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**NORTHERN CAPE PROVINCIAL TREASURY**

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**QUARTERLY  
CONSOLIDATED  
MUNICIPAL PERFORMANCE  
REPORT 1<sup>st</sup> QUARTER**

**MBQR: SEPTEMBER 2018**

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## **ACRONYMS**

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

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## Foreword

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

All municipalities in the province approved their budget before the start of the financial year, as it is required by the MFMA. The same legislation dictates that municipalities must approve budgets that are funded from realistically anticipated revenues to be collected. However, the continuous approval of unfunded budgets by municipalities in the province remains a concern, this is further worsened by the fact that most municipalities that approved unfunded budgets did not make provision to pay their long outstanding creditors.

The level at which municipalities are able to collect their billed revenue determine the ability of the municipality to provide and sustain services. Most municipalities in the province reported positive cash and cash equivalent balances at the end of the first quarter. However, some of the municipalities continued to experience consistent negative balance throughout the financial year.

Of a great concern is a positive correlation between the outstanding creditors and outstanding debtors. Outstanding creditors continue to increase at a higher rate and this is also the case with debtors. It is clear that the current credit control policies are not assisting municipalities or are not being implemented effectively. Poor collection of revenue by municipalities results in most municipalities going to the extent of utilizing conditional grants to fund their operation and expenditure.

The slow spending that is reported on conditional grants impacts negatively on service delivery to our communities which results in service delivery protests. The high rate of unspent conditional grants which are in most cases not cash – backed poses a threat for future allocations to municipalities. Our municipalities must pay serious attention to their planning and implementation issues in order to overcome this challenge.



**MN Jack, 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. Publishing this information further improves transparency and fosters effective oversight, promotes fiscal discipline and provides a mechanism for measuring the ongoing performance of the municipality.

The financial analysis focuses on a number of key aspects of financial performance: including the status of the capital and operational budgets, debtors and grants. The implementation of capital budgets by municipalities is a vital element of the roll-out of service delivery. The focus of the financial report on this element is intended to motivate municipalities to meet their budget and service delivery commitments to the community, and to highlight deviations in this regard.

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

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

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

## 2. CONSOLIDATED MUNICIPAL BUDGET OUTCOMES AS AT 30 SEPTEMBER 2018

### 2.1 Provincial Overview: Budget Performance

This report is based on the available financial information as submitted by the municipalities. The budget outcome for the period ending 30 September 2018 is summarized as follows:

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

Table 1 : Aggregate Expenditure as at 30 September 2018

District Municipality	Original Budget (R'000)	Budget (R'000)	No of Municipalities in the District	Year to Dated (R'000)	% Spent
Sol Plaatje	2 380 087	2 380 087	1	613 259	26%
John Taolo Gaetsewe	1 452 441	1 452 441	4	143 561	10%
Namakwa	971 295	971 295	7	137 402	14%
Pixley ka Seme	1 416 385	1 416 385	9	200 002	14%
ZF Mgcawu	1 620 749	1 620 749	7	263 971	16%
Frances Baard	914 587	914 587	4	106 331	12%
<b>Total</b>	<b>6 375 456</b>	<b>6 375 456</b>	<b>31</b>	<b>851 267</b>	<b>13%</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 R851,267 million or 13% of the total adopted budgets of R6.4 billion, this represent a year on year decrease of R48,424 million or 5% when compared to the same period of the previous financial year.

Municipalities in ZF Mgcawu district reported the highest expenditure at R263,971 million or 16% of their total adopted budgets, followed by those in Namakwa and Pixley ka Seme at R137,402 million and R200,002 or 14% respectively, Frances Baard at R106,331 million or 12% and the lowest was reported in John Taolo Gaetsewe at R143,561 million or 10%.



### 2.1.1 Operating Budgets

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

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

### 2.1.2 Operating Revenue

Table 1.1 and figure 1.1 indicate the aggregated municipal revenue generated as at 30 September 2018.

Table 1.1 : Operating Revenue as at 30 September 2018 (R'000)

District Municipality	Original Budget	Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Sei Plaatje	2 338 902	2 338 902	848 298	28%	275 989	251 610	120 700
Nemakwa	849 162	849 162	225 726	27%	74 343	69 371	82 012
Puley ka Seme	1 225 068	1 225 068	270 222	22%	73 031	76 810	120 381
ZF Mgcawu	1 512 082	1 512 082	407 908	27%	95 886	141 396	170 626
Frances Baard	834 251	834 251	199 292	24%	9 513	49 486	140 294
John Taolo Gaetsewe	1 334 921	1 334 921	290 817	22%	34 445	37 349	219 022
<b>Total</b>	<b>8 094 386</b>	<b>8 094 386</b>	<b>2 042 263</b>	<b>25%</b>	<b>563 207</b>	<b>626 021</b>	<b>853 034</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 R2.0 billion or 25% of the total adopted operating revenue budgets of R8.1 billion, this represent a year on year increase of R273,491 million or 15%. 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.

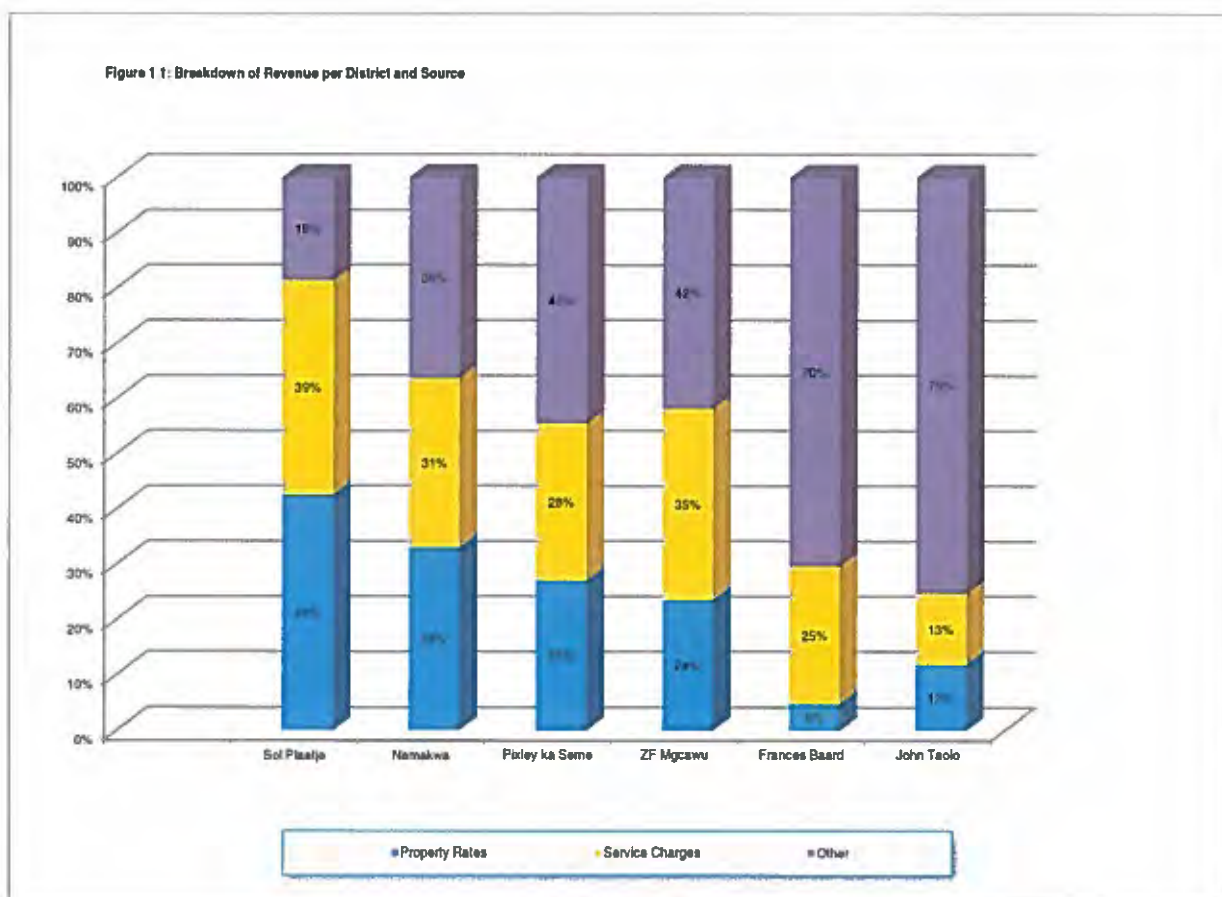
Municipalities in ZF Mgcawu and Namakwa districts reported the highest revenue at R407,908 million and R225,726 million or 27% respectively, followed by those in Frances Baard at R199,292 million or 24% and municipalities in John Taolo Gaetsewe and Pixley ka Seme reported the lowest revenue at R290,817 million and R270,222 million or 22% respectively.

The highest revenue was reported under Other revenue at R853,034 million or 41% of the total operating revenue of R2.0 billion, followed by Service Charges at R626,021 million or 31% and the lowest was reported under property rates at R563,207 million or 28%.

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

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

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



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

Other/sundry revenue contributed 75% in John Taolo Gaetsewe, 70% in Frances Baard, 45% in Pixley ka Seme, 42% in ZF Mgcawu and 36% in Namakwa.

Service Charges have contributed 35% in ZF Mgcawu, 31% in Namakwa, 28% in Pixley ka Seme, 25% in Frances Baard and 13% in John Taolo Gaetsewe district.

Property Rates contributed 33% in Namakwa, 27% in Pixley ka Seme, 24% in ZF Mgcawu, 12% in John Taolo Gaetsewe and 5% in Frances Baard.

### 2.1.3 Operating Expenditure

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

Table 1.2 : Operating Expenditure as at 30 September 2016

District Municipality	Original Budget (R'000)	Budget (R'000)	No of Municipalities in the District	Year to Date (R'000)	% Spent
Sol Plaatje	2 046 855	2 046 855	1	594 260	29%
John Taolo Gaetsewe**	1 155 478	1 155 478	4	95 403	8%
Namakwa	764 555	764 555	7	123 171	16%
Pixley ka Seme	1 145 840	1 145 840	9	181 184	16%
ZF Mgcawu	1 434 589	1 434 589	7	234 799	16%
Frances Baard	774 770	774 770	4	96 105	12%
<b>Total</b>	<b>6 275 231</b>	<b>6 275 231</b>	<b>31</b>	<b>730 662</b>	<b>14%</b>

\* Provincial Total Exclude Sol Plaatje

Municipalities in the province had spent R730,662 million or 14%(excluding Sol Plaatje) of the total adopted operating expenditure budget of R5.3 billion as at the end of the 1<sup>st</sup> quarter, which represent an decrease of R70,883 million or 9% when compared to the same period of the previous financial year.

Municipalities in ZF Mgcawu, Pixley ka Seme and Namakwa reported the highest expenditure at R234,799 million, R181,184 million and R123,171 million respectively or 19% of their adopted budgets, followed by those in Frances Baard at R96,105 million or 12% and the district that reported the lowest expenditure was John Taolo Gaetsewe at R95,403 million or 8%.

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

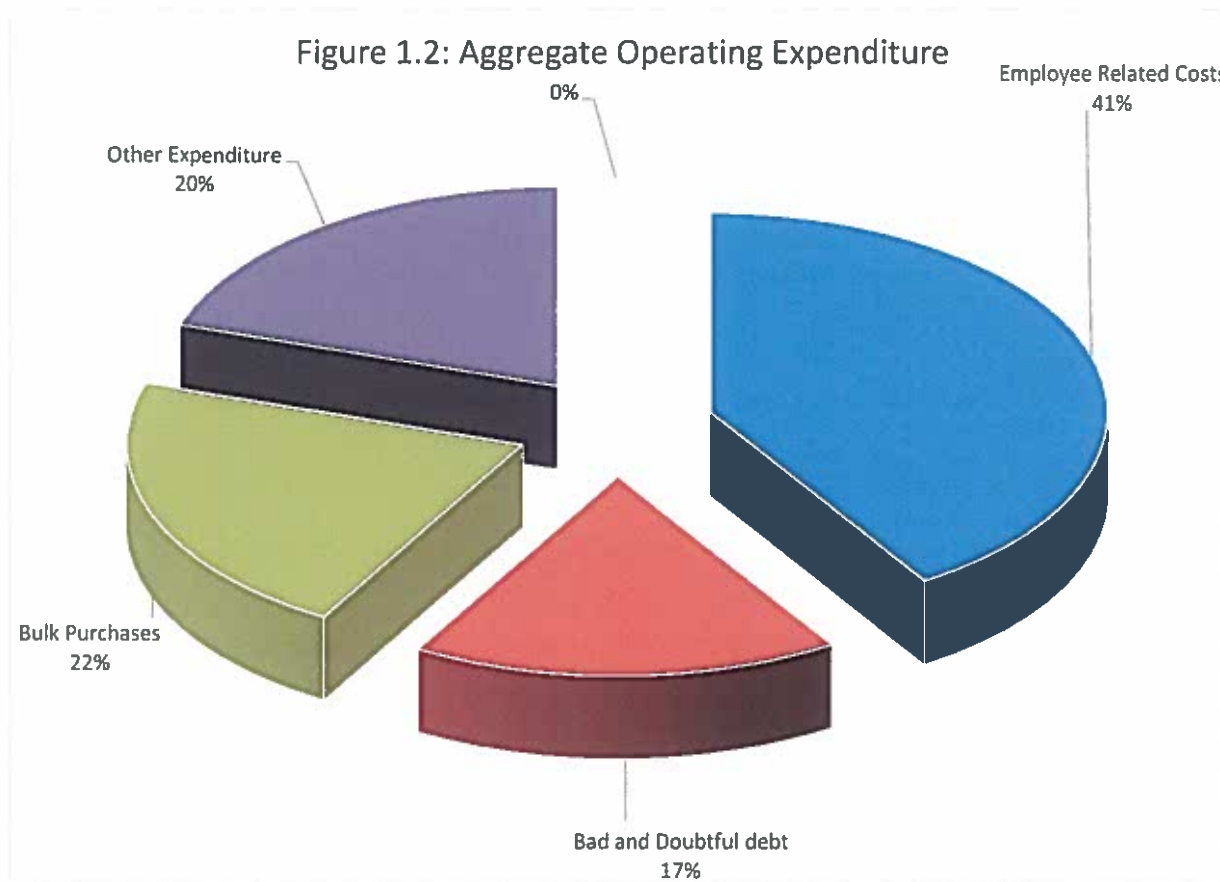
Table 1.3 : Operating Expenditure as at 30 September 2018 (R000)

District Municipality	Original Budget	Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Sol Plaatje	2 046 855	2 046 855	594 260	29%	185 054	227 002	118 244	83 959
Namakwa	764 555	764 555	123 171	16%	59 995	-	32 866	30 310
Pitsoy ka Seme	1 145 840	1 145 840	181 184	16%	80 384	357	51 899	48 544
ZF Mgcawu	1 434 589	1 434 589	234 798	16%	140 690	-	49 873	44 235
Frances Baard	774 770	774 770	96 105	12%	55 815	3 666	13 482	23 142
John Taolo Gaetsewe	1 155 478	1 155 478	95 403	8%	40 567	9	19 784	35 042
<b>Total</b>	<b>7 322 086</b>	<b>7 322 086</b>	<b>1 324 922</b>	<b>18%</b>	<b>542 506</b>	<b>231 035</b>	<b>286 148</b>	<b>265 233</b>

The consolidated operating expenditure for the 1<sup>st</sup> quarter amounted to R1.3 billion or 18% of the total adopted budget of R7.3 billion, this represent a year on year decrease in operating expenditure of R36,696 million or 3% when compared to the same period of the previous financial year.

The highest expenditure was reported under employee related cost at R542,506 million or 41% of the total expenditure of R1.3 billion, followed by bulk purchases of water and electricity at R286,148 million or 22%, Other expenditure at R265,233 million or 20% and the lowest was reported under bad and doubtful debt at R231,035 million or 17%.

Figure 1.2 shows aggregate operating expenditure by category



Employee related cost amounts to 41%, while Bulk purchase was at 22%, Other Expenditure at 20% and Bad and doubtful debt 17%. 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. On a straight line basis, municipality are supposed to have spent 25% of their capital budgets at the end of 1<sup>st</sup> quarter. Funding for capital spending is mostly from conditional grants, primarily the Municipal Infrastructure Grant (MIG).

Table 1.4 : Capital Expenditure as at 30 September 2018

District Municipality	Original Budget (R'000)	Budget (R'000)	No of Municipalities in the District	Year to Dated (R'000)	% Spent
Sol Plaatje	333 242	333 242	1	18 998	6%
John Taolo Gaetsewe	296 963	296 963	4	48 158	16%
Namakwa	206 740	206 740	7	14 231	7%
Pixley ka Seme	270 545	270 545	9	18 819	7%
ZF Mgcawu	186 160	186 160	7	29 172	16%
Frances Baard	139 817	139 817	4	10 226	7%
<b>Total</b>	<b>1 100 225</b>	<b>1 100 225</b>	<b>31</b>	<b>120 605</b>	<b>11%</b>

\* Provincial Total Exclude Sol Plaatje

Capital spending incurred by municipalities in the province (except Sol Plaatje municipality) amounted to R120,605 million or 11% of the total capital budget of R1.1 billion, which represent a year on year increase in capital budget spending at R22,459 million or 22% when compared to the same period of last year.

The spending was very low with all districts reporting less than 16% and less as at end of 1<sup>st</sup> quarter. Municipalities in John Taolo Gaetsewe and ZF Mgcawu Namakwa districts reported the highest capital expenditure at R48,158 million and R29,172 million or 16% of their total capital budget, followed by those in Pixley Ka Seme, Namakwa and Frances Baard at R18,819 million, R14,231 million and R10,226 million or 7% respectively.

### 2.1.5 Accounts Receivable (Debtors)

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

Table 1.5 shows outstanding debtors per district municipality and supporting table 1.5 (a) shows the outstanding debtors per customer group and per service type as at 30 September 2018.

Table 1.5 : Debtor Age Analysis as at 30 September 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	126 207	6%	60 886	3%	226 223	10%	1 824 809	82%	2 238 125	53%
Namakwa	32 539	9%	15 862	4%	6 432	2%	318 411	85%	373 244	9%
Pixley ka Seme	17 080	4%	21 178	5%	17 782	4%	384 437	87%	440 477	10%
ZF Mgcawu	14 851	5%	7 957	3%	17 209	6%	254 406	86%	294 423	7%
John Taolo Gaetsewe	11 099	3%	8 360	2%	23 474	7%	295 961	87%	338 894	8%
Frances Baard	18 188	3%	10 589	2%	10 903	2%	530 461	93%	570 141	13%
<b>Total</b>	<b>219 964</b>	<b>5%</b>	<b>124 832</b>	<b>3%</b>	<b>302 023</b>	<b>8%</b>	<b>3 608 485</b>	<b>85%</b>	<b>4 255 304</b>	<b>100%</b>

Supporting table 1.5(a) (1): Debtor Age Analysis by customer group as at 30 September 2018 (R'000)

Provincial Total	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	32 268	3%	18 493	2%	185 810	17%	832 324	78%	1 068 895	25%
Business	72 274	13%	28 081	5%	25 992	5%	450 696	78%	577 043	14%
Households	110 911	4%	71 258	3%	78 749	3%	2 260 194	90%	2 521 112	59%
Other	4 511	5%	7 000	8%	11 472	13%	65 271	74%	86 254	2%
<b>Total</b>	<b>219 964</b>	<b>5%</b>	<b>124 832</b>	<b>3%</b>	<b>302 023</b>	<b>7%</b>	<b>3 608 485</b>	<b>85%</b>	<b>4 255 304</b>	<b>100%</b>
Water	47 972	5%	32 841	3%	25 251	3%	834 289	88%	940 353	22%
Electricity	65 078	16%	25 107	6%	16 110	4%	303 851	74%	410 146	10%
Property rates	49 525	4%	26 560	2%	207 308	17%	938 854	77%	1 222 247	29%
RSC Levies										
Other	57 367	3%	40 324	2%	53 354	3%	1 531 491	91%	1 682 556	40%
<b>Total</b>	<b>219 964</b>	<b>5%</b>	<b>124 832</b>	<b>3%</b>	<b>302 023</b>	<b>7%</b>	<b>3 608 485</b>	<b>85%</b>	<b>4 255 304</b>	<b>100%</b>

Total debt owed to municipalities in province amounts to R4.3 billion, this represent a year on year increase of R539,308 million or 15% when compared to the same period of the previous financial year.

Of the total outstanding debtors R3.6 billion or 85% 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 R570,141 million or 13%, followed by Pixley ka Seme at R440,477 million or 10%, Namakwa at R373,244 million or 9%, John Taolo Gaetsewe at R338,894 million or 8% and the lowest was reported in ZF Ngcawu district at R294,406 million or 7%.

Sol Plaatje municipality alone reported outstanding debtors at R2.2 billion or 53% of the reported outstanding debtors in the province, this represent a year on year increase of R120,813 million or 6% when compared to the same period of the previous financial year

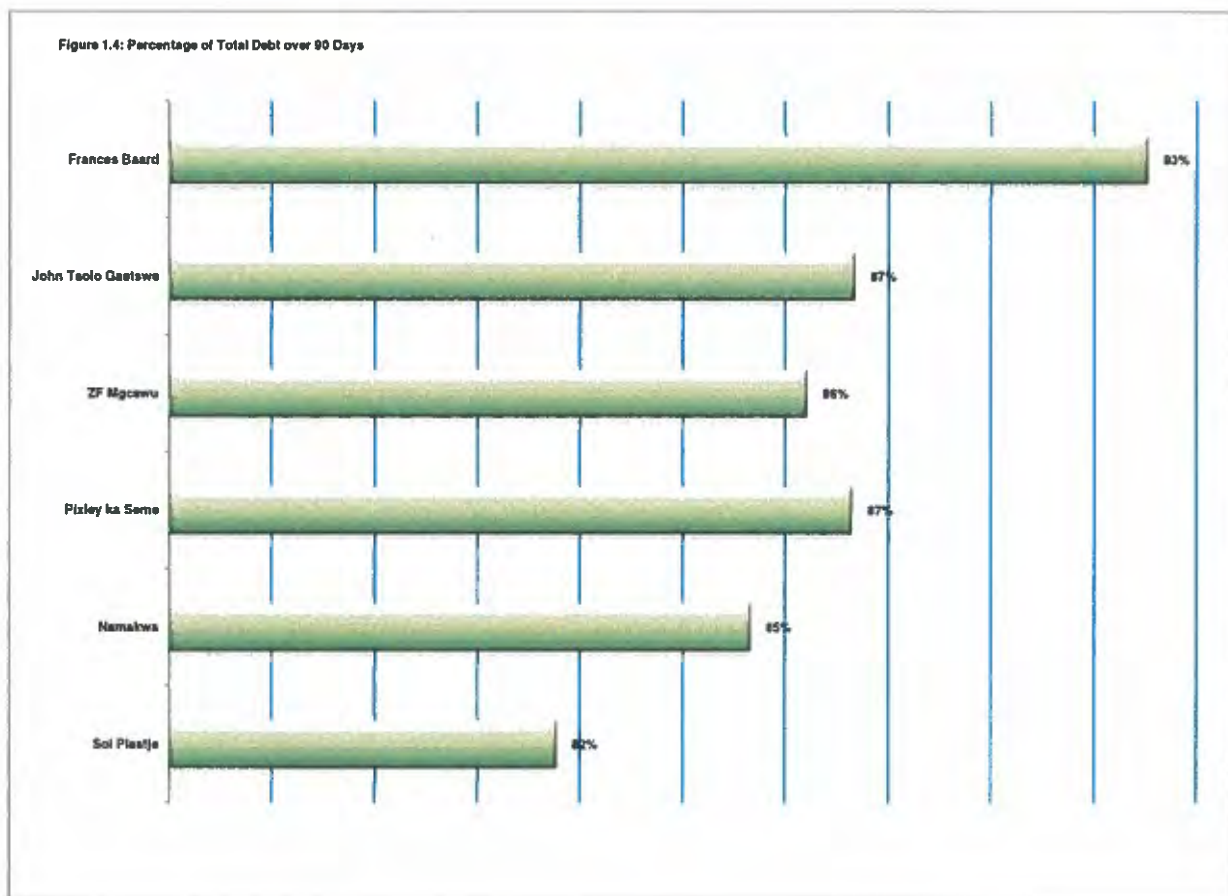
In aggregate 5% of debtors is outstanding between 0-30 days, 3% for 31-60 days, 8% for 61-90 day and 85% for more than 90 days.

Government departments owed municipalities R1.1 billion or 25% of the total outstanding debtors and business owed an amount of R577,043 million or 14%, while household owed the highest at R2.5 billion or 59% of the total outstanding debtors of R4.3 billion.

Of the total outstanding debtors owed by government, R832,324 million or 78% was due for more than 90 days.

The highest outstanding debtors was reported under other debtors at R1.7 billion or 40% of the total outstanding debtors of R4.3 billion, followed by property rates at R1.2 billion or 29%, water at R940,353 million or 22% and the lowest was reported under electricity at R410,146 million or 10%.

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



Of the total owed over 90 days, Frances Baard district reported the highest at 93%, followed by John Taolo Gaetsewe and Pixley ka Seme at 87% each, ZF Mgcawu at 86% and the lowest was reported in Namakwa at 85%.

### 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 15% represents outstanding creditors up to 30 days and 77% is over 90 days

Table 1.6 : Creditors Age Analysis as at 30 September 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	88 835	100%							88 835	7%
Namakwa	14 876	6%	7 566	3%	7 882	3%	220 813	88%	251 137	19%
Pixley ka Seme	37 925	12%	15 833	5%	27 898	9%	224 488	89%	326 325	25%
ZF Mgcawu	40 791	16%	5 195	2%	2 055	1%	210 663	81%	258 704	20%
John Taolo Gaetsewe	212	0%	325	1%	6 977	13%	48 038	86%	55 552	4%
Frances Baard	18 122	6%	8 633	3%	8 969	3%	276 992	89%	312 716	24%
	198 761	15%	37 352	3%	53 781	4%	980 994	76%	1 291 289	100%

Table 1.6(a): Outstanding Creditors as at 30 September 2018 (R'000)

Provincial overview R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Creditors Age Analysis</b>										
Bulk Electricity	72 009	10%	17 155	2%	44 977	6%	574 371	81%	708 512	55%
Bulk Water	18 363	5%	7 112	2%	9 730	3%	301 429	90%	336 634	26%
PAYE Deductions	12 022	28%	247	1%			30 007	71%	42 276	3%
VAT(Output less Input)	8 272	100%							8 272	1%
Pension/Retirement	8 401	77%	312	3%	314	3%	1 890	17%	10 917	1%
Loans Repayments										
Trade Creditors	56 159	49%	10 318	9%	6 880	6%	41 281	36%	114 638	9%
Auditor-General	2 990	13%	1 446	6%	806	4%	17 079	77%	22 321	2%
Other	20 545	43%	762	2%	489	1%	25 903	54%	47 699	4%
<b>Total</b>	<b>198 761</b>	<b>15%</b>	<b>37 352</b>	<b>3%</b>	<b>63 196</b>	<b>5%</b>	<b>981 960</b>	<b>77%</b>	<b>1 291 289</b>	<b>100%</b>

Municipalities in the province owed their creditors a total amount of R1.3 billion as the end of 1<sup>st</sup> quarter, this represent a year on year increase of R445,790 million or 53% when compared to the same period of the previous financial year. The decrease is also not accurate due to non-submission of creditors' age analysis by some of the municipalities.

Municipalities in Pixley ka Seme reported the highest outstanding creditors at R326,325 million or 25% of the total outstanding creditors of R1,3 billion in the province, followed by those in Frances Baard district at R312,716 million, ZF Mgcawu at R258,704 million or 20%, Namakwa at

R251,137 million or 19% and the lowest was reported in John Taolo Gaetsewe at R55,552 million or 4%.

Of the total outstanding creditors 55% is due under electricity, followed by bulk water at 26%, trade creditors at 9%, other sundry creditors at 4%, PAYE at 3%, auditor general at 2% and the lowest was reported under pension and VAT at 0% each.

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

## 2.1.7 Cash Flow

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

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

Table 1.7 : Cash Flow Position as at 30 September 2018 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
John Taolo Gaetsewe	13 553	228 178	40 709	58 516	54 007	67 480	48	66 920	35 469
Namakwa	4 797	104 841	107 822	58 842	46 637	25 027	1 882	78 268	6 904
Pixley Ka Seme	43 751	154 368	140 833	85 904	43 081	14 107	1 177	83 170	111 513
ZF Mgcawu	79 988	162 075	182 403	119 782	144 171	33 179	1 689	57 450	68 195
Frances Baard	126 981	287 064	362 733	187 736	89 635	31 812	36	217 978	249 581
<b>Total</b>	<b>269 070</b>	<b>936 526</b>	<b>834 600</b>	<b>510 780</b>	<b>377 531</b>	<b>171 605</b>	<b>4 832</b>	<b>503 786</b>	<b>471 662</b>

Source : IYM Summary Reports Submitted by Municipalities to LG Database

The total aggregate cash and cash equivalents for the period under review ended positively with an amount of R471,662 million. All districts reported positive cash and cash equivalent at the end of the period under review, with the highest positive cash and cash equivalent reported in Frances Baard R249,581 million, followed by Pixley ka Seme at R111,513 million, ZF Mgcawu at R68,195 million, John Taolo Gaetsewe district at R35,469 million and the lowest positive cash and cash equivalent was reported in Namakwa at R6,904 million.

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

### 3. Detailed Municipal Analysis per Municipality

#### 3.1 John Taolo Gaetsewe

##### 3.1.1 Operating Revenue

Table 2.1(a) shows the reported revenue collected as at 30 September 2018 by the municipalities in the John Taolo Gaetsewe District against the budgeted revenue.

Table 2.1(a) : Operating Revenue as at 30 September 2018 (R'000)

Municipality	Original Budget	Budget	Year to Date	% Collected	Detail		
					Property Rates	Service Charges	Other
Joe Morolong	300 626	300 626	98 511	33%	861	5 426	91 225
Ga-Segonyana	477 321	477 321	152 646	32%	33 584	30 924	88 136
Gamagara	456 563	456 563	-	0%			
John Taolo Gaetsewe District	100 409	100 409	39 659	39%			39 659
<b>Total</b>	<b>1 334 921</b>	<b>1 334 921</b>	<b>290 817</b>	<b>22%</b>	<b>34 445</b>	<b>37 349</b>	<b>219 022</b>

Municipalities in the district reported an actual year to date revenue at R290,817 million or 22% of the total adopted operating budget of R1.3 billion in the district, this represent a year on year increase of R24,886 Million or 9% when compared to the same period of the previous financial year.

Joe Morolong reported the highest revenue at R98,511 billion or 33% of their revenue budget of R300,626 and Ga-Segonyana reported revenue of R152,646 million or 32% of their budget of R477,321 million. Gamagara municipality did not submit their report.

Other revenue constituted R219,022 billion or 75% of the total revenue generated in this district, followed by Service Charges at R37,349 million or 13% and Property Rates being the lowest at R34,445 million or 12%. The high revenue collection on *other* can be attributed to the Grants and subsidies received by the municipalities especially the district.

##### 3.1.2 Operating Expenditure

Table 2.1(b) shows the total expenditure incurred by the municipalities in the District. The figures indicate that the municipalities in the district have spent R95,403 million or 8% of the total adopted budget of R1.2 billion. This represent a year on year decrease in operating budget spending by R196,640 million or 67% when compared to the same period of the previous year. The lower expenditure can be attributed to the non-reporting by Gamagara municipality

Table 2.1(b) : Operating Expenditure as at 30 September 2018 (R'000)

Municipality	Original Budget	Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Joe Morolong	178 438	178 438	26 644	15%	16 546	-	418	9 680
Ga-Segonyana	381 446	381 446	48 531	13%	9 467	9	19 309	19 745
Gamagara	495 955	495 955	-	0%	-	-	-	-
John Taolo Gaetsewe District	99 639	99 639	20 229	20%	14 555	-	56	5 618
<b>Total</b>	<b>1 155 478</b>	<b>1 155 478</b>	<b>95 403</b>	<b>8%</b>	<b>40 567</b>	<b>9</b>	<b>19 784</b>	<b>35 042</b>

The highest expenditure in the district is Employee related costs at R40,567 million or 43% of the total expenditure of R95,403 million, followed by Other expenditure at R35,042 million or 22%, Bulk purchases of water and electricity at R19,784 million or 21% and the lowest was reported under bad and doubtful debt at R9 thousand or 0%.

Joe Morolong municipality reported the highest expenditure in the district at R26,644 million or 15% of their budget while Ga-Segonyana reported R48,531 million or 13% of their budget. Gamagara municipality did not submit their report.

### 3.1.3 Capital Expenditure

Table 2.1(c) shows capital spending by municipalities in the district as at 30 September 2018. The municipalities have spent R48,158 million or 16% of the total capital budget of R296,963 million, which represent a year on year decrease of R875 thousand or 2% when compared to the same period of the previous financial year. On a straight-line basis, municipalities should have spent at least 25% of their capital budget as the end of the 1<sup>st</sup> quarter.

Table 2.1(c) : Capital Expenditure as at 30 September 2018 (R'000)

Municipality	Original Budget	Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Joe Morolong	120 535	120 535	19 201	16%	15 600	-	-	2 995	606
Ga-Segonyana	100 176	100 176	18 492	18%	-	14 223	-	3 657	612
Gamagara	75 482	75 482	10 316	14%	1 910	8 391	-	-	15
John Taolo Gaetsewe District	779	779	149	19%	-	-	-	-	149
<b>Total</b>	<b>296 963</b>	<b>296 963</b>	<b>48 158</b>	<b>16%</b>	<b>17 510</b>	<b>22 614</b>	<b>-</b>	<b>6 651</b>	<b>1 383</b>

The highest capital expenditure was reported in Ga – Segonyana at R18,492 million or 18% of their total capital budget of R100,176 million, followed by Joe Morolong at R19,201 or 16% and Gamagara reported the lowest at R10,316 million or 14%.

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; Electricity was the highest at R22,614 million or 47% followed by Water at

R17,510 million or 36%, Roads & Pavements at R6,651 million or 14% and other capital expenditure reported the lowest at R1,383 million or 3%.

### 3.1.4 Debtors

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

Table 2.1(d) : Debtor Age Analysis as at 30 September 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Joe Morolong	3 530	2%	3 272	2%	3 143	1%	203 101	95%	213 046	63%
Ga-Segonyana	7 477	7%	4 295	4%	20 081	18%	81 649	72%	113 502	33%
Gamagara										
John Tsalo Gaetsewe	92	1%	793	6%	250	2%	11 211	91%	12 346	4%
<b>Total</b>	<b>11 099</b>	<b>3%</b>	<b>8 360</b>	<b>2%</b>	<b>23 474</b>	<b>7%</b>	<b>295 961</b>	<b>87%</b>	<b>338 894</b>	<b>100%</b>

Supporting table 2.1(d)(1): Debtor Age Analysis by customer group as at 30 September 2018 (R'000)

John Tsalo District	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	1 042	3%	1 307	3%	491	1%	37 464	93%	40 304	12%
Business	4 045	6%	2 238	3%	4 343	8%	58 141	85%	68 767	20%
Households	5 720	3%	4 560	2%	12 101	6%	195 731	90%	218 112	64%
Other	292	2%	255	2%	6 539	56%	4 625	39%	11 711	3%
	0									
<b>Total</b>	<b>11 099</b>	<b>3%</b>	<b>8 360</b>	<b>2%</b>	<b>23 474</b>	<b>7%</b>	<b>295 961</b>	<b>87%</b>	<b>338 894</b>	<b>100%</b>
Water	2 913	5%	2 435	4%	2 261	4%	53 642	88%	61 251	18%
Electricity	430	6%	210	3%	181	3%	6 320	89%	7 141	2%
Property rates	1 370	2%	1 444	2%	1 059	1%	81 697	95%	85 670	25%
RSC Levies	0		0		0		0		0	0%
Other	6 386	3%	4 271	2%	19 973	11%	154 302	83%	184 932	55%
<b>Total</b>	<b>11 099</b>	<b>3%</b>	<b>8 360</b>	<b>2%</b>	<b>23 474</b>	<b>7%</b>	<b>295 961</b>	<b>87%</b>	<b>338 894</b>	<b>100%</b>

Municipalities in the district are owed an amount of R338,894 million, which represent a year on year increase of R106,840 billion or 38% when compared to the same period of the previous financial year. Gamagara municipality did not submit their creditors age analysis.

Table 2.1(d) shows that Joe Morolong reported the highest outstanding debtors at R213,046 million or 63%, of which R203,101 million or 95% was owed for more than 90 days. Ga – Segonyana reported outstanding debtors of R113,502 million or 33%.

Table 2.1(d)(1) shows that of the total outstanding debtors R218,112 million or 64% was owed by Households, followed by Business at R68,767 million or 20%, Government at R40,304 million or 12% and the lowest was reported under other debtors at R11,711 million or 3%.

The highest outstanding amount was reported under other services at R184,932 million or 55% of the total outstanding debtors, followed by property rates at R85,570 million or 25%, water at R61,251 million or 18% and the lowest reported under electricity at R7,141 million or 2%.

### 3.1.5 Creditors

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

Table 2.1(e) : Creditors Age Analysis as at 30 September 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Joe Morolong			8	0%	147	6%	2 164	93%	2 319	4%
Ga-Segonyana	204	0%			6 775	13%	45 685	87%	52 664	95%
Gamagara										
John Toalo Gaetsewe	8	1%	317	56%	55	10%	189	33%	569	1%
<b>Total</b>	<b>212</b>	<b>0%</b>	<b>325</b>	<b>1%</b>	<b>6 977</b>	<b>13%</b>	<b>48 038</b>	<b>86%</b>	<b>55 552</b>	<b>100%</b>

Table 2.1(e) (1): Outstanding Creditors as at 30 September 2018

District overview R'000	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Creditors Age Analysis										
Bulk Electricity							40 314	100%	40 314	73%
Bulk Water					4 468	62%	2 780	38%	7 248	13%
PAYE Deductions										
VAT(Output less Input)										
Pension/Retirement										
Loans Repayments										
Trade Creditors	212	3%	317	4%	2 362	32%	4 468	61%	7 359	13%
Auditor-General										
Other			8	1%	147	23%	476	75%	631	1%
<b>Total</b>	<b>212</b>	<b>0%</b>	<b>325</b>	<b>1%</b>	<b>6 977</b>	<b>13%</b>	<b>48 038</b>	<b>86%</b>	<b>55 552</b>	<b>100%</b>

Municipalities in this region owe creditors a total of R55,552, which represents a year on year decrease of R12,217 million or 18% when compared to the same period of the previous financial year. Gamagara municipality did not submit their creditors' age analysis report.

Ga – Segonyana municipality reported the highest outstanding creditors at R52,664 million or 95%, of which R45,685 million or 87% have been outstanding for more than 90 days. Joe Morolong reported creditors of R2,319 million or 4%, of which R2,164 million or 93% are owed over 90 days. 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 R40,314 million or 73% was owed to bulk electricity, followed by trade creditors and bulk water at R7,359 million and R7,248 million or 13% respectively and the lowest was reported under other creditors at R631 thousand or 1%

### 3.1.6 Cash Flow

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

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

Table 2.1(f) : Cash Flow Position as at 30 September 2018 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Joe Morolong	2 393	90 481	3 833	16 546	24 624	48 988		15 147	-8 598
Ga-Segonyana	11 063	98 037	49 582	25 917	18 765	18 492	48	51 773	43 687
Gamagara									0
John Taolo Gaetsewe District	97	39 660	-12 706	16 053	10 618				380
<b>Total</b>	<b>13 553</b>	<b>228 178</b>	<b>40 709</b>	<b>58 516</b>	<b>54 007</b>	<b>67 480</b>	<b>48</b>	<b>65 920</b>	<b>35 469</b>

Source : IYM Summary Reports Submitted by Municipalities to LG Database

The total aggregate cash and cash equivalents for the period under review ended positively with an amount of R35,469 million. Gamagara did not submit their cash flow statement.

Ga-Segonyana reported a positive cash and cash equivalent of R43,687 million whereas Joe Morolong reported a negative cash and cash equivalents of R8,598 million.

### 3.1.7 MFMA Returns

	Quarterly				
	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities	Investment Monitoring
	Q1	Q1	Q1	Q1	Q1
Joe Morolong	x	x	x	√	√
Ga-Segonyana	x	x	√	√	√
Gamagara	√	x	x	x	x
John Taolo Gaetsewe District	√	√	√	√	√

√ Documents Received

Only the district municipality submitted all its required reports for the quarter under review, Ga-Segonyana submitted three reports, Joe Morolong submitted two reports Gamagara submitted only one report.

## 3.2 Namakwa District

### 3.2.1 Operating Revenue

Table 2.2(a) shows actual revenue collected as at 30 September 2018 by the municipalities in the Namakwa District against the budgeted revenue.

Table 2.2(a) : Operating Revenue as at 30 September 2018 (R'000)

Municipality	Original Budget	Budget	Year to Date	% Collected	Detail		
					Property Rates	Service Charges	Other
Richtersveld	96 512	96 512	14 757	15%	142	6 605	8 010
Nama Khoi	282 021	282 021	108 738	39%	47 408	36 404	24 926
Kamiesberg	74 507	74 507	25 085	34%	8 783	17 004	(702)
Hantam	156 478	156 478	-	0%	-	-	-
Karoo Hoogland	98 250	98 250	38 111	39%	12 527	5 256	20 328
Khai-Ma	74 962	74 962	18 352	24%	5 483	4 102	8 767
Namakwa District	66 432	66 432	20 682	31%	-	-	20 682
<b>Total</b>	<b>849 162</b>	<b>849 162</b>	<b>225 726</b>	<b>27%</b>	<b>74 343</b>	<b>69 371</b>	<b>82 012</b>

The whole district managed to generate R225,726 million or 27% of the total revenue budget of R849,162 million, which represent a year on year decrease of R40,205 million or 15% when compared the same period of the previous financial year.

The highest revenue was reported in Nama - Khoi and Karoo Hoogland at R108,738 million and R38,111 million or 39% respectively, followed by Kamiesberg at R25,085 million or 34%, Khai-Ma at R18,352 million or 24% and the lowest was reported in Richtersveld at R14,757 million or 15%. Hantam municipality did not submit their report.

Other revenue constituted R82,012 million or 36% of the total revenue generated in this district, followed by Property Rates at R74,343 million or 33% and the lowest was reported under Service Charges at R69,371 million or 31%.

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 R123,171 million or 16% of the total expenditure budget of R764,555 million, which represent a year on year decrease of R168,872 million or 58% when compared to same period of the previous financial year.



Table 2.2(b) : Operating Expenditure as at 30 September 2018 (R'000)

Municipality	Original Budget	Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Richtersveld	70 624	70 624	14 550	21%	6 756	-	4 134	3 660
Nama Khoi	324 960	324 960	51 856	16%	22 020	-	16 099	13 737
Kamiesberg	62 287	62 287	-	0%	-	-	-	-
Hantam	113 376	113 376	19 764	17%	9 608	-	7 172	2 984
Karoo Hoogland	54 175	54 175	11 678	22%	6 046	-	1 792	3 840
Khai-Ma	69 085	69 085	11 401	17%	6 108	-	3 668	1 625
Namakwa District	70 048	70 048	13 923	20%	9 458	-	-	4 465
<b>Total</b>	<b>784 555</b>	<b>784 555</b>	<b>123 171</b>	<b>16%</b>	<b>59 995</b>	<b>-</b>	<b>32 866</b>	<b>30 310</b>

The highest expenditure in the district is on employee related cost at R59,995 million or 49% of the total expenditure of R123,171 million followed by bulk purchases of water and electricity at R32,866 million or 27% and the lowest was reported under other expenses at R30,310 million or 24%.

Karoo Hoogland municipality reported the highest expenditure at R11,678 million or 22% of their budget, followed by Richtersveld at R14,550 million or 21%, Hantam and Khai-Ma at R19,764 million and R11,401 million or 17% respectively and the lowest was reported in Nama Khoi at R51,856 million or 16%. Kamiesberg did not submit their report.

### 3.2.3 Capital Expenditure

Table 2.2(c) shows capital spending by municipalities in the District. Municipalities have spent R14,231 million or 7% of the total capital budgets of R206,740 million, which represent an decrease of capital expenditure at R33,052 million or 67% when compared to the same period of the previous financial year.

Table 2.2(c) : Capital Expenditure as at 30 September 2018 (R'000)

Municipality	Original Budget	Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Richtersveld	26 662	26 662	709	3%	-	450	-	74	165
Nama Khoi	23 384	23 384	4 105	18%	2 140	1 563	-	403	-
Kamiesberg	20 145	20 145	-	0%	-	-	-	-	-
Hantam	62 203	62 203	5 110	8%	4 674	-	-	410	26
Karoo Hoogland	44 020	44 020	2 494	6%	2 122	-	-	373	-
Khai-Ma	27 506	27 506	1 812	7%	527	82	-	-	1 202
Namakwa District	2 820	2 820	-	0%	-	-	-	-	-
<b>Total</b>	<b>206 740</b>	<b>206 740</b>	<b>14 231</b>	<b>7%</b>	<b>9 463</b>	<b>2 095</b>	<b>-</b>	<b>1 260</b>	<b>1 413</b>

The spending was very low with Nama Khoi municipality reporting the highest capital expenditure at R4,105 million or 18% of their capital budget, followed by Hantam at R5,110 million or 8%, Khai-Ma at R1,812 million or 7%, Karoo Hoogland at R2,494 million or 6% and the lowest was reported in Richtersveld at R709 thousand or 3%. Kamiesberg municipality did not submit their report.

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

The highest expenditure was reported under water at R9,463 million or 66% of the total capital expenditure, followed by electricity at R2,095 million or 15%, other capital expenditure at R1,413 million or 10% and the lowest was reported under roads & pavement at R1,260 million or 1%.

### 3.2.4 Debtors

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

Table 2.2(d) : Debtor Age Analysis as at 30 September 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Richtersveld	2 406	3%	7 073	8%	1 366	2%	72 520	87%	83 365	22%
Nama Khoi	16 112	10%	5 140	3%	2 687	2%	133 954	85%	157 893	42%
Kamiesberg										
Hantam	6 279	14%	2 075	5%	910	2%	35 857	79%	45 121	12%
Karoo Hoogland	3 028	10%	552	2%	481	2%	26 765	87%	30 826	8%
Khai Ma	4 587	8%	922	2%	907	2%	48 369	88%	54 785	15%
Namakwa District	127	10%	100	8%	81	6%	946	75%	1 254	0%
<b>Total: Namakwa District</b>	<b>32 539</b>	<b>9%</b>	<b>15 862</b>	<b>4%</b>	<b>6 432</b>	<b>2%</b>	<b>318 411</b>	<b>85%</b>	<b>373 244</b>	<b>100%</b>

Supporting table 2.2(d) (1): Debtor Age Analysis by customer group as at 30 September 2018 (R'000)

Namakwa District	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	6 254	46%	1 284	9%	339	2%	5 710	42%	13 587	4%
Business	8 660	16%	1 900	3%	1 107	2%	44 951	79%	56 818	15%
Households	21 557	7%	6 433	2%	4 284	1%	260 445	89%	292 719	78%
Other	4 132	41%	6 245	62%	702	7%	7 305	72%	10 120	3%
<b>Total</b>	<b>32 539</b>	<b>9%</b>	<b>15 862</b>	<b>4%</b>	<b>6 432</b>	<b>2%</b>	<b>318 411</b>	<b>85%</b>	<b>373 244</b>	<b>100%</b>
Water	4 615	4%	2 466	2%	1 900	2%	94 656	91%	103 637	28%
Electricity	8 336	17%	1 988	4%	872	2%	38 495	77%	49 691	13%
Property rates	12 823	14%	8 128	9%	1 148	1%	58 017	75%	90 114	24%
RSC Levies										
Other	6 765	5%	3 280	3%	2 514	2%	117 243	90%	129 802	35%
<b>Total</b>	<b>32 539</b>	<b>9%</b>	<b>15 862</b>	<b>4%</b>	<b>6 432</b>	<b>2%</b>	<b>318 411</b>	<b>85%</b>	<b>373 244</b>	<b>100%</b>

Municipalities in the region are owed a total amount of R373,244 million, which represent a year on year decrease of R10,855 million or 3% when compared to the same period of the previous financial year.

Nama Khoi municipality is owed the highest amount at R1157,893 million or 42% of the total outstanding debtors of R373,244 million in the district, followed by Richtersveld at R83,365 million or 22%, Khai-Ma at R54,785 million or 15%, Hantam at R45,121 million or 12% and the lowest was reported in Karoo Hoogland at R30,826 million or 8%. Kamiesberg municipality did not submit their debtors' age analysis.

Supporting table 2.2 (d) (1) shows that of the total outstanding debtors R292,719 million or 78% is owed by households, followed by business at R56,818 million or 15%, government at R13,587 million or 4% and the lowest was reported under other debtors at R10,120 million or 3%.

The highest outstanding amount reported is under other at R129,802 million or 35%, followed by water at R103,637 million or 28%, property rates at R90,114 million or 24% and the lowest amount was reported under electricity at R49,691 million or 13%.

### 3.2.5 Creditors

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

Table 2.2(d) : Creditors Age Analysis as at 30 September 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Richtersveld	1 896	24%	1 990	25%	1 546	20%	2 467	31%	7 899	3%
Nama Khoi	6 453	3%	3 619	2%	4 452	2%	183 797	93%	198 321	79%
Kamiesberg										
Hantam	555	3%	64	0%			16 709	96%	17 328	7%
Karoo Hoogland	94	14%	5	1%			597	86%	696	0%
Khai Ma	5 867	22%	1 888	7%	1 884	7%	17 243	64%	26 882	11%
Namakwa District	11	100%							11	0%
<b>Total: Namakwa District</b>	<b>14 878</b>	<b>6%</b>	<b>7 566</b>	<b>3%</b>	<b>7 882</b>	<b>3%</b>	<b>220 813</b>	<b>88%</b>	<b>251 137</b>	<b>100%</b>

Table 2.2(e) : Outstanding Creditors as at 30 September 2018

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	8 806	8%	1 177	1%	4 227	5%	74 355	86%	86 565	34%
Bulk Water	2 467	2%	5 578	4%	3 241	3%	118 278	91%	129 564	52%
PAYE Deductions	307	100%							307	0%
VAT(Output less Input)										
Pension/Retirement	274	100%							274	0%
Loans Repayments										
Trade Creditors	739	11%	866	13%	329	5%	4 925	72%	6 859	3%
Auditor-General	609	14%	-184	-4%	-115	-2%	4 085	93%	4 395	2%
Other	3 674	16%	129	1%	200	3%	19 170	83%	23 173	9%
<b>Total</b>	<b>14 878</b>	<b>6%</b>	<b>7 566</b>	<b>3%</b>	<b>7 882</b>	<b>3%</b>	<b>220 813</b>	<b>47%</b>	<b>251 137</b>	<b>100%</b>

Municipalities in the district were owing their creditors an amount of R251,137 million, which represent a year on year increase of R183,368 million or 271% when compared to the same period of the previous financial year.

Table 2.2 (d) indicates that the highest outstanding creditors was reported in Nama Khoi municipality at R198,321 million or 79% of the total outstanding creditors of R251,137 million in the district, followed by Khai-Ma at R26,882 million or 11%, Hantam at R17,328 million or 7%, Richtersveld at R7,899 million or 3% and the lowest was reported in Karoo Hoogland at R696 thousand or 0%. Kamiesberg municipality did not submit its creditors' age analysis.

Table 2.2 (e)(1) indicates that of the total creditors outstanding in terms of the categories, bulk water is the highest at R129,564 million or 52%, followed by bulk electricity at R86,565 million or 34%, other creditors at R23,173 million or 9%, trade creditors at R6,859 million or 3%, auditor general at R4,395 million or 2%, and the lowest was reported under pension/retirement and PAYE deductions at R274 thousand and R307 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 30 September 2018 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Richtersveld	289	15 596	12 925	7 481	5 707	5 804	438	8 139	1 241
Nama Khoi	1 115	31 291	55 512	22 094	18 128	5 417		36 642	5 637
Kamiesberg									
Hantam	754	18 565	12 447	9 608	4 353	4 447		17 349	-3 991
Karoo Hoogland	1 839	9 789	5 576	8 046	2 139	8 539		-1 515	1 995
Khai-Ma		8 078	7 071	4 151	8 711	820	1 444		-1 979
Namakwa District	800	23 524	14 391	9 462	7 599			17 653	4 001
<b>Total</b>	<b>4 797</b>	<b>104 841</b>	<b>107 922</b>	<b>58 842</b>	<b>48 637</b>	<b>25 027</b>	<b>1 882</b>	<b>78 288</b>	<b>6 904</b>

Source : IYM Summary Reports Submitted by Municipalities to LG Database

Two (2) municipalities in the district closed with a negative cash and cash equivalent

The highest positive cash and cash equivalent was reported in Nama Khoi at R5,637 million, followed by Karoo Hoogland municipality at R1,995 million and the lowest positive cash and cash equivalents was reported in Richtersveld at R1,241

Hantam municipality reported the highest negative cash and cash equivalents at R3,991 million, followed by Khai – Ma at R1,979. Kamiesberg municipality did not submit their report.

### 3.2.7 MFMA Returns

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

	Quarterly				
	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities	Investment Monitoring
	Q1	Q1	Q1	Q1	Q1
Richtersveld	✓	✓	✓	✓	✓
Nama Khoi	✓	✓	✓	✓	✓
Kamiesberg	✓	✓	✓	✓	✓
Hantam	✓	x	✓	✓	✓
Karoo Hoogland	✓	✓	✓	✓	✓
Khai-Ma	✓	✓	✓	x	✓
Namakwa District	✓	✓	✓	✓	✓

✓ Documents Received

All municipalities in the district submitted all expected reports with the exception of Khai-ma who did not one of the reports.

### 3.3 Pixley ka Seme

#### 3.3.1 Operating Revenue

Table 2.3(a) shows revenue generated as at 30 September 2018 by the municipalities in the Pixley Ka Seme District against the budgeted revenue. The whole district managed to generate R270,222 million or 22% of the total revenue budget of R1.2 billion, which represent a year on year increase of R57,250 million or 27% when compared to the same period of the previous financial year.

Table 2.3(a) : Operating Revenue at 30 September 2018 (R'000)

Municipality	Original Budget	Budget	Year to Date	% Collected	Detail		
					Property Rates	Service Charges	Other
Ubuntu	124 262	124 262	17 143	14%	9 223	6 343	1 577
Umsobomvu	166 111	166 111	-	0%	-	-	-
Emthanjeni	267 134	267 134	76 767	27%	20 909	26 562	27 296
Kareeberg	139 311	139 311	15 893	11%	25	4 057	11 811
Renosterberg	56 639	56 639	23 465	41%	1 672	3 595	18 197
Thembelihle	101 817	101 817	23 759	23%	4 364	5 599	13 795
Siyathemba	126 530	126 530	49 427	39%	24 213	10 969	14 245
Siyancuma	166 074	166 074	50 193	30%	12 625	17 684	19 884
Pixley Ka Seme District	67 191	57 191	13 575	24%	-	-	13 575
<b>Total</b>	<b>1 225 068</b>	<b>1 225 068</b>	<b>270 222</b>	<b>22%</b>	<b>73 031</b>	<b>76 810</b>	<b>120 381</b>

Other revenue constituted R120,381 million or 45% of the total revenue generated of R270,222 million in this district, followed by service charges at R76,810 million or 28% and property rates being the lowest at R73,031 million or 27%. The high revenue on other can be attributed to the Grants and subsidies received by the municipalities especially the district.

The highest revenue was reported in Renosterberg municipality at R23,465 million or 41% of their total budget of R56,639 million, followed by Siyathemba at R49,427 million or 39%, Siyancuma at R50,193 or 30%, Emthanjeni at R76,767 million or 27%, Thembelihle at R23,759 million or 23%, Ubuntu at R17,143 million or 14% and the lowest was reported in Kareeberg at R15,893 million or 11%. Umsobomvu municipality's budget returns are still outstanding.

#### 3.3.2 Operating Expenditure

Table 2.3(b) shows the total expenditure incurred by the municipalities in the Pixley Ka Seme District. The figures indicate that the municipalities in the district have spent R181,184 million or 16% of the total expenditure budget of R1.1 billion, which represent a year on year decrease in operational spending of R93,249 million or 106% when compared to the same period of the previous financial year.

Table 2.3(b) : Operating Expenditure as at 30 September 2018 (R'000)

Municipality	Original Budget	Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Ubuntu	184 537	184 537	20 693	11%	8 402	-	8 214	4 076
Umsobomvu	155 860	155 860	-	0%	-	-	-	-
Emthanjeni	246 182	246 182	56 531	23%	20 589	-	22 274	13 669
Kareeberg	73 244	73 244	9 071	12%	3 420	-	2 123	3 528
Renosterberg	69 087	69 087	12 768	18%	5 185	-	3 910	3 674
Thembelihle	67 356	67 356	11 837	18%	7 106	374	1 545	2 813
Siyathemba	108 583	108 583	21 108	19%	10 840	-	2 106	8 161
Siyancuma	185 238	185 238	36 036	19%	15 299	(17)	11 727	9 027
Pixley Ka Seme District	66 773	66 773	13 140	24%	9 544	-	-	3 598
<b>Total</b>	<b>1 145 840</b>	<b>1 145 840</b>	<b>181 184</b>	<b>16%</b>	<b>80 384</b>	<b>357</b>	<b>51 899</b>	<b>48 544</b>

The highest expenditure in the district was reported under employee related cost at R80,384 million or 44% of the total expenditure of R181,184 million; followed by bulk purchases of water and electricity at R51,899 million or 29%, other expenditure at R48,544 million or 26% and the lowest was reported under provision for working capital at R375 thousand or 1%.

Spending by municipalities ranges from the highest in Emthanjeni at R56,531 million or 23% of their budget, followed by Siyancuma and Siyathemba at R36,036 million and R21,108 million or 19%, Renosterberg and Thembelihle at R12,768 million and R11,837 million or 18%, Kareeberg at R9,071 million or 12% and the lowest was reported in Ubuntu at R20,693 million or 11%. Umsombomvu municipality's budget returns are still outstanding.

### 3.3.3 Capital Expenditure

Table 2.3(c) shows capital spending by municipalities in the Pixley Ka Seme district. The municipalities have spent R18,819 million or 7% of the total capital budget of R270,545 million, which represent a year on year increase of R7,932 million or 77% when compared to the same period of the previous financial year.

Table 2.3(c) : Capital Expenditure as at 30 September 2018 (R'000)

Municipality	Original Budget	Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Ubuntu	14 862	14 862	1 570	11%	1 395	-	-	-	175
Umsobomvu	25 657	25 657	-	0%	-	-	-	-	-
Emthanjeni	58 436	58 436	5 870	10%	2 683	1 983	-	945	368
Kareeberg	71 297	71 297	1 725	2%	1 725	-	-	-	-
Renosterberg	16 926	16 926	1 360	8%	-	-	-	1 360	-
Thembelihle	33 367	33 367	4 974	15%	3 041	-	-	1 934	-
Siyathemba	18 324	18 324	-	0%	-	-	-	-	-
Siyancuma	31 026	31 026	3 210	10%	1 478	858	-	873	-
Pixley Ka Seme District	1 650	1 650	-	-	-	-	-	-	-
<b>Total</b>	<b>270 545</b>	<b>270 545</b>	<b>18 819</b>	<b>7%</b>	<b>10 322</b>	<b>2 841</b>	<b>-</b>	<b>5 112</b>	<b>543</b>

Spending was very low with all municipalities in the district reporting a spending of 15% or less. Spending ranges from the highest in Thembelihle municipality at R4,974 million or 15% of their

capital budget, followed by Ubuntu at R1,570 million or 11%, Emthanjeni and Siyancuma at R5,979 million and R3,210 million or 10%, Renosterberg at R1,360 million or 9% and the lowest was reported in Kareeberg at R1,725 million or 2%. Umsombomvu and Siyathemba municipality did not submit their reports.

The low spending by municipalities is a serious concern considering that we are at the end of the 1<sup>st</sup> quarter of the financial year and all municipalities were expected to have spent 25% of their budgets. 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 R10,322 million or 55% of the total year to date capital expenditure of R18,819 million, followed by Roads and Pavement at R5,112 million or 27%, Electricity at R2,841 million or 15% and the lowest was reported under other expenditure at R543 thousand 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 30 September 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Ubuntu	5 178	6%	3 900	5%	1 861	2%	74 453	87%	85 392	19%
Umsombomvu										
Emthanjeni			8 857	12%	6 560	9%	60 506	80%	75 923	17%
Kareeberg										
Renosterberg	3 454	5%	1 968	3%	0	0%	58 813	82%	65 035	15%
Thembelzile	2 456	5%	1 320	3%	868	2%	42 218	90%	48 862	11%
Siyathemba			1 093	1%	1 370	2%	82 488	97%	84 951	19%
Siyancuma	5 992	7%	4 040	5%	7 123	9%	65 159	79%	82 314	19%
Pixley Ka Seme District										
<b>Total: Pixley ka Seme District</b>	<b>17 080</b>	<b>4%</b>	<b>21 176</b>	<b>5%</b>	<b>17 782</b>	<b>4%</b>	<b>384 437</b>	<b>87%</b>	<b>440 477</b>	<b>100%</b>

Supporting table 2.3(d)(1): Debtor Age Analysis by customer group as at 30 September 2018 (R'000)

Pixley Ka Seme District	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	2 158	11%	1 415	7%	1 226	6%	15 310	76%	20 109	5%
Business	3 944	12%	5 142	15%	2 286	7%	22 363	66%	33 735	8%
Households	9 909	3%	15 015	4%	13 555	4%	332 079	90%	370 558	84%
Other	1 069	7%	-394	-2%	715	4%	14 685	91%	16 075	3%
<b>Total</b>	<b>17 080</b>	<b>4%</b>	<b>21 176</b>	<b>5%</b>	<b>17 782</b>	<b>4%</b>	<b>384 437</b>	<b>87%</b>	<b>440 477</b>	<b>100%</b>
Water	3 652	2%	5 140	3%	4 473	3%	135 124	91%	148 389	34%
Electricity	4 679	9%	5 432	10%	3 304	6%	40 588	75%	54 003	12%
Property rates	4 448	4%	4 407	4%	5 681	6%	86 087	86%	100 623	23%
RSC Levies										
Other	4 299	3%	6 199	5%	4 324	3%	122 636	89%	137 460	31%

Total	17 078	4%	21 178	5%	17 782	4%	384 437	87%	440 477	100%
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Municipalities in the district were owed R440,477 million at the end of the 1<sup>st</sup> quarter of the 2018/19 financial year, which represent a year on year decrease of R56,378 million or 15% when compared to the same period of the previous financial year

Ubuntu, Siyathemba and Siyancuma municipality reported the highest outstanding trade receivables at R85,392 million, R84,951 million and R82,314 million respectively or 19% of the total outstanding debtors, followed by Emthanjeni at R75,923 million or 17%, Renostersberg at R65,035 million or 15% and the lowest amount was reported in Thembelihle at R46,862 million or 11%. Umsombomvu and Kareeberg 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 R370,558 million or 84% of the total outstanding debtors in the district, followed by Business at R33,735 million or 8%, Government at R20,109 million or 5% and the lowest was reported under other debtors at R16,075 million or 3%.

The highest outstanding debtors were reported under Water at R148,389 million or 34%, followed by other service at R137,460 million or 31%, property rates at R100,623 million or 23% and the lowest was reported under electricity at R54,003 million or 12%.

### 3.3.5 Creditors

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

Table 2.3(e) : Creditors Age Analysis as at 30 September 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Ubuntu	5 720	8%	1 780	3%	5 202	8%	55 031	81%	67 743	21%
Umsombomvu										
Emthanjeni	14 182	31%	11 060						45 623	14%
Kareeberg									0	0%
Renostersberg	3 610	5%	938	1%	7 268	11%	57 224	83%	69 040	21%
Thembelihle										
Siyathemba	2 834	13%	259	1%	8 082	41%	8 617	44%	19 592	6%
Siyancuma	11 179	9%	1 571	1%	7 343	6%	103 300	84%	123 393	38%
Pixley Ka Seme District	600	64%	15	2%	3	0%	316	34%	934	0%
<b>Total: Pixley Ka Seme District</b>	<b>37 925</b>	<b>12%</b>	<b>15 633</b>	<b>5%</b>	<b>27 898</b>	<b>9%</b>	<b>224 488</b>	<b>69%</b>	<b>326 325</b>	<b>100%</b>



Table 2.3(e) : Outstanding Creditors as at 30 September 2018

District overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>R'000</b>										
<b>Creditors Age Analysis</b>										
Bulk Electricity	23 494	9%	9 087	3%	34 174	13%	202 843	75%	269 598	83%
Bulk Water	361		430	4%	154	2%	8 974	90%	9 919	3%
PAYE Deductions	334		247				2 283		2 864	
VAT(Output less Input)										
Pension/Retirement	342		312		314		1 890		2 858	1%
Loans Repayments										
Trade Creditors	5 029	24%	3 676	17%	1 634	8%	10 974	51%	21 313	7%
Auditor-General	1 818	22%	1 256	15%	895	11%	4 402	53%	8 371	3%
Other	6 547	57%	625	5%	142	1%	4 088	36%	11 402	3%
<b>Total</b>	<b>37 825</b>	<b>12%</b>	<b>15 633</b>	<b>5%</b>	<b>37 313</b>	<b>11%</b>	<b>235 454</b>	<b>72%</b>	<b>326 325</b>	<b>100%</b>

Municipalities in the district owed their creditors an amount of R326,325 million at the end of the 1<sup>st</sup> quarter which represent an decrease of R89,255 million or 38% when compared to the same period of the previous financial year.

Of the total outstanding creditors, the highest amount was reported in Siyancuma municipality at R123,393 million or 38% of the total outstanding creditors in the district, followed by Renosterberg and Ubuntu at R69,040 million and R67,743 or 21% respectively, Emthanjeni at R45,623 million or 14%, Siyathemba at R19,592 million or 6% and the lowest was Kareeberg at R0 or 0%. Ubuntu, Thembelihle and Umsombomvu municipalities did not submit their creditor's age analysis report for the 1<sup>st</sup> 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 R269,598 million or 83%, followed by Trade creditors at R21,313 million or 7%, other creditors, Bulk Water and Auditor General at R11,402 million, R9,919 million and R8,371 million or 3% respectively and the lowest was reported under pension/retirement at R2,858 million or 1%.

### 3.3.6 Cash Flow

Table 2.3(f) : Cash Flow Position as at 30 September 2018 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Ubuntu	5 174	15 515	14 509	11 265	8 353	1 772	52	5 993	7 763
Umsobomvu									0
Emthanjeni	13 262	31 197	36 804	20 526	10 765	2 224	931	6 659	40 158
Kareeberg	22 956	6 851	4 320	3 420	1 896	1 725		3 755	23 331
Renosterberg	4	18 265	1 764	5 185	3 134			4 449	7 265
Thembelihle	726	18 670	14 796	7 106	1 986	5 157	179	20 239	-475
Siyathemba	205	21 547	30 918	10 840	4 384			7 337	30 109
Siyancuma	1 204	30 333	15 140	18 402	9 027	3 229		12 866	3 153
Puley Ka Seme District	220	11 990	22 582	9 160	3 536		15	21 672	209
<b>Total</b>	<b>43 751</b>	<b>154 368</b>	<b>140 833</b>	<b>85 904</b>	<b>43 981</b>	<b>14 107</b>	<b>1 177</b>	<b>83 170</b>	<b>111 513</b>

Source : IYM Summary Reports Submitted by Municipalities to LG Database

Only 1 (one) municipality in the district closed with a negative cash and cash equivalent i.e Thembelihle at 475 thousand.

All other municipalities in the district reported a positive cash and cash equivalents with the highest in Emthanjeni municipality at R40,158 million, followed by Siyathemba at R30,109 million, Kareeberg at R23,331 million, Ubuntu at R7,763 million, Renosterberg at R7,265 million and the lowest positive cash and cash equivalent was reported in Siyancuma at R3,153 million. Umsobomvu municipality did not submit their cash flow statement.

### 3.3.7 MFMA Returns

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

	Quarterly				
	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities	Investment Monitoring
	Q1	Q1	Q1	Q1	Q1
Ubuntu	x	✓	x	x	✓
Umsobomvu	✓	✓	✓	✓	✓
Emthanjeni	x	x	✓	✓	✓
Kareeberg	✓	✓	✓	✓	✓
Renosterberg	x	x	x	x	x
Thembelihle	✓	✓	✓	✓	✓
Siyathemba	x	x	x	x	✓
Siyancuma	x	x	x	x	✓
Puley ka Seme	x	x	✓	✓	✓

✓ Documents Received

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

### 3.4 ZF Mgcawu District

#### 3.4.1 Operating Revenue

Table 2.4(a) shows revenue generated as at 30 September 2018 by the municipalities in the District against the budgeted revenue. The whole district managed to generate R407,908 million or 27% of the total revenue budget of R1.5 billion. Which represent a year on year increase of R172,188 million or 73% when compared the same period of the previous financial year

Table 2.4(a) : Operating Revenue as at 30 September 2018 (R'000)

Municipality	Original Budget	Budget	Year to Date	% Collected	Detail		
					Property Rates	Service Charges	Other
Kaif Garib	257 666	257 666	91 442	35%	19 640	24 307	47 495
IKheis	59 826	59 826	31 894	53%	7 095	2 084	22 714
Tsantsabane	249 373	249 373	49 937	20%	27 566	7 130	15 241
Kgatelopele	113 142	113 142	22 478	20%	3 045	10 234	9 199
Dawid Kruiper	757 467	757 467	184 237	24%	38 540	97 641	48 057
ZF Mgcawu	74 608	74 608	27 920	37%	-	-	27 920
<b>Total</b>	<b>1 512 082</b>	<b>1 512 082</b>	<b>407 908</b>	<b>27%</b>	<b>95 886</b>	<b>141 396</b>	<b>170 626</b>

Recovery ranges from the highest in IKheis municipality at R31,894 million or 53%, followed by Kaif Garib at R91,442 million or 35%, Dawid Kruiper at R184,237 million or 24% and the lowest was reported in Tsantsabane and Kgatelopele at R49,937 million and R22,478 million or 20% of their respective budget.

Other services was the highest at R170,626 million or 41% of the total operating revenue of R407,908 million in the district, followed by Service charges revenue at R141,396 million or 35% and the lowest was reported under property rates at R95,886 million or 24%

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 R234,799 million or 16% of the total budget of R1.4 billion, which represent a year on year increase of R52,277 million or 29% when compared to the same period of the previous financial year.

Table 2.4(b) : Operating Expenditure as at 30 September 2018 (R'000)

Municipality	Original Budget	Budget	Year to Dated	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Ka! Garib	231 232	231 232	40 546	18%	26 764	-	-	13 762
!Kheis	69 722	59 722	9 493	16%	7 382	-	-	2 111
Tsantsabane	227 606	227 936	10 670	5%	6 302	-	(0)	4 368
Kgatelopele	97 319	97 319	19 510	20%	8 460	-	8 793	4 256
Dawid Kruiper	748 051	748 051	130 831	17%	70 925	-	43 680	16 826
ZF Mgcawu	70 327	70 327	23 748	34%	20 857	-	-	2 892
<b>Total</b>	<b>1 434 589</b>	<b>1 434 589</b>	<b>234 799</b>	<b>16%</b>	<b>140 690</b>	<b>-</b>	<b>49 873</b>	<b>44 235</b>

The highest expenditure was reported in Kgatelopele at R19,510 million or 20% of their budget, followed by Kai! Garib at R40,546 million or 18%, Dawid Kruiper at R130,831 million or 17%, !Kheis at R9,493 million or 16% and the lowest was reported in Tsantsabane at R10,670 million or 5%.

The highest expenditure in the district was reported under Employee related cost at R140,690 million or 60%, followed by Bulk purchases of water and electricity at R49,873 million or 21% and the lowest was other expenditure at and R44,235 million or 19%. Of a serious concern is that the municipality spent 60% 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) : Capital Expenditure as at 30 September 2018 (R'000)

Municipality	Original Budget	Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Ka! Garib	26 434	26 434	6 835	26%	2 283	2 429	-	1 286	837
!Kheis	14 567	14 567	7 034	48%	6 873	-	-	162	-
Tsantsabane	20 829	20 829	-	0%	-	-	-	-	-
Kgatelopele	17 275	17 275	4 189	24%	2 707	1 330	-	-	151
Dawid Kruiper	104 150	104 150	11 108	11%	829	6 546	-	2 556	1 176
ZF Mgcawu	2 905	2 905	7	0%	-	-	-	-	7
<b>Total</b>	<b>186 160</b>	<b>186 160</b>	<b>29 172</b>	<b>16%</b>	<b>12 692</b>	<b>10 305</b>	<b>-</b>	<b>4 004</b>	<b>2 171</b>

The highest capital expenditure was reported in !Kheis at R7,034 million or 48% of their capital budget, followed by Kai Garib at R6,835 million or 26%, Kgatelopele at R4,189 million or 24%, and the lowest was reported in Dawid Kruiper at R11,108 million or 11%. Tsantsabane municipality did not submit their return.

The highest capital expenditure was reported under water at R12,692 million or 44%, followed by electricity at R10,305 million or 14%, roads & pavement at R4,004 million or 14% and the lowest was reported under other capital expenditure at R2,171 million or 7%.

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

### 3.4.4 Debtors

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

Table 2.4(d) : Debtor Age Analysis as at 30 September 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Kaif Garib	9 024	6%	4 359	3%	14 251	9%	132 195	83%	159 829	54%
IKheis			894	1%	781	1%	66 516	98%	68 191	23%
Tsantsabane										
Kgatelopele	5 668	9%	2 704	4%	2 177	3%	55 208	84%	65 755	22%
Dawid Kruiper										
ZF Mgcawu District	159	25%					489	75%	648	0%
<b>Total: Siyanda District</b>	<b>14 851</b>	<b>5%</b>	<b>7 957</b>	<b>3%</b>	<b>17 208</b>	<b>6%</b>	<b>254 406</b>	<b>86%</b>	<b>294 423</b>	<b>100%</b>

Supporting table 2.4(d)(1): Debtor Age Analysis by customer group as at 30 September 2018 (R'000)

	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>ZF Mgcawu</b>										
Government	473	3%	447	3%	2 648	16%	11 247	76%	14 815	5%
Business	1 867	10%	779	4%	3 727	19%	13 217	67%	19 590	7%
Households	11 953	5%	8 444	3%	9 375	4%	216 654	89%	244 426	83%
Other	558	4%	287	2%	1 459	9%	13 288	85%	15 592	5%
<b>Total</b>	<b>14 851</b>	<b>5%</b>	<b>7 957</b>	<b>3%</b>	<b>17 208</b>	<b>6%</b>	<b>254 406</b>	<b>86%</b>	<b>294 423</b>	<b>100%</b>
<b>Water</b>										
Water	3 335	4%	1 986	2%	1 747	2%	72 478	91%	79 546	27%
<b>Electricity</b>										
Electricity	5 657	15%	1 786	5%	1 319	4%	28 347	76%	37 109	13%
<b>Property rates</b>										
Property rates	3 168	5%	1 265	2%	11 735	18%	50 160	76%	66 328	23%
<b>RSC Levies</b>										
RSC Levies										
<b>Other</b>										
Other	2 891	2%	2 920	3%	2 408	2%	103 421	93%	111 440	38%
<b>Total</b>	<b>14 851</b>	<b>5%</b>	<b>7 957</b>	<b>3%</b>	<b>17 208</b>	<b>6%</b>	<b>254 406</b>	<b>86%</b>	<b>294 423</b>	<b>100%</b>

Municipalities in the district were owed R294,423 million at the end of the first quarter, which represent a year on year decrease of R75,517 million or 20% when compared to the same period of the previous financial year.

The municipality with the highest outstanding debtors was Kail Garib municipality at R159,829 million or 54% of the total outstanding debtors in the district of R294,423, followed by IKheis at R68,191 million or 23% and the lowest was reported in Kgatelopele at R65,755 million or 22%. Tsantsabane and Dawid Kruiper municipalities did not submit their debtors age analysis reports.

Of the total outstanding debtors, the highest outstanding amount was reported under Household at R244,426 million or 83%, followed by Business at R19,590 million or 7% and the lowest was reported under other debtors and Government at R15,592 and R114,815 million or 5% respectively.

The highest service owed was reported under Other services at R111,440 million or 38% of the total outstanding debtors of R294,423 million, followed by water at R79,546 million or 27%, property rates at R66,328 million or 23% and electricity was the lowest at R37,109 million or 13%.

### 3.4.5 Creditors

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

Table 2.4(e)1 : Creditors Age Analysis as at 30 September 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Kail Garib	1 798	1%	3 525	2%	1 782	1%	202 895	97%	210 000	81%
IKheis	379	7%	452	8%	238	4%	4 724	82%	5 793	2%
Tsantsabane										
Kgatelopele										
Dawid Kruger	38 064	90%	1 218	3%	35	0%	3 044	7%	42 381	16%
ZF Mgcawu District	530	100%	-						530	0%
<b>Total: Siyanda District</b>	<b>40 791</b>	<b>16%</b>	<b>5 195</b>	<b>2%</b>	<b>2 055</b>	<b>1%</b>	<b>210 663</b>	<b>81%</b>	<b>258 704</b>	<b>100%</b>

Table 2.3(e) : Outstanding Creditors as at 30 September 2018

District overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>R'000</b>										
<b>Creditors Age Analysis</b>										
Bulk Electricity							158 075	100%	158 075	61%
Bulk Water	113	2%	111	2%	215	5%	4 122	90%	4 561	2%
PAYE Deductions							27 724	100%	27 724	11%
VAT(Output less input)	8 272	100%							8 272	
Pension/Retirement										
Loans Repayments										
Trade Creditors	29 294	63%	5 067	11%	1 821	4%	9 995	22%	46 177	18%
Auditor-General	43	0%	17	0%	19	0%	8 578	99%	8 657	3%
Other	3 069	59%					2 169	41%	5 238	2%
<b>Total</b>	<b>40 791</b>	<b>16%</b>	<b>5 195</b>	<b>2%</b>	<b>2 055</b>	<b>1%</b>	<b>210 663</b>	<b>81%</b>	<b>258 704</b>	<b>100%</b>

Municipalities in the district owed their creditors an amount of R258,704 million at the end of the first quarter, which represent a year on year increase of R44,221 million or 21% when compared to the same period of the previous financial year.

The highest outstanding creditors were reported in Kail Garib municipality at R210,000 million or 81% of the total outstanding creditors in the district, followed by Dawid Kruger at R42,381 million or 16% and the lowest was reported in IKheis at R5,793 million or 2%. Tsantsabane and Kgatelopele municipalities did not submit their report.

The highest outstanding creditors was reported under bulk electricity at R158,075 million or 61% of the total outstanding creditors, followed by trade creditors at R46,177 million or 18%, PAYE at R27,724 million or 11%, Auditor General at R8,657 million or 3% and the lowest was reported under bulk water and other creditors at R4,561 million and 5,238 million or 2%.

### 3.4.6 Cash Flow

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

Table 2.4(f) : Cash Flow Position as at 30 September 2018 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Kaif Garib	-157	44 863	29 518	14 933	38 539	10 031		6 210	4 511
IKheis	177	21 611	2 230	9 038	4 818	7 866		395	1 903
Tsantsabane	2 750	24 158	7 553	6 302	3 964			23 950	245
Kgatelopele									0
Dawid Kruiper	76 582	40 898	142 636	70 925	75 095	15 282	1 689	44 130	52 995
ZF Mgcawu District	636	30 545	466	18 586	21 755			-17 235	8 541
<b>Total</b>	<b>79 988</b>	<b>182 075</b>	<b>182 403</b>	<b>119 782</b>	<b>144 171</b>	<b>33 179</b>	<b>1 689</b>	<b>57 450</b>	<b>68 195</b>

Source : IYM Summary Reports Submitted by Municipalities to LG Database

All municipalities reported a positive cash and cash equivalent at the end of the period under review, with the highest positive cash and cash equivalent reported in Dawid Kruiper at R52,995 million, followed by Kail Garib at R4,511 million, IKheis at R1,903 million and the lowest was reported in Tsantsabane at R245 thousand. Kgatelopele municipality did not submit their report.

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.

	Quarterly				
	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities	Investment Monitoring
	Q1	Q1	Q1	Q1	Q1
Kai! Garib	x	x	✓	x	x
IKheis	x	x	x	x	✓
Tsantsabane	x	x	x	x	x
Kgatelopele	x	x	x	x	x
Dawid Kruiper	x	x	✓	x	✓
ZF Mgcawu District	x	✓	✓	✓	✓

✓ Documents Received

Out of the total of the five returns expected for the quarter, none of the municipalities in the district submitted all returns, ZF Mgcawu submitted four reports, Dawid Kruiper submitted two reports, Kai! Garib and IKheis submitted one report each but the report for Kai Garib was submitted late, Tsantsabane and Kgatelopele did not submit a single report.

## 3.5 Frances Baard District

### 3.5.1 Operating Revenue

Table 2.5(a) shows revenue generated as at 30 September 2018 by municipalities in the District against the budgeted revenue. The municipalities generated R847,590 billion or 27% of the total revenue budget of R3.2 billion. Which represent a increase of R52,236 million or 7% when compared to the same period of the previous financial year.

Table 2.5(a) : Operating Revenue as at 30 September 2018 (R'000)

Municipality	Original Budget	Budget	Year to Dated	% Collected	Detail		
					Property Rates	Service Charges	Other
Sol Plaatje	2 338 902	2 338 902	648 298	28%	275 989	251 610	120 700
Dikgatong	176 632	176 632	71 839	41%	1 757	14 771	55 312
Magareng	146 781	146 781	35 574	24%	2 684	9 978	22 912
Phokwane	383 019	383 019	35 927	9%	5 072	24 737	6 118
Frances Baard District	127 619	127 619	55 952	44%	-	-	55 952



Total	3 173 153	3 173 153	847 590	27%	285 502	301 095	260 993
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The highest revenue was reported in Dikgatlong municipality at R71,839 million or 41%, followed by Sol Plaatje at R648,298 million or 28%, Magareng at R35,574 million or 92% and the lowest was reported in Phokwane at R35,927 million or 9%, of their total revenue budget.

Service charges constitutes the highest revenue at R301,095 million or 36%, followed by Property rates at R285,502 million or 34% and the lowest was reported under other revenue at R260,993 million or 30% of the total revenue generated of R2.6 billion in the district.

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

### 3.5.2 Operating Expenditure

Table 2.5(b) shows the total expenditure incurred municipalities in the Frances Baard District. The figures indicate that the municipalities in the district have spent R690,365 billion or 24% of the total budget of R2.8 billion. Which represent a year on year increase of R78,058 million or 13% if compared to the same period of the previous financial year.

Table 2.5 (b) : Operating Expenditure as at 30 September 2018

Municipality	Original Budget	Budget	Year to Date	% Spent	Detail			
					Employee Related Costs	Bad and Doubtful debt	Bulk Purchases	Other Expenses
Sol Plaatje	2 046 855	2 046 855	594 260	29%	165 054	227 002	118 244	83 959
Dikgatlong	182 384	182 384	40 446	21%	15 872	3 666	6 605	14 302
Magareng	150 073	150 073	13 148	9%	9 512	-	1 155	2 381
Phokwane	303 796	303 796	23 935	8%	15 251	-	5 722	2 963
Frances Baard District	128 517	128 517	18 576	14%	15 079	-	-	3 496
Total	2 821 625	2 821 625	690 365	24%	220 869	230 668	131 726	107 101

The highest expenditure was reported in Sol Plaatje municipality at R594,260 billion or 29%, followed by Dikgatlong at R40,446 million or 21%, Magareng at R13,148 million 9% and the lowest was reported in Phokwane at R23,935 million or 8% of their respective revenue budgets.

The highest expenditure in the district was reported under bad and doubtful debts at R230,669 million or 33% of the total expenditure in the district, followed by employee related costs at R220,869 million or 32%, bulk purchases of water and electricity at R131,726 million or 19% and the lowest was reported under other expenditure at R107,101 million or 16%.

### 3.5.3 Capital Expenditure

Table 2.5(c) shows capital spending by municipalities in the district. The municipalities reported capital expenditure totaling to R29,225 million or 6% of the total capital budget of R473,058

million. Which represent a year on year decrease of R1,882million or 6% when compared to the same period of the previous financial year.

Table 2.5 (c) : Capital Expenditure as at 30 September 2018 (R'000)

Municipality	Original Budget	Budget	Year to Dated	% Spent	Detail				
					Water	Electricity	Housing	Roads & Pavement	Other
Sol Plaatje	333 242	333 242	18 999	6%	13 217	-	6	2 194	3 582
Dikgatong	32 710	32 710	1 309	4%	1 239	-	-	-	70
Magareng	30 166	30 166	545	2%	545	-	-	-	-
Phokwane	64 891	64 891	4 705	7%	1 573	1 073	-	2 059	-
Frances Baard District	8 050	8 050	3 668	46%	-	-	-	-	3 668
<b>Total</b>	<b>473 058</b>	<b>473 058</b>	<b>29 225</b>	<b>6%</b>	<b>16 573</b>	<b>1 073</b>	<b>6</b>	<b>4 252</b>	<b>7 320</b>

The highest capital expenditure was reported in Phokwane municipality at R4,705 million or 7% of their capital budget, followed by Sol Plaatje at R18,999 million or 6%, Dikgatong at R1,239 million or 4% and the lowest was reported in Magareng at R545 thousand or 2%.

Spending ranging from the highest in water R16,573 million or 57%, followed by other at R7,320 million or 25%, roads & pavement at R4,252 or 15%, electricity at R1,073 million or 4% and the lowest was reported under housing at R6 thousand or 0%.

### 3.5.4 Debtors

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

Table 2.5(d) : Debtor Age Analysis as at 30 September 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	126 207	6%	60 886	3%	226 223	10%	1 824 809	82%	2 238 125	80%
Dikgatong	8 281	2%	6 870	2%	6 448	2%	343 760	94%	365 357	13%
Magareng	4 168	2%	3 701	2%	4 163	2%	186 311	94%	198 343	7%
Phokwane	-	-	-	-	-	-	-	-	-	-
Frances Baard District	5 739	89%	18	0%	294	5%	380	6%	6 441	0%
<b>Total: Frances Baard District</b>	<b>144 395</b>	<b>5%</b>	<b>71 475</b>	<b>3%</b>	<b>237 126</b>	<b>8%</b>	<b>2 355 270</b>	<b>84%</b>	<b>2 808 266</b>	<b>100%</b>

Supporting table 2.5(d)(1) : Debtor Age Analysis by customer group as at 30 September 2018 (R'000)

Frances Baard District	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Government	22 341	2%	14 040	1%	181 106	18%	762 593	78%	980 080	35%
Business	53 558	13%	18 022	5%	14 529	4%	312 024	78%	398 133	14%
Households	61 772	4%	38 806	3%	39 434	3%	1 255 285	90%	1 395 297	50%
Other	6 724	19%	607	2%	2 057	6%	25 368	73%	34 756	1%
<b>Total</b>	<b>144 395</b>	<b>5%</b>	<b>71 475</b>	<b>3%</b>	<b>237 126</b>	<b>8%</b>	<b>2 355 270</b>	<b>84%</b>	<b>2 808 266</b>	<b>100%</b>
Water	33 457	6%	20 814	4%	14 870	3%	478 389	87%	547 530	19%
Electricity	45 976	18%	15 691	6%	10 434	4%	190 101	73%	262 202	9%
Property rates	27 716	3%	11 316	1%	187 687	21%	652 813	74%	879 612	31%
RSC Levies	-	-	-	-	-	-	-	-	-	-
Other	37 246	3%	23 654	2%	24 135	2%	1 033 887	92%	1 118 922	40%
<b>Total</b>	<b>144 395</b>	<b>5%</b>	<b>71 475</b>	<b>3%</b>	<b>237 126</b>	<b>8%</b>	<b>2 355 270</b>	<b>84%</b>	<b>2 808 266</b>	<b>100%</b>

Municipalities in the district were owed R2.8 billion at the end of the first quarter, which represents a year on year decrease of R519,499 million or 23% when compared to the same period of the previous financial year.

Sol Plaatje municipality had the highest outstanding debtors amounting at R2.2 billion or 80% and Dikgatlong reported R365,357 million or 13% and the lowest was reported under Magareng at R198,343 million or 7%. Phokwane did not submit their reports.

Of the total outstanding debtors R1.4 billion or 50% was owed by households, followed by government at R980,080 million or 35%, business at R398,133 million or 14% and the lowest was other debtors at R34,756 million or 1%.

The highest reported outstanding service was other services at R1.1 billion or 40%, followed by property rates at R879,612 million or 31%, water at R547,530 million or 19%, and the lowest was reported electricity at R262,202 million or 9%.

### 3.5.5 Creditors

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

Table 2.5(e)1 : Creditor Age Analysis as at 30 September 2018 (R'000)

Municipality	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Sol Plaatje	86 835	100%	-	-	4 908	3%	153 879	90%	86 835	22%
Dikgatlong	8 285	5%	4 348	3%	4 061	3%	123 113	92%	171 418	43%
Magareng	2 844	2%	4 287	3%	-	-	-	-	134 305	34%
Phokwane	-	-	-	-	-	-	-	-	-	-
Frances Baard District	6 993	100%	-	0%	-	-	-	-	6 993	2%
<b>Total: Frances Baard District</b>	<b>104 957</b>	<b>26%</b>	<b>8 633</b>	<b>2%</b>	<b>8 969</b>	<b>2%</b>	<b>276 992</b>	<b>69%</b>	<b>399 551</b>	<b>100%</b>

Table 2.5 (e) :Outstanding Creditors as at 30 September 2018

District overview	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>R'900</b>										
<b>Creditors Age Analysis</b>										
Bulk Electricity	41 709	27%	6 891	4%	6 576	4%	98 784	64%	153 960	39%
Bulk Water	15 422	8%	993	1%	1 652	1%	167 275	90%	185 342	46%
PAYE Deductions	11 381	100%	-	-	-	-	-	-	11 381	3%
VAT(Output less Input)	-	-	-	-	-	-	-	-	-	-
Pension/Retirement	7 785	100%	-	-	-	-	-	-	7 785	2%
Loans Repayments	-	-	-	-	-	-	-	-	-	-
Trade Creditors	20 885	63%	392	1%	734	2%	10 919	33%	32 930	8%
Auditor-General	520	58%	357	40%	7	1%	14	2%	898	0%
Other	7 255	100%	-	-	-	-	-	-	7 255	2%
<b>Total</b>	<b>104 957</b>	<b>26%</b>	<b>8 633</b>	<b>2%</b>	<b>8 969</b>	<b>2%</b>	<b>276 992</b>	<b>69%</b>	<b>399 551</b>	<b>100%</b>

The highest outstanding creditors were reported in Dikgatlong at R171,418 million or 43% of the total outstanding creditors in the district, followed by Magareng at R134,305 million or 34% and

the lowest was reported under Sol Plaatjie municipality at R86,835 million or 22%. Phokwane municipality 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 water is the highest at R185,342 million or 46%, followed by bulk electricity at R153,960 million or 39%, then trade creditors at R32,930 million or 8%, PAYE deduction at R11,381 million or 3%, Pension/retirement and other creditors at R7,785 million and 7,255 million or 2% and the lowest was reported under Auditor-General at R898 thousand or 0%.

### 3.5.6 Cash Flow

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

Table 2.5(f) : Cash Flow Position as at 30 September 2019 (R'000)

Municipality	Opening Balance	Receipts		Payments					Closing Balance
		Grants & Subsidies	Other Receipts	Salaries & Wages	Cash & Creditors	Capital Payments	External Loans	Other	
Sol Plaatje	79 180	170 229	311 451	187 384	80 927	18 999		179 861	113 709
Dikgatlong	753	43 190	13 543	10 548	3 462	3 702	36	39 352	388
Magareng		22 162	5 591	9 826	2 385	545		1 155	14 042
Phokwane		18	22 185	-15 251	-2 963	4 705		-5 722	41 434
Frances Baard District	47 048	51 465	9 963	15 451	5 824	3 861		3 332	80 006
<b>Total</b>	<b>126 981</b>	<b>287 064</b>	<b>362 733</b>	<b>187 736</b>	<b>89 635</b>	<b>31 812</b>	<b>36</b>	<b>217 978</b>	<b>249 581</b>

Source : IYM Summary Reports Submitted by Municipalities to LG Database

All municipalities except for Dikgatlong municipality closed their books with positive cash and cash equivalent at the end of the period under review. With the highest positive balance reported in Sol Plaatjie municipality at R113,709 million, followed by Phokwane at R41,434 million, Magareng at R14,042 million and the lowest balance was reported in Dikgatlong at R388 thousand.

### 3.5.7 MFMA Returns

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

	Quarterly				
	Municipal Entities	Long Term Contracts	Borrowing Monitoring	MFMA Implementation Priorities	Investment Monitoring
	Q1	Q1	Q1	Q1	Q1
Dikgatlong	✓	✓	✓	x	✓
Magareng	✓	✓	✓	✓	✓
Phokwane	✓	✓	✓	✓	✓
Frances Baard District	✓	✓	✓	✓	✓

All municipalities in the district submitted all the returns with the exception of Dikgatlong which did not submit one report of the reports for the period under review.

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

### **4.1 BANKING**

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

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

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

Table 2.6 shows the bank balances of the municipalities as at 30 September 2018 in the province.

Persistence of municipalities' negative end of quarter cash balances

		Section 71 Reports for the financial year 2013/14			
Mun Code	Municipality	Quarter 1	Quarter 2	Quarter 3	Quarter 4
		Sep '13	Dec '13	Mar '13	Jun '13
John Taolo Gaetsewe District					
NC451	Joe Morseng	x			
NC452	Ga-Segonyana	✓			
NC453	Gamagara				
DC45	JT Gaetsewe District	✓			
Namaqualand District					
NCD61	Richtersveld	✓			
NCD62	Nama Khoi	✓			
NCD64	Kamiesberg	✓			
NCD65	Hantam	x			
NCD66	Karoo Hongland	✓			
NCD67	Kha-MA	x			
DC6	Namaqualand District	✓			
Peka District					
NCD71	Ubuntu	✓			
NCD72	Umsobomvu				
NCD73	Emthanjeni	✓			
NCD74	Kareeberg	✓			
NCD75	Renosterberg	✓			
NCD76	Thembelihle	x			
NCD77	Siyathemba	✓			
NCD78	Siyancuma	✓			
DC7	Peka District	✓			
ZF Mgcawu District					
NC082	Kaligari	✓			
NC084	IKheis	✓			
NC085	Tsentsabane	✓			
NC086	Kgatelopele				
NC087	Dawid Kruger	✓			
DC8	ZF Mgcawu District	✓			
Frances Baard district					
NC091	Sol Plaatje	✓			
NC092	Dikgatlong	✓			
NC093	Magareng	✓			
NC094	Phokwane	✓			
DC9	Frances Baard District	✓			

Three municipalities in the province reported negative cash and cash equivalent at the end of the first quarter (i.e. Ubuntu, Siyathemba and Dikgatlong municipalities). This is a slight improvement

from four in the first quarter however Ubuntu municipality reported negative cash and cash equivalent for all four 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.

## **6. CHALLENGES**

The following are challenges that were identified:

- Several municipalities with poor cash flows have adopted unfunded budgets
- 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 a 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

## 7. Recommendations

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