, Richtersveld at R57,071 million or 59%, Karoo Hoogland reported at R55,795 million or 57% and the lowest was reported in Hantam at R62,390 million or 40%.

Service Charges constituted R274,257 million or 43% of the total revenue generated in this district, followed by Other Revenue at R270,249 million or 42% and the lowest was reported under Property Rates at R93,384 million or 15%.

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 R630,362 million or 82% of the total expenditure budget of R764,555 million.

Table 2.2(b) : Operating Expenditure as at 30 June 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Date	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Richtersveld	70 624	70 624	57 396	81%	26 719	-	13 334	17 343
Nama Khoi	324 960	324 960	261 108	80%	87 684	-	98 523	74 901
Kamiesberg	62 287	62 287	35 615	57%	24 009	-	2 497	9 109
Hantam	113 376	113 376	82 624	73%	39 979	-	22 076	20 570
Karoo Hoogland	54 175	54 175	81 694	151%	26 521	-	8 302	46 871
Khai-Ma	69 085	69 085	45 591	66%	24 115	-	12 638	8 838
Namakwa District	70 048	70 048	66 334	95%	41 107	-	-	25 227
<b>Total</b>	<b>764 555</b>	<b>764 555</b>	<b>630 362</b>	<b>82%</b>	<b>270 133</b>	<b>-</b>	<b>157 370</b>	<b>202 859</b>

The highest expenditure in the district is on Employee Related Costs at R270,133 million or 43% of the total expenditure, followed by Other Expenses at R202,859 million or 32% and the lowest was reported under Bulk Purchases at R157,370 million or 25%.

Karoo Hoogland municipality reported the highest expenditure at R81,694 million or 151% of their budget, followed by Namakwa at R66,334 million or 95%, Richtersveld reported at R57,396 million or 81%, Nama Khoi reported at R261,108 million or 80%, Hantam reported at R82,624 million or 73%, Khai-Ma reported at R45,591 million or 66% respectively and the lowest was reported in Kamiesberg at R35,615 million or 57%.

### 3.2.3 Capital Expenditure

Table 2.2(c) shows capital spending by municipalities in the District. Municipalities have spent R173,591 million or 84% of the total capital budgets of R206,740 million.

Table 2.2(c) : Capital Expenditure as at 30 June 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Richtersveld	26 662	26 662	8 098	30%	4 178	500	-	74	3 346
Nama Khoi	23 384	23 384	22 290	95%	14 708	5 042	-	2 398	141
Kamiesberg	20 145	20 145	19 545	97%	-	19 545	-	-	-
Hantam	62 203	62 203	51 098	82%	44 400	165	-	4 900	1 633
Karoo Hoogland	44 020	44 020	55 865	127%	43 211	3 586	-	7 746	1 321
Khai-Ma	27 508	27 508	13 253	48%	9 497	1 074	-	-	2 683
Namakwa District	2 820	2 820	3 442	122%	-	-	-	-	3 442
<b>Total</b>	<b>206 740</b>	<b>206 740</b>	<b>173 591</b>	<b>84%</b>	<b>115 995</b>	<b>29 812</b>	<b>-</b>	<b>15 119</b>	<b>12 565</b>

Karoo Hoogland municipality reported the highest capital expenditure at R55,865 million or 127% of their capital budget, followed by Namakwa district at R3,442 million or 122%, Kamiesberg at R19,545 million or 97%, Nama Khoi at R22,290 million or 95%, Hantam at R51,098 million or 82%, Khai-Ma reported at R13,253 million or 48% and the lowest was reported in Richtersveld at R8,098 million or 30%.

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

The highest expenditure was reported under Water at R115,995 million or 67% of the total capital expenditure, followed by Electricity at R29,912 million or 17%, Roads & Pavement at R15,119 million or 9% and the lowest was reported under Other Capital Expenditure at R12,565 million or 7% respectively.

### 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 30 June 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61- 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Richtersveld	2 208	3%	1 351	2%	1 210	2%	70 637	94%	75 404	15%
Nama Khoi	10 606	6%	5 706	3%	2 875	2%	165 086	90%	184 273	38%
Kamiesberg	1 663	2%	1 700	2%	1 455	2%	83 625	95%	88 443	18%
Hantam	4 676	10%	1 193	3%	1 141	3%	37 806	84%	44 816	9%
Karoo Hoogland	2 324	8%	470	2%	-807	-3%	28 193	93%	30 180	6%
Khai Ma	2 778	4%	1 372	2%	1 024	2%	58 317	92%	63 489	13%
Namakwa District	125	9%	95	7%	83	6%	1 111	79%	1 414	0%
<b>Total: Namakwa District</b>	<b>24 378</b>	<b>5%</b>	<b>11 897</b>	<b>2%</b>	<b>6 981</b>	<b>1%</b>	<b>444 775</b>	<b>91%</b>	<b>488 019</b>	<b>100%</b>

Supporting table 2.2(d) (1): Debtor Age Analysis by customer group as at 30 June 2019 (R'000)

Namaqualand District	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	1 716	14%	432	4%	332	3%	9 496	79%	11 976	2%
Business	6 680	8%	2 621	3%	1 290	2%	68 934	87%	79 525	16%
Households	14 892	4%	7 710	2%	4 495	1%	341 161	93%	368 258	75%
Other	1 088	4%	1 124	4%	864	3%	25 184	89%	28 260	6%
<b>Total</b>	<b>24 376</b>	<b>5%</b>	<b>11 887</b>	<b>2%</b>	<b>6 981</b>	<b>1%</b>	<b>444 775</b>	<b>91%</b>	<b>488 019</b>	<b>100%</b>
Water	4 558	3%	3 345	2%	2 362	2%	126 777	93%	137 042	28%
Electricity	7 211	10%	2 628	4%	952	1%	60 341	85%	71 132	15%
Property rates	5 150	5%	2 396	2%	1 536	1%	97 201	91%	106 283	22%
RSC Levies	5 071	5%	2 382	2%	1 565	1%	100 464	92%	109 482	22%
Other	2 386	4%	1 136	2%	566	1%	59 922	94%	64 080	13%
<b>Total</b>	<b>24 376</b>	<b>5%</b>	<b>11 887</b>	<b>2%</b>	<b>6 981</b>	<b>1%</b>	<b>444 775</b>	<b>91%</b>	<b>488 019</b>	<b>100%</b>

Municipalities in the region are owed a total amount of R488,019 million.

Nama Khoi is owed the highest amount at R184,273 million or 38% of the total outstanding debtors of R488,019 million in the district, followed by Kamiesberg at R88,443 million or 18%, Richtersveld at R75,404 million or 15%, Khai-Ma at R63,489 million or 13%, Hantam at R44,816 million or 9%, Karoo Hoogland at R30,180 million or 6% and Namakwa reported the lowest at R1,414 million or 0%.

Supporting table 2.2 (d) (1) shows that of the total outstanding debtors R368,258 million or 75% is owed by Households, followed by Business at R79,525 million or 16%, Other Debtors at R28,260 million or 6% and the lowest was reported under Government at R11,976 million or 2%.

The highest outstanding amount reported is under Water at R137,042 million or 28%, followed by Property Rates and RSC Levies at R106,283 million and R109,482 million or 22%, Electricity at R71,132 million or 15% and the lowest amount was reported under Other Debtors at R64,080 million or 13%.

### 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 30 June 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Richtersveld	4 152	25%	1 348	8%	2 672	16%	8 362	51%	16 532	5%
Nama Khoi	22 314	9%	7 778	3%	6 849	3%	214 717	85%	251 656	70%
Kamiesberg	2 093	7%	1 046	4%	1 927	7%	23 140	82%	28 206	8%
Hantam	35	0%	19	0%	0	0%	18 408	100%	18 460	5%
Karoo Hoogland	1 577	30%	99	2%	726	14%	2 792	54%	5 194	1%
Khai Ma	4 838	12%	1 464	4%	1 801	4%	33 144	80%	41 247	11%
Namakwa District										
<b>Total: Namaqualand District</b>	<b>35 009</b>	<b>10%</b>	<b>11 750</b>	<b>3%</b>	<b>13 975</b>	<b>4%</b>	<b>300 561</b>	<b>83%</b>	<b>361 295</b>	<b>100%</b>

Table 2.2(e) : Outstanding Creditors as at 30 June 2019

District overview R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Creditors Age Analysis</b>										
Bulk Electricity	19 782	14%	4 611	3%	6 814	5%	108 008	78%	139 213	39%
Bulk Water	7 635	5%	3 407	2%	3 245	2%	141 395	91%	155 682	43%
PAYE Deductions	335	26%	324		348		261	21%	1 268	0%
VAT(Output less Input)										
Pension/Retirement	902	34%	279		269		1 168		2 618	1%
Loans Repayments										
Trade Creditors	2 953	18%	2 604	16%	2 690	16%	8 457	51%	16 704	5%
Auditor-General	90	1%	-125	-1%	191	1%	10 848	99%	11 004	3%
Other	3 312	10%	650	2%	418	3%	30 426	87%	34 806	10%
<b>Total</b>	<b>35 009</b>	<b>10%</b>	<b>11 750</b>	<b>3%</b>	<b>13 975</b>	<b>4%</b>	<b>300 561</b>	<b>47%</b>	<b>361 295</b>	<b>100%</b>

Municipalities in the district were owing their creditors an amount of R361,295 million.

Table 2.2 (d) indicates that the highest outstanding creditors was reported in Nama Khoi municipality at R251,656 million or 70% of the total outstanding creditors of R361,295 million in the district, followed by Khai-Ma at R41,247 million or 11%, Kamiesberg at R28,206 million or 8%, Richtersveld and Hantam at R16,532 million and R18,460 million or 5% and Karoo Hoogland reported the lowest at R5,194 million or 1%. Namakwa did not submit their creditors analysis.

Table 2.2 (e)(1) indicates that of the total creditors outstanding in terms of the categories, Bulk Water is the highest at R155,682 million or 43%, followed by Bulk Electricity at R139,213 million or 39%, Other Creditors at R34,806 million or 10%, Trade Creditors at R16,704 or 5%, Auditor-General reported at R11,004 million or 3%, Pension at R2,618 million or 1% and the lowest was reported under PAYE Deductions at R1,268 million or 0% 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 30 June 2019 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Richtersveld	289	27 170	51 573	32 546	33 764	11 277	1 754	-364	55
Nama Khoi	1 115	80 490	218 916	88 432	63 817	28 447		111 565	8 260
Kamiesberg	180	48 033	64 482	26 308	79 567			8 698	124
Hantam	754	90 856	49 955	39 679	25 435	48 044	176	32 958	-5 027
Karoo Hoogland	1 839	17 119	14 822	26 570	11 542	35 349		-39 928	247
Khai-Ma	2 257	28 483	37 663	24 358	24 710	10 295		10 765	-1 725
Namakwa District	800	61 569	55 808	41 182	25 563	3 442		48 639	1 351
<b>Total</b>	<b>7 234</b>	<b>353 720</b>	<b>493 219</b>	<b>279 375</b>	<b>264 398</b>	<b>136 654</b>	<b>1 930</b>	<b>168 331</b>	<b>3 285</b>

Source: IYM Summary Reports Submitted by Municipalities to LG Database

All municipalities in the district in exception of Hantam and Khai-Ma municipalities closed with a positive cash and cash equivalent.

The highest positive cash and cash equivalent was reported in Nama Khoi at R8,260 million, followed by Namakwa municipality at R1,351 million, Karoo Hoogland reported at R247 thousand, Kamiesberg at R124 thousand and the lowest positive cash and cash equivalents was reported in Richtersveld at R55 thousand.

Hantam municipality reported the highest negative cash and cash equivalents at R5,027 million and the lowest negative cash and cash equivalent was reported in Khai-Ma at R1,725 million.

### 3.3 Pixley ka Seme

#### 3.3.1 Operating Revenue

Table 2.3(a) shows revenue generated as at 30 June 2019 by the municipalities in the Pixley Ka Seme District against the budgeted revenue. The whole district managed to generate R860,498 million or 70% of the total revenue budget of R1.2 billion.

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Ubuntu	124 262	124 262	88 266	71%	11 029	26 377	50 860
Umsobomvu	166 111	166 111	-	0%	-	-	-
Emthanjeni	287 134	287 134	218 645	76%	31 705	109 222	77 719
Kareeberg	139 311	139 311	91 407	66%	13 757	21 621	56 029
Renosterberg	56 639	56 639	45 429	80%	3 580	13 340	28 509
Thembelihle	101 817	101 817	80 826	79%	4 335	23 114	53 377
Siyathemba	126 530	126 530	93 810	74%	22 459	44 978	26 374
Siyancuma	166 074	166 074	153 005	92%	11 762	62 026	79 216
Pixley Ka Seme District	57 191	57 191	89 110	156%	-	-	89 110
<b>Total</b>	<b>1 225 068</b>	<b>1 225 068</b>	<b>860 498</b>	<b>70%</b>	<b>98 627</b>	<b>300 677</b>	<b>461 195</b>

Other Revenue constituted R461,195 million or 54% of the total revenue generated of R860,498 million in this district, followed by Service Charges at R300,677 million or 35% and Property Rates being the lowest at R98,627 million or 11%. 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 Pixley Ka Seme at R89,110 million or 156% of their total budget of R57,191 million, followed by Siyancuma municipality at R153,005 million or 92%, Renosterberg at R45,429 million or 80%, Thembelihle at R80,826 million or 79%, Emthanjeni at R218,645 million or 76%, Siyathemba at R93,810 million or 74%, Ubuntu municipality reported at R88,266 million or 71% and lowest was reported in Kareeberg at R91,407 million or 66%. Umsobomvu 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 R749,745 million or 65% of the total expenditure budget of R1.1 billion.

Table 2.3(b) : Operating Expenditure as at 30 June 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Ubuntu	184 537	184 537	78 710	43%	35 734	-	24 151	18 825
Umsobomvu	155 860	155 860	-	0%	-	-	-	-
Emthanjeni	246 162	246 162	198 115	80%	78 257	-	57 560	62 297
Kareeberg	73 244	73 244	39 541	54%	16 596	-	8 149	14 796
Renosterberg	69 087	69 087	40 967	59%	22 568	-	8 010	12 389
Thembelihle	67 356	67 356	57 602	86%	24 284	307	5 683	27 328
Siyathemba	108 583	108 583	102 957	95%	42 681	-	21 180	39 095
Siyancuma	185 238	185 238	160 611	87%	63 619	11 913	41 192	43 887
Pixley Ka Seme District	55 773	55 773	71 241	128%	48 037	-	-	23 204
<b>Total</b>	<b>1 145 840</b>	<b>1 145 840</b>	<b>748 745</b>	<b>65%</b>	<b>331 777</b>	<b>12 221</b>	<b>163 925</b>	<b>241 822</b>

The highest expenditure in the district was reported under Employee Related Costs at R331,777 million or 44% of the total expenditure; followed by Other Expenditure at R241,822 million or 32%, Bulk Purchases of Water and Electricity at R163,925 million or 22% and the lowest was reported under Bad and Doubtful Debt at R12,221 million or 2%.

Spending by municipalities ranges from the highest in Pixley Ka Seme at R71,241 million or 128% of their budget, followed by Siyathemba at R102,957 million or 95%, Siyancuma at R160,611 million or 87%, Thembelihle at R57,602 million 86%, Emthanjeni at R198,115 million or 80%, Renosterberg at R40,967 million or 59%, Kareeberg at R39,541 million or 54% and the lowest was reported in Ubuntu at R78,710 million or 43%. Umsombomvu 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 R138,291 million or 51% of the total capital budget of R270,545 million.

Table 2.3(c) : Capital Expenditure as at 30 June 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Ubuntu	14 862	14 862	9 863	66%	5 842	3 574	-	8	340
Umsobomvu	25 657	25 657	-	0%	-	-	-	-	-
Emthanjeni	58 436	58 436	21 277	36%	9 808	3 478	-	6 089	1 902
Kareeberg	71 297	71 297	25 164	35%	16 897	1 216	-	6 446	605
Renosterberg	15 926	15 926	24 974	157%	5 994	2 837	-	16 144	-
Thembelihle	33 367	33 367	29 127	87%	9 890	9 025	-	10 212	-
Siyathemba	18 324	18 324	-	0%	-	-	-	-	-
Siyancuma	31 028	31 028	24 322	78%	7 998	4 725	-	11 599	-
Pixley Ka Seme District	1 650	1 650	3 564	216%	-	-	-	-	3 564
<b>Total</b>	<b>270 545</b>	<b>270 545</b>	<b>138 291</b>	<b>51%</b>	<b>58 529</b>	<b>24 855</b>	<b>-</b>	<b>50 486</b>	<b>6 410</b>

Spending ranges from the highest in Pixley Ka Seme at R3,564 million or 216% of their capital budget, followed by Renosterberg at R24,974 million or 157%, Thembelihle at R29,127 million or



87%, Siyancuma at R24,322 million or 78%, Ubuntu at R9,863 million or 66%, Emthanjeni at R21,277 million or 36% and the lowest was reported in Kareeberg at R25,164 million or 35%. Umsombomvu and Siyathemba municipality did not submit their reports.

The low spending by municipalities is a serious concern considering that we are at the end of the 4th 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; Water constituted the highest capital expenditure at R56,529 million or 41% of the total year to date capital expenditure of R138,291 million, followed by Roads and Pavement at R50,496 million or 36%, Electricity at R24,855 million or 18% and the lowest was reported under Other Expenditure at R6,410 million or 5%.

### 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 30 June 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Ubuntu	4 962	5%	2 976	3%	2 725	3%	87 415	89%	98 078	24%
Umsombomvu										
Emthanjeni										
Kareeberg										
Renosterberg	1 293	2%	1 244	2%	1 296	2%	59 174	84%	63 007	16%
Thembelihle	3 051	6%	1 463	3%	1 251	2%	48 792	89%	54 557	13%
Siyathemba	0	0%	404	0%	2 154	2%	92 686	97%	95 244	24%
Siyancuma	4 829	5%	3 235	4%	2 688	3%	80 902	88%	91 654	23%
Pixley Ka Seme District	301	16%	289	15%	287	15%	1 053	55%	1 930	0%
<b>Total: Pixley Ka Seme District</b>	<b>14 436</b>	<b>4%</b>	<b>9 611</b>	<b>2%</b>	<b>10 401</b>	<b>3%</b>	<b>370 022</b>	<b>91%</b>	<b>404 470</b>	<b>100%</b>

Supporting table 2.3(d)(1): Debtor Age Analysis by customer group as at 30 June 2019 (R'000)

	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Pixley Ka Seme District</b>										
Government	1 794	13%	850	6%	683	5%	10 408	76%	13 745	3%
Business	2 918	9%	1 326	4%	1 366	4%	25 654	82%	31 264	8%
Households	9 320	3%	9 177	3%	8 374	2%	332 915	93%	359 786	89%
Other	404	-124%	-1 742	536%	32	10%	1 045	-322%	-325	
<b>Total</b>	<b>14 436</b>	<b>4%</b>	<b>9 611</b>	<b>2%</b>	<b>10 401</b>	<b>3%</b>	<b>370 022</b>	<b>91%</b>	<b>404 470</b>	<b>100%</b>
Water	4 478	3%	3 317	2%	3 298	2%	137 148	93%	148 241	52%
Electricity	3 756	10%	1 317	3%	1 739	5%	31 218	82%	38 030	13%
Property rates	2 005	3%	889	1%	1 479	2%	70 933	94%	75 306	27%
RSC Levies	3 079		2 947		2 770		112 730			
Other	1 118	5%	1 141	5%	1 115	5%	17 893	84%	21 367	6%
<b>Total</b>	<b>14 436</b>	<b>5%</b>	<b>9 611</b>	<b>3%</b>	<b>10 401</b>	<b>4%</b>	<b>370 022</b>	<b>131%</b>	<b>282 644</b>	<b>100%</b>

Municipalities in the district were owed R404,470 million at the end of the 4th quarter of the financial year.

Ubuntu and Siyathemba municipalities reported the highest outstanding trade receivables at R98,078 million and R95,244 million or 24% of the total outstanding debtors, followed by Siyancuma at R91,654 million or 23%, Renosterberg at R63,007 million or 16%, Thembelihle at R54,557 million or 13% and the lowest amount was reported in Pixley Ka Seme at R1,930 million or 0%. Umsombomvu, Emthanjeni and Kareeberg did not submit their debtor's age analysis report.

This is clear indication that 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 Households at R359,786 million or 89% of the total outstanding debtors in the district, followed by Business at R31,264 million or 8% and the lowest was reported under Government at R13,745 million or 3%.

The highest outstanding debtors were reported under Water at R148,241 million or 52%, followed by Property Rates at R75,306 million or 27%, Electricity at R38,030 million or 13% and the lowest was reported under Other Services at R21,367 million or 8%.

### 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 30 June 2019 (R'000)**

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Ubuntu	3 969	5%	2 388	3%	4 371	6%	62 778	85%	73 506	16%
Umsombomvu										
Emthanjeni										
Kareeberg										
Renosterberg	1 610	2%	1 871	2%	76	0%	76 699	95%	80 456	18%
Thembelihle	2 765	4%	2 347	3%	2 373	3%	66 730	90%	74 215	16%
Siyathemba	7 600	11%	5 937	9%	2 160	3%	51 284	77%	66 981	15%
Siyancuma	9 243	6%	13 968	9%	1 490	1%	132 406	84%	157 107	35%
Pixley Ka Seme District	109	8%	491	34%	32	2%	782	56%	1 424	0%
<b>Total: Pixley ka Seme District</b>	<b>25 496</b>	<b>8%</b>	<b>27 002</b>	<b>6%</b>	<b>10 502</b>	<b>2%</b>	<b>390 689</b>	<b>88%</b>	<b>453 689</b>	<b>100%</b>

Table 2.3(e) : Outstanding Creditors as at 30 June 2019

District overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>R'000</b>										
<b>Creditors Age Analysis</b>										
Bulk Electricity	14 371	4%	15 352	4%	7 462	2%	344 739	90%	381 924	84%
Bulk Water	216	2%	330	3%	223	2%	8 842	92%	9 611	2%
PAYE Deductions	627	33%					1 259	67%	1 886	0%
VAT(Output less Input)										
Pension/Retirement	512	29%	320	18%			939	53%	1 771	0%
Loans Repayments										
Trade Creditors	4 429	14%	6 038	19%	2 566	8%	18 634	59%	31 667	7%
Auditor-General	85	1%	690	6%	-138	-1%	11 226	95%	11 863	3%
Other	5 256	35%	4 272	29%	389	3%	5 050	34%	14 967	3%
<b>Total</b>	<b>25 486</b>	<b>6%</b>	<b>27 002</b>	<b>6%</b>	<b>10 502</b>	<b>2%</b>	<b>390 689</b>	<b>86%</b>	<b>453 689</b>	<b>100%</b>

Municipalities in the district owed their creditors an amount of R453,689 million at the end of the 4th quarter.

Of the total outstanding creditors, the highest amount was reported in Siyancuma municipality at R157,107 million or 35% of the total outstanding creditors in the district, followed by Renosterberg at R80,456 million or 18%, Ubuntu and Thembelihle municipalities at R73,506 million and R74,215 million or 16%, Siyathemba at R66,981 million or 15% and the lowest was Pixley Ka Seme at R1,424 million or 0%. Umsombomvu, Emthanjeni and Kareeberg municipalities did not submit their creditor's age analysis report for the 4th 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 R381,924 million or 84%, followed by Trade Creditors at R31,667 million or 7%, Auditor-General and Other Creditors at R11,863 million and R14,967 million or 3%, Bulk water at R9,611 million or 2% and the lowest was reported under PAYE Deductions and Pension/Retirement at R1,886 million and R1,771 million or 0%.

### 3.3.6 Cash Flow

Table 2.3(f) : Cash Flow Position as at 30 June 2019 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Ubuntu	5 174	48 106	45 866	38 377	31 578	9 022	78	15 433	1 858
Umsombomvu									0
Emthanjeni	13 262	94 135	144 812	78 194	63 028	17 214	4 353	34 566	54 854
Kareeberg	22 958	48 320	25 771	16 556	9 716	24 744		12 240	31 791
Renosterberg	4	33 153	8 529	22 568	11 780			7 549	-211
Thembelihle	728	53 914	68 781	29 082	8 230	22 474	503	64 983	-1 851
Siyathemba	205	70 098	72 656	40 049	19 071		2	36 593	47 244
Siyancuma	1 204	77 275	63 620	64 213	43 887	24 317	1 999	1 094	8 589
Pixley Ka Seme District	220	111 702	30 419	35 820	82 524		684	21 307	1 996
<b>Total</b>	<b>43 751</b>	<b>532 703</b>	<b>460 454</b>	<b>324 859</b>	<b>289 814</b>	<b>98 571</b>	<b>7 629</b>	<b>193 785</b>	<b>142 270</b>

Source : IYM Summary Reports Submitted by Municipalities to LG Database

All municipalities in the district except Renosterberg and Thembelihle reported a positive cash and cash equivalents with the highest in Emthanjeni municipality at R54,854 million, followed by Siyathemba at R47,244 million, Kareeberg at R31,791 million, Siyancuma at R6,589 million, Pixley Ka Seme at R1,996 million and the lowest was reported in Ubuntu at R1,858 million. Umsobomvu municipality did not submit their cash flow statement.

Thembelihle reported the highest negative cash and cash equivalent at R1,851 million and the lowest negative cash and cash equivalent was reported in Renosterberg.

### 3.4 ZF Mgcawu District

#### 3.4.1 Operating Revenue

Table 2.4(a) shows revenue generated as at 30 June 2019 by the municipalities in the District against the budgeted revenue. The whole district managed to generate R1.2 billion or 79% of the total revenue budget of R1.5 billion.

Table 2.4(a) : Operating Revenue as at 30 June 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Date	% Collected	Detail		
					Property Rates	Service Charges	Other
Kai! Garib	257 668	257 668	216 207	84%	21 381	85 045	109 782
IKheis	59 826	59 826	55 546	93%	14 126	11 572	29 848
Tsantsabane	249 373	249 373	65 546	26%	27 569	23 310	14 667
Kgatelopele	113 142	113 142	110 583	98%	11 080	35 147	64 355
Dawid Kruiper	757 467	757 467	671 473	89%	99 675	414 325	157 473
ZF Mgcawu	74 608	74 608	72 844	98%	-	-	72 844
<b>Total</b>	<b>1 512 082</b>	<b>1 512 082</b>	<b>1 182 199</b>	<b>79%</b>	<b>173 831</b>	<b>569 399</b>	<b>448 969</b>

Recovery ranges from the highest in ZF Mgcawu and Kgatelopele at R72,844 million and R110,583 million or 98%, followed by IKheis at R55,546 million or 93%, Dawid Kruiper at R671,473 million or 89%, Kai! Garib at R216,270 million or 84% and the lowest was reported in Tsantsabane at R65,546 million or 26% of their respective budget.

Service Charges was the highest at R569,399 million or 48% of the total operating revenue of R1.2 billion in the district, followed by Other Revenue at R448,969 million or 38% and the lowest was reported under Property Rates at R173,831 million or 14%

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 R996,383 million or 69% of the total budget of R1.4 billion.

Table 2.4(b) : Operating Expenditure as at 30 June 2019 (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	231 232	231 232	191 176	83%	87 661	-	33 679	69 836
IKheis	59 722	59 722	57 895	97%	31 573	16 060	504	9 758
Tsantsabane	227 938	227 938	43 513	19%	18 820	-	14 085	10 607
Kgatelopele	97 319	97 319	66 651	68%	31 213	-	16 188	19 250
Dawid Kruiper	748 051	748 051	562 739	75%	288 535	-	171 477	102 727
ZF Mgcawu	70 327	70 327	74 409	106%	59 432	-	-	14 977
<b>Total</b>	<b>1 434 589</b>	<b>1 434 589</b>	<b>996 383</b>	<b>69%</b>	<b>517 234</b>	<b>16 060</b>	<b>235 932</b>	<b>227 156</b>

The highest expenditure was reported in ZF Mgcawu at R74,409 million or 106% of their budget, followed by IKheis at R57,895 million or 97%, Kail Garib at R191,176 million or 83%, Dawid Kruiper at R562,739 million or 75%, Kgatelopele at R66,651 million or 68% and the lowest was reported in Tsantsabane at R43,513 million or 19%.

The highest expenditure in the district was reported under Employee Related Costs at R517,234 million or 52%, followed by Bulk Purchases of Water and Electricity at R235,932 million or 24%, Other Expenditure at R227,156 million or 23% and the lowest was reported under Bad and Doubtful Debt at R16,060 million or 1%. Of a serious concern is that the municipality spent 52% under employee related cost, which is higher than the acceptable norm of between 25 and 40%.

### 3.4.3 Capital Expenditure

Table 2.4(c) shows capital spending by municipalities in ZF Mgcawu district. The municipalities have spent R131,421 million or 71% of the total capital budget of R186,160 million.

Table 2.4(c) : Capital Expenditure as at 30 June 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Kail Garib	26 434	26 434	11 911	45%	5 019	2 957	-	1 286	2 649
IKheis	14 567	14 567	16 269	112%	16 108	-	-	162	-
Tsantsabane	20 829	20 829	-	0%	-	-	-	-	-
Kgatelopele	17 275	17 275	30 504	177%	29 023	1 330	-	-	151
Dawid Kruiper	104 150	104 150	69 455	67%	4 955	35 263	-	15 713	13 524
ZF Mgcawu	2 905	2 905	3 282	113%	-	-	-	-	3 282
<b>Total</b>	<b>186 160</b>	<b>186 160</b>	<b>131 421</b>	<b>71%</b>	<b>65 104</b>	<b>39 550</b>	<b>-</b>	<b>17 161</b>	<b>19 606</b>

The highest capital expenditure was reported in Kgatelopele at R30,504 million or 177% of their capital budget, followed by ZF Mgcawu at R3,282 million or 113%, IKheis at R16,269 million or 112%, Dawid Kruiper at R69,455 million or 67% and the lowest was reported in Kail Garib at R11,911 million or 45%. Tsantsabane municipality did not submit their return.

The highest capital expenditure was reported under Water at R55,104 million or 42%, followed by Electricity at R39,550 million or 30%, Other capital expenditure at R19,606 million or 15% and the lowest was reported under Roads & Pavement at R17,161 million or 13%.

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 30 June 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Kai! Garib										
!Kheis	-4 200	-9%	875	2%	828	2%	51 342	105%	48 845	21%
Tsantsabane										
Kgatelopele	5 242	8%	2 282	4%	2 082	3%	54 298	85%	63 882	27%
Dawid Kruiper	33 132	27%	5 273	4%	4 171	3%	80 431	65%	123 007	52%
ZF Mgcawu District	158	22%					570	78%	729	0%
<b>Total: Siyanda District</b>	<b>34 333</b>	<b>15%</b>	<b>8 410</b>	<b>4%</b>	<b>7 081</b>	<b>3%</b>	<b>186 639</b>	<b>79%</b>	<b>236 463</b>	<b>100%</b>

Supporting table 2.4(d)(1): Debtor Age Analysis by customer group as at 30 June 2019 (R'000)

ZF Mgcawu	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	3 012	23%	174	1%	438	3%	9 781	73%	13 385	6%
Business	13 388	51%	958	4%	686	3%	11 389	43%	26 431	11%
Households	20 484	14%	6 477	4%	5 282	4%	118 371	78%	150 614	64%
Other	-2 551	-6%	801	2%	675	1%	47 108	102%	46 033	19%
<b>Total</b>	<b>34 333</b>	<b>15%</b>	<b>8 410</b>	<b>4%</b>	<b>7 081</b>	<b>3%</b>	<b>186 639</b>	<b>79%</b>	<b>236 463</b>	<b>100%</b>
Water	6 960	13%	2 007	4%	1 696	3%	42 743	80%	53 406	23%
Electricity	13 821	67%	468	2%	306	1%	6 131	30%	20 726	9%
Property rates	7 513	15%	1 083	2%	1 123	2%	39 947	80%	49 668	21%
RSC Levies	7 839		3 024		2 862		59 116		72 841	31%
Other	-1 800	-5%	1 828	5%	1 094	3%	38 702	97%	39 824	17%
<b>Total</b>	<b>34 333</b>	<b>15%</b>	<b>8 410</b>	<b>4%</b>	<b>7 081</b>	<b>3%</b>	<b>186 639</b>	<b>79%</b>	<b>236 463</b>	<b>100%</b>

Municipalities in the district were owed R236,463 million at the end of the third quarter.

The municipality with the highest outstanding debtors was Dawid Kruiper municipality at R123,007 million or 52% of the total outstanding debtors in the district, followed by Kgatelopele at R63,882 million or 27%, !Kheis reported at R48,854 million or 21% and the lowest was reported in ZF Mgcawu at R729 thousand or 0%. Tsantsabane and Kai! Garib municipalities did not submit their debtors age analysis reports.

Of the total outstanding debtors, the highest outstanding amount was reported under Household at R150,614 million or 64%, followed by Other debtors at R46,033 million or 19%, Business at

R25,431 million or 11% and the lowest was reported under Government at R13,385 million or 6% respectively.

The highest service owed was reported under RSC Levies at R72,841 million or 31% of the total outstanding debtors of R236,463 million, followed by Water at R53,406 million or 23%, Property Rates at R49,666 million or 21%, Other Debtors at R39,824 million or 17% and Electricity was the lowest at R20,726 million or 9%.

### 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.

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Kaif Garib	1 690	10%	1 848	11%	1 288	8%	11 426	70%	16 250	32%
IKheis										
Tsantsabane										
Kgatelopele										
Dawid Kruger	27 029	80%	2 544	7%	334	1%	4 033	12%	33 940	67%
ZF Mgcawu District	188	100%	-						188	0%
<b>Total: Siyanda District</b>	<b>28 907</b>	<b>57%</b>	<b>4 392</b>	<b>9%</b>	<b>1 620</b>	<b>3%</b>	<b>15 459</b>	<b>31%</b>	<b>50 378</b>	<b>100%</b>

District overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Creditors Age Analysis</b>										
Bulk Electricity										
Bulk Water	105	11%	116	13%	115	12%	588	64%	924	2%
PAYE Deductions	310	24%	333	25%	322	24%	352	27%	1 317	3%
VAT(Output less Input)	8 755	100%							8 755	17%
Pension/Retirement	368	11%	369	11%	350	11%	2 172	67%	3 259	6%
Loans Repayments										
Trade Creditors	16 992	66%	2 051	8%	802	3%	6 031	23%	25 876	51%
Auditor-General	17	1%	17	1%	16	1%	1 958	98%	2 008	4%
Other	2 360	29%	1 506	16%	15	0%	4 358	53%	8 239	16%
<b>Total</b>	<b>28 907</b>	<b>57%</b>	<b>4 392</b>	<b>9%</b>	<b>1 620</b>	<b>3%</b>	<b>15 459</b>	<b>31%</b>	<b>50 378</b>	<b>100%</b>

Municipalities in the district owed their creditors an amount of R50,378 million at the end of the 4th quarter.

The highest outstanding creditors were reported in Dawid Kruger municipality at R33,940 million or 67% of the total outstanding creditors in the district, followed by IKheis at R16,250 million or 32% and the lowest was reported in ZF Mgcawu at R188 thousand or 0%. Kaif Garib, Tsantsabane and Kgatelopele municipalities did not submit their report.



The highest outstanding creditors was reported under Trade Creditors at R25,876 million or 51% of the total outstanding creditors, followed by VAT at R8,755 million or 17%, Other Creditors at R8,239 million or 16%, Pension/Retirement at R3,259 million or 6%, Auditor General at R2,008 million or 4%, PAYE Deductions at R1,317 million or 3% and the lowest is reported under Bulk Water at R924 thousand 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 30 June 2019 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Kai Garib	-157	97 653	118 175	49 550	131 446	29 693	405	3 892	685
IKheis	177	41 937	-4 179	33 873	11 472	11 142		1 115	-19 667
Tsantsabane	2 750	24 643	51 503	31 669	12 222			38 629	-3 624
Kgatelopele	9 516	71 191	96 609	31 410	26 993	36 260		18 718	65 935
Dawid Kruiper	78 582	122 283	556 875	288 535	178 465	67 719	9 789	181 431	29 801
ZF Mgcawu District	638	75 210	3 242	53 009	36 208	-46		-10 498	415
<b>Total</b>	<b>89 504</b>	<b>432 917</b>	<b>824 225</b>	<b>488 048</b>	<b>396 806</b>	<b>144 768</b>	<b>10 194</b>	<b>233 287</b>	<b>73 545</b>

Source : IYM Summary Reports Submitted by Municipalities to LG Database

Four (4) municipalities closed with a positive cash and cash equivalents at the end of the period under review, with the highest positive cash and cash equivalent reported in Kgatelopele at R65,935 million, followed by Dawid Kruiper at R29,801 million, Kai Garib at R685 thousand and the lowest positive cash and cash equivalents was reported in ZF Mgcawu at R415thousand.

IKheis reported the highest negative cash and cash equivalent of R19,667 million and Tsantsabane reported the lowest negative cash and cash equivalent of R3,624 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.

## 3.5 Frances Baard District

### 3.5.1 Operating Revenue

Table 2.5(a) shows revenue generated as at 30 June 2019 by municipalities in the District against the budgeted revenue. The municipalities generated R2.9 billion or 90% of the total revenue budget of R3.2 billion.

Table 2.5(a) : Operating Revenue as at 30 June 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Sol Plaatje	2 338 902	2 338 902	1 863 734	80%	530 937	953 001	379 796
Dikgatlong	176 832	176 832	206 363	117%	8 788	51 493	148 091
Magareng	146 781	146 781	101 148	69%	9 174	34 199	57 775
Phokwane	383 019	383 019	557 746	146%	21 420	397 819	138 507
Frances Baard District	127 619	127 619	128 035	100%	-	-	128 035
<b>Total</b>	<b>3 173 153</b>	<b>3 173 153</b>	<b>2 857 045</b>	<b>90%</b>	<b>570 328</b>	<b>1 436 511</b>	<b>850 205</b>

The highest revenue was reported in Phokwane municipality at R557,746 million or 146%, followed by Dikgatlong at R206,383 million or 117%, Frances Baard at R128,035 million or 100%, Sol Plaatje at R1.9 billion or 80% and the lowest was reported in Magareng at R101,148 million or 69% of their total revenue budget.

Service charges constitutes the highest revenue at R1.4 billion or 50%, followed by Other revenue at R850,205 million or 30% and the lowest was reported under Property rates at R570,329 million or 20% of the total revenue generated 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 R2.3 billion or 81% of the total budget of R2.8 billion.

Table 2.5 (b) : Operating Expenditure as at 30 June 2019

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Sol Plaatje	2 048 855	2 048 855	1 780 387	87%	678 355	207 002	501 329	395 700
Dikgatlong	192 384	192 384	165 351	86%	61 084	8 555	36 950	58 763
Magareng	150 073	150 073	66 673	44%	40 366	-	9 907	16 399
Phokwane	303 796	303 796	172 154	57%	92 341	-	40 714	39 099
Frances Baard District	128 517	128 517	97 165	76%	63 077	-	-	34 088
<b>Total</b>	<b>2 821 625</b>	<b>2 821 625</b>	<b>2 281 730</b>	<b>81%</b>	<b>933 223</b>	<b>215 557</b>	<b>588 901</b>	<b>544 050</b>

The highest expenditure was reported in Sol Plaatje municipality at R1.8 billion or 87%, followed by Dikgatlong at R165,351 million or 86%, Frances Baard at R97,165 million or 76%, Phokwane at R172,154 million or 57% and the lowest was reported in Magareng at R66,673 million or 44% of their respective revenue budgets.

The highest expenditure in the district was reported under Employee Related Costs at R933,223 million or 41% of the total operating budget in the district, followed by Bulk Purchases of Water and Electricity at R588,901 million or 26%, Other Expenditure at R544,050 million or 24% and the lowest was reported under Bad and Doubtful Debts at R215,557 million or 9%.

### 3.5.3 Capital Expenditure

Table 2.5(c) shows capital spending by municipalities in the district. The municipalities reported capital expenditure totaling to R282,838 million or 60% of the total capital budget of R473,058 million.

Table 2.5 (c) : Capital Expenditure as at 30 June 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Sol Plaatje	333 242	333 242	181 152	54%	61 752	20 862	21 894	50 434	17 210
Dikgatlong	32 710	32 710	30 498	93%	22 599	869	-	6 195	835
Magareng	30 166	30 166	22 425	74%	21 326	1 098	-	-	-
Phokwane	68 891	68 891	41 847	61%	17 706	2 786	-	12 053	9 293
Frances Baard District	8 050	8 050	6 917	86%	-	-	-	-	6 917
<b>Total</b>	<b>473 058</b>	<b>473 058</b>	<b>282 838</b>	<b>60%</b>	<b>123 383</b>	<b>25 625</b>	<b>21 894</b>	<b>77 682</b>	<b>34 255</b>

The highest capital expenditure was reported in Dikgatlong municipality at R30,498 million or 93% of their capital budget, followed by Frances Baard municipality at R6,917 million or 86%, Magareng at R22,425 million or 74%, Phokwane at R41,847 million or 61% and the lowest was reported in Sol Plaatje at R181,152 million or 54%.

Spending ranging from the highest in Water R123,383 million or 44%, followed by Roads and Pavement at R77,682 million or 27%, Other capital expenditure at R34,255 million or 12%, Electricity at R25,625 million or 9% and the lowest was reported under Housing at R21,894 million or 7%.

### 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 30 June 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	108 558	5%	54 542	2%	48 414	2%	2 074 904	91%	2 286 418	66%
Dikgatlong	7 850	2%	7 429	2%	7 253	2%	398 094	95%	420 626	12%
Magareng	4 655	2%	4 229	2%	3 814	2%	212 965	94%	225 763	6%
Phokwane	19 006	3%	12 884	2%	12 748	2%	503 276	92%	547 912	16%
Frances Baard District	355	20%	256	14%	86	5%	1 107	61%	1 804	0%
<b>Total: Frances Baard District</b>	<b>140 424</b>	<b>4%</b>	<b>79 340</b>	<b>2%</b>	<b>72 413</b>	<b>2%</b>	<b>3 190 346</b>	<b>92%</b>	<b>3 482 523</b>	<b>100%</b>

Supporting table 2.5(d)(1) : Debtor Age Analysis by customer group as at 30 June 2019 (R'000)

	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Frances Baard District</b>										
Government	20 284	2%	13 457	1%	12 827	1%	869 091	95%	915 659	26%
Business	49 056	10%	15 679	3%	13 794	3%	401 998	84%	480 525	14%
Households	69 975	3%	49 371	2%	44 884	2%	1 889 001	92%	2 053 231	59%
Other	1 109	3%	833	3%	908	3%	30 258	91%	33 108	1%
<b>Total</b>	<b>140 424</b>	<b>4%</b>	<b>79 340</b>	<b>2%</b>	<b>72 413</b>	<b>2%</b>	<b>3 190 346</b>	<b>92%</b>	<b>3 482 523</b>	<b>100%</b>
Water	31 230	4%	21 328	3%	20 091	3%	691 566	90%	764 235	22%
Electricity	38 624	13%	12 051	4%	9 987	3%	243 134	80%	303 796	9%
Property rates	29 124	3%	13 478	2%	11 787	1%	792 439	94%	846 828	24%
RSC Levies	15 457		11 291		10 625		512 361			0%
Other	25 989	3%	21 182	2%	19 823	2%	950 826	93%	1 017 930	29%
<b>Total</b>	<b>140 424</b>	<b>4%</b>	<b>79 340</b>	<b>2%</b>	<b>72 413</b>	<b>2%</b>	<b>3 190 346</b>	<b>92%</b>	<b>3 482 523</b>	<b>100%</b>

Municipalities in the district were owed R3.5 billion at the end of the 4th quarter.

Sol Plaatje municipality had the highest outstanding debtors amounting at R2.3 billion or 66%, followed by Phokwane at R547,912 million or 16%, Dikgatlong at R420,626 million or 12%, Magareng at R225,763 million or 6% and the lowest was reported under Frances Baard at R1,804 million or 0%.

Of the total outstanding debtors R2.1 billion or 59% was owed by Households, followed by Government at R915,659 million or 26%, Business at R480,525 million or 14% and the lowest was Other Debtors at R33,108 million or 1%.

The highest reported outstanding service was Other Services at R1 billion or 29%, followed by Property Rates at R846,828 million or 24%, Water at R764,235 million or 22%, and the lowest was reported Electricity at R303,796 million or 9%.

### 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 June 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	121 609	100%	-		-		-		121 609	29%
Dikgatlong	10 008	7%	8 350	6%	14 016	10%	113 780	78%	146 152	34%
Magareng	3 622	2%	5 214	3%	6 211	4%	141 597	90%	156 644	37%
Phokwane										
Frances Baard District										
<b>Total: Frances Baard District</b>	<b>135 237</b>	<b>32%</b>	<b>13 564</b>	<b>3%</b>	<b>20 227</b>	<b>6%</b>	<b>255 377</b>	<b>80%</b>	<b>424 405</b>	<b>100%</b>

Table 2.5 (e) : Outstanding Creditors as at 30 June 2019

District overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>R'000</b>										
<b>Creditors Age Analysis</b>										
Bulk Electricity	73 798	25%	8 791	3%	9 079	3%	202 608	69%	294 276	47%
Bulk Water	3 055	1%	5 313	2%	16 482	7%	210 195	69%	235 045	38%
PAYE Deductions	8 943	100%							8 943	1%
VAT(Output less Input)										
Pension/Retirement	6 777	100%							6 777	1%
Loans Repayments	14	100%							14	0%
Trade Creditors	46 906	77%	891	1%	1 731	3%	11 622	19%	61 150	10%
Auditor-General	1 415	32%	1 097	25%	637	14%	1 283	29%	4 432	1%
Other	82	1%	640		58		13 603		14 383	2%
<b>Total</b>	<b>140 990</b>	<b>23%</b>	<b>16 732</b>		<b>27 897</b>		<b>439 311</b>		<b>625 620</b>	<b>100%</b>

Municipalities in the district owed their creditors an amount of R424,405 million at the end of the 4th quarter.

The highest outstanding creditors were reported in Magareng at R156,644 million or 37% of the total outstanding creditors in the district, followed by Dikgatlong at R146,152 million or 34% and the lowest was reported under Sol Plaatje municipality at R121,609 million or 29%. Phokwane and Frances Baard municipalities did not submit their creditors age analysis.

Table 2.5 (e)(1) indicates that of the total creditors outstanding in terms of the categories, Bulk Electricity is the highest at R294,276 million or 47%, followed by Bulk Water at R235,045 million or 38%, Trade Creditors at R61,150 million or 10%, Other Creditors at R14,383 million or 2%, PAYE Deductions, Pension/Retirement and Auditor-General at R8,943 million, R6,777 million and R4,432 million or 1% and the lowest was reported under Loan Repayments at R14 thousand or 0%.

### 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 30 June 2019 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Sol Plaatje	135 240	362 418	1 378 038	678 665	391 732	181 152	9 260	640 158	-25 273
Dikgatlong	753	121 745	79 065	58 897	37 069	30 507	73	71 575	5 442
Magareng		45 999	23 722	40 320	18 396	20 074		9 907	-16 976
Phokwane		33 852	86 268	-77 090	-34 636	-34 680		-41 149	307 675
Frances Baard District	57 122	124 917	14 719	65 601	29 693	7 125	2 455	14 176	77 708
<b>Total</b>	<b>193 115</b>	<b>668 929</b>	<b>1 591 812</b>	<b>764 393</b>	<b>440 254</b>	<b>204 178</b>	<b>11 788</b>	<b>694 667</b>	<b>348 576</b>

Source : IYM Summary Reports Submitted by Municipalities to LG Database

All municipalities except Sol Plaatje and Magareng closed their books with positive cash and cash equivalent at the end of the period under review. The highest positive cash and cash equivalent balance is reported in Phokwane municipality at R307,675 million, followed by Frances Baard at R77,708 million and the lowest positive cash and cash equivalent was reported under Dikgatlong at R5,442 million.

Sol Plaatje reported the highest negative cash and cash equivalent at R25,273 million and Magareng reported the lowest negative cash and cash equivalent of R16,976 million.

#### **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 30 June 2019 in the province.

Persistence of municipalities' negative end of quarter cash balances

		Section 71 Reports for the financial year 2013/14			
Mun Code	Municipality	Quarter 1	Quarter 2	Quarter 3	Quarter 4
		Sep '18	Dec '18	Mar'18	Jun '18
John Taolo Gaetsewe District					
NC451	Joe Morolong	x	X	✓	✓
NC452	Ga-Segonyana	✓	✓	✓	✓
NC453	Gamagara		✓	✓	✓
DC45	JT Gaetsewe District	✓	X	X	X
Namaqualand District					
NC061	Richtersveld	✓	✓	✓	✓
NC062	Nama Khol	✓	✓	✓	✓
NC064	Kamiesberg	✓	✓	✓	✓
NC065	Hantam	x	X	X	X
NC066	Karoo Hoogland	✓	✓	✓	✓
NC067	Khai-MA	x	✓	✓	X
DC6	Namaqualand District	✓	✓	✓	✓
Pixley ka Seme District					
NC071	Ubuntu	✓	✓	✓	✓
NC072	Umsobomvu				
NC073	Erinmthleni	✓	✓	✓	✓
NC074	Kareeberg	✓	✓	✓	✓
NC075	Renosterberg	✓	✓	✓	X
NC076	Thembelihle	x	✓	✓	X
NC077	Siyathemba	✓	✓	✓	✓
NC078	Siyancuma	✓	✓	X	✓
DC7	Pixley ka Seme District	✓	✓	✓	✓
ZF Mgcawu District					
NC082	Kal iGarib	✓	X	X	✓
NC084	IKheis	✓	X	✓	X
NC085	Tsentsabane	✓	X	x	x
NC086	Kgatelopele		✓	✓	✓
NC087	Dawid Kruiper	✓	✓	✓	✓
DC8	ZF Mgcawu District	✓	✓	✓	✓
Frances Baard district					
NC091	Sol Plaatje	✓	✓	✓	x
NC092	Dikgatlong	✓	✓	✓	✓
NC093	Magareng	✓	✓	x	x
NC094	Phokwane	✓	✓	✓	✓
DC9	Frances Baard District	✓	✓	✓	✓

Nine municipalities in the province reported negative cash and cash equivalent at the end of the third quarter (John Taolo Gaetsewe, Khai Ma, Hantam, Thembelihle, Renosterberg, IKheis,

Tsantsabane, Sol Plaatjie and Magareng municipalities). It is of great concern that Umsombomvu municipality has not submitted their cashflow statement since the beginning of the financial year.

Hantam municipality reported a negative cash flow position for the 4 consecutive quarters while John Taolo, Tsantsabane reported a negative cash balances for 3 consecutive quarters, Magereng municipality reported negative cash and cash equivalent for 2 consecutive quarters. This is in contravention of section 45 which requires the municipality to repay the short-term debt in the financial year that it was incurred.

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 as the information is not backed-up by bank statements.

## **6. CHALLENGES**

The following are challenges that were identified:

- Despite all the backlogs in infrastructure municipalities are still struggling to spend their conditional grants, which results in municipalities surrendering their capital grants to the National Treasury.
- Appointment of people with relevant skills is still a challenge, especially in budget and treasury.
- It is quite a challenge to rely on the information submitted by the municipalities for decision making.
- In most municipalities, after the report is compiled there is nobody in a senior management team that is reviewing the report for quality.
- Most municipalities do not perform the daily and monthly tasks and only focus on these at the end of the financial year, this result in them not submitting the Annual Financial Statements on time to the Office of the Auditor General. They then rely on Consultants to fix the backlog that build over the financial year.
- There are no delegation system in place.
- 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.
- Revenue Collection is over populated in most municipality, but this does not make any impact as account receivable are still high
- Planning, strategizing and reporting are not taken seriously in most municipalities.