



**NCPT**

**NORTHERN CAPE PROVINCIAL TREASURY**



**QUARTERLY CONSOLIDATED MUNICIPAL  
PERFORMANCE REPORTS**

**2<sup>ND</sup> QUARTER ENDING 31 DECEMBER 2019**

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## Table of Contents

Foreword .....	v
1. INTRODUCTION.....	vi
2. CONSOLIDATED MUNICIPAL BUDGET OUTCOMES AS AT 31 December 2019....	1
2.1.1 Operating Budgets.....	2
2.1.2 Operating Revenue.....	2
2.1.3 Operating Expenditure.....	4
2.1.4 Capital Budgets .....	6
2.1.5 Accounts Receivable (Debtors) .....	7
2.1.6 Accounts Payable (Creditors) .....	9
3. Detailed Municipal Analysis per Municipality .....	11
3.1 John Taolo Gaetsewe .....	11
3.1.1 Operating Revenue .....	11
3.1.2 Operating Expenditure.....	12
3.1.3 Capital Expenditure .....	13
3.1.4 Debtors.....	13
3.1.5 Creditors.....	14
3.1.6 Cash Flow .....	15
3.1.7 MFMA Returns .....	16
3.2 Namakwa District.....	16
3.2.1 Operating Revenue .....	16
3.2.2 Operating Expenditure.....	17
3.2.3 Capital Expenditure .....	18
3.2.4 Debtors.....	18
3.2.5 Creditors.....	19
3.2.6 Cash Flow .....	20
3.2.7 MFMA Returns .....	21
3.3 Pixley ka Seme.....	21
3.3.1 Operating Revenue .....	21
3.3.3 Capital Expenditure .....	23
3.3.5 Creditors.....	25
3.3.6 Cash Flow .....	26
3.3.7 MFMA Returns .....	26
3.4 ZF Mgcawu District.....	27
3.4.1 Operating Revenue .....	27
3.4.2 Operating Expenditure.....	28
3.4.3 Capital Expenditure .....	28
3.4.4 Debtors.....	29
3.5 Frances Baard District.....	32
3.5.1 Operating Revenue .....	32

3.5.2 Operating Expenditure.....	33
3.5.3 Capital Expenditure .....	34
3.5.4 Debtors.....	34
3.5.6 Cash Flow .....	36
3.5.7 MFMA Returns .....	36
4. IMPLEMENTATION AND MAINTENANCE OF THE MUNICIPAL FINANCE MANAGEMENT ACT .....	37
4.1 BANKING .....	37
4.1.1 Short term Debt .....	37
6. CHALLENGES .....	39
7. Recommendations.....	40

## **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

## **TABLES**

Table 1:	Aggregate Expenditure as at 31 December 2019
Table 1.1:	Operating Revenue as at 31 December 2019
Table 1.2:	Operating Expenditure as at 31 December 2019
Table 1.3:	Operating Expenditure as at 31 December 2019
Table 1.4:	Capital Expenditure as at 31 December 2019
Table 1.5:	Debtor Age Analysis as at 31 December 2019
	Supporting Table 1.5.1: Debtor Age Analysis by customer group as at 31 December 2019
Table 1.6:	Outstanding Creditors as at 31 December 2019
	Supporting Table 1.6.1: Creditors Age Analysis by customer group as at 31 December 2019
Table 1.7:	Cash Flow Position as at 31 December 2019
Table 1.8:	Depicts the spending of the conditional grants by category as the 31 December 2019
Table 2.1(a):	Operating Revenue as at 31 December 2019
Table 2.1(b):	Operating Expenditure as at 31 December 2019
Table 2.1(c):	Capital Expenditure as at 31 December 2019
Table 2.1(d):	Debtor Age Analysis as at 31 December 2019



	Supporting table 2.1(d) 1: Debtor Age Analysis by customer group as at 31 December 2019
Table 2.1(e):	Outstanding Creditors as at 31 December 2019
	Supporting Table 2.1(e) 1: Creditors Age Analysis by municipalities as at 31 December 2019
Table 2.1 (f):	Cash Flow Position as at 31 December 2019
Table 2.1(g):	Submission of MFMA Returns
Table 2.2(a):	Operating Revenue as at 31 December 2019
Table 2.2(b):	Operating Expenditure as at 31 December 2019
Table 2.2(c):	Capital Expenditure as at 31 December 2019
Table 2.2(d):	Debtor Age Analysis as at 31 December 2019
	Supporting table 2.2(d) 1: Debtor Age Analysis by customer group as at 31 December 2019
Table 2.2(e):	Outstanding Creditors as at 31 December 2019
	Supporting Table 2.2(e) 1: Creditors Age Analysis by municipalities as at 31 December 2019
Table 2.2(f):	Cash Flow Position as at 31 December 2019
Table 2.2(g):	Submission of MFMA Returns
Table 2.3(a):	Operating Revenue as at 31 December 2019
Table 2.3(b):	Operating Expenditure as at 31 December 2019
Table 2.3(c):	Capital Expenditure as at 31 December 2019
Table 2.3(d):	Debtor Age Analysis as at 31 December 2019
	Supporting Table 2.3(d) 3: Debtor Age Analysis by customer group as at 31 December 2019
Table 2.3(e):	Outstanding Creditors as at 31 December 2019
	Supporting Table 2.3(e) 1: Creditors Age Analysis by municipalities as at 31 December 2019
Table 2.3(f):	Cash Flow Position as at 31 December 2019
Table 2.3(g):	Submission of MFMA Returns
Table 2.4(a):	Operating Revenue as at 31 December 2019
Table 2.4(b):	Operating Expenditure as at 31 December 2019
Table 2.4(c):	Capital Expenditure as at 31 December 2019
Table 2.4(d):	Debtor Age Analysis as at 31 December 2019
	Supporting Table 2.4(d) 4: Debtor Age Analysis by customer group as at 31 December 2019
Table 2.4(e):	Outstanding Creditors as at 31 December 2019
	Supporting Table 2.4(e) 1: Creditors Age Analysis by municipalities as at 31 December 2019
Table 2.4(f):	Cash Flow Position as at 31 December 2019
Table 2.4(g):	Submission of MFMA Returns
Table 2.5(a):	Operating Revenue as at 31 December 2019
Table 2.5(b):	Operating Expenditure as at 31 December 2019
Table 2.5(c):	Capital Expenditure as at 31 December 2019

Table 2.5(d):	Debtor Age Analysis as at 31 December 2019
	Supporting Table 2.5(d) 5: Debtor Age Analysis by customer group as at 31 December 2019
Table 2.5(e):	Outstanding Creditors as at 31 December 2019
	Supporting Table 2.5(e) 1: Creditors Age Analysis by municipalities as at 31 December 2019
Table 2.5(f) :	Cash Flow Position as at 31 December 2019
Table 2.5(g):	Submission of MFMA Returns
Table 2.6 :	Bank Balances as at 31 December 2019
Table 3 :	Total Conditional Grants Expenditure as at 31 December 2019
	Tables 3.1 to 3.8: Total per conditional grant

#### **List of Figures**

Figure 1.1:	Breakdown of revenue per district and source
Figure 1.2:	Aggregate Operating Expenditure
Figure 1.4:	Debtors Age Analysis: Provincial Overview
Figure 1.4.1:	Percentage of Total Debt over 90 Days
Figure 1.5	Creditors per category as percentage of Total Days

## Foreword

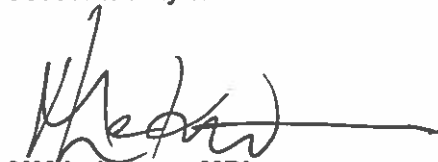
We are pleased to present the second quarter report on the municipal budget performance analysis of the municipalities in the Northern Cape Province for the 2019/20 financial year. We cannot over emphasize the importance of keeping our oversight structures, be it in the form of provincial legislature committees or municipal councillors 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 are required to upload their data strings to the Local Government Database, however, this remains far-fetched due to challenges experienced with the implementation of mSCOA. Furthermore, the cost of implementation of mSCOA continue to rise due to over reliance of municipalities on service providers. Provincial Treasury continues to support municipalities through hands on support. Some of the municipalities could not produce financial information for the period ended 31 December 2019 due to financial system related challenges, thus impacting on their ability to conduct the Mid-Year Budget and Performance assessments as required in terms of Section 72 of the Municipal Finance Management Act.

The slow spending of conditional grants by municipalities, also spending of grants for unintended purposes continues to be a serious concern, we have observed a trend of municipalities underspending on conditional grants which results in the Equitable Share that was meant for service delivery being off-set against the underspending. The Equitable Share tranche amounting to R108, 390 million of twenty (20) municipalities was revised for December 2019 with two (2) municipalities receiving R0 amount. This action by national government was as a result of unspent grants which were not cash backed and not paid back to the national revenue fund. This has dire impact as most of the municipalities are reliant on government grants for delivery of services to communities.

The deteriorating cash flow position of municipalities remain a concern, most municipalities in the province closed the second quarter of 2019/20 financial year with negative cash balances. The total closing balance of municipalities in the province was reported at a negative R1.5 billion as at end of December 2019 despite the fact that the last equitable share tranche was paid to municipalities in December 2019. The negative bank balance could however not be verified due to the continuous non-submission of bank statements by municipalities.

The Provincial Treasury continues to assist municipalities through various support interventions, however, the success thereof will only be possible if municipalities are committed and working together with Provincial Treasury. This calls for serious consequence management and accountability to ensure that municipalities can sustain service delivery to our communities.



**MM Lekwene, MPL**

**MEC for Finance, Economic Development and Tourism**

## **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 31 December 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 31 December 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 31 December 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>2,387,897</b>	<b>2,387,897</b>	<b>1</b>	<b>898,435</b>	<b>38%</b>
John Taolo Gaetsewe	1,692,361	1,692,361	4	686,373	52%
Namakwa	984,661	984,661	7	328,684	33%
Pixley ka Seme	1,416,534	1,416,534	9	375,103	26%
ZF Mgcawu	1,768,452	1,768,452	7	359,835	20%
Frances Baard	692,086	692,086	4	304,795	34%
<b>Total</b>	<b>8,754,094</b>	<b>8,754,094</b>	<b>31</b>	<b>2,254,790</b>	<b>33%</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 R2.3 billion or 33% of the total adopted budgets of R6.8 billion.

Municipalities in John Taolo Gaetsewe district reported the highest expenditure at R888,373 million or 52% of their total adopted budgets, followed by those in Frances Baard at R304,795 million or 34%, Namakwa at R328,684 million or 33%, Pixley Ka Seme at R375,103 million or 26% and the lowest was reported in ZF Mgcawu at R359,835 million or 20%.

#### 2.1.1 Operating Budgets

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

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



## 2.1.2 Operating Revenue

Table 1.1 and figure 1.1 indicate the aggregated municipal revenue generated as at 31 December 2019.

**Table 1.1 : Operating Revenue as at 31 December 2019 (R'000)**

District Municipality	Original Budget	Adjusted Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Sol Plaatje	2,203,812	2,203,812	1,171,653	53%	371,533	550,962	249,528
Namakwa	703,395	703,395	381,229	54%	104,477	129,385	147,367
Pixley ka Seme	1,049,713	1,049,713	395,544	38%	96,851	135,300	163,393
ZF Mgcawu	1,521,507	1,521,507	372,408	24%	52,878	153,673	165,857
Frances Baard	813,665	813,665	337,615	41%	32,498	109,650	195,467
John Taolo Gaetsewe	1,287,505	1,287,505	567,526	44%	96,957	194,731	275,838
<b>Total</b>	<b>7,579,397</b>	<b>7,579,397</b>	<b>3,223,975</b>	<b>43%</b>	<b>755,194</b>	<b>1,273,331</b>	<b>1,197,450</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 R3.2 billion or 43% of the total adopted operating revenue budgets of R7.6 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 Namakwa District reported the highest revenue at R381,229 million or 54%, followed by those in John Taolo Gaetsewe at R567,526 million or 44%, Frances Baard at R337,615 million or 41%, Pixley ka Seme district at R395,544 million or 38% and the lowest revenue was reported in ZF Mgcawu district at R372,408 million or 24% .

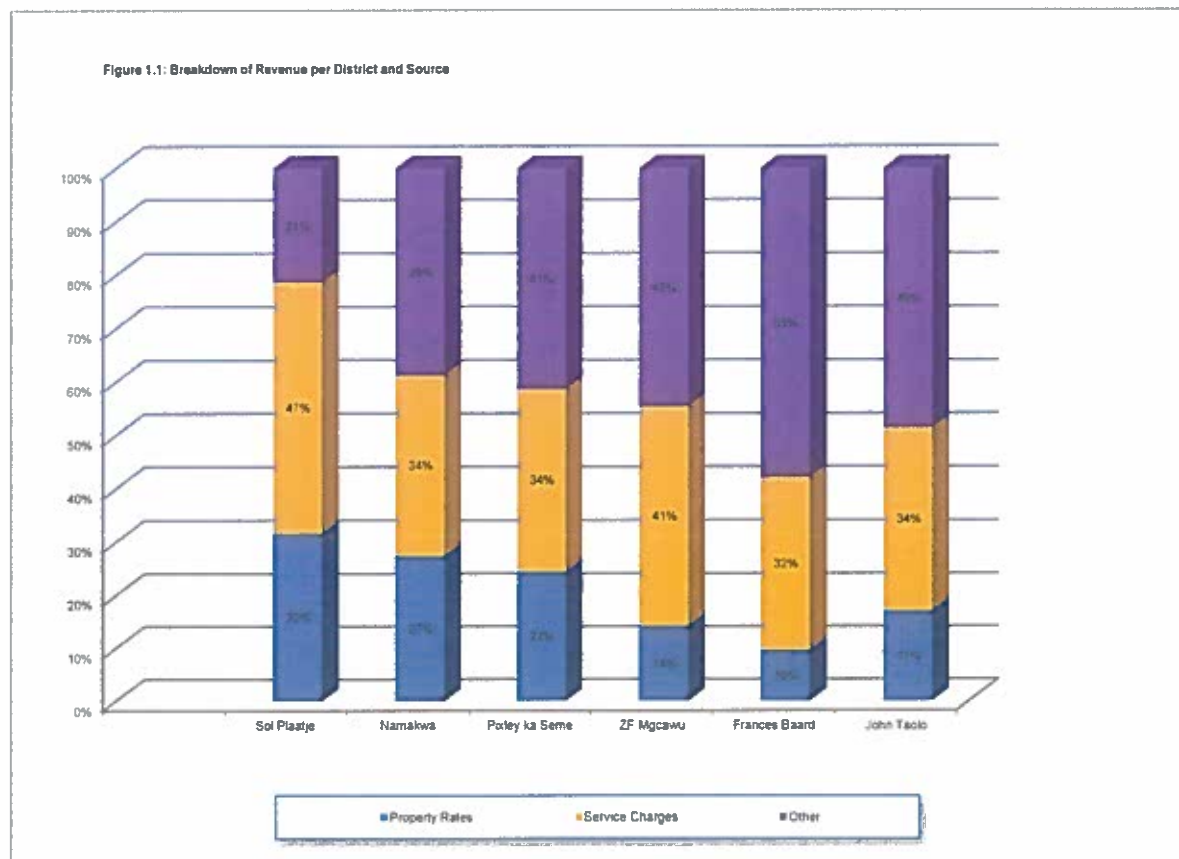
Sol Plaatje municipality alone reported at R1.2 billion or 53%.

The highest revenue was reported under Service Charges at R1.3 billion or 39% of the total operating revenue of R3.2 billion, followed by Other Revenue at R1.2 billion or 37% and the lowest was reported under Property Rates at R755,194 million or 23%.

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.

Service Charges have contributed the highest in terms of revenue in the province at 39%. ZF Mgcawu district contributed the highest at 41%, Pixley ka Seme, Namakwa and John Taolo Gaetsewe districts contributed 34% and the lowest was reported in Frances Baard district at 32%.

Sol Plaatje municipality alone reported at 47%.

Other Revenue contributed the second highest in the province at 37%. Frances Baard contributed 58%, followed by John Taolo Gaetsewe at 49%, ZF Mgcawu contributed 45%, Pixley Ka Seme at 41% and the lowest was reported in Namakwa at 39%.

Sol Plaatje municipality alone reported at 21%

Property Rates contributed the lowest in terms of revenue in the province at 23%. Namakwa district reported at 27%, Pixley ka Seme at 24%, John Taolo Gaetsewe at 17%, ZF Mgcawu at 14% and the lowest was reported in Frances Baard at 10%.

Sol Plaatje municipality alone reported at 32%.

### 2.1.3 Operating Expenditure

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

Table 1.2 : Operating Expenditure as at 31 December 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>2 203 612</b>	<b>2 203 612</b>	<b>1</b>	<b>830 047</b>	<b>38%</b>
John Taolo Gaetsewe**	1 258 573	1 258 573	4	474 503	38%
Namakwa	838 763	838 763	7	291 882	35%
Pixley ka Seme	1 148 395	1 148 395	9	315 613	28%
ZF Mgcawu	1 528 130	1 528 130	7	332 500	22%
Frances Baard	757 750	757 750	4	275 599	36%
<b>Total</b>	<b>5 529 611</b>	<b>5 529 611</b>	<b>31</b>	<b>1 690 097</b>	<b>31%</b>

Municipalities in the province had spent R1.7 billion or 31% (excluding Sol Plaatje) of the total adopted operating expenditure budget of R5.5 billion as at the end of the 2nd quarter.

Municipalities in John Taolo Gaetsewe district reported the highest expenditure at R474,503 million or 38% of the their respective budget, followed by those in Frances Baard at R275,599 million or 36%, Namakwa at R291,882 million or 35%, Pixley ka Seme at R315,613 million or 28% and the lowest was reported in ZF Mgcawu district at R332,500 million or 22%.

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 31 December 2019 (R'000)

District Municipality	Original Budget	Adjusted Budget	Year to Date	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Sol Plaatje	2,203,612	2,203,612	830,047	38%	346,732	56,510	221,161	205,644
Namakwa	838,763	838,763	291,882	35%	126,629	33	84,556	80,664
Pixley ka Seme	1,146,395	1,146,395	315,613	28%	140,956	723	69,285	104,647
ZF Mgcawu	1,528,130	1,528,130	332,500	22%	165,439	-	54,939	112,122
Frances Baard	757,750	757,750	275,599	36%	111,884	-	107,351	56,364
John Taolo Gaetsewe	1,258,573	1,258,573	474,503	38%	178,750	72	129,944	165,737
<b>Total</b>	<b>7,733,223</b>	<b>7,733,223</b>	<b>2,520,144</b>	<b>33%</b>	<b>1,070,302</b>	<b>57,338</b>	<b>667,236</b>	<b>725,178</b>

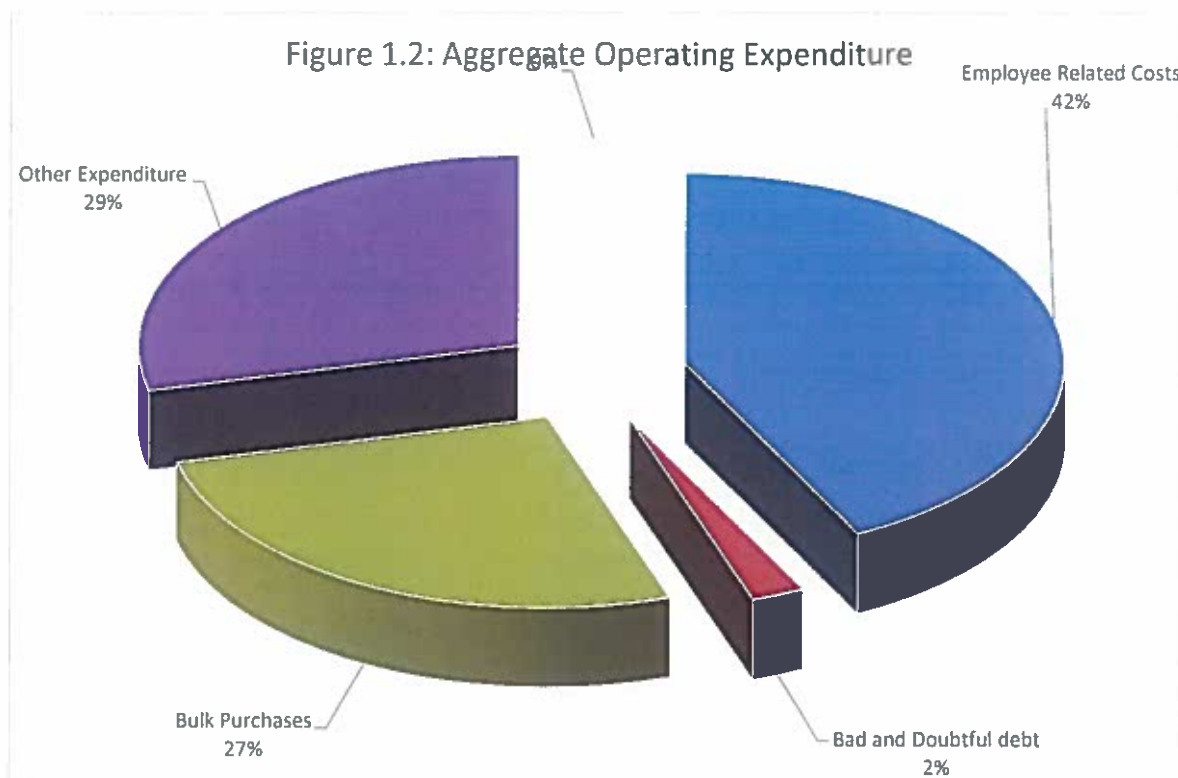
The consolidated operating expenditure for the 2nd quarter amounted to R2.5 billion or 33% of the total adopted budget of R7.7 billion.

The highest expenditure was reported under Employee Related Costs at R1.1 billion or 42% of the total expenditure of R2.5 billion, followed by Other Operating Expenditure at R725,178 million or 29%, Bulk Purchases of Water and Electricity at R667,236 million or 27% and the lowest was reported under Bad and Doubtful Debts at R57,338 million or 2%.

In terms of the districts, John Taolo Gaetsewe district reported the highest Operating Expenditure of R474,503 million or 38%, followed by Frances Baard district at R275,599 million or 36%, Namakwa district at R291,882 million or 35%, Pixley Ka Seme district at R315,613 million or 28% and the lowest Operating Expenditure was reported in ZF Mgcawu district at R332,500 million or 22%.

Sol Plaatje municipality alone reported the Operating Expenditure of R830,047 million or 38%.

Figure 1.2 shows aggregate operating expenditure by category



Employee related cost amounts to 42%, while Other Expenditure amounts to 29%, Bulk purchases of water and electricity was at 27% and the lowest was reported under Bad and doubtful debts at 2%. 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 31 December 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>184,285</b>	<b>184,285</b>	<b>1</b>	<b>68,388</b>	<b>37%</b>
John Taolo Gaetsewe	433,788	433,788	4	411,870	95%
Namakwa	145,898	145,898	7	36,802	25%
Pitsoley ka Seme	270,139	270,139	9	59,490	22%
ZF Mgcawu	240,322	240,322	7	27,335	11%
Frances Baard	134,336	134,336	4	29,196	22%
<b>Total</b>	<b>1,224,483</b>	<b>1,224,483</b>	<b>31</b>	<b>564,693</b>	<b>46%</b>

\* Provincial Total Exclude Sol Plaatje

Capital spending incurred by municipalities in the province (except Sol Plaatje municipality) amounted to R564,693 million or 46% of the total capital budget of R1.2 billion.

Municipalities in John Taolo Gaetsewe district reported the highest capital expenditure at R411,870 million or 95% of their respective budgets, followed by those in Namakwa district at R36,802 million or 25%, Pixley Ka Seme and Frances Baard districts at R59,490 million and R29,196 million or 22% and the lowest was reported in ZF Mgcawu district at R27,335 million or 11%.

### 2.1.5 Accounts Receivable (Debtors)

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

Table 1.5 shows outstanding debtors per district municipality and supporting table 1.5 (a) shows the outstanding debtors per customer group and per service type as at 31 December 2019.

Table 1.5 : Debtor Age Analysis as at 31 December 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	137,908	5%	69,477	3%	57,616	2%	2,357,017	90%	2,622,018	50%
Namakwa	43,725	10%	10,139	2%	103,189	24%	269,419	63%	426,472	8%
Pitsoley ka Seme	14,363	4%	12,194	4%	6,901	2%	304,380	90%	337,838	6%
ZF Mgcawu	50,738	8%	15,707	3%	8,693	1%	525,367	87%	600,505	11%
John Taolo Gaetsewe	42,872	10%	85,226	21%	32,438	8%	334,864	82%	409,656	8%
Frances Baard	21,448	3%	24,030	3%	20,995	2%	789,095	92%	855,568	16%
<b>Total</b>	<b>225,308</b>	<b>4%</b>	<b>216,773</b>	<b>4%</b>	<b>229,832</b>	<b>5%</b>	<b>4,580,142</b>	<b>87%</b>	<b>5,252,055</b>	<b>100%</b>

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

Provincial Total	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	41,141	4%	27,418	2%	23,580	2%	1,039,447	92%	1,131,586	22%
Business	99,808	15%	30,082	4%	25,701	4%	515,501	77%	671,092	13%
Households	141,134	5%	112,365	4%	132,216	4%	2,713,303	88%	3,099,018	59%
Other	-56,775	-16%	48,908	13%	48,335	14%	311,891	89%	350,359	7%
<b>Total</b>	<b>225,308</b>	<b>4%</b>	<b>218,773</b>	<b>4%</b>	<b>229,832</b>	<b>4%</b>	<b>4,580,142</b>	<b>87%</b>	<b>5,252,053</b>	<b>100%</b>
Water	54,779	5%	42,939	4%	58,614	6%	858,748	85%	1,015,080	19%
Electricity	94,425	15%	36,519	6%	30,089	5%	453,363	74%	614,396	12%
Property rates	90,402	7%	64,707	5%	43,115	3%	1,152,879	85%	1,351,103	26%
RSC Levies										0%
Other	-75,503	-17%	10,916	3%	40,195	8%	400,624	106%	436,232	8%
<b>Total</b>	<b>225,308</b>	<b>4%</b>	<b>218,773</b>	<b>4%</b>	<b>229,832</b>	<b>4%</b>	<b>4,580,142</b>	<b>87%</b>	<b>5,252,053</b>	<b>100%</b>

Total debt owed to municipalities in the province amounts to R5.3 billion.

Of the total outstanding debtors R4.6 billion or 87% 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 R855,566 million or 16%, followed by ZF Mgcawu district at R600,505 million or 11%, John Taolo Gaetsewe and Namakwa districts at R409,656 million and R426,472 million or 8% and the lowest was reported in Pixley Ka Seme district at R337,838 million or 6%.

Sol Plaatje municipality alone reported outstanding debtors at R2.6 billion or 50% of the reported outstanding debtors in the province.

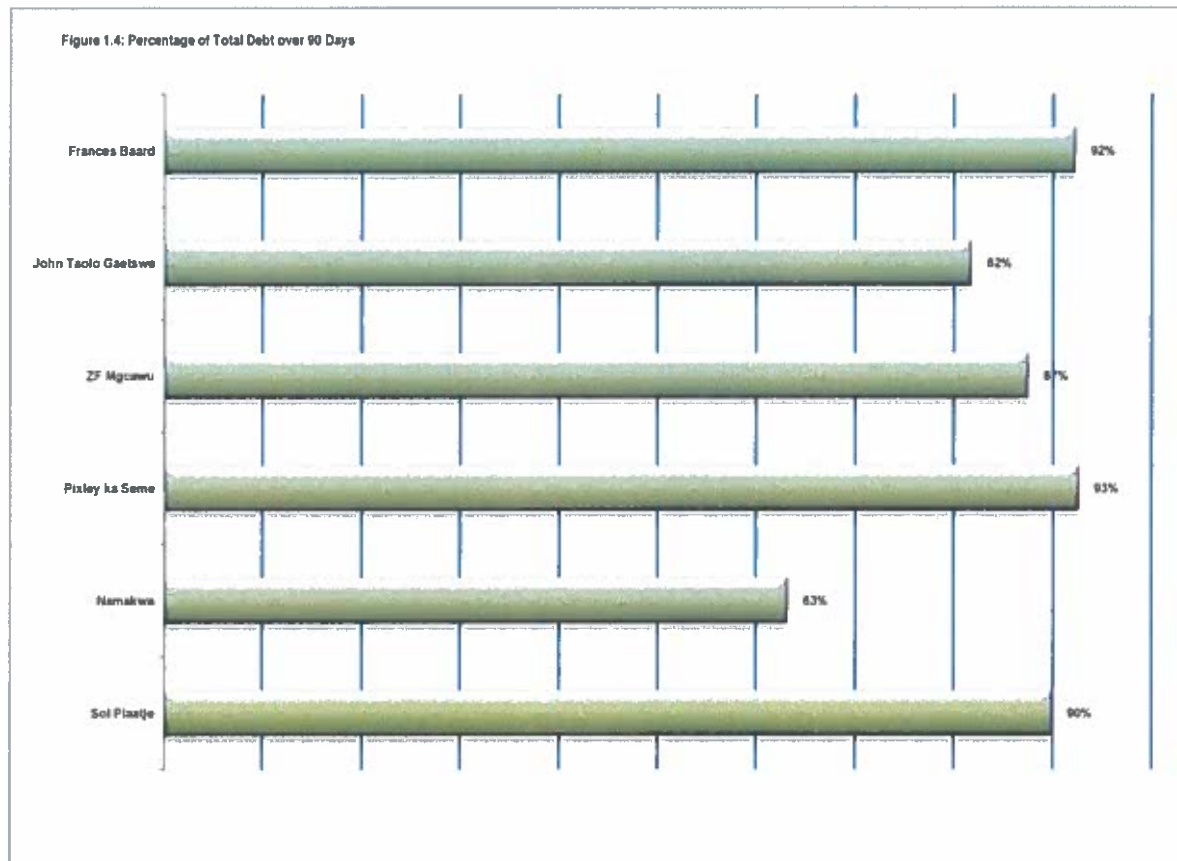
In aggregate R225,308 million or 4% of debtors is outstanding between 0-30 days, R216,775 million or 4% for 31-60 days, R229,833 million or 4% for 61-90 day and R4.6 billion 87% for more than 90 days.

Households owed municipalities R3.1 billion or 59% of the total outstanding debtors, followed by Government departments at R1.1 billion or 22%, Business owed an amount of R671,091 million or 13% and the lowest outstanding debtors was reported under Other outstanding debtors at R350,361 million or 7%.

Of the total outstanding debtors owed by Households, R2.7 billion or 88% was due for more than 90 days.

The highest outstanding debtors was reported under Property Rates at R1.4 billion or 26% of the total outstanding debtors of R5.3 billion, followed by Water at R1 billion or 19%, Electricity at R614,396 million or 12% and the lowest was reported under Other Outstanding Debtors at R436,232 million or 8%.

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



Of the total owed over 90 days, Pixley Ka Seme district reported the highest at 93%, followed by Frances Baard district at 92%, ZF Mgcawu at 87%, John Taolo Gaetsewe district at 82% and Namakwa reported the lowest at 63%.

Sol Plaatje municipality alone reported at 90%.

### 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 8% represents outstanding creditors up to 30 days and 86% is over 90 days

Table 1.8 : Creditors Age Analysis as at 31 December 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	75 438	39%	19 230	10%	0	0%	97 344		192 012	12%
Namakwa	720	0%	1 488	0%	11 459	3%	331 446	96%	343 673	21%
Pixley ka Seme	3 228	4%	2 867	3%	9 015	11%	115 715	135%	85 606	5%
ZF Mgcawu	29 050	7%	38 123	9%	1 441	0%	366 007	84%	434 621	27%
John Taolo Gaetsewe	16 190	10%	16 635	10%	13 913	9%	114 258	71%	160 996	10%
Frances Baard	7 188	2%	13 062	3%	13 748	3%	360 314	91%	394 312	24%
	130 374	8%	91 405	6%	49 576	3%	1 385 084	86%	1 611 220	100%

Table 1.8(a): Outstanding Creditors as at 31 December 2019 (R'000)

Table 1.6(a): Outstanding Creditors as at 31 December 2019 (R'000)											
Provincial overview		0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
R'000											
Creditors Age Analysis											
	Bulk Electricity	43,956	5%	43,910	5%	32,671	4%	787,316	87%	907,853	56%
	Bulk Water	3,487	1%	7,181	2%	3,484	1%	397,946	97%	412,098	26%
	PAYE Deductions	9,651	24%	2,128	5%	35	0%	27,751	70%	39,565	2%
	VAT(Output less Input)	17,264	100%	0	0%	0	0%	0	0%	17,264	1%
	Pension/Retirement	9,239	67%	2,219	16%	277	2%	2,046	15%	13,781	1%
	Loans Repayments	0	0%	17,525	74%	0	0%	6,003	26%	23,528	1%
	Trade Creditors	28,325	39%	3,663	5%	1,640	2%	38,644	53%	72,272	4%
	Auditor-General	5,299	17%	2,995	10%	1,761	6%	21,082	68%	31,137	2%
	Other	13,153	14%	11,784	13%	1,061	1%	67,724	72%	93,722	6%
Total		130,374	8%	91,405	6%	40,929	3%	1,348,512	84%	1,611,220	100%

Municipalities in the province owed their creditors a total amount of R1.6 billion as the end of the quarter.

Municipalities in ZF Mgcawu district reported the highest outstanding creditors at R434,621 million or 27% of the total outstanding creditors of R1.6 billion in the province, followed by those in Frances Baard district at R394,312 million or 24%, Namakwa district at R343,673 million or 21%, John Taolo Gaetsewe district at R160,996 million or 10% and the lowest was reported in Pixley Ka Seme district at R85,606 million or 5%.

Sol Plaatje municipality reported outstanding creditors of R192,012 million or 12%.

Of the total outstanding creditors R907,853 million or 56% is due under Electricity, followed by Bulk Water at R412,098 million or 26%, Other Creditors at R93,722 million or 6%, Trade Creditors

at R72,272 million or 4%, PAYE Deductions and Auditor General at R39,565 million and R31,137 million or 2% and the lowest was reported under VAT, Pension/Retirement and Loans Repayments at R17,264 million, R13,781 million and R23,528 million or 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 31 December 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	2 171	256 684	123 131	440 985	-	91 899	-113	6 874	-157 659
Namakwa	4 886	-198	211 100	282 466	-	2	87	8 976	-75 743
Pixley Ka Seme	-2 436	-	-982	308 149	-	0	-9	5 494	-317 052
ZF Mgcawu	-1 659	-	202 218	294 475	-	0	0	15 716	-109 632
Frances Baard	209 232	-	-17 360	1 042 175	-	-	2 066	5 741	-858 112
Total	2 12 194	256 486	518 107	2 368 250	-	91 901	2 033	42 801	-1 518 198

The total aggregate cash and cash equivalents for the period under review ended negatively with an amount of R1.5 billion. All districts reported a negative cash and cash equivalent at the end of the period under review, with the highest negative cash and cash equivalent reported in Frances Baard at R858,112 million, followed by Pixley ka Seme at R317,052 million, John Taolo Gaetsewe at R157,659 million, ZF Mgcawu district at R109,632 million and the lowest negative cash and cash equivalent was reported in Namakwa at R75,743 million.

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

## 3. Detailed Municipal Analysis per Municipality

### 3.1 John Taolo Gaetsewe

#### 3.1.1 Operating Revenue



Table 2.1(a) shows the reported revenue collected as at 31 December 2019 by the municipalities in the John Taolo Gaetsewe District against the budgeted revenue.

**Table 2.1(a) : Operating Revenue as at 31 December 2019 (R'000)**

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Joe Morolong	223,449	223,449	-	0%			
Ga-Segonyana	423,395	423,395	264,709	63%	34,898	81,356	148,455
Gamagara	536,629	536,629	231,019	43%	82,059	113,375	55,585
John Taolo Gaetsewe District	104,032	104,032	71,798	69%			71,798
<b>Total</b>	<b>1,287,505</b>	<b>1,287,505</b>	<b>567,526</b>	<b>44%</b>	<b>96,957</b>	<b>194,731</b>	<b>275,838</b>

Municipalities in the district reported an actual year to date revenue at R567,526 million or 44% of the total adopted operating budget of R1.3 billion in the district.

John Taolo Gaetsewe reported the highest revenue at R71,798 million or 69% of their revenue budget of R104,032 million followed by Ga-Segonyana municipality at R264,709 million or 63% and the lowest was reported by Gamagara at R231,019 million or 43%.

Joe Morolong did not submit their Operating Expenditure report.

Other Revenue constituted R275,838 million or 49% of the total revenue generated in the district, followed by Service Charges at R194,731 million or 34% and Property Rates being the lowest at R96,957 million or 17%. 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 R474,503 million or 38% of the total adopted budget of R1.3 billion.

**Table 2.1(b) : Operating Expenditure as at 31 December 2019 (R'000)**

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Joe Morolong	209,916	209,916	-	0%				
Ga-Segonyana	418,034	418,034	210,306	50%	64,392	72	58,717	87,125
Gamagara	528,542	528,542	211,591	40%	81,217		71,227	59,147
John Taolo Gaetsewe District	102,081	102,081	52,606	52%	33,141			19,465
<b>Total</b>	<b>1,258,573</b>	<b>1,258,573</b>	<b>474,503</b>	<b>38%</b>	<b>178,750</b>	<b>72</b>	<b>129,944</b>	<b>165,737</b>

The highest expenditure in the district is Employee related costs at R178,750 million or 38% of the total expenditure of R474,503 million, followed by Other expenditure at R165,737 million or 35%, Bulk purchases of water and electricity at R129,944 million or 27% and the lowest was reported under bad and doubtful debt at R72 thousand or 0%.

John Taolo Gaetsewe municipality reported the highest expenditure in the district at R52,606 million or 52% of their budget while Ga-Segonyana reported R210,306 million or 50% of their budget. Gamagara reported the lowest at R211,591 million or 40%

Joe Morolong did not submit their Operating Expenditure report.

### 3.1.3 Capital Expenditure

Table 2.1(c) shows capital spending by municipalities in the district as at 31 December 2019. The municipalities have spent R411,870 million or 95% of the total capital budget of R433,788 million.

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Joe Morolong	120,351	120,351	-	0%					
Ga-Segonyana	180,998	180,998	391,934	217%	130,141	55,950		211,322	(5,489)
Gamagara	130,488	130,488	19,509	15%	17,069	2,322			118
John Taolo Gaetsewe District	1,951	1,951	427	22%			179		248
<b>Total</b>	<b>433,788</b>	<b>433,788</b>	<b>411,870</b>	<b>95%</b>	<b>147,210</b>	<b>58,282</b>	<b>179</b>	<b>211,322</b>	<b>(5,123)</b>

The highest capital expenditure was reported in Ga – Segonyana at R391,934 million or 217% of their total capital budget of R180,998 million, followed by John Taolo Gaetsewe at R427 thousand or 22% and Gamagara reported the lowest at R19,509 million or 15%.

Joe Morolong did not submit their Capital Expenditure report.

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; Roads & Pavements was the highest at R211,322 million or 51%, followed by Water at R147,210 million or 35%, Electricity at R58,282 million or 14% and the lowest was reported under Housing and Other Capital Expenditure at R179 thousand and a negative R5,123 million or 0%.

### 3.1.4 Debtors

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

Table 2.1(d) : Debtor Age Analysis as at 31 December 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Joe Morolong	0	0%	0	0%	0	0%	0	0%	0	0%
Ga-Segonyana	12,036	7%	8,558	5%	4,219	3%	138,413	85%	163,226	40%
Gamagara	-55,003	-23%	76,575	32%	28,120	12%	190,803	79%	240,495	59%
John Taolo Gaetsewe	95	2%	93	2%	99	2%	5,648	95%	5,935	1%
<b>Total</b>	<b>-42,872</b>	<b>-10%</b>	<b>85,226</b>	<b>21%</b>	<b>32,438</b>	<b>8%</b>	<b>334,864</b>	<b>82%</b>	<b>409,656</b>	<b>100%</b>

Supporting table 2.1(d)(1): Debtor Age Analysis by customer group as at 31 December 2019 (R'000)

	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>John Taolo District</b>										
Government	863	4%	2,321	10%	502	2%	19,412	84%	23,098	6%
Business	6,191	12%	5,478	11%	1,550	3%	37,429	74%	50,648	12%
Households	7,546	3%	34,268	12%	13,107	5%	236,291	81%	291,212	71%
Other	-57,472	-129%	43,159	97%	17,279	39%	41,732	93%	44,698	11%
<b>Total</b>	<b>-42,872</b>	<b>-10%</b>	<b>85,226</b>	<b>21%</b>	<b>32,438</b>	<b>8%</b>	<b>334,864</b>	<b>82%</b>	<b>409,656</b>	<b>100%</b>
<b>Water</b>	<b>4,438</b>	<b>5%</b>	<b>13,424</b>	<b>17%</b>	<b>12,260</b>	<b>16%</b>	<b>48,884</b>	<b>51%</b>	<b>77,007</b>	<b>19%</b>
Electricity	11,158	15%	10,231	14%	5,922	8%	45,670	63%	72,981	18%
Property rates	11,572	7%	37,637	23%	8,437	4%	109,851	66%	165,497	40%
RSC Levies	10,092		22,123		7,973		108,889		149,077	36%
Other	-80,133	-146%	1,811	-3%	-154	0%	23,570	-43%	-54,906	-13%
<b>Total</b>	<b>-42,872</b>	<b>-10%</b>	<b>85,226</b>	<b>21%</b>	<b>32,438</b>	<b>8%</b>	<b>334,864</b>	<b>82%</b>	<b>409,656</b>	<b>100%</b>

Municipalities in the district are owed an amount of R409,656 million.

Table 2.1(d) shows that Gamagara reported the highest outstanding debtors at R240,495 million or 59%, of which R190,803 million or 79% was owed for more than 90 days, followed by Ga – Segonyana at outstanding debtors of R163,226 million or 40% and the lowest was reported by John Taolo Gaetsewe at R5,935 million or 1%.

Joe Morolong did not submit their outstanding debtors reports.

Table 2.1(d)(1) shows that of the total outstanding debtors R291,212 million or 71% was owed by Households, followed by Business at R50,648 million or 12%, Other debtors reported at R44,698 million or 11% and the lowest was reported under Government at R23,098 million or 6%.

The highest outstanding amount was reported under Property Rates at R165,497 million or 40%, followed by RSC Levies at R149,077 million or 36%, Water reported the at R77,007 million or 19%, Electricity at R72,981 million or 18% and the lowest was reported under Other Outstanding debtors at a negative R54,906 million or negative 13%.

### 3.1.5 Creditors

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

Table 2.1(e) : Creditors Age Analysis as at 31 December 2019. (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61- 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Joe Morolong	0	0%	0	0%	0	0%	0	0%	0	0%
Ga-Segonyana	18,122	205%	156	2%	0	0%	-8,402	-107%	7,876	5%
Gamagara	35		16,490	11%	13,913	9%	122,643	80%	153,081	95%
John Taolo Gaetsewe	33	85%	-11	-28%	0	0%	17	44%	39	0%
<b>Total</b>	<b>18,190</b>	<b>10%</b>	<b>16,635</b>	<b>10%</b>	<b>13,913</b>	<b>9%</b>	<b>114,258</b>	<b>71%</b>	<b>160,996</b>	<b>100%</b>

Table 2.1(e) (1): Outstanding Creditors as at 31 December 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	21	0%	45	0%	12,466	11%	96,216	88%	108,748	68%
Bulk Water	0	0%	0	0%	0	0%	3,550	100%	3,550	2%
PAYE Deductions	0	0%	2,092	0%	0	0%	0	0%	2,092	1%
VAT(Output less Input)	0	0%	0	0%	0	0%	0	0%	0	0%
Pension/Retirement	0	0%	1,939	0%	0	0%	0	0%	1,939	1%
Loans Repayments	0	0%	0	0%	0	0%	0	0%	0	0%
Trade Creditors	16,169	72%	1,828	8%	1,447	6%	2,943	13%	22,387	14%
Auditor-General	0	0%	0	0%	0	0%	0	0%	0	0%
Other	0	0%	10,731	48%	0	0%	11,549	52%	22,280	14%
<b>Total</b>	<b>18,190</b>	<b>10%</b>	<b>16,635</b>	<b>10%</b>	<b>13,913</b>	<b>9%</b>	<b>114,258</b>	<b>71%</b>	<b>160,996</b>	<b>100%</b>

Municipalities in this region owe creditors a total of R160,996 million. Joe Morolong municipality did not submit their creditors' age analysis report.

Gamagara municipality reported the highest outstanding creditors at R153,081 million or 95%, of which R122,643 million or 80% have been outstanding for more than 90 days, followed by Ga-Segonyana at R7,876 million or 5% and the lowest was reported by John Taolo Gaetsewe at R39 thousand or 0%.

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 of R108,748 million or 68% was owed to Bulk Electricity, followed by Other Creditors and Trade Creditors at R22,280 million and R22,387 million or 14%, Bulk Water at R3,550 million or 2%, PAYE Deductions and Pension/Retirement reported the lowest at R2,092 million and R1,939 million or 1% 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 31 December 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									0
Ga-Segonyana	2,170	255,077	123,138	181,250		91,899	257	2,413	104,567
Gamagara	1		-7	207,132				4,458	-211,596
John Taolo Gaetsewe District		1,607		52,603			-370	3	-50,629
<b>Total</b>	<b>2,171</b>	<b>256,684</b>	<b>123,131</b>	<b>440,985</b>	<b>0</b>	<b>91,899</b>	<b>-113</b>	<b>6,874</b>	<b>-157,658</b>

The total aggregate cash and cash equivalents for the period under review ended negatively with an amount of R157,658 million.

Ga-Segonyana reported a positive cash and cash equivalent of R104,567 million.

Gamagara reported the highest negative cash and cash equivalents of R211,596 million and John Taolo Gaetsewe reported the lowest negative cash and cash equivalents of R50,629 million respectively.

Joe Morolong did not submit their Cash Flow reports.

### 3.1.7 MFMA Returns

Table 2.1(g) : Submission of MFMA Returns

	Annual		Quarterly			
	MFMA Implementation Plan	Budget Evaluation Checklist	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities
			Q4	Q4	Q4	Q4
Joe Morolong	✓	X	✓	✓	✓	✓
Ga-Segonyana	✓	✓	✓	✓	✓	✓
Gamagara	X	✓	X	✓	✓	X
John Taolo Gaetsewe District	✓	✓	✓	✓	✓	✓

✓ Documents Received

X Documents not received

Ga-Segonyana and John Taolo Gaetsewe municipalities submitted all their required reports for the quarter under review, Joe Morolong submitted five reports and Gamagara submitted three reports. Non-submission of this reports hampers on the ability of treasury to effectively monitor the compliance with the legislation.

## 3.2 Namakwa District

### 3.2.1 Operating Revenue

Table 2.2(a) shows actual revenue collected as at 31 December 2019 by the municipalities in the Namakwa District against the budgeted revenue.



Table 2.2(a) : Operating Revenue as at 31 December 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Richersveld	67,295	67,295	37,467	56%	18,429	9,754	9,284
Nama Khoi	280,313	280,313	174,022	62%	49,509	73,737	50,776
Kamiesberg	61,902	61,902	33,538	54%	11,297	7,529	14,712
Hantam	109,848	109,848	36,327	33%	13,688	21,867	774
Karoo Hoogland	59,088	59,088	20,165	34%	3,091	7,358	9,716
Khai-Ma	55,200	55,200	36,283	66%	8,465	9,140	18,678
Namakwa District	69,749	69,749	43,427	62%	-	-	43,427
<b>Total</b>	<b>703,395</b>	<b>703,395</b>	<b>381,229</b>	<b>54%</b>	<b>104,477</b>	<b>129,385</b>	<b>147,367</b>

The whole district managed to generate R381,229 million or 54% of the total revenue budget of R703,395 million.

The highest revenue was reported in Khai-Ma at R36,283 million or 66%, followed by Nama Khoi and Namakwa at R174,022 million and R43,427 million or 62% respectively, Richtersveld at R37,467 million or 56%, Kamiesberg at R33,538 million or 54%, Karoo Hoogland at R20,165 million or 34% and the lowest was reported in Hantam at R36,327 million or 33%.

Other revenue constituted R147,367 million or 39% of the total revenue generated in this district, followed by Service Charges at R129,385 million or 34% and the lowest was reported under Property Rates at R104,477 million or 27%.

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 R291,882 million or 35% of the total expenditure budget of R838,763 million.

Table 2.2(b) : Operating Expenditure as at 31 December 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Richersveld	73,733	73,733	23,940	32%	10,910	-	6,965	6,065
Nama Khoi	348,293	348,293	133,490	38%	45,838	-	56,699	30,953
Kamiesberg	79,737	79,737	16,591	21%	11,131	-	361	5,099
Hantam	121,195	121,195	33,412	28%	16,770	-	9,247	7,395
Karoo Hoogland	66,125	66,125	23,656	36%	11,397	33	4,321	7,935
Khai-Ma	76,271	76,271	24,777	32%	11,283	-	6,963	6,551
Namakwa District	73,409	73,409	36,016	49%	19,320	-	-	16,696
<b>Total</b>	<b>838,763</b>	<b>838,763</b>	<b>291,882</b>	<b>35%</b>	<b>126,629</b>	<b>33</b>	<b>84,556</b>	<b>80,664</b>

The highest expenditure in the district is on Employee Related Costs at R126,629 million or 43% of the total expenditure, followed by Bulk Purchases at R84,556 million or 29%, Other Expenditure at R80,664 million or 28% and the lowest was reported under Bad and Doubtful debt at R33 thousand or 0%.

Namakwa municipality reported the highest expenditure at R36,016 million or 49% of their budget, followed by Nama Khoi at R133,490 million or 38%, Karoo Hoogland reported at R23,656 million or 36% , Richtersveld and Khai-Ma reported at R23,940 million and R24,777 million or 32%, Hantam reported at R33,412 million or 28% and the lowest was reported in Kamiesberg at R16,591 million or 21%.

### 3.2.3 Capital Expenditure

Table 2.2(c) shows capital spending by municipalities in the District. Municipalities have spent R36,802 million or 25% of the total capital budgets of R145,898 million.

Table 2.2(c) : Capital Expenditure as at 31 December 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Richtersveld	8,175	8,175	3,238	40%	2,169	1,035			34
Nama Khoi	29,009	29,009	5,237	18%	1,954	261		2,770	252
Kamiesberg	7,553	7,553	3,634	48%	3,634				
Hantam	55,436	55,436	16,366	30%	13,790	578		1,994	94
Karoo Hoogland	35,087	35,087	6,521	19%	4,404	1,222		613	282
Khai-Ma	10,279	10,279	1,683	16%	1,059	613			11
Namakwa District	359	359	123	34%					123
<b>Total</b>	<b>145,898</b>	<b>145,898</b>	<b>36,802</b>	<b>25%</b>	<b>27,010</b>	<b>3,709</b>	<b>-</b>	<b>5,287</b>	<b>796</b>

Kamiesberg municipality reported the highest capital expenditure at R3,634 million or 48% of their capital budget, followed by Richtersveld at R3,238 million or 40%, Namakwa at R123 thousand or 34%, Hantam at R16,366 million or 30%, Karoo Hoogland at R6,521 million or 19%, Nama Khoi reported at R5,237 million or 18% and the lowest was reported in Khai-Ma at R1,683 million or 16%.

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

The highest expenditure was reported under Water at R27,010 million or 73% of the total capital expenditure, followed by Roads & Pavements at R5,287 million or 14%, Electricity at R3,709 million or 10% and the lowest was reported under Other Capital Expenditure at R796 thousand or 2%.

### 3.2.4 Debtors

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

Table 2.2(d) : Debtor Age Analysis as at 31 December 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Richtersveld	0	0%	0	0%	0	0%	0	0%	0	0%
Nama Khoi	34,309	16%	5,869	3%	4,353	2%	174,673	80%	219,204	51%
Kamiesberg	3,932	4%	1,758	2%	95,699	94%	0	0%	101,389	24%
Hantam	0	0%	0	0%	0	0%	0	0%	0	0%
Karoo Hoogland	2,099	5%	1,158	3%	866	2%	38,032	90%	42,155	10%
Khai Ma	3,273	5%	1,266	2%	2,184	4%	55,645	89%	62,368	15%
Namakwa District	112	6%	88	6%	87	6%	1,069	79%	1,356	0%
<b>Total Namakwa District</b>	<b>43,725</b>	<b>10%</b>	<b>10,139</b>	<b>2%</b>	<b>103,189</b>	<b>24%</b>	<b>269,419</b>	<b>63%</b>	<b>426,472</b>	<b>100%</b>

Supporting table 2.2(d) (1) Debtor Age Analysis by customer group as at 31 December 2019 (R'000)

	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Namakwa District</b>										
Government	2,141	11%	1,088	6%	5,139	26%	11,383	58%	19,751	5%
Business	13,308	15%	2,642	3%	9,408	11%	62,232	71%	87,590	21%
Households	27,386	9%	5,884	2%	58,656	20%	196,279	68%	288,305	68%
Other	890	3%	425	1%	29,866	97%	-475	-2%	30,826	7%
<b>Total</b>	<b>43,725</b>	<b>10%</b>	<b>10,139</b>	<b>2%</b>	<b>103,189</b>	<b>24%</b>	<b>269,419</b>	<b>63%</b>	<b>426,472</b>	<b>100%</b>
<b>Water</b>	<b>5,320</b>	<b>5%</b>	<b>2,830</b>	<b>2%</b>	<b>23,116</b>	<b>20%</b>	<b>82,473</b>	<b>73%</b>	<b>113,739</b>	<b>27%</b>
<b>Electricity</b>	<b>5,886</b>	<b>9%</b>	<b>2,029</b>	<b>3%</b>	<b>7,800</b>	<b>12%</b>	<b>49,131</b>	<b>76%</b>	<b>64,846</b>	<b>15%</b>
<b>Property rates</b>	<b>26,421</b>	<b>26%</b>	<b>2,067</b>	<b>2%</b>	<b>19,948</b>	<b>21%</b>	<b>46,770</b>	<b>49%</b>	<b>95,206</b>	<b>22%</b>
<b>RSC Levies</b>	<b>5,081</b>	<b>5%</b>	<b>2,748</b>	<b>3%</b>	<b>16,298</b>	<b>15%</b>	<b>82,486</b>	<b>77%</b>	<b>106,613</b>	<b>25%</b>
<b>Other</b>	<b>1,017</b>	<b>2%</b>	<b>465</b>	<b>1%</b>	<b>36,027</b>	<b>78%</b>	<b>8,559</b>	<b>19%</b>	<b>46,068</b>	<b>11%</b>
<b>Total</b>	<b>43,725</b>	<b>10%</b>	<b>10,139</b>	<b>2%</b>	<b>103,189</b>	<b>24%</b>	<b>269,419</b>	<b>63%</b>	<b>426,472</b>	<b>100%</b>

Municipalities in the region are owed a total amount of R426,472 million.

Nama Khoi municipality is owed the highest amount at R219,204 million or 51% of the total outstanding debtors of R426,472 million in the district, followed by Kamiesberg at R101,389 million or 24%, Khai-Ma at R62,368 million or 15%, Karoo Hoogland at R42,155 million or 10% and Namakwa reported the lowest at R1,356 million or 0%.

Hantam and Richtersveld did not submit their debtors age analysis report.

Supporting table 2.2 (d) (1) shows that of the total outstanding debtors R288,305 million or 68% is owed by households, followed by Business at R87,590 million or 21%, Other debtors at R30,826 million or 7% and the lowest was reported under Government at R19,751 million or 5%.

The highest outstanding amount reported is under Water at R113,739 million or 27%, followed by RSC Levies at R106,613 million or 25%, Property Rates at R95,206 million or 22%, Electricity at R64,846 million or 15% and the lowest amount was reported under Other debtors at R46,068 million or 11%.

### 3.2.5 Creditors

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

Table 2.2(d) : Creditors Age Analysis as at 31 December 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Richtersveld	0	0%	0	0%	0	0%	0	0%	0	0%
Nama Khoi	-6,502	-3%	-3,419	-1%	6,767	3%	261,934	101%	258,780	75%
Kamiesberg	3,423	10%	2,308	7%	2,461	7%	25,392	76%	33,582	10%
Hantam	0	0%	0	0%	0	0%	0	0%	0	0%
Karoo Hoogland	121	1%	1	0%	159	1%	12,296	98%	12,577	4%
Khai Ma	2,238	6%	2,600	7%	2,072	5%	31,824	82%	38,734	11%
Namakwa District	0	0%	0	0%	0	0%	0	0%	0	0%
<b>Total: Namakwa District</b>	<b>-720</b>	<b>0%</b>	<b>1,488</b>	<b>0%</b>	<b>11,459</b>	<b>3%</b>	<b>331,446</b>	<b>86%</b>	<b>343,673</b>	<b>100%</b>

Table 2.2(e) : Outstanding Creditors as at 31 December 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	-1,545	-1%	-3,760	-3%	10,693	7%	139,870	96%	145,258	42%
Bulk Water	-576	0%	3,907	2%	-532	0%	159,681	98%	162,480	47%
PAYE Deductions	449	51%	36		35		361	41%	881	0%
VAT(Output less Input)	0		0		0		0		0	
Pension/Retirement	717	56%	280		277		0		1,274	0%
Loans Repayments	0	0%	0		0		0	0%	0	0%
Trade Creditors	-253	-2%	-118	-1%	-254	-2%	14,316	105%	13,691	4%
Auditor-General	940	14%	542	8%	1,536	11%	3,681	55%	6,699	2%
Other	-452	-3%	601	4%	-296	-2%	13,537	101%	13,390	4%
<b>Total</b>	<b>-720</b>	<b>0%</b>	<b>1,488</b>	<b>0%</b>	<b>11,459</b>	<b>3%</b>	<b>331,446</b>	<b>47%</b>	<b>343,673</b>	<b>100%</b>

Municipalities in the district were owing their creditors an amount of R343,673 million.

Table 2.2 (d) indicates that the highest outstanding creditors was reported in Nama Khoi municipality at R258,780 million or 75% of the total outstanding creditors of R343,673 million in the district, followed by Khai Ma at R38,734 million or 11%, Kamiesberg at R33,582 million or 10%, Karoo Hoogland reported the lowest at R12,577 million or 4%.

Richtersveld, Hantam and 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 R162,480 million or 47%, followed by Bulk Electricity at R145,258 million or 42%, Trade Creditors and Other Creditors reported at R13,691 million and R13,390 million or 4%, Auditor-General reported at R6,699 million or 2% and the lowest was reported under Pension/Retirement and PAYE Deductions at R1,274 million and R881 thousand 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 31 December 2019 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Richtersveld	-398	-198	-130	23,410				530	-24,666
Nama Khoi	-486		208,805	126,455		2		7,034	74,828
Kamiesberg			-129	16,229					-16,358
Hantam	-2,690		-72	33,402				10	-36,174
Karoo Hoogland			2,642	23,504			87	119	-21,068
Khai-Ma	1,517		-16	23,581				1,187	-23,276
Namakwa District	6,943			35,875				96	-29,028
<b>Total</b>	<b>4,886</b>	<b>-198</b>	<b>211,100</b>	<b>282,466</b>	<b>0</b>	<b>2</b>	<b>87</b>	<b>8,976</b>	<b>-75,742</b>

All municipalities in the district in exception of Nama Khoi municipality closed with a negative cash and cash equivalent.

The highest positive cash and cash equivalent was reported in Nama Khoi at R74,828 million.

The highest negative cash and cash equivalents was reported in Hantam at negative R36,174 million, followed by Namakwa at a negative R29,028 million, Richtersveld at a negative R24,666 million, Khai-Ma at a negative R23,276 million, Karoo Hoogland at a negative R21,068 million and the lowest negative cash and cash equivalents was reported in Kamiesberg at a negative R16,358 million.

### 3.2.7 MFMA Returns

Table 2.2.(g) shows annual and quarterly MFMA returns as submitted by municipalities.

Table 2.2(g) : Submission of MFMA Returns

	Annual		Quarterly			
	MFMA Implementation Plan	Budget Evaluation Checklist	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities
			Q4	Q4	Q4	Q4
Richtersveld	X	✓	✓	✓	✓	✓
Nama Khoi	X	✓	X	X	X	X
Kamiesberg	X	✓	X	X	X	X
Hantam	✓	✓	✓	✓	✓	✓
Karoo Hoogland	X	✓	✓	✓	✓	✓
Khai-Ma	X	✓	✓	✓	✓	✓
Namakwa District	X	✓	X	X	X	X

Hantam submitted all the expected MFMA Returns as expected, followed Richtersveld, Khai-Ma and Karoo Hoogland submitted five MFMA returns, Nama Khoi, Kamiesberg and Namakwa submitted only one MFMA Return.

### 3.3 Pixley ka Seme

#### 3.3.1 Operating Revenue

Table 2.3(a) shows revenue generated as at 31 December 2019 by the municipalities in the Pixley Ka Seme District against the budgeted revenue. The whole district managed to generate R395,544 million or 38% of the total revenue budget of R1billion.



Table 2.3(a) : Operating Revenue at 31 December 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Ubuntu	113,557	113,557	20,809	18%	19,975	(4,722)	5,556
Umsobomvu	154,240	154,240	71,364	46%	427	28,656	42,279
Emthanjeni	252,434	252,434	98,611	39%	21,025	55,497	22,089
Kareeberg	59,829	59,829	51,995	87%	10,382	11,715	29,898
Renosterberg	59,941	59,941	14,935	25%	2,427	12,173	335
Thembelihle	68,702	68,702	23,752	35%	4,655	6,664	12,433
Siyathemba	107,252	107,252	12,444	12%	2,779	8,699	966
Siyancuma	174,106	174,106	68,481	39%	35,181	16,616	16,684
Pixley Ka Seme District	59,652	59,652	33,153	56%			33,153
<b>Total</b>	<b>1,049,713</b>	<b>1,049,713</b>	<b>395,544</b>	<b>38%</b>	<b>96,851</b>	<b>135,300</b>	<b>163,393</b>

Other Revenue constituted R163,393 million or 41% of the total revenue generated of R395,544 million in this district, followed by Service Charges at R135,300 million or 34% and Property Rates being the lowest at R96,851 million or 24%.

The highest revenue was reported in Kareeberg at R51,995 million or 87% of their total budget of R59,829 million, followed by Pixley Ka Seme municipality at R33,153 million or 56%, Umsobomvu at R71,364 million or 46%, Emthanjeni and Siyancuma municipalities reported at R98,611 million and R68,481 million or 39%, Thembelihle at R23,752 million or 35%, Renosterberg at R14,935 million or 25%, Ubuntu municipality reported at R20,809 million or 18% and lowest was reported in Siyathemba at R12,444 million or 12%.

### 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 R315,613 million or 28% of the total expenditure budget of R1.1 billion.

Table 2.3(b) : Operating Expenditure as at 31 December 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	154,744	154,744	23,862	15%	15,906		1,532	6,424
Umsobomvu	174,649	174,649	40,631	23%	20,173	2	9,307	11,149
Emthanjeni	247,962	247,962	80,410	32%	35,681		24,403	20,326
Kareeberg	67,987	67,987	33,289	49%	11,889		7,082	14,318
Renosterberg	72,954	72,954	23,309	32%	11,775	4	1,519	10,011
Thembelihle	67,011	67,011	19,338	29%	9,257	642	235	9,204
Siyathemba	103,385	103,385	19,334	19%	11,258	75	52	7,951
Siyancuma	196,456	196,456	49,109	25%	10,215		25,155	13,739
Pixley Ka Seme District	61,247	61,247	26,331	43%	14,806			11,525
<b>Total</b>	<b>1,146,395</b>	<b>1,146,395</b>	<b>315,613</b>	<b>28%</b>	<b>140,958</b>	<b>723</b>	<b>69,285</b>	<b>104,647</b>

The highest expenditure in the district was reported under Employee Related Costs at R140,958 million or 45% of the total expenditure; followed by Other Expenditure at R104,647 million or 33%, Bulk Purchases of Water and Electricity at R69,285 million or 22% and the lowest was reported under Bad and Doubtful debts at R723 thousand or 0%.

Spending by municipalities ranges from the highest in Kareeberg at R33,289 million or 49% of their budget, followed by Pixley Ka Seme at R26,331 million or 43%, Emthanjeni and Renosterberg at R80,410 million and R23,309 million or 32%, Thembelihle at R19,338 million 29%, Siyancuma at R49,109 million or 25%, Umsobomvu at R40,631 million or 23%, Siyathemba at R19,334 million or 19% and the lowest was reported in Ubuntu at R23,862 million or 15%.

### 3.3.3 Capital Expenditure

Table 2.3(c) shows capital spending by municipalities in the Pixley Ka Seme district. The municipalities have spent R59,490 million or 22% of the total capital budget of R270,139 million.

Table 2.3(c) : Capital Expenditure as at 31 December 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Date	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Ubuntu	63,225	65,225	928	1%	138	790			
Umsobomvu	39,088	39,088	5,148	13%	3,568	1,005		147	428
Emthanjeni	48,418	48,418	5,931	12%	4,110	(59)		1,534	346
Kareeberg	24,392	24,392	4,488	18%				4,359	129
Renosterberg	12,480	12,480	9,141	73%		3,184		5,957	
Thembelihle	16,005	16,005	1,226	8%		854			372
Siyathemba	19,889	19,889	4,137	21%	3,734			403	
Siyancuma	43,742	43,742	28,105	64%	22,431	5,974			
Pixley Ka Seme District	900	900	388	43%					388
<b>Total</b>	<b>270,139</b>	<b>270,139</b>	<b>59,490</b>	<b>22%</b>	<b>33,979</b>	<b>11,448</b>	<b>-</b>	<b>12,400</b>	<b>1,863</b>

Spending ranges from the highest in Renosterberg at R9,141 million or 73% of their capital budget, followed by Siyancuma at R28,105 million or 64%, Pixley Ka Seme at R388 thousand or 43%, Siyathemba at R4,137 million or 21%, Kareeberg at R4,488 million or 18%, Umsobomvu at R5,146 million or 13%, Emthanjeni at R5,931 million or 12%, Thembelihle at R1,226 million or 8% and the lowest was reported in Ubuntu at R928 thousand or 1%.

The low spending by municipalities is a serious concern considering that we are at the end of the 2nd 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 R33,979 million or 57%

of the total year to date capital expenditure of R59,490 million, followed by Roads and Pavement at R12,400 million or 21%, Electricity at R11,448 million or 19% and the lowest was reported under Other Expenditure at R1,663 million or 3%.

### 3.3.4 Debtors

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

**Table 2.3(d) : Debtor Age Analysis as at 31 December 2019 (R'000)**

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Ubuntu	0	0%	0	0%	0	0%	0	0%	0	0%
Umsobomvu	4,692	2%	4,489	2%	3,639	2%	180,797	93%	193,617	57%
Emthanjeni	0	0%	0	0%	0	0%	0	0%	0	0%
Kareeberg	5,151	40%	3,657		274		3,465		12,757	
Renosterberg	1,755	3%	1,687	2%	1,373	2%	64,896	83%	69,811	21%
Thembelihle	2,554	4%	1,999	3%	1,463	2%	54,252	90%	60,268	18%
Siyathemba	0	0%	0	0%	0	0%	0	0%	0	0%
Siyancoma	0	0%	0	0%	0	0%	0	0%	0	0%
Pixley Ka Seme District	211	15%	152	11%	152	11%	870	63%	1,385	0%
<b>Total: Pixley Ka Seme District</b>	<b>14,363</b>	<b>4%</b>	<b>12,194</b>	<b>4%</b>	<b>8,901</b>	<b>2%</b>	<b>304,380</b>	<b>90%</b>	<b>337,838</b>	<b>100%</b>

**Supporting table 2.3(d)(1): Debtor Age Analysis by customer group as at 31 December 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	1,778	25%	935	13%	350	5%	4,062	57%	7,125	2%
Business	2,618	15%	2,218	12%	674	4%	12,292	69%	17,798	5%
Households	9,440	3%	8,618	3%	5,626	2%	281,906	92%	305,588	90%
Other	529	7%	427	6%	251	3%	6,120	84%	7,327	2%
<b>Total</b>	<b>14,363</b>	<b>4%</b>	<b>12,194</b>	<b>4%</b>	<b>6,901</b>	<b>2%</b>	<b>304,380</b>	<b>90%</b>	<b>337,838</b>	<b>100%</b>
<b>Water</b>	<b>1,055</b>	<b>1%</b>	<b>1,979</b>	<b>2%</b>	<b>1,336</b>	<b>2%</b>	<b>83,118</b>	<b>95%</b>	<b>87,488</b>	<b>26%</b>
<b>Electricity</b>	<b>4,986</b>	<b>5%</b>	<b>4,068</b>	<b>4%</b>	<b>2,734</b>	<b>3%</b>	<b>80,775</b>	<b>87%</b>	<b>92,563</b>	<b>27%</b>
<b>Property rates</b>	<b>5,335</b>	<b>15%</b>	<b>3,681</b>	<b>10%</b>	<b>627</b>	<b>2%</b>	<b>26,970</b>	<b>74%</b>	<b>36,613</b>	<b>11%</b>
<b>RSC Levies</b>	<b>2,993</b>	<b>3%</b>	<b>2,148</b>	<b>2%</b>	<b>2,009</b>	<b>2%</b>	<b>107,341</b>	<b>94%</b>	<b>114,491</b>	<b>34%</b>
<b>Other</b>	<b>-6</b>	<b>0%</b>	<b>318</b>	<b>5%</b>	<b>195</b>	<b>3%</b>	<b>6,176</b>	<b>82%</b>	<b>6,583</b>	<b>2%</b>
<b>Total</b>	<b>14,363</b>	<b>4%</b>	<b>12,194</b>	<b>4%</b>	<b>6,901</b>	<b>2%</b>	<b>304,380</b>	<b>90%</b>	<b>337,838</b>	<b>100%</b>

Municipalities in the district were owed R337,838 million at the end of the 2nd quarter of the 2019/20 financial year.

Umsobomvu municipality reported the highest outstanding trade receivables at R193,617 million respectively or 57% of the total outstanding debtors, followed by Renosterberg at R69,811 million or 21%, Thembelihle at R60,268 million or 18%, Kareeberg at R12,757 million or 3% and the lowest amount was reported in Pixley Ka Seme at R1,385 million or 0%. Ubuntu, Emthanjeni, Siyathemba and Siyancoma did not submit their debtor's age analysis report.

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

Table 2.3 (d)(1) reflects that of the total outstanding debtors the highest amount was reported under Households at R305,588 million or 90% of the total outstanding debtors in the district, followed by Business at R17,798 million or 5% and the lowest was reported under Government and Other debtors at R7,125 million and R7,327 million or 2%

The highest outstanding debtors were reported under RSC Levies at R114,491 million or 34%, followed by Electricity at R92,563 million or 27%, Water at R87,488 million or 26%, Property Rates at R36,613 million or 11% and the lowest was reported under Other Debtors at R6,683 million or 2%.

### 3.3.5 Creditors

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

Table 2.3(e) : Creditors Age Analysis as at 31 December 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Ubutu	0	0%	0	0%	0	0%	0	0%	0	0%
Umsobomvu	0	0%							0	0%
Emthangeni	0	0%	0	0%	8,647	0%	36,572	0%	0	0%
Kareeberg	0	0%	391	25%	103	7%	1,046	68%	1,540	2%
Renoosterberg	2,091	3%	2,016	2%	89	0%	77,163	95%	81,359	95%
Thembelshie	0	0%	0	0%	0	0%	0	0%	0	0%
Siyathamba	0	0%	0	0%	0	0%	0	0%	0	0%
Siyancuma	0	0%	0	0%	0	0%	0	0%	0	0%
Pixley Ka Seme District	1,137	42%	460	17%	176	7%	934	35%	2,707	3%
<b>Total: Pixley ka Seme District</b>	<b>3,228</b>	<b>4%</b>	<b>2,867</b>	<b>3%</b>	<b>9,015</b>	<b>11%</b>	<b>115,715</b>	<b>135%</b>	<b>85,806</b>	<b>100%</b>

Table 2.3(e) : Outstanding Creditors as at 31 December 2019

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	1,679	2%	1,586	2%	0	0%	68,903	95%	72,168	84%
Bulk Water	1	0%	72	2%	0	0%	4,013	98%	4,086	5%
PAYE Deductions	0	0%	0	0%	0	0%	0	0%	0	0%
VAT(Output less Input)	0	0%	0	0%	0	0%	0	0%	0	0%
Pension/Retirement	0	0%	0	0%	0	0%	0	0%	0	0%
Loans Repayments	0	0%	0	0%	0	0%	0	0%	0	0%
Trade Creditors	360	27%	329	24%	37	3%	619	46%	1,345	2%
Auditor-General	1,167	19%	488	8%	205	3%	4,268	70%	6,128	7%
Other	21	1%	392	21%	126	7%	1,340	71%	1,879	2%

Total	3,228	4%	2,867	3%	368	8%	78,143	92%	85,606	100%
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Municipalities in the district owed their creditors an amount of R85,606 million at the end of the 2nd quarter.

Of the total outstanding creditors, the highest amount was reported in Renosterberg municipality at R81,359 million or 95% of the total outstanding creditors in the district, followed by Pixley Ka Seme at R2,707 million or 3% respectively and the lowest was Kareeberg at R1,540 million or 2%.

Ubuntu, Umsombomvu, Emthanjeni, Thembelihle, Siyathemba and Siyancuma municipalities did not submit their creditor's age analysis report for the 2nd 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 R72,168 million or 84%, followed by Auditor-General at R6,128 million or 7%, Bulk Water at R4,086 million or 5% and the lowest was reported under Trade Creditors and Other Creditors at R1,345 million and R1,879 million or 2%.

### 3.3.6 Cash Flow

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

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Ubuntu				23,862					-23,862
Umsombomvu	191		-2	40,334					-40,145
Emthanjeni	3			78,845			9	1,519	-80,352
Kareeberg				32,962				42	-33,004
Renosterberg	-36,232		-1,000	22,684					-59,916
Thembelihle	8,158		43	15,921				2,775	-10,495
Siyathemba				18,465				794	-19,259
Siyancuma	13,195		-16	49,073				35	-35,929
Pixley Ka Seme District	12,249		-7	26,003				329	-14,090
Total	-2,436	0	-982	308,149	0	0	-9	5,494	-317,032

All municipalities in the district reported a negative cash and cash equivalents with the highest in Emthanjeni at a negative R80,352 million, followed by Renosterberg at a negative R59,916 million, Umsombomvu municipality at a negative R40,145 million, Siyancuma at a negative R35,929 million, Kareeberg at a negative R33,004 million, Ubuntu at a negative R23,862 million, Siyathemba at a negative R19,259 million, Pixley Ka Seme at a negative R14,090 million and the lowest was reported in Thembelihle at a negative R10,495 million.

### 3.3.7 MFMA Returns

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



Table 2.3(g) : Submission of MFMA Returns

	Annual		Quarterly			
	MFMA Implementation Plan	Budget Evaluation Checklist	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities
			Q4	Q4	Q4	Q4
Ubuntu	✓	✓	✓	✓	✓	✓
Umsobomvu	X	✓	✓	✓	✓	✓
Emthanjeni	X	✓	✓	✓	✓	✓
Kareeberg	✓	✓	✓	✓	✓	✓
Renosterberg	X	✓	✓	✓	✓	✓
Thembelihle	X	X	✓	✓	✓	✓
Siyathemba	✓	✓	✓	✓	✓	✓
Siyancuma	X	✓	✓	✓	✓	✓
Pixley Ka Seme District	X	X	✓	✓	✓	✓

✓ Documents Received

X Documents not received

Out of the reports expected from each municipality only three municipalities Ubuntu, Kareeberg and Siyathemba submitted all their reports. Umsobomvu, Emthanjeni, Renosterberg and Siyancuma submitted five reports, Thembelihle and Pixley Ka Seme submitted four reports. Non-submission of this reports hampers on the ability of treasury to effectively monitor the compliance with the legislation.

### 3.4 ZF Mqcowu District

#### 3.4.1 Operating Revenue

Table 2.4(a) shows revenue generated as at 31 December 2019 by the municipalities in the District against the budgeted revenue. The whole district managed to generate R372,408 million or 24% of the total revenue budget of R1.5 billion.

Table 2.4(a) : Operating Revenue as at 31 December 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Date	% Collected	Detail		
					Property Rates	Service Charges	Other
Kai! Garib	263,160	263,160	85,254	32%	18,611	21,792	44,851
IKheis	52,035	52,035	30,927	59%	3,844	4,657	22,426
Tsantsabane	265,398	265,398	-	0%			
Kgatelopele	115,726	115,726	40,163	35%	6,962	16,160	17,041
Dawid Kruiper	750,171	750,171	164,062	22%	23,461	111,064	29,537
ZF Mqcowu	75,917	75,917	52,002	69%			52,002
<b>Total</b>	<b>1,521,507</b>	<b>1,521,507</b>	<b>372,408</b>	<b>24%</b>	<b>52,678</b>	<b>153,673</b>	<b>165,857</b>

Recovery ranges from the highest in ZF Mqcowu at R52,002 million or 69%, followed by IKheis at R30,927 million or 59%, Kgatelopele at R40,163 million or 35%, Kai! Garib at R85,254 million or 32% and the lowest was reported in Dawid Kruiper at R164,062 million or 22% of their respective budget.

Tsantsabane did not submit their Operating Revenue report.

Other Revenue was the highest at R165,857 million or 45% of the total operating revenue of R372,408 million in the district, followed by Service Charges at R153,673 million or 41% and the lowest was reported under Property Rates at R52,878 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 R332,500 million or 22% of the total budget of R1.5 billion.

Table 2.4(b) : Operating Expenditure as at 31 December 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Date	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Kai! Garib	260,420	260,420	86,686	33%	52,588		3	34,095
!Khe	63,361	63,361	17,421	27%	12,567		92	4,762
Tsantsabane	252,378	252,378	-	0%				
Kgatelopele	117,632	117,632	34,561	29%	13,945		7,844	12,772
Dawid Kruger	753,217	753,217	173,514	23%	73,848		47,000	52,666
ZF Mgcawu	81,122	81,122	20,318	25%	12,491			7,827
<b>Total</b>	<b>1,528,130</b>	<b>1,528,130</b>	<b>332,500</b>	<b>22%</b>	<b>165,439</b>	<b>-</b>	<b>54,939</b>	<b>112,122</b>

The highest expenditure was reported in Kai! Garib at R86,686 million or 33% of their budget, followed by Kgatelopele at R34,561 million or 29%, !Keis at R17,421 million or 27%, ZF Mgcawu at R20,318 million or 25% and the lowest was reported in Dawid Kruiper at R173,514 million or 23%.

Tsantsabane did not submit their Operating Expenditure report.

The highest expenditure in the district was reported under Employee Related Costs at R165,439 million or 50%, followed by Other Expenditure at R112,122 million or 34% and the lowest was reported under Bulk Purchases at and R54,939 million or 16%. Of a serious concern is that the municipality spent 50% 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 R27,335 million or 11% of the total capital budget of R240,332 million.

Table 2.4(c) : Capital Expenditure as at 31 December 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Kai! Garib	34,534	34,554	9,623	28%	5,253	3,620			550
!Kheis	15,691	15,691	5,172	33%	5,172				
Tsantsabane	14,799	14,799	-	0%					
Kgatelopele	28,214	28,214	13,997	50%	13,031	168			778
Dawid Kruger	144,420	144,420	(1,599)	-1%					(1,599)
ZF Mgcawu	2,644	2,644	142	5%					142
<b>Total</b>	<b>240,322</b>	<b>240,322</b>	<b>27,335</b>	<b>11%</b>	<b>23,456</b>	<b>4,008</b>	<b>-</b>	<b>-</b>	<b>(129)</b>

The highest capital expenditure was reported in Kgatelopele at R13,997 million or 50% of their capital budget, followed by !Kheis at R5,172 million or 33%, Kai! Garib at R9,623 million or 28%, ZF Mgcawu at R142 thousand or 5% and the lowest was reported in Dawid Kruiper at a negative R1,599 million or a negative 1%.

Tsantsabane municipality did not submit their return.

The highest capital expenditure was reported under Water at R23,456 million or 86%, followed by Electricity at R4,008 million or 14% and the lowest was reported under Other Capital Expenditure at a negative R129 thousand or 0%. The district municipality spending is mostly on equipment, furniture and vehicles.

### 3.4.4 Debtors

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

Table 2.4(d) : Debtor Age Analysis as at 31 December 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Kai! Garib	12,830	3%	6,985	2%	3,637	1%	372,572	94%	396,024	66%
!Kheis	-2,090	-3%	868	1%	974	1%	67,252	100%	67,004	11%
Tsantsabane	0	0%	0	0%	0	0%	0	0%	0	0%
Kgatelopele	0	0%	0	0%	0	0%	0	0%	0	0%
Dawid Kruger	39,998	29%	7,854	6%	4,082	3%	85,543	62%	137,477	23%
ZF Mgcawu District	0	0%	0	0%	0	0%	0	0%	0	0%
<b>Total: Siyanda District</b>	<b>50,738</b>	<b>8%</b>	<b>15,707</b>	<b>3%</b>	<b>8,693</b>	<b>1%</b>	<b>525,367</b>	<b>87%</b>	<b>600,905</b>	<b>100%</b>

Supporting table 2.4(d)(1): Debtor Age Analysis by customer group as at 31 December 2019 (R'000)

ZF Mqcowu	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	6,754	37%	682	4%	262	1%	10,778	58%	18,476	3%
Business	18,892	41%	1,262	3%	671	1%	24,929	54%	45,754	8%
Households	25,834	10%	10,885	4%	6,959	3%	225,866	84%	269,544	45%
Other	742	0%	2,878	1%	801	0%	263,794	99%	266,731	44%
<b>Total</b>	<b>50,738</b>	<b>8%</b>	<b>15,707</b>	<b>3%</b>	<b>8,693</b>	<b>1%</b>	<b>523,367</b>	<b>87%</b>	<b>600,505</b>	<b>100%</b>
Water	7,891	9%	2,881	3%	2,105	2%	74,864	85%	87,741	15%
Electricity	21,750	52%	1,684	4%	502	1%	18,243	43%	42,179	7%
Property rates	10,652	12%	1,935	2%	1,257	1%	76,432	85%	90,276	15%
RSC Levies	9,192		5,456		3,690		113,395		131,733	22%
Other	1,253	1%	3,751	2%	1,139	0%	242,433	98%	248,576	41%
<b>Total</b>	<b>50,738</b>	<b>8%</b>	<b>15,707</b>	<b>3%</b>	<b>8,693</b>	<b>1%</b>	<b>523,367</b>	<b>87%</b>	<b>600,505</b>	<b>100%</b>

Municipalities in the district were owed R600,505 million at the end of the second quarter.

The municipality with the highest outstanding debtors was Kai! Garib municipality at R396,024 million or 66% of the total outstanding debtors in the district, followed by Dawid Kruiper at R137,477 million or 23% and the lowest was reported in !Kheis at R67,004 million or 11%.

ZF Mqcowu, Tsantsabane and Kgatelopele municipalities did not submit their debtors age analysis reports.

Of the total outstanding debtors, the highest outstanding amount was reported under Household at R269,544 million or 45%, followed by Other debtors at R266,731 million or 44%, Business at R45,754 million or 8% and the lowest was reported under Government at R18,476 million or 3% respectively.

The highest service owed was reported under Other services at R248,576 million or 41% of the total outstanding debtors of R600,505 million, followed by RSC Levies at R131,733 million or 22%, Property Rates and Water at R90,276 million and R87,741 million or 15% and Electricity was the lowest at R42,179 million or 7%.

### 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	%
Kai! Garib	10,335	3%	37,789	10%	112	0%	314,060	87%	362,296	83%
!Kheis	1,933	5%	75	0%	969	3%	34,491	92%	37,468	9%
Tsantsabane	0	0%	-	0%	-	0%	-	0%	0	0%
Kgatelopele	0	0%	-	0%	-	0%	-	0%	0	0%
Dawid Kruiper	15,773	78%	243	1%	291	1%	3,945	19%	20,252	5%
ZF Mqacawu District	1,009	7%	16	0%	69	0%	13,511	93%	14,605	3%
<b>Total: Siyanda District</b>	<b>29,050</b>	<b>7%</b>	<b>38,123</b>	<b>9%</b>	<b>1,441</b>	<b>0%</b>	<b>366,007</b>	<b>84%</b>	<b>434,621</b>	<b>100%</b>

Table 2.3(e) : Outstanding Creditors as at 31 December 2019

Table 2.3(e) : Outstanding Creditors as at 31 December 2019											
District overview		0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
R'000		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis											
	Bulk Electricity	0	0%	36,409	13%	1	0%	243,682	87%	280,092	64%
	Bulk Water	0	0%	0	0%	0	0%	12,999	100%	12,999	3%
	PAYE Deductions	111	0%	0	0%	0	0%	27,390	100%	27,501	6%
	VAT(Output less Input)	12,433	100%	0	0%	0	0%	0	0%	12,433	3%
	Pension/Retirement	1,208	37%	0	0%	0	0%	2,046	63%	3,254	1%
	Loans Repayments	0	0%	0	0%	0	0%	6,003	100%	6,003	1%
	Trade Creditors	12,034	35%	1,411	4%	209	1%	20,545	60%	34,199	8%
	Auditor-General	2,258	16%	243	2%	0	0%	12,044	83%	14,545	3%
	Other	1,006	2%	60	0%	1,231	3%	41,298	95%	43,595	10%
Total		29,050	7%	38,123	9%	1,441	0%	366,007	84%	434,621	100%

Municipalities in the district owed their creditors an amount of R434,294 million at the end of the second quarter.

The highest outstanding creditors were reported in Kai! Garib municipality at R362,296 million or 83% of the total outstanding creditors in the district, followed by !Kheis at R37,468 million or 9%, Dawid Kruiper at R20,252 million or 5% and the lowest was reported in ZF Mqacawu at R14,605 million or 3%.

Tsantsabane and Kgatelopele municipalities did not submit their report.

The highest outstanding creditors was reported under Bulk Electricity at R280,092 million or 64% of the total outstanding creditors, followed by Other creditors at R43,595 million or 10%, Trade Creditors at R34,199 million or 8%, PAYE Deductions at R27,501 million or 6%, Bulk Water, VAT and Auditor General at R12,999 million, R12,433 million and R14,545 million or 3% and the lowest



was reported under Pension/Retirement and Loans Repayments at R3,254 million and R6,003 million or 1%.

### 3.4.6 Cash Flow

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

Table 2.4(f) : Cash Flow Position as at 31 December 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	-1,659		169	75,478				11,208	-88,176
!Khes			-7	17,184				191	-17,382
Tsantsabane			-198						-198
Kgatelopele			1,268	34,362				198	-33,292
Dawid Kruger			200,986	147,341				4,019	49,626
ZF Mgcawu District				20,110				100	-20,210
<b>Total</b>	<b>-1,659</b>	<b>0</b>	<b>202,218</b>	<b>294,475</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,716</b>	<b>-109,632</b>

Only Dawid Kruger municipality 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 Dawid Kruger at R49,626 million.

Kai! Garib reported the highest negative cash and cash equivalent of R88,176 million, followed by Kgatelopele with a negative cash and cash equivalent of R33,292 million, ZF Mgcawu at a negative R20,210 million, !Khes at a negative R17,382 million and the lowest negative cash and cash equivalents was reported in Tsantsabane at a negative R198 thousand.

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

### 3.4.7 MFMA Returns

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

Table 2.4(g) : Submission of MFMA Returns

	Annual		Quarterly			
	MFMA Implementation Plan	Budget Evaluation Checklist	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities
			Q3	Q4	Q4	Q4
Kai! Garib	X	✓	X	X	X	X
!Khes	X	✓	X	X	X	X
Tsantsabane	X	X	X	X	X	X
Kgatelopele	✓	✓	X	X	X	X
Dawid Kruger	X	✓	X	X	X	X
ZF Mgcawu District	X	X	X	X	X	X

✓ Documents Received      x Documents not received

Out of the total of the all returns expected for the quarter, none of the municipalities in the district submitted all returns, Kgatelopele submitted two reports, Kai! Garib, !Kheis and Dawid Kruiper submitted one report each. Tsantsabane and ZF Mgcawu did not submit a single report. Non-submission of this reports hampers on the ability of treasury to effectively monitor the compliance with the legislation.

### 3.5 Frances Baard District

#### 3.5.1 Operating Revenue

Table 2.5(a) shows revenue generated as at 31 December 2019 by municipalities in the District against the budgeted revenue. The municipalities generated R1.5 billion or 50% of the total revenue budget of R3 billion.

Table 2.5(a) : Operating Revenue as at 31 December 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Sol Plaatje	2,203,612	2,203,612	1,171,653	53%	371,533	550,592	249,528
Dikgatlong	199,847	199,847	82,945	42%	11,995	19,501	51,449
Magareng	119,607	119,607	31,689	26%	5,606	18,431	7,652
Phokwane	357,966	357,966	167,457	47%	14,897	71,718	80,842
Frances Baard District	136,245	136,245	55,524	41%			55,524
<b>Total</b>	<b>3,017,277</b>	<b>3,017,277</b>	<b>1,509,268</b>	<b>50%</b>	<b>404,031</b>	<b>660,242</b>	<b>444,995</b>

Sol Plaatje alone reported the highest Operating Revenue at R1.2 billion or 53%.

The highest revenue was reported in Phokwane municipality at R167,457 million or 47%, followed by Dikgatlong at R82,945 million or 42%, Frances Baard at R55,524 million or 41% and the lowest was reported in Magareng at R31,689 million or 26% of their total revenue budget.

Service charges constitutes the highest revenue at R660,242 million or 44%, followed by Other revenue at R444,995 or 29% and the lowest was reported under Property rates at R404,031 million or 27% 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 R1.1 billion or 37% of the total budget of R3 billion.

Table 2.5 (b) : Operating Expenditure as at 31 December 2019

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Sol Plaatje	2,203,612	2,203,612	630,047	36%	346,732	56,510	221,161	205,644
Dikgatlong	196,336	196,336	59,701	30%	25,290		12,366	22,045
Magareng	141,296	141,296	33,842	24%	19,748		4,181	9,933
Phokwane	270,847	270,847	142,939	53%	41,642		90,824	10,473
Frances Baard District	149,271	149,271	39,117	26%	25,294			13,913
<b>Total</b>	<b>2,961,362</b>	<b>2,961,362</b>	<b>1,105,646</b>	<b>37%</b>	<b>458,616</b>	<b>56,510</b>	<b>328,512</b>	<b>262,008</b>

Sol Plaatje municipality alone reported the Operating expenditure of R830,047 million or 38%.

The highest expenditure was reported in Phokwane municipality at R142,939 million or 53%, followed by Dikgatlong at R59,701 million or 30%, Frances Baard at R39,117 million or 26% and the lowest was reported in Magareng at R33,842 million or 24%.

The highest expenditure in the district was reported under Employee Related Costs at R458,616 million or 41% of the total operating budget in the district, followed by Bulk Purchases of Water and Electricity at R328,512 million or 30%, Other Expenditure at R262,008 million or 24% and the lowest was reported under Bad and Doubtful debts at R56,510 million or 5%.

### 3.5.3 Capital Expenditure

Table 2.5(c) shows capital spending by municipalities in the district. The municipalities reported capital expenditure totaling to R97,584 million or 31% of the total capital budget of R318,621 million.

Table 2.5 (c) : Capital Expenditure as at 31 December 2019 (R'000)

Municipality	Original Budget	Adjusted Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Sol Plaatje	184,285	184,285	68,388	37%	14,243	4,362			49,783
Dikgatlong	23,195	23,195	13,419	58%	7,278	749		5,392	
Magareng	29,663	29,663	9,540	32%	9,280	260			
Phokwane	77,953	77,953	6,115	8%	5,843	272			
Frances Baard District	3,525	3,525	122	3%					122
<b>Total</b>	<b>318,621</b>	<b>318,621</b>	<b>97,584</b>	<b>31%</b>	<b>36,644</b>	<b>5,643</b>	<b>-</b>	<b>5,392</b>	<b>49,905</b>

Sol Plaatje municipality alone reported at R68,388 million or 37%.

The highest capital expenditure was reported in Dikgatlong municipality at R13,419 million or 58% of their capital budget, followed by Magareng at R9,540 million or 32%, Phokwane municipality at R6,115 million or 8% and the lowest was reported in Frances Baard at R122 thousand or 3%.

Spending ranging from the highest in Other Capital Expenditure at R49,905 million or 51%, followed by Water at R36,644 million or 38%, Electricity at R5,643 million or 6% and the lowest was reported under Roads and Pavements at R5,392 million or 5%.

### 3.5.4 Debtors

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

Table 2.5(d) : Debtor Age Analysis as at 31 December 2019 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	137,908	5%	69,477	3%	57,618	2%	2,357,017	90%	2,622,018	75%
Dikgatlong	-	0%	-	0%	-	0%	-	0%	-	0%
Magareng	4,880	2%	5,153	2%	5,044	2%	238,333	94%	253,410	7%
Phokwane	18,568	3%	18,877	3%	15,951	3%	550,782	91%	602,156	17%
Frances Baard District	-	0%	-	0%	-	0%	-	0%	-	0%
<b>Total: Frances Baard District</b>	<b>159,354</b>	<b>5%</b>	<b>93,507</b>	<b>3%</b>	<b>78,611</b>	<b>2%</b>	<b>3,146,112</b>	<b>90%</b>	<b>3,477,584</b>	<b>100%</b>

Supporting table 2.5(d)(1) : Debtor Age Analysis by customer group as at 31 December 2019 (R'000)

Frances Baard District	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	29,605	3%	22,392	2%	17,327	2%	993,812	93%	1,063,135	31%
Business	58,801	13%	18,484	4%	13,398	3%	378,619	81%	469,302	13%
Households	70,928	4%	52,812	3%	47,868	2%	1,772,961	91%	1,944,369	56%
Other	20	3%	19	2%	18	2%	720	83%	777	0%
<b>Total</b>	<b>159,354</b>	<b>5%</b>	<b>93,507</b>	<b>3%</b>	<b>78,611</b>	<b>2%</b>	<b>3,146,112</b>	<b>90%</b>	<b>3,477,584</b>	<b>100%</b>
Water	36,074	6%	21,825	3%	19,797	3%	571,409	88%	649,105	19%
Electricity	50,645	15%	18,507	5%	13,131	4%	259,544	78%	341,827	10%
Property rates	36,422	4%	19,387	2%	14,846	2%	892,856	93%	963,511	28%
RSC Levies	33,847	3%	29,217	2%	27,849	2%	1,242,417	93%	1,333,330	38%
Other	2,365	1%	4,571	2%	2,988	2%	179,886	95%	189,811	5%
<b>Total</b>	<b>159,354</b>	<b>5%</b>	<b>93,507</b>	<b>3%</b>	<b>78,611</b>	<b>2%</b>	<b>3,146,112</b>	<b>90%</b>	<b>3,477,584</b>	<b>100%</b>

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

Sol Plaatje municipality had the highest outstanding debtors amounting at R2.6 billion or 75%, followed by Phokwane at R602,156 million or 17% and the lowest was reported in Magareng at R253,410 million or 7%. Dikgatlong and Frances Baard did not submit their reports.

Of the total outstanding debtors R1.9 billion or 56% was owed by Households, followed by Government at R1.1 billion or 31%, Business at R469,302 million or 13% and the lowest was Other debtors at R777 thousand or 0%.

The highest reported outstanding service was RSC Levies at R1.3 billion or 38%, followed by Property Rates at R963,511 million or 28%, Water at R649,105 million or 19%, Electricity at R341,827 million or 10% and the lowest was reported under Other services at R189,811 million or 5%.

### 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 31 December 2019 (R'000)**

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	75 438	39%	19 230	0%	-	0%	97 344	0%	192 012	33%
Dikgatong	-	0%	-	0%	-	0%	-	0%	-	0%
Magareng	3 778	2%	3 947	2%	3 806	2%	150 133	93%	161 664	28%
Phokwane	3 410	1%	9 115	4%	9 942	4%	210 181	90%	232 648	40%
Frances Baard District	-	0%	-	0%	-	-	-	-	0	0%
<b>Total: Frances Baard District</b>	<b>82,626</b>	<b>14%</b>	<b>32,292</b>	<b>6%</b>	<b>13,748</b>	<b>2%</b>	<b>457,658</b>	<b>78%</b>	<b>586,324</b>	<b>100%</b>

**Table 2.5 (e) - Outstanding Creditors as at 31 December 2019**

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		43 601	15%	9 630	3%	9 511	3%	238 645	78%	301 587	51%
Bulk Water		4 062	2%	3 202	1%	4 016	2%	217 703	95%	228 983	39%
PAYE Deductions		9 091	100%	0		0		0		9 091	2%
VAT(Output less Input)		4 831	100%	0		0		0		4 831	1%
Pension/Retirement		7 314	100%	0		0		0		7 314	1%
Loans Repayments		0	0%	17 525		0		0		17 525	3%
Trade Creditors		15	2%	213	33%	201	31%	221	34%	650	0%
Auditor-General		934	25%	1 722	46%	20	1%	1 089	29%	3 765	1%
Other		12 578	100%	0		0		0		12 578	2%
<b>Total</b>		<b>82,626</b>	<b>14%</b>	<b>32,292</b>		<b>13,748</b>		<b>457,658</b>		<b>586,324</b>	<b>100%</b>

Municipalities in the district owed their creditors an amount of R586,324 million at the end of the second quarter.

The highest outstanding creditors were reported in Phokwane at R232,648 million or 40% of the total outstanding creditors in the district, followed by Sol Plaatje at R192,012 million or 33% and the lowest was reported in Magareng at R161,664 million or 28%.



Dikgatlong 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 R301,587 million or 51%, followed by Bulk Water at R228,983 million or 39%, Loans Repayments at R17,525 million or 3%, PAYE Deductions and Other Creditors at R9,091 million and R12,578 million or 2%, VAT, Pension/Retirement and Auditor-General at R4,831 million, R7,314 million and R3,765 million or 1% and the lowest was reported under Trade Creditors R650 thousand or 0%.

### 3.5.6 Cash Flow

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

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Sol Plaatje	74,607		-1,865	772,090				1,446	-700,794
Dikgatlong				55,433				4,268	-59,701
Magareng	-1,985		-4	33,842			510		-36,341
Phokwane	58,343		-16,129	142,939			1,558		-102,283
Frances Baard District	78,267		638	37,871				27	41,007
<b>Total</b>	<b>209,232</b>	<b>0</b>	<b>-17,360</b>	<b>1,042,175</b>	<b>0</b>	<b>0</b>	<b>2,068</b>	<b>5,741</b>	<b>-858,112</b>

All municipalities except Frances Baard closed their books with a negative cash and cash equivalent at the end of the period under review. With the highest positive balance reported in Frances Baard municipality at R41,007 million.

Sol Plaatje reported the highest negative cash and cash equivalents at a negative R700,794 million, followed by Phokwane at a negative R102,283 million, Dikgatlong at a negative R59,701 million and the lowest negative cash and cash equivalent was reported in Magareng at a negative R36,341 million.

### 3.5.7 MFMA Returns

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

	Annual		Quarterly			
	MFMA Implementation Plan	Budget Evaluation Checklist	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities
			Q4	Q4	Q4	Q4
Sol Plaatje	X	X	✓	✓	✓	✓
Dikgatlong	X	X	✓	✓	✓	✓
Magareng	X	✓	✓	✓	✓	✓
Phokwane	X	X	✓	✓	✓	✓

Frances Baard District	✓	✓	✓	✓	✓	✓
✓ Documents Received	x Documents not received					

Frances Baard submit all the reports for the period under review, Magareng submitted five reports, Sol Plaatje, Phokwane and Dikgatlong submitted four reports Non-submission of this reports hampers on the ability of treasury to effectively monitor the compliance with the legislation.

#### **4. IMPLEMENTATION AND MAINTENANCE OF THE MUNICIPAL FINANCE MANAGEMENT ACT**

##### **4.1 BANKING**

##### **4.1.1 Short term Debt**

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

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

Table 2.6 shows the bank balances of the municipalities as at 31 December 2019 in the province.

		Sep '19	Dec '19	Mar '20	Jun '20
<b>John Tsoelo Gaetsewe District</b>					
NC451	Joe Morolong				
NC452	Ge-Segonyana	✓	✓		
NC453	Gamagara		X		
DC45	JT Gaetsewe District	✓	X		
<b>Namakwa District</b>					
NC61	Richtersveld	✓	X		
NC62	Nama Khol	✓	✓		
NC64	Kamiesberg	✓	X		
NC65	Hantam	x	X		
NC66	Karoo Hoogland	✓	X		
NC67	Khal-MA	x	X		
DC6	Namakwa District	✓	X		
<b>Pitsoy ka Seme District</b>					
NC71	Ubuntu	✓	X		
NC72	Umsobomvu		X		
NC73	Emthanjeni	✓	X		
NC74	Kareeberg	✓	X		
NC75	Renosterberg	✓	X		
NC76	Thembelele	x	X		
NC77	Siyathemba	✓	X		
NC78	Siyancuma	✓	X		
DC7	Pitsoy ka Seme District	✓	X		
<b>ZF Mjicawu District</b>					
NC82	Kaf Igarib	✓	X		
NC84	Ikheis	✓	X		
NC85	Tsantsabane	✓	X		
NC86	Kgatelopele		X		
NC87	Dawid Krulper	✓	✓		
DC8	ZF Mjicawu District	✓	X		
<b>Frences Boord district</b>					
NC91	Sol Plaatje	✓	X		
NC92	Dikgatong	✓	X		
NC93	Magareng	✓	X		
NC94	Phokwane	✓	X		

Twenty six (26) municipalities in the province including Sol Plaatje reported negative cash and cash equivalent at the end of the second quarter (Gamagara, John Taolo Gaetsewe, Richtersveld, Kamiesberg, Hantam, Karoo Hoogland, Khai-Ma, Namakwa, Ubuntu, Umsobomvu, Emthanjeni, Kareeberg, Renosterberg, Thembelihle, Siyathemba, Siyancuma, Pixley Ka Seme, Kai Garib, Tsantsabane, Kgatelopele, ZF Mgcawu, Sol Plaatje, Magareng, Phokwane, IKheis and Dikgatlong municipalities). It is of great concern that Joe Morolong municipality has not submitted their cashflow statement.

Hantam, Khai-Ma and Thembelihle municipalities reported a negative cash flow position for the 2 consecutive quarters.

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:

- Appointment of people without required skills and competencies
- Non-implementation of mSCOA
- Unrealistic budgeted revenue collection levels are not realised while operating costs remain higher with no effort made to contain expenditure
- The local government equitable share is mainly used to fund operational costs rather than utilised for the purpose of service delivery targeting the poorest of the poor
- Payment arrangements are not provided for in the municipal budget, consequently, it may be argued that signed payment arrangements are merely a case of malicious compliance
- Weak municipal leadership, including inefficient council and governance structures contribute to weak fiscal discipline, and consequent financial mismanagement
- The absence of suitably competent Chief Financial Officers presents a risk to sound financial management as it provides opportunities for the flouting of internal controls, non-compliance to legal framework and general mismanagement of public funds
- Weak management of the overall revenue chain, including tariff setting of trading services and administering the property transfer process

- Ineffective budget planning and implementation; inability to maximise the capital budget spending while overspending on the operational budget, increasing non-priority spending and persistent negative cash balances
- Historic inadequate budget allocation for repairs and maintenance and asset management
- Limited evidence based financial management such as cash flow management
- Non-performing of month end procedures by some municipalities, which result in inaccurate reporting
- Vacancies in key position, which result in people acting for extended period of time.

## **7. Recommendations**

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