

**THE PROVINCE OF
GAUTENG**



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We all have the power to prevent AIDS



Prevention is the cure

**AIDS
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DEPARTMENT OF HEALTH

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PROVINCIAL NOTICES • PROVINSIALE KENNISGEWINGS

PROVINCIAL NOTICE 929 OF 2022

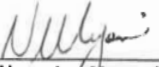
GAUTENG PROVINCE

Consolidated Municipal Financial Report for the quarter ending 30 September 2022



PUBLICATION OF THE GAUTENG CONSOLIDATED STATEMENT ON THE STATE OF MUNICIPAL BUDGETS FOR THE QUARTER ENDED 30 SEPTEMBER 2022.

1. Section 71(7) of the MFMA requires the Provincial Treasury to publish a consolidated statement on the state of municipal budgets per municipality in the province, within 30 days after the end of each quarter.
2. The publication is based on the numbers as reported by all the municipalities in the Province, which the provincial treasury extracted from the National Treasury Local Government Database.
3. We have noted some discrepancies in the numbers which is mainly attributed to some municipalities still experiencing challenges with the implementation of the 'Municipal Standard Chart of Accounts' and related processes. Reporting is however a continuous process and municipalities are always requested to correct these discrepancies in subsequent reporting periods and thereby increasing the credibility of the reporting data strings.
4. In particular, the 'Monthly Budget Statements' from the National Treasury Local Government Database does not provide a complete set of information on cash flow position of municipalities and some municipalities reported distorted information in respect of their capital budgets and monthly Grant Reporting.
5. This publication is hereby made by the Gauteng Provincial Treasury in compliance with section 71(7) of the MFMA.


Ms. Ncumisa Mnyani
Head of Department
Gauteng Provincial Treasury
Date: 28 OCTOBER 2022

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 - Aggregated capital expenditure.
 - Aggregated provincial allocations.

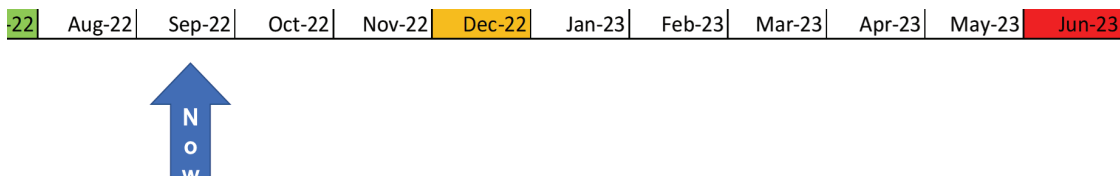
4. The 2022/23 in-year actual report to date. Page 8-11
 - Progress on MSCOA reporting.
 - Operating revenue and expenditure.

A. Background and Introduction

1. Gauteng Province: List of municipalities

Ekurhuleni	City of Ekurhuleni	A
Johannesburg	City of Johannesburg	A
Tshwane	City of Tshwane	A
Sedibeng	Emfuleni Local Municipality	B
Sedibeng	Lesedi Local Municipality	B
Sedibeng	Midvaal Local Municipality	B
Sedibeng	Sedibeng District Municipality	C
West Rand	Merafong City Local Municipality	B
West Rand	Mogale City Local Municipality	B
West Rand	Rand West City Local Municipality	B
West Rand	Sedibeng District Municipality	C

2. The municipal reporting timeline



- The municipal reporting is always 1 month in arrears (late) as municipalities each month submit 10 working days after the end of each month. eg. the September 2022 reports were due on 14 October 2022.
- We always attempt to report on the most recent MSCOA data string submissions.
- The Eskom and Rand Water Accounts balances are also the latest available information before publishing this report.

B. The 2022/23 Annual Budgets - Overview

3. Total Aggregated Annual Budget for the 2022/23 financial year in R'000.

Municipality	Operating Rev	Operating Exp	Difference
CoE	48,266,991	47,966,991	300,000
CoJ	70,024,240	69,649,019	375,221
CoT	42,151,840	42,148,532	3,308
Emfuleni LM	7,001,734	6,817,079	184,655
Lesedi LM	1,096,246	1,139,900	-43,654
Merafong City LM	2,005,986	1,999,507	6,479
Midvaal LM	1,492,049	1,550,469	-58,420
Mogale City LM	3,364,885	3,600,016	-235,131
Rand West City LM	2,390,839	2,390,539	300
Sedibeng DM	395,284	412,463	-17,179
West Rand DM	267,550	269,858	-2,308
Total	178,457,644	177,944,373	513,271

Note: 5 x municipalities budgeted for operating deficits.

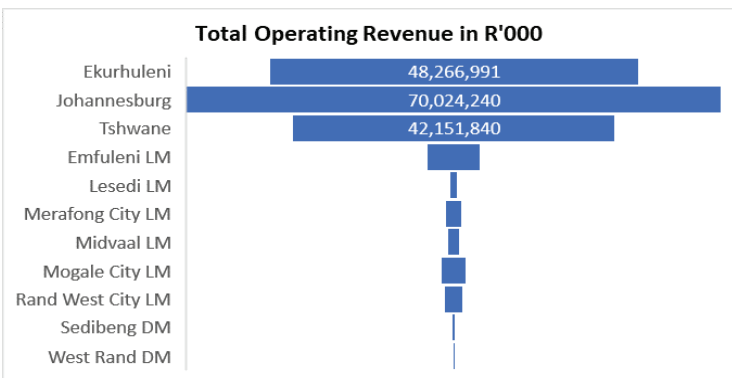
4. Total Aggregated Operating Revenue for the 2022/23 financial year in R'000.

Operating Revenue items	Aggregate Total	Size %	Ranking
Service charges - electricity revenue	63,415,820	35.5%	1
Property rates	33,659,205	18.9%	2
Service charges - water revenue	23,959,708	13.4%	3
Transfers and subsidies	21,117,618	11.8%	4
Other revenue	12,500,104	7.0%	5
Service charges - sanitation revenue	10,725,769	6.0%	6
Service charges - refuse revenue	6,461,837	3.6%	7
Fines, penalties and forfeits	2,294,348	1.3%	8
Interest earned - outstanding debtors	2,195,873	1.2%	9
Rental of facilities and equipment	859,420	0.5%	10
Agency services	488,534	0.3%	11
Licences and permits	408,508	0.2%	12
Interest earned - external investments	363,314	0.2%	13
Gains	7,587	0.0%	14
Dividends received	-	0.0%	15
Total	178,457,645	100.0%	

- Electricity the biggest revenue source for municipalities followed by property rates.
- Other revenue distorts the reporting as it includes traffic fines which are significantly impaired under expenses.
- Revenue from refuse seems small and may be an opportunity for increased revenue.

5. Total Aggregated Operating Revenue per municipality for the 2022/23 financial year in R'000.

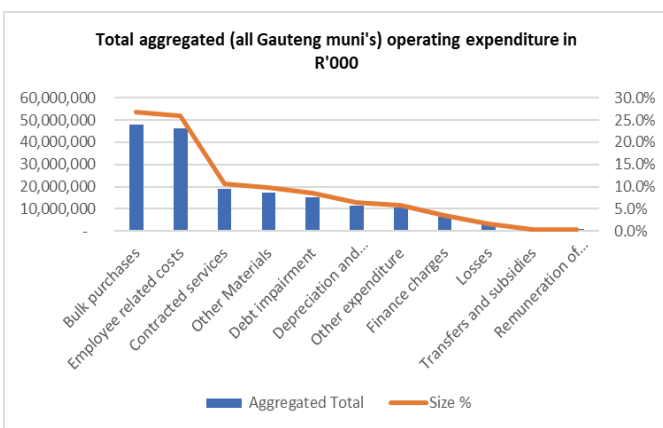
Municipality	Operating Rev	% of Total
Johannesburg	70,024,240	39.2%
Ekurhuleni	48,266,991	27.0%
Tshwane	42,151,840	23.6%
Emfuleni LM	7,001,734	3.9%
Mogale City LM	3,364,885	1.9%
Rand West City LM	2,390,839	1.3%
Merafong City LM	2,005,986	1.1%
Midvaal LM	1,492,049	0.8%
Lesedi LM	1,096,246	0.6%
Sedibeng DM	395,284	0.2%
West Rand DM	267,550	0.1%
Total	178,457,644	100.0%



- Metropolitan municipalities' budgets make up the bulk of the aggregated budget (R164.4 billion).
- City of Johannesburg the biggest budget (R70 billion) with Ekurhuleni the 2nd biggest and Tshwane the 3rd biggest.
- The 2 x district municipalities have the smallest operating revenue budgets, mainly because they do not provide basic services (e.g. water and electricity) to communities.

6. Total Aggregated Operating Expenditure for the 2022/23 financial year in R'000

Operating Expenditure items	Aggregated Total	Size %	Ranking
Bulk purchases	47,883,053	26.9%	1
Employee related costs	46,346,232	26.0%	2
Contracted services	18,967,179	10.7%	3
Other Materials	17,247,434	9.7%	4
Debt impairment	15,145,668	8.5%	5
Depreciation and asset impairment	11,269,928	6.3%	6
Other expenditure	10,489,458	5.9%	7
Finance charges	6,152,820	3.5%	8
Losses	2,956,935	1.7%	9
Transfers and subsidies	779,711	0.4%	10
Remuneration of councillors	705,955	0.4%	11
Total	177,944,374	100%	

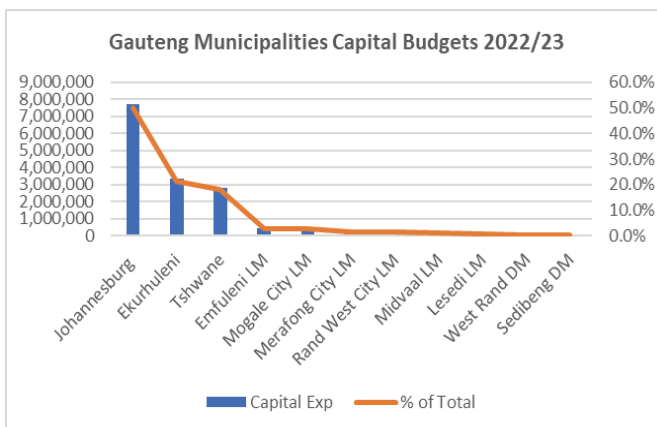


- Bulk purchases (water and electricity) make up the bulk of the budget (R47.8 billion) at 26.9% of the total budget followed by 'Employee Related Costs' at R46.3 billion or 26%.
- The total employee related costs percentage or ratio of 26% is still well within the norm of 30 – 35%.

- We have noted that ‘Contracted services’ which include the hiring of consultants, is still high at almost R19 billion.
- It should be noted that ‘Depreciation’ and ‘Debt impairment’ are non-cash items.

7. Total Aggregated Capital Expenditure for the 2022/23 financial year in R’000.

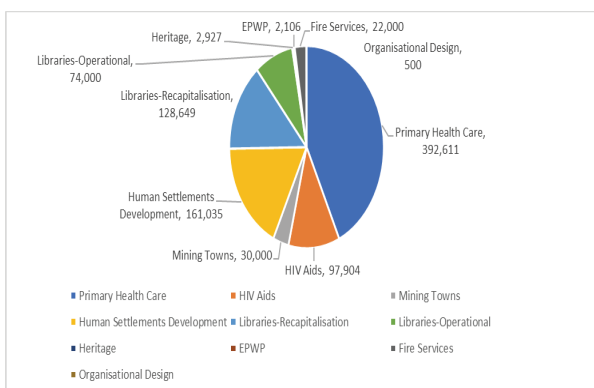
Municipality	Capital Exp	% of Total
Johannesburg	7,740,924	50.0%
Ekurhuleni	3,323,853	21.5%
Tshwane	2,793,105	18.0%
Emfuleni LM	425,019	2.7%
Mogale City LM	424,391	2.7%
Merapong City LM	226,000	1.5%
Rand West City LM	216,245	1.4%
Midvaal LM	186,658	1.2%
Lesedi LM	105,243	0.7%
West Rand DM	45,650	0.3%
Sedibeng DM	2,445	0.0%
Total	15,489,533	100.0%



- The metropolitan municipalities’ capital budgets are significant in size (almost R13 billion) compared to that of the other municipalities. We have noted though that the conditional grant funding from government constitute the bulk of the funding sources for capital projects.

8. Total Aggregated Provincial Allocations to Municipalities for the 2022/23 financial year in R’000.

Dept	Grant	Total	% of total
Health	Primary Health Care	392,611	43.1%
Human Settlements	Human Settlements Development	161,035	17.7%
SportRecreationArtsCulture	Libraries-Recapitalisation	128,649	14.1%
Health	HIV Aids	97,904	10.7%
SportRecreationArtsCulture	Libraries-Operational	74,000	8.1%
Human Settlements	Mining Towns	30,000	3.3%
CoGTA	Fire Services	22,000	2.4%
SportRecreationArtsCulture	Heritage	2,927	0.3%
CoGTA	EPWP	2,106	0.2%
CoGTA	Organisational Design	500	0.1%
Total		911,732	100.0%



*EPWP – Extended Public Works Programme

- The total provincial allocations for the 2022/23 financial year (before adjustments) amounts to R911,7 million with the biggest allocations in respect of ‘Primary Health Care’, ‘Human Settlements’ and ‘Sport Recreation Arts and Culture’.
- The Department of Health published the biggest allocations of R490,52 million in respect of ‘Primary Health Care (R392,6 mil) and HIV/Aids (R97,9 mil).

B. C. In-Year Report – Quarter 1: ended 30 September 2022

9. Municipal Chart of Accounts (MSCOA) reporting progress.

Demarcation Description	Demarc Code	CAP	Financial, Year								
			2021			2022			2023		
			SUBMISSIONCODE								
RAUD	PAUD	AUDA	ORGB	PROR	ADJB	PRAD	M01	M02	M03		
Province : GAUTENG (GT)											
City of Ekurhuleni	EKU	H									
City of Johannesburg	JHB	H									
City of Tshwane	TSH	H									
Emfuleni	GI421	H									
Lesedi	GI423	M									
Merapong City	GI484	H									
Midvaal	GI422	M									
Mogale City	GI481	H									
Rand West City	GI485	H									
Sedibone	GI424	M									

- The level of in-year (M03) compliance has significantly improved compared to previous financial years.
- Merapong submitted the segment error report to the service provider (BIQ) for assistance who is in contact with the National Treasury to assist.
- The City of Johannesburg and Tshwane are non-delegated municipalities in which regard National Treasury is attending to the reporting errors.
- Merapong City is still in the process of correcting the errors in the “ORGB” (original budget) data strings submission.
- The Gauteng Provincial Treasury on 1 September 2022, appointed 2 x MSCOA Technical Advisors to support municipalities with the implementation of the MSCOA regulations. It is envisaged that this support will improve the quality of reporting by municipalities.

10. Total Aggregated Operating Revenue: Actual against Budget.

	2022/23		
	Budget	First Quarter	
	Main appropriation	Actual Expenditure	1st Q as % of Main appropriation
R thousands			
Operating Revenue	178,457,645	59,451,345	33.3%
Property rates	33,659,205	8,537,612	25.4%
	-	-	-
Service charges - electricity revenue	63,415,820	16,846,947	26.6%
Service charges - water revenue	23,959,708	5,426,643	22.6%
Service charges - sanitation revenue	10,725,769	2,734,726	25.5%
Service charges - refuse revenue	6,461,837	1,724,911	26.7%
	-	-	-
Rental of facilities and equipment	859,420	135,504	15.8%
Interest earned - external investments	363,314	76,552	21.1%
Interest earned - outstanding debtors	2,195,873	10,580,067	481.8%
Dividends received	-	-	-
Fines, penalties and forfeits	2,294,348	111,049	4.8%
Licences and permits	408,508	106,339	26.0%
Agency services	488,534	134,432	27.5%
Transfers and subsidies	21,117,618	10,874,103	51.5%
Other revenue	12,500,104	2,165,728	17.3%
Gains	7,587	(3,267)	(43.1%)

11. Total Aggregated Operating Expenditure: Actual against Budget.

	2022/23		
	Budget	First Quarter	
	Main appropriation	Actual Expenditure	1st Q as % of Main appropriation
R thousands			
Operating Expenditure	177,944,374	45,543,372	25.6%
Employee related costs	46,346,232	11,862,633	25.6%
Remuneration of councillors	705,955	172,011	24.4%
Debt impairment	15,145,668	3,595,959	23.7%
Depreciation and asset impairment	11,269,928	2,529,505	22.4%
Finance charges	6,152,820	1,200,087	19.5%
Bulk purchases	47,883,053	14,519,822	30.3%
Other Materials	17,247,434	3,722,917	21.6%
Contracted services	18,967,179	2,951,551	15.6%
Transfers and subsidies	779,711	1,399,067	179.4%
Other expenditure	10,489,458	2,832,118	27.0%
Losses	2,956,935	757,702	25.6%

12. Total Aggregated Capital Budget: Actual expenditure to date.

Capital Revenue and Expenditure	2022/23		
	Budget	First Quarter	
	Main appropriation	Actual Expenditure	1st Q as % of Main appropriation
R thousands			
Source of Finance	15,480,022	1,384,124	8.9%
National Government	7,386,996	673,708	9.1%
Provincial Government	178,116	203	.1%
District Municipality	-	-	-
Transfers and subsidies - capital (monetary alloc)(Departm Agencies,HH,P	790,140	82,813	10.5%
Transfers recognised - capital	8,355,253	756,724	9.1%
Borrowing	3,079,602	356,635	11.6%
Internally generated funds	4,045,168	270,764	6.7%
	-	-	-
Capital Expenditure Functional	15,480,472	1,384,691	8.9%
Municipal governance and administration	1,770,696	62,195	3.5%
Executive and Council	79,260	1,017	1.3%
Finance and administration	1,690,885	61,178	3.6%
Internal audit	551	-	-
Community and Public Safety	3,618,391	348,421	9.6%
Community and Social Services	472,680	80,759	17.1%
Sport And Recreation	184,590	2,359	1.3%
Public Safety	183,215	1,842	1.0%
Housing	2,574,630	262,167	10.2%
Health	203,275	1,293	.6%
Economic and Environmental Services	3,903,586	226,880	5.8%
Planning and Development	992,597	58,139	5.9%
Road Transport	2,861,539	168,717	5.9%
Environmental Protection	49,450	24	-
Trading Services	6,024,417	751,820	12.5%
Energy sources	2,746,818	379,548	13.8%
Water Management	1,950,998	166,435	8.5%
Waste Water Management	962,330	183,988	19.1%
Waste Management	364,271	21,848	6.0%
Other	163,383	(4,624)	(2.8%)

13. Total Aggregated Outstanding Debtors

Debtor Age Analysis	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	1,949,180	6.3%	1,106,641	3.6%	707,686	2.3%	27,244,340	87.9%	31,007,847	29.2%
Trade and Other Receivables from Exchange Transactions - Electricity	6,514,149	36.8%	864,072	4.9%	412,707	2.3%	9,898,486	56.0%	17,689,414	16.7%
Receivables from Non-exchange Transactions - Property Rates	1,670,338	8.6%	774,248	4.0%	512,753	2.7%	16,370,077	84.7%	19,327,416	18.2%
Receivables from Exchange Transactions - Waste Water Management	815,546	6.8%	492,728	4.1%	252,604	2.1%	10,438,312	87.0%	11,999,189	11.3%
Receivables from Exchange Transactions - Waste Management	475,408	5.3%	255,479	2.8%	236,637	2.6%	8,079,684	89.3%	9,047,207	8.5%
Receivables from Exchange Transactions - Property Rental Debtors	4,508	.3%	16,625	1.1%	15,340	1.1%	1,417,807	97.5%	1,454,281	1.4%
Interest on Arrear Debtor Accounts	376,281	5.2%	227,501	3.2%	202,525	2.8%	6,413,971	88.8%	7,220,277	6.8%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-	-	-	-	-	-	-	-	-	-
Other	(10,051)	(.1%)	467,782	5.5%	411,541	4.9%	7,606,109	89.7%	8,475,381	8.0%
Total By Income Source	11,795,359	11.1%	4,205,077	4.0%	2,751,792	2.6%	87,468,786	82.3%	106,221,014	100.0%
Debtors Age Analysis By Customer Group										
Organs of State	3,142,435	60.4%	127,299	2.4%	99,036	1.9%	1,833,736	35.2%	5,202,506	4.9%
Commercial	3,631,259	16.4%	1,242,834	5.6%	708,515	3.2%	16,626,198	74.9%	22,208,806	20.9%
Households	5,000,870	6.4%	2,796,177	3.6%	1,954,607	2.5%	68,337,638	87.5%	78,089,292	73.5%
Other	20,795	2.9%	38,767	5.4%	(10,366)	(1.4%)	671,214	93.2%	720,410	.7%
Total By Customer Group	11,795,359	11.1%	4,205,077	4.0%	2,751,792	2.6%	87,468,786	82.3%	106,221,014	100.0%

14. Total Aggregated Outstanding Creditors

Creditor Age Analysis	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
R thousands										
Bulk Electricity	5,594,104	43.1%	524,765	4.0%	511,836	3.9%	6,357,987	49.0%	12,988,692	60.7%
Bulk Water	510,559	24.2%	468,284	22.2%	99,353	4.7%	1,031,113	48.9%	2,109,310	9.9%
PAYE deductions	14,977	100.0%	-	-	-	-	-	-	14,977	.1%
VAT (output less input)	699	100.0%	-	-	-	-	-	-	699	-
Pensions / Retirement	12,698	80.7%	3,000	19.1%	-	-	27	.2%	15,726	.1%
Loan repayments	4,220	100.0%	-	-	-	-	-	-	4,220	-
Trade Creditors	2,764,597	58.5%	656,379	13.9%	150,695	3.2%	1,150,122	24.4%	4,721,794	22.1%
Auditor-General	2,215	94.5%	-	-	4	.2%	124	5.3%	2,342	-
Other	1,126,968	73.2%	7,904	.5%	14,380	.9%	390,064	25.3%	1,539,316	7.2%
Total	10,031,038	46.9%	1,660,333	7.8%	776,268	3.6%	8,929,438	41.7%	21,397,076	100.0%

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