



LIMPOPO

PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

Director –General: National Treasury

Private Bag X 115

PRETORIA

0001

Fax : (012) 315 5230

Attention : Mr J. Hattingh

**MUNICIPAL FINANCE MANAGEMENT ACT ( ACT 56 OF 2003)(MFMA) : IN YEAR –  
MONITORING : SECTION 71 (6) REPORTING : 30 NOVEMBER 2008/09.**

1. In terms of section 71(6) of the MFMA 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 in the prescribed format on the state of the municipalities budgets, per municipality and per municipal entity.
2. Attached please find the Limpopo Provincial Treasury's MFMA section 71(6) consolidated statement and a related narrative report as at 30 November 2008.

HEAD OF DEPARTMENT : PROVINCIAL TREASURY

DATE: 19/12/08

**LIMPOPO PROVINCIAL TREASURY**  
**Municipal Budget Performance**  
**Consolidated Statement as at 30 November 2008**

## **Introduction**

1. This consolidated budget statement and report covers the financial performance of municipalities for the month ending 30 November 2008.
2. The consolidated statement assesses the in-year financial performance of municipalities' against their budgeted revenue and expenditure. Credibility of this report depends to a large extent on the reasonability of the municipal budget and the consistent submission of compliant statements and reports. The assessment of the capital and operating budgets as well as debtors, creditors and cash flow gives effect to the in-year financial performance of municipalities. The assessments of the reporting tools is not limited to budgets, but also provides an update on related areas of the MFMA that impacts on the sustainability and effectiveness of a municipality e.g. compilation of Annual Financial Statements, internal audits and risk management.

## **Legislative Framework**

3. In terms of section 71(1) of the Municipal Finance Management Act (Act 56 of 2003)(MFMA) the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to, amongst others, the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget. Section 74 of the MFMA requires accounting officers to submit such information, returns, documents and motivations as may be required.

4. Furthermore, according to section 71(6) 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 in the prescribed format on the state of the Municipalities' budget.

## **MFMA IMPLEMENTATION RELATED MATTERS**

### **Compliance to submission of s71 on due date**

The table below indicates the dates and type of s71 reports that the municipalities submitted for the month of November 2008. S71 (4) of the MFMA states that the statement to the provincial treasury must be in a signed hard copy document and in an electronic format. Only sixteen municipalities out of thirty submitted electronic documents and none submitted a hard copy.



**Table 1: s71 submission**

Municipality	Nov-08			
	Old/new version	Date of submission		Documents sent
		Electronic	Hard copy	
DC 35 - CAPRICON	New	10.12.08	Not submitted	AD,AC,CFA,CAA,OSA
NP 351 - BLOUBERG	New	10.12.08	Not submitted	AD,AC,CFA,CAA,OSA
NP352 - AGANANG	New	12.12.08	Not submitted	AC,AD,CFA,CAA,OSA
NP 353 - MOLEMOLE	New		Not submitted	
NP 354 - POLOKWANE	New		Not submitted	
NP 355 - LEPELLE-NKUMPI	New		Not submitted	
DC - 47 - GREATER SEKHUKHUNE			Not submitted	
NP 03a2 - MAKHUDUTHAMAGA			Not submitted	
NP 03a3 - FETAKGOMO	New		Not submitted	
NP 03a4 - MARBLE HALL	New	10.12.08	Not submitted	AC,AD,CAA,CFA,OSA
NP 03a5 - ELIAS MOTSOLEDI	New	12.12.08	Not submitted	AC,AD,CFA
NP 03a6 - GREATER TUBATSE			Not submitted	
DC 33 - MOPANI	New	11.12.08	Not submitted	OSA,AD,CAA,CFA
NP 331 - GREATER GIYANI	New		Not submitted	
NP 332 - GREATER LETABA			Not submitted	
NP 333 - GREATER TZANEEN	New	12.12.08	Not submitted	AC,AD,CAA,CFA,OSA
NP 334 - BA- PHALABORWA	New	12.12.08	Not submitted	AC,AD,CFA
NP 335 - MARULENG			Not submitted	
DC 36 - WATERBERG	New	12.12.08	Not submitted	AC,AD,CAA,CFA,OSA
NP 361 - THABAZIMBI			Not submitted	
NP 362 - LEPHALALE	New	08.12.08	Not submitted	AC,AD,CFA,CAA,OSA
NP 364 - MOOKGOPONG	New		Not submitted	
NP 365 - MODIMOLLE	New	12.12.08	Not submitted	AC,AD,CFA,CAA,OSA
NP 366 - BELA-BELA			Not submitted	
NP 367 - MOGALAKWENA	New	12.12.08	Not submitted	CAA,OSA
DC 34 - VHEMBE	New	12.12.08	Not submitted	AC,AD,CFA,CAA,OSA
NP 341- MUSINA	New	12.12.08	Not submitted	AC,AD,CAA,CFA
NP 342 - MUTALE			Not submitted	
NP 343 - THULAMELA	New	10.12.08	Not submitted	AD,AC,CAA,CFA,OSA
NP 344 - MAKHADO	New	11.12.08	Not submitted	CFA,AD,CAA,AC

## **Capital and Operating Budgets**

Table 2 shows the performance of operating revenue for the five districts for the month ending November 2008.

Table 2: Summary of municipal Capital Budget for November 2008

Code	Municipality	Capital Budget			Expenditure		Variance	
		Original budget	Adjustments	Adjusted Capital budget	Actual for the month	Actual to date	Adjusted budget vs Actual to date	% Variance
NP03a2	Makhuduthamaga	39,625,000		39,625,000	-	1,753,278	37,871,722	4%
NP03a3	Fetakgomo	9,273,077		9,273,077	-	1,217,306	8,055,771	13%
NP03a4	Greater marble Hall	23,712,520		23,712,520	744,984	1,962,290	21,750,230	8%
NP03a5	Greater Tubatse	30,887,000		30,887,000	-	-	30,887,000	0%
NP03a6	Elias Motsoaledi	82,425,000		82,425,000	-	7,506,598	74,918,402	9%
DC47	Greater Sekhukhune	513,771,797		513,771,797	-	-	513,771,797	0%
	<b>Sekhukhune</b>	<b>699,694,394</b>		<b>699,694,394</b>	<b>744,984</b>	<b>12,439,472</b>	<b>687,254,922</b>	<b>2%</b>
NP331	Greater Giyani	33,696,000		33,696,000	-	5,241,250	28,454,750	16%
NP332	Greater Letaba	41,765,100		41,765,100	-	18,298,320	23,466,780	44%
NP333	Greater Tzaneen	69,605,000		69,605,000	2,888,004	14,635,757	54,969,243	21%
NP334	Ba-Phalaborwa	20,123,000		20,123,000	-	5,241,250	14,881,750	26%
NP335	Maruleng	38,362,000		38,362,000	-	5,241,250	33,120,750	14%
DC33	Mopani District	488,299,000		488,299,000	1,062,815	7,366,880	480,932,120	2%
	<b>Mopani District</b>	<b>691,850,100</b>		<b>691,850,100</b>	<b>3,950,819</b>	<b>56,024,707</b>	<b>635,825,393</b>	<b>8%</b>
NP341	Musina	13,870,000		13,870,000	1,813,060	4,107,128	9,762,872	30%
NP342	Mutale	10,258,707		10,258,707	-	5,241,250	5,017,457	51%
NP343	Thulamela	250,124,000		250,124,000	9,156,117	14,397,367	235,726,633	6%
NP344	Makhado	107,539,600		107,539,600	1,381,697	5,281,478	102,258,122	5%
DC34	Vhembe District	885,461,159		885,461,159	60,522,536	122,189,069	763,272,090	14%
	<b>Vhembe</b>	<b>1,267,253,466</b>		<b>1,267,253,466</b>	<b>72,873,410</b>	<b>151,216,292</b>	<b>1,116,037,174</b>	<b>12%</b>
NP351	Blouberg	32,487,000		32,487,000	1,682,465	1,924,345	30,562,655	6%
NP352	Aganang	39,686,737		39,686,737	1,062,815	7,366,880	32,319,857	19%
NP353	Molemole	84,579,684		84,579,684	-	241,880	84,337,804	0%
NP354	Polokwane	1,244,109,000		1,244,109,000	-	126,955,575	1,117,153,425	10%
NP355	Lepelle-Nkumpi	92,929,186		92,929,186	-	2,386,675	90,542,511	3%
DC35	Capricorn District	537,791,802		537,791,802	26,648	295,176	537,496,626	0%
	<b>Capricorn</b>	<b>2,031,583,409</b>		<b>2,031,583,409</b>	<b>2,771,928</b>	<b>137,246,186</b>	<b>1,894,337,223</b>	<b>7%</b>
NP361	Thabazimbi	56,696,000		56,696,000	-	5,241,250	51,454,750	9%
NP362	Lephalale	25,504,400		25,504,400	72,932	412,280	25,092,120	2%
NP363	Mookgophong	31,565,000		31,565,000	-	2,147,828	29,417,172	7%
NP364	Modimolle	52,768,000		52,768,000	1,650,174	9,314,126	43,453,874	18%
NP365	Bela-Bela	12,478,000		12,478,000	-	2,158,472	10,319,528	17%
NP366	Mogalakwena	160,120,000		160,120,000	(17,817,715)	(19,242,019)	179,362,019	-12%
DC36	Waterberg District	24,737,000		24,737,000	6,778	869,615	23,867,385	4%
	<b>Waterberg</b>	<b>363,868,400</b>		<b>363,868,400</b>	<b>(16,087,831)</b>	<b>(4,751,978)</b>	<b>368,620,378</b>	<b>-1%</b>



5. For the month under review, the performance is R64, 2 million spent or 1.3 per cent of the total adjusted capital budget of R5.054 billion.

A straight line analysis of the spending performance for the month indicates that there is under performance on capital projects. R64, 2 million (1.3 per cent) spending in relation to the size of the budget of R5.054 billion is too low considering the available backlogs in municipality and also considering the spending for the first quarter of the year.

The spending to date stands at R352.1 million or 7% of the budget which is very low considering that this is month five of the financial year.



Table 3: Summary of municipal Capital Budget for November 2008 cont...

Code	Municipality	Source of financing							Actual for the month	Actual to date
		External loans	Asset financing reserve	Surplus cash	Public contributions/donations	Government Grants and Subsidies	Other			
NP03a2	Makhuduthamaga	-	-	-	-	-	-	-	-	1,753,278
NP03a3	Fetakgomo	-	-	-	-	-	-	-	-	-
NP03a4	Greater marble Hall	-	-	-	-	-	-	-	-	-
NP03a5	Greater Tubatse	-	-	-	-	-	-	-	-	-
NP03a6	Elias Motsoaledi	-	-	-	-	-	-	-	-	7,506,598
DC47	Greater Sekhukhune	-	-	-	-	-	-	-	-	-
	<b>Sekhukhune</b>	-	-	-	-	-	-	-	-	<b>9,259,876</b>
NP331	Greater Giyani	-	-	-	-	-	-	-	-	6,192,138
NP332	Greater Letaba	-	-	-	-	-	-	-	-	18,298,320
NP333	Greater Tzaneen	56,321	-	-	-	2,831,683	-	2,888,004	-	4,059,623
NP334	Ba-Phalaborwa	-	-	-	-	-	-	-	-	-
NP335	Maruleng	-	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	-	-
	<b>Mopani District</b>	<b>56,321</b>	-	-	-	<b>2,831,683</b>	-	<b>2,888,004</b>	-	<b>28,550,081</b>
NP341	Musina	567,444	-	1,007,573	-	238,043	-	-	1,813,060	3,626,120
NP342	Mutale	-	-	-	-	-	-	-	-	-
NP343	Thulamela	-	-	5,281,664	-	3,874,453	-	9,156,117	-	9,156,117
NP344	Makhado	86,590	-	385,997	-	1,012,401	8,009	1,492,997	-	7,394,588
DC34	Vhembe District	-	-	-	-	-	-	-	-	-
	<b>Vhembe</b>	<b>654,034</b>	-	<b>6,675,234</b>	-	<b>5,124,897</b>	<b>8,009</b>	<b>12,462,174</b>	-	<b>107,280,144</b>
NP351	Blouberg	-	-	-	-	-	-	-	-	-
NP352	Aganang	-	-	-	-	-	-	-	-	106,762
NP353	Molemole	-	-	-	-	-	-	-	-	132,971,803
NP354	Polokwane	-	-	-	-	-	-	-	-	-
NP355	Lepelle-Nkumpi	-	-	-	-	-	-	-	-	-
DC35	Capricorn District	-	-	-	-	-	-	-	-	-
	<b>Capricorn</b>	-	-	-	-	-	-	-	-	<b>133,078,565</b>
NP361	Thabazimbi	-	-	-	-	-	-	-	-	-
NP362	Lephalale	-	-	24,536	-	617,762	-	642,298	-	1,333,668
NP363	Mookgophong	-	-	-	-	-	-	-	-	1,702,036
NP364	Modimolle	-	-	-	-	-	-	-	-	13,243,000
NP365	Bela-Bela	-	-	-	-	-	-	-	-	1,916,592
NP366	Mogalakwena	-	(2,783,002)	-	-	(15,034,713)	-	(17,817,715)	-	(19,242,019)
DC36	Waterberg District	-	-	6,778	-	-	-	6,778	-	869,615
	<b>Waterberg</b>	-	<b>(2,783,002)</b>	<b>31,314</b>	-	<b>(14,416,951)</b>	-	<b>(17,168,639)</b>	-	<b>(177,108)</b>
	<b>Total</b>	<b>710,355</b>	<b>(2,783,002)</b>	<b>6,706,548</b>	-	<b>(6,460,371)</b>	<b>8,009</b>	<b>(1,818,461)</b>	-	<b>277,991,558</b>

## Capital Revenue: Sources of Finance<sup>1</sup>

6. Capital revenue represents the sources of finances acquired to fund capital expenditure.

For the month under review, the performance per source item was External Loans R0.7 million, Surplus cash R6.7 million, Public Contribution R0, Government grants and subsidies R6.4 million and other R0.008 million

Other municipalities are still not reflecting the source of finance for their capital revenue and this makes it challenging to get the actual figure that balances with the capital expenditure.

Government Grants and Subsidies are the biggest source of revenue for most of the municipalities as shown from the table above. Generation of own revenue appears to still be a major challenge in the municipalities whilst non collection of debt also affects the going concern.

The source item "other" is a combination of all other finance sources that are not repetitive. Mostly these are once off funding sources that a municipality may source in a particular period; hence the amount for the current month is very small at R8 009.

Surplus cash comes from funds not utilized from the budget of a municipality and it is brought forward from the prior period. The performance per table above is not representative of all the municipalities since some municipalities did not submit or submitted the report late resulting in those reports not being included in the consolidated report.



Table 4: Summary of municipal Operating Budget for November 2008

Code	Municipality	Operating revenue		Adjusted revenue budget	Actual for the month	Actual to date	Variance Budget - Actual	% variance
		Original Budget	Adjustments					
NP03a2	Makhuduthamaga	62,616,706		62,616,706	-	-	62,616,706	0%
NP03a3	Fetakgomo	28,384,704		28,384,704	-	-	28,384,704	0%
NP03a4	Greater marble Hall	106,780,660		106,780,660	12,981,080	12,981,080	93,799,580	12%
NP03a5	Greater Tubatse	142,392,117		142,392,117	-	-	142,392,117	0%
NP03a6	Elias Motsoaledi	191,691,000	3,558,000	195,249,000	10,676,037	10,676,037	184,572,963	5%
DC47	Greater Sekhukhune	803,043,642		803,043,642	-	-	803,043,642	0%
	<b>Total</b>	<b>1,334,908,829</b>	<b>3,558,000</b>	<b>1,338,466,829</b>	<b>23,657,117</b>	<b>23,657,117</b>	<b>1,314,809,712</b>	<b>2%</b>
NP331	Greater Giyani	108,670,000		108,670,000	-	18,827,325	89,842,675	17%
NP332	Greater Letaba	125,739,327	2,525,580	128,264,907	-	58,150,037	70,114,870	45%
NP333	Greater Tzaneen	444,750,986	14,341,260	459,092,246	57,127,231	132,534,216	326,558,030	29%
NP334	Ba-Phalaborwa	208,065,060		208,065,060	-	-	208,065,060	0%
NP335	Maruleng	59,847,300		59,847,300	-	-	59,847,300	0%
DC33	Mopani District	511,189,000		511,189,000	59,668,715	59,668,715	451,520,285	12%
	<b>Total</b>	<b>1,458,261,673</b>	<b>16,866,840</b>	<b>1,475,128,513</b>	<b>116,795,946</b>	<b>269,180,293</b>	<b>1,205,948,220</b>	<b>18%</b>
NP341	Musina	109,907,000	5,880,000	115,787,000	12,139,102	26,675,384	89,111,616	23%
NP342	Mutale	68,866,971		68,866,971	-	-	68,866,971	0%
NP343	Thulamela	472,258,560		472,258,560	41,596,543	41,596,543	430,662,017	9%
NP344	Makhado	339,997,819		339,997,819	18,259,570	117,990,567	222,007,252	35%
DC34	Vhembe District	428,109,722		428,109,722	-	-	428,109,722	0%
	<b>Total</b>	<b>1,419,140,072</b>	<b>5,880,000</b>	<b>1,425,020,072</b>	<b>71,995,215</b>	<b>186,262,494</b>	<b>1,238,757,578</b>	<b>13%</b>
NP351	Blouberg	90,740,500		90,740,500	441,790	36,981,318	53,759,182	41%
NP352	Aganang	38,172,630		38,172,630	203,421	2,887,901	35,284,729	8%
NP353	Molemole	6,500,000		6,500,000	-	1,556,040	4,943,960	24%
NP354	Polokwane	1,448,744,600		1,448,744,600	-	-	1,448,744,600	0%
NP355	Lepelle-Nkumpi	140,303,015		140,303,015	-	32,874,368	107,428,647	23%
DC35	Capricorn District	162,065,492		162,065,492	132,345,017	132,345,017	29,720,475	82%
	<b>Total</b>	<b>1,886,526,237</b>	<b>-</b>	<b>1,886,526,237</b>	<b>132,990,228</b>	<b>206,644,644</b>	<b>1,679,881,593</b>	<b>11%</b>
NP361	Thabazimbi	137,655,619		137,655,619	-	-	137,655,619	0%
NP362	Lephalale	162,942,461		162,942,461	18,011,239	44,433,721	118,508,740	27%
NP363	Mookgophong	64,641,000		64,641,000	-	-	64,641,000	0%
NP364	Modimolle	148,328,000		148,328,000	7,834,999	14,205,457	134,122,543	10%
NP365	Bela-Bela	122,583,297		122,583,297	-	-	122,583,297	0%
NP366	Mogalakwena	439,279,000	13,819,000	453,098,000	38,956,501	94,261,057	358,836,943	21%
DC36	Waterberg District	75,280,800		75,280,800	18,187,195	44,345,263	30,935,537	59%
	<b>Total</b>	<b>1,150,710,177</b>	<b>13,819,000</b>	<b>1,164,529,177</b>	<b>82,989,934</b>	<b>197,245,498</b>	<b>967,283,679</b>	<b>17%</b>
	<b>Grand Total</b>	<b>7,249,546,988</b>	<b>40,123,840</b>	<b>7,289,670,828</b>	<b>428,428,440</b>	<b>882,990,046</b>	<b>6,406,680,782</b>	<b>12%</b>

The total operating income budget of municipalities for the financial year 2008/09 is R7,3 billion, is calculated per district being: Mopani R1, 4 billion, Vhembe R1, 4 billion, Capricorn R1, 8 billion, Sekhukhune 1, 3 billion and Waterberg R1 billion.

Out of the sixteen municipalities that submitted their reports, the total income received for November 2008 is R428 million or 7% of the total estimated income budget of R7, 2 billion.

The overall revenue collection to date indicates that municipalities are not on track to reach their targeted income as per 2008/09 estimated budget of R7, 2billion.



Table 5: Summary of municipal Operating Budget for November 2008 cont...

Code	Municipality	Operating Expenditure							Variance - Actual revenue to date - actual expenditure to date	% Variance
		Original Budget	adjustments	Adjusted budget	Actual for the month	Actual expenditure to date	Variance Budget - Expenditure	% Variance		
NP03a2	Makhuduthamaga	62,619,706		62,619,706		-	62,619,706	0%	-	
NP03a3	Fetakgomo	28,123,149		28,123,149		3,952,326	24,170,823	14%	(3,952,326)	
NP03a4	Greater marble Hall	106,764,430		106,764,430	(7,468,870)	(17,829,453)	124,593,883	-17%	30,810,533	
NP03a5	Greater Tubatse	142,392,110		142,392,110			142,392,110	0%	-	
NP03a6	Elias Motsoaledi	109,170,000	2,996,000	112,166,000	10,409,720	31,723,933	80,442,067	28%	(21,047,896)	
DC47	Greater Sekhukhune	801,352,682		801,352,682			801,352,682	0%	-	
	<b>Total</b>	<b>1,250,422,077</b>	<b>2,996,000</b>	<b>1,253,418,077</b>	<b>2,940,850</b>	<b>17,846,806</b>	<b>1,235,571,271</b>	<b>1%</b>	<b>5,810,311</b>	<b>-</b>
NP331	Greater Giyani	108,670,000		108,670,000		5,514,568	103,155,432	5%	13,312,757	
NP332	Greater Letaba	124,555,755	2,525,580	127,081,335			127,081,335	0%	58,150,037	
NP333	Greater Tzaneen	413,717,098	14,341,260	428,058,358	30,638,297	30,638,297	397,420,061	7%	101,895,919	
NP334	Ba-Phalaborwa	201,820,180		201,820,180			201,820,180	0%	-	
NP335	Maruleng	43,796,300		43,796,300			43,796,300	0%	-	
DC33	Mopani District	234,447,076		234,447,076	36,076,998	36,076,998	198,370,078	15%	23,591,717	
	<b>Total</b>	<b>1,127,006,409</b>	<b>16,866,840</b>	<b>1,143,873,249</b>	<b>66,715,295</b>	<b>72,229,863</b>	<b>1,071,643,386</b>	<b>6%</b>	<b>196,950,430</b>	<b>-</b>
NP341	Musina	104,907,000	10,880,000	115,787,000	11,487,636	26,502,821	89,284,179	23%	172,563	
NP342	Mutale	42,178,794		42,178,794		15,015,185	27,163,609	36%	(15,015,185)	
NP343	Thulamela	222,134,235		222,134,235	(13,448,349)	1,566,836	220,567,399	1%	40,029,707	
NP344	Makhado	339,965,989		339,965,989	16,279,900	54,757,670	285,208,319	16%	63,232,897	
DC34	Vhembe District	428,109,722		428,109,722	16,045,584	31,060,769	397,048,953	7%	(31,060,769)	
	<b>Total</b>	<b>1,137,296,740</b>	<b>10,880,000</b>	<b>1,148,176,740</b>	<b>30,364,771</b>	<b>128,903,281</b>	<b>1,019,272,459</b>	<b>11%</b>	<b>57,359,213</b>	<b>-</b>
NP351	Blouberg	58,253,500		58,253,500	(4,031,237)	(12,009,815)	70,263,315	-21%	48,991,133	
NP352	Aganang	38,172,630		38,172,630	2,086,857	6,846,502	31,326,128	18%	(3,958,601)	
NP353	Molemole	52,912,694		52,912,694		(5,844,817)	58,757,511	-11%	7,400,857	
NP354	Polokwane	1,448,744,600		1,448,744,600			1,448,744,600	0%	-	
NP355	Lepelle-Nkumpi	80,008,781		80,008,781		7,796,413	72,212,368	10%	25,077,955	
DC35	Capricorn District	162,065,492		162,065,492	19,298,655	23,798,936	138,266,556	15%	108,546,081	
	<b>Total</b>	<b>1,840,157,697</b>	<b>-</b>	<b>1,840,157,697</b>	<b>17,354,275</b>	<b>20,587,219</b>	<b>1,819,570,478</b>	<b>1%</b>	<b>186,057,425</b>	<b>-</b>
NP361	Thabazimbi	142,229,236		142,229,236			142,229,236	0%	-	
NP362	Lephalale	162,929,040		162,929,040	11,555,470	31,214,840	131,714,200	19%	13,218,881	
NP363	Mookgophong	64,641,000		64,641,000		12,045,675	52,595,325	19%	(12,045,675)	
NP364	Modimolle	148,255,000		148,255,000	9,124,834	25,767,234	122,487,766	17%	(11,561,777)	
NP365	Bela-Bela	122,401,685		122,401,685		12,045,675	110,356,010	10%	(12,045,675)	
NP366	Mogalakwena	322,476,000	14,338,000	336,814,000	(20,847,171)	(50,941,286)	387,755,286	-15%	145,202,343	
DC36	Waterberg District	60,822,479		60,822,479	4,982,107	20,341,402	40,481,077	33%	24,003,861	
	<b>Total</b>	<b>1,023,754,440</b>	<b>14,338,000</b>	<b>1,038,092,440</b>	<b>4,815,240</b>	<b>50,473,540</b>	<b>987,618,900</b>	<b>5%</b>	<b>146,771,958</b>	<b>-</b>
	<b>Grand Total</b>	<b>6,378,636,363</b>	<b>45,080,840</b>	<b>6,423,717,203</b>	<b>122,190,431</b>	<b>290,040,709</b>	<b>6,133,676,494</b>	<b>5%</b>		

The sixteen municipalities spent R290 million as at November 2008 or 6.1 per cent of the estimated operating expenditure budget of R6.4 billion

The overall performance indicates that municipalities are not on track regarding their spending, although some municipalities are showing signs of better spending. The reason for this picture of under spending is caused by non-submission of monthly reports by some municipalities; since it is not possible to assess the overall spending of them all. Treasury encourages all municipalities to comply with section 71 of MFMA by submitting their reports on or before the 10<sup>th</sup> working day of each month in order to enable publication of the correct actual figures.



Table 6: Summary of municipal Debtors' book for November 2008

Code	Municipality	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
NP03a2	Makhuduthamaga	-	-	-	-	-	-	-	-	-
NP03a3	Fetakgomo	-	-	-	-	-	-	-	-	-
NP03a4	Greater marble Hall	2,575,375	696,207	651,913	686,032	242,397	-	-	-	4,851,924
NP03a5	Greater Tubatse	-	-	-	-	-	-	-	-	-
NP03a6	Elias Motsoaledi	1,055,066	494,843	225,404	4,045,497	-	-	-	-	5,820,810
DC47	Greater Sekhukhune	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>3,630,441</b>	<b>1,191,050</b>	<b>877,317</b>	<b>4,731,529</b>	<b>242,397</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,672,734</b>
NP331	Greater Giyani	-	-	-	-	-	-	-	-	-
NP332	Greater Letaba	-	-	-	-	-	-	-	-	-
NP333	Greater Tzaneen	(72,722)	21,690,770	7,192,237	3,961,888	4,294,235	3,299,577	-	-	40,365,985
NP334	Ba-Phalaborwa	7,470,022	5,381,692	5,398,728	6,564,122	150,541,738	-	-	-	175,356,302
NP335	Maruleng	-	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	3,206,432	3,206,432
	<b>Sub-Total</b>	<b>7,397,300</b>	<b>27,072,462</b>	<b>12,590,965</b>	<b>10,526,010</b>	<b>154,835,973</b>	<b>3,299,577</b>	<b>-</b>	<b>3,206,432</b>	<b>218,928,719</b>
NP341	Musina	1,100,371	898,638	1,076,169	708,076	18,947,946	-	-	-	22,731,200
NP342	Mutale	-	-	-	-	-	-	-	-	-
NP343	Thulamela	8,142,776	5,314,437	6,489,837	7,124,834	6,570,217	5,135,214	32,192,050	186,959,312	257,928,677
NP344	Makhado	11,124,062	14,322,721	3,999,742	4,527,989	4,314,248	49,329,656	-	-	87,618,418
DC34	Vhembe District	33,701	-	-	-	-	-	-	-	33,701
	<b>Sub-Total</b>	<b>20,400,910</b>	<b>20,535,796</b>	<b>11,565,748</b>	<b>12,360,899</b>	<b>29,832,411</b>	<b>54,464,870</b>	<b>32,192,050</b>	<b>186,959,312</b>	<b>368,311,996</b>
NP351	Blouberg	-	-	-	-	-	-	-	-	-
NP352	Aganang	509,431	577,430	577,430	577,430	730,339	-	-	60,821	3,032,881
NP353	Molemole	-	-	-	-	-	-	-	-	-
NP354	Polokwane	-	-	-	-	-	-	-	-	-
NP355	Lepelle-Nkumpi	-	-	-	-	-	-	-	24,308,305	24,308,305
DC35	Capricorn District	-	-	-	-	-	-	-	-	-
	<b>Sub-total</b>	<b>509,431</b>	<b>577,430</b>	<b>577,430</b>	<b>577,430</b>	<b>730,339</b>	<b>-</b>	<b>-</b>	<b>24,369,126</b>	<b>27,341,186</b>
NP361	Thabazimbi	-	-	-	-	-	-	-	-	-
NP362	Lephalale	8,338,474	1,713,333	951,881	1,198,027	18,728,252	-	-	-	30,929,967
NP363	Mookgophong	-	-	-	-	-	-	-	-	-
NP364	Modimolle	(1,196,058)	1,357,243	926,045	770,393	21,055,643	-	-	-	22,913,266
NP365	Bela-Bela	-	-	-	-	-	-	-	-	-
NP366	Mogalakwena	-	-	-	-	-	-	-	-	-
DC36	Waterberg District	74,218	49,653	78,052	51,964	46,963	-	-	628,987	929,837
	<b>Sub-total</b>	<b>7,216,634</b>	<b>3,120,229</b>	<b>1,955,978</b>	<b>2,020,384</b>	<b>39,830,858</b>	<b>-</b>	<b>-</b>	<b>628,987</b>	<b>54,773,070</b>
	<b>Total</b>	<b>39,154,716</b>	<b>52,496,967</b>	<b>27,567,438</b>	<b>30,216,252</b>	<b>225,471,978</b>	<b>57,764,447</b>	<b>32,192,050</b>	<b>215,163,857</b>	<b>680,027,705</b>

The table above reveals the difficulties faced by our municipalities as far as debt collection is concerned. Out of the sixteen municipalities that submitted November S71 reports, municipalities with a total debts of over R150 million are Ba-Phalaborwa (R175 million), and Thulamela (R256 million).

Table 7: Summary of municipal Debtors' book for November 2008 cont...

	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Sekhukhune District	3,630,441	1,191,050	877,317	4,731,529	242,397	-	-	-	10,672,734
Mopani District	7,397,300	27,072,462	12,590,965	10,526,010	154,835,973	3,299,577	-	3,206,432	218,928,719
Vhembe District	20,400,910	20,535,796	11,565,748	12,360,899	29,832,411	54,464,870	32,192,050	186,959,312	368,311,996
Capricorn District	509,431	577,430	577,430	577,430	730,339	-	-	24,369,126	27,341,186
Waterberg District	7,216,634	3,120,229	1,955,978	2,020,384	39,830,858	-	-	628,987	54,773,070
<b>Total</b>	<b>39,154,716</b>	<b>52,496,967</b>	<b>27,567,438</b>	<b>30,216,252</b>	<b>225,471,978</b>	<b>57,764,447</b>	<b>32,192,050</b>	<b>215,163,857</b>	<b>680,027,705</b>

The total debt owed to municipalities as at 30 November 2008 amount to R 680 million. Out of this debt R39 million is current while R215 million is aged for over one year. This is the amount which might be written off as irrecoverable bad debt. The table above further suggests that debt collection still remain a great challenge for most of our municipalities since the ability to collect current debts seems to be ineffective.



Table 8: Summary of municipal Creditors' Book for November 2008

Code	Municipality	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
NP03a2	Makhuduthamaga	-	-	-	-	-	-	-	-	-
NP03a3	Fetakgomo	-	-	-	-	-	-	-	-	-
NP03a4	Greater marble Hall	88,815	-	-	-	-	-	-	-	88,815
NP03a5	Greater Tubatse	-	-	-	-	-	-	-	-	-
NP03a6	Elias Motsoaledi	-	-	-	-	-	-	-	-	-
DC47	Greater Sekhukhune	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>88,815</b>	-	-	-	-	-	-	-	<b>88,815</b>
NP331	Greater Giyani	-	-	-	-	-	-	-	-	-
NP332	Greater Letaba	-	-	-	-	-	-	-	-	-
NP333	Greater Tzaneen	10,828,039	-	-	-	-	-	-	-	10,828,039
NP334	Ba-Phalaborwa	-	-	-	-	-	-	-	-	-
NP335	Maruleng	-	-	-	-	-	-	-	-	-
DC33	Mopani District	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>10,828,039</b>	-	-	-	-	-	-	-	<b>10,828,039</b>
NP341	Musina	347,996	5,388	-	-	126,152	-	-	-	479,536
NP342	Mutale	-	-	-	-	-	-	-	-	-
NP343	Thulamela	-	-	-	-	-	-	-	-	-
NP344	Makhado	1,534,031	12,037	-	(1,357)	10,027	-	-	-	1,554,738
DC34	Vhembe District	597,310	-	-	-	-	-	-	-	597,310
	<b>Sub-Total</b>	<b>2,479,337</b>	<b>17,425</b>	-	<b>(1,357)</b>	<b>136,179</b>	-	-	-	<b>2,631,584</b>
NP351	Blouberg	-	-	-	-	-	-	-	-	-
NP352	Aganang	793,068	-	-	-	-	-	-	-	793,068
NP353	Molemole	-	-	-	-	-	-	-	-	-
NP354	Polokwane	-	-	-	-	-	-	-	-	-
NP355	Lepelle-Nkumpi	-	-	-	-	-	-	-	-	-
DC35	Capricorn District	50,797,720	-	-	-	-	-	-	-	50,797,720
	<b>Sub-total</b>	<b>51,590,788</b>	-	-	-	-	-	-	-	<b>51,590,788</b>
NP361	Thabazimbi	-	-	-	-	-	-	-	-	-
NP362	Lephalale	2,105,146	341,165	178,364	-	-	-	-	-	2,624,675
NP363	Mookgophong	-	-	-	-	-	-	-	-	-
NP364	Modimolle	12,102,033	-	-	-	-	-	-	-	12,102,033
NP365	Bela-Bela	-	-	-	-	-	-	-	-	-
NP366	Mogalakwena	-	-	-	-	-	-	-	-	-
DC36	Waterberg District	166,605	-	-	-	-	-	-	-	166,605
	<b>Sub-total</b>	<b>14,373,784</b>	<b>341,165</b>	<b>178,364</b>	-	-	-	-	-	<b>14,893,313</b>
	<b>Total</b>	<b>79,360,763</b>	<b>358,590</b>	<b>178,364</b>	<b>(1,357)</b>	<b>136,179</b>	-	-	-	<b>80,032,539</b>

7. The current IYM format allows municipalities to report on total accounts payable at the end of each month or to list the top ten creditors at the end of the month. In order to give effect to the monitoring function of the Provincial Treasury, municipalities are encouraged to report on total accounts payable instead of top ten creditors.

The total accounts payable as at the end of November by Limpopo municipalities' amount to R80 million and exclude the amounts from all the municipalities (47%) that did not report within the prescribed timeframe. Capricorn District and Tzaneen are contributing about R62 million to the total creditor amount with the former owing R52 million to suppliers. This amount falls within the 30 days bracket and there are minimal amounts in the 30 to 60 bracket. This is an indication that most municipalities pay accounts within 30 days after receiving the relevant invoice or statement.

Table 9: Summary of municipal Cash flow statement for November 2008

Descriptions	Month 1 July Actual	Month 2 Aug Actual	Month 3 Sep	Q1 Jul - Sep	Month 4 Oct	Month 5 Nov	Month 6 Dec	Q2 Oct - Dec
0100 Opening Cash Balance	905,369,625	1,423,468,192	1,484,345,172	3,813,182,989	1,136,841,810	1,203,660,504	1,320,322,489	1,136,841,810
0200 <b>Add : Receipts</b>								
- Revenue receipts (incl consumer debtors)	199,682,799	181,527,422	168,523,213	549,733,434	142,528,857	130,612,494	89,412,956	362,554,307
0300								
0400 - External loans received	0	0	1,218,193	1,218,193	567,444	163,125	0	730,569
0500 - Grants and subsidies	632,972,986	273,976,665	74,190,144	981,139,795	253,576,836	478,104,895	107,467,488	839,149,219
0600 - Public donations	198,355	210,000	0	408,355	0	0	0	0
0700 - Investments redeemed	255,000,000	6,000,000	11,494,982	272,494,982	246,711,254	64,953,568	0	311,664,822
0800 - Consumer deposits	2,385,239	1,777,008	1,190,544	5,352,791	1,283,596	432,163	258,911	
0900 - Receipts from long-term debtors	127,375	125,828	597,584	850,787	672,043	155,498	40,000	867,541
1000 - Insurance claims	0	303	0	303	0	20,000	20,000	40,000
1100 - Statutory Receipts (incl VAT)	6,833,977	1,319,450	1,298,337	9,451,764	1,951,845	3,390,534	2,000,000	7,342,379
1200 - Other	39,346,253	48,714,636	50,093,335	138,154,224	58,236,038	33,914,537	13,863,961	106,014,536
1300 Sub-Total (Receipts)	1,136,546,984	513,651,312	308,606,332	1,958,804,628	705,527,913	711,746,814	213,063,316	1,628,363,373
1400 Less : Payments								
1500 - Salaries, wages and allowances	110,256,470.00	113,212,337.00	114,542,173.00	338,010,980	112,103,238	106,053,167	50,350,229	268,506,634
1600 - Cash and creditor payments	131,639,726.00	129,622,701.00	111,139,691.00	372,402,118	107,386,491	81,884,848	49,130,240	238,401,579
1700 - Capital payments	139,244,628.00	117,174,826.00	201,384,326.00	457,803,780	220,433,116	273,661,769	199,088,851	693,183,736
1800 - Investments made	165,855,000.00	15,000,000.00	160,610,000.00	341,465,000	115,000,000	19,000,000	50,000,000	184,000,000
1900 - External loans repaid	16,007.00	19,000.00	35,199.00	70,206	569,764	17,000	3,009,134	3,595,898
2000 - Statutory Payments (incl VAT)	7,577,997.00	9,044,286.00	7,335,345.00	23,957,628	7,352,591	8,552,811	4,800,000	20,705,402
2100 - Consumer deposits repaid	3,067.00	22,248.00	3,765.00	29,080	103,762	305,090	253,007	661,859
2200 - Other payments	63,855,522.00	68,678,934.00	61,059,195.00	193,593,651	75,760,257	105,610,144	22,395,377	203,765,778
2300 Sub-Total (Payments)	618,448,417	452,774,332	656,109,694	1,727,332,443	638,709,219	595,084,829	379,026,838	1,612,820,886
2400 Closing Balance	1,423,468,192	1,484,345,172	1,136,841,810	4,044,655,174	1,203,660,504	1,320,322,489	1,154,358,967	1,152,384,297



Table 10: Summary of municipal Cash flow statement for November 2008

Descriptions	Month 7 Jan	Month 8 Feb	Month 9 Mar	Q3 Jan - Mar	Month 10 Apr	Month 11 May	Month 12 Jun	Q4 Apr - Jun
0100 Opening Cash Balance	1,154,358,967	1,278,645,869	1,176,632,745	1,154,358,967	1,280,358,519	1,094,891,713	1,001,793,342	1,280,358,519
0200 <b>Add : Receipts</b>								
- Revenue receipts (incl consumer debtors)	89,955,775	89,597,625	85,983,946	265,537,346	85,996,686	85,012,404	89,715,860	260,724,950
0400 - External loans received	0	0	0	0	0	0	0	0
0500 - Grants and subsidies	86,726,667	139,889,057	77,800,507	304,416,231	12,766,917	13,683,917	12,766,917	39,217,751
0600 - Public donations	0	0	0	0	0	448,000	0	448,000
0700 - Investments redeemed	120,000,000	0	142,500,000	262,500,000	73,020	53,023,587	0	53,096,607
0800 - Consumer deposits	258,432	269,500	250,000		259,871	775,085	825,000	
0900 - Receipts from long-term debtors	40,000	40,000	40,000	120,000	40,000	40,000	40,000	120,000
1000 - Insurance claims	20,000	20,000	20,000	60,000	20,000	20,000	20,000	60,000
1100 - Statutory Receipts (incl VAT)	2,000,000	2,000,000	2,000,000	6,000,000	2,000,000	2,000,000	2,000,000	6,000,000
1200 - Other	3,064,559	3,052,641	3,058,886	9,176,086	4,030,816	3,347,522	11,337,948	18,716,286
1300 Sub-Total (Receipts)	302,065,433	234,868,823	311,653,339	847,809,663	105,187,310	158,350,515	116,705,725	378,383,594
1400 <b>Less : Payments</b>								
1500 - Salaries, wages and allowances	51,859,485	50,356,518	50,832,596	153,048,599	50,443,844	50,463,940	50,660,235	151,568,019
1600 - Cash and creditor payments	47,440,857	47,525,218	53,074,457	148,040,532	46,076,006	63,468,434	69,991,329	179,535,769
1700 - Capital payments	50,627,958	81,186,813	75,566,200	207,380,971	85,959,338	109,404,338	144,185,338	339,549,014
1800 - Investments made	0	130,000,000	0	130,000,000	80,000,000	0	0	80,000,000
1900 - External loans repaid	17,000	17,000	530,450	564,450	17,000	17,000	2,505,450	2,539,450
2000 - Statutory Payments (incl VAT)	4,800,000	4,800,000	4,800,000	14,400,000	4,800,000	4,800,000	4,800,000	14,400,000
2100 - Consumer deposits repaid	262,113	271,508	250,000	783,621	251,623	262,782	250,000	764,405
2200 - Other payments	22,771,118	22,724,890	22,873,862	68,369,870	23,106,305	23,032,392	21,295,277	67,433,974
2300 Sub-Total (Payments)	177,778,531	336,881,947	207,927,565	722,588,043	290,654,116	251,448,886	293,687,629	835,790,631
2400 Closing Balance	1,278,645,869	1,176,632,745	1,280,358,519	1,279,580,587	1,094,891,713	1,001,793,342	824,811,438	822,951,482

The table above includes actual amounts for the 16 municipalities that submitted the s71 reports up to November 2008 and projections for all municipalities covering the remainder of the financial year. Projections were also used for those municipalities that did not submit actual figures. The cash flow statement for the municipalities shows a positive cash balance of R1 320 million as at November 2008, with an average cash balance of R1 314 million per month for the first five months of the financial year. The statement projects a positive closing balance of R823 million at the end of municipal



financial year. However the credibility of this information remains a challenge since municipalities' projections are not realistic and the tables are not fully completed..

## **Conclusion**

8. From this reports, it is evident that there is still a challenge as far as timeous submission of reports by municipalities is concerned. The credibility of the data submitted also remains a challenge. However, Provincial Treasury embarked on training session on the completion of the detailed section 71 reports throughout the province. It is anticipated thereof the future submission will carry credible information.

It is also evident that the some of our municipalities are highly dependent of grant funding. Assistance will be offered to municipalities in order to ensure maximum collection of all revenue due and proper implementation of revenue enhancement strategies, debt management and credit control policies.