

2020/2021



2020/21 Mid-year Budget and Performance Assessment Report for the Bojanala Platinum District Municipality

**PMS & Evaluation Unit
Office of the Municipal
Manager**

January 2021

1. PURPOSE

The purpose of this report is to provide feedback to Council regarding the performance of the municipality for the period ending 31st December 2019 as contemplated by Section 72 of the Local Government: Municipal Finance Management Act, No 56 of 2003. Section 72 compels the Accounting Officer to submit a Mid-Year Budget and Performance Assessment Report by the 25th January each year to the Mayor, National and Provincial Treasuries.

It is upon this legislative backdrop that the 2020/21 Mid-year Budget and Performance report is presented to Council.

2. COMPONENTS OF THE MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT

The Mid-Year Budget and Performance Report must contain the following as prescribed by Section 72(a) of the Local Government: Municipal Finance Management Act, No 56 of 2003:

- (i) The monthly statements referred to in Section 71 for the first half of the financial year;
- (ii) The municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the Service Delivery and Budget Implementation Plan; and
- (iii) The past year's annual report and progress on resolving problems identified in the annual report.

3. OVERVIEW OF THE MUNICIPAL PERFORMANCE

For the year under review, the Executive Mayor of the municipality approved the Top Layer Service Delivery and Budget Implementation Plan (SDBIP). The approved Top Layer SDBIP has 75 Key Performance Indicators (KPIs) and 60 mid-year targets. The mid-year targets are used to monitor progress towards the achievement of the annual target as well as the Key Performance Indicator (KPI).

Below is the table that measures municipal Key Performance Areas for the periods ending 30th September 2020 as well as 31st December 2020.

KEY PERFORMANCE AREA	QUARTER 1	QUARTER 2	VARIANCE
Good Governance and Public Participation	67%	77%	10% Improvement
Municipal Transformation and Institutional Development	83%	91%	8% Improvement
Municipal Financial Viability	90%	90%	None
Basic Service Delivery and Infrastructure Development	100%	25%	75% Regression
Local Economic Development	100%	93%	7% Regression

For the period ending 31st December 2020, the municipality recorded 66% achievement of its planned targets. This shows a regression of 18% as compared to the first quarter performance of 84%.

The municipality uses the following legends to distinguish performance against planned targets.

Colour	Definition
	Not Achieved
	Not Due
	Achieved

DEPARTMENTAL PERFORMANCE

The table below illustrates departmental performance for the period ending 30th September 2020 as well as departmental performance for the period ending 31st December 2020. It illustrates 66% achievement of mid-year planned targets for the period ending 31st December 2020.

DEPARTMENT/OFFICE	QUARTER 1 PERFORMANCE	QUARTER 2 PERFORMANCE	VARIANCE BETWEEN QUARTERS
Office of the Speaker, Single Whip and MPAC	100%	71%	29% Regression
Office of the Executive Mayor	50%	100%	50% Improvement
Office of the Municipal Manager	75%	92%	17% Improvement
Corporate Support Services	78%	100%	22% Improvement
Community Development Services	80%	0%	100% Regression
Technical Services	100%	100%	None
Health and Environmental Services	100%	78%	22% Regression
Budget and Treasury Office	90%	90%	None
Economic Development, Tourism, Agriculture and Rural Development	100%	91%	9% Regression

PROGRESS ON 2019/20 ANNUAL REPORT

For the year ended 30th June 2020, the Annual Report for 2019/20 is still at draft stage and the Office of the Auditor-General was unable to audit Bojanala Platinum District Municipality due to non-submission of Annual Financial Statements. The draft Annual Report will be tabled to Council excluding the following components:

- Annual Financial Statements;
- Auditor-General's report; and
- Audit Committee report.

4. OVERVIEW OF THE FINANCIAL PERFORMANCE

4.1 Statement of Financial Performance (SFP)

The Statement of Financial Performance is prepared in accordance to the prescribed budget format, detailing revenue by source, excluding capital transfers and contributions, and expenditure by type.

The summary report indicates the following:

DC37 Bojanala Platinum - Table C1 Monthly Budget Statement Summary - M06 December									
Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								%	
Financial Performance									
Property rate	-	-	-	-	-	-	-		-
Service charge	-	-	-	-	-	-	-		-
Investment revenue	209	800	2 200	30	1 526	1 100	426	39%	2 200
Transfers and grants	339 479	356 512	376 281	20 275	179 043	188 141	(9 098)	-5%	376 281
Other own revenue	1 369	110	110	46	265	55	210	382%	110

The municipality has ensured that there is a sufficient surplus to be committed towards reduce outstanding creditors. The **R 52 873 000** was committed towards reducing outstanding creditors for the period ending 30 June 2020/21.

DC37 Bojanala Platinum - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		-	-	-	-	-	-	-	-	-
Service charges - electricity r		-	-	-	-	-	-	-	-	-
Service charges - water reve		-	-	-	-	-	-	-	-	-
Service charges - sanitation r		-	-	-	-	-	-	-	-	-
Service charges - refuse reve		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Rental of facilities and equipm		-	-	-	-	-	-	-	-	-
Interest earned - external inve		209	800	2 200	30	1 526	1 100	426	39%	2 200
Interest earned - outstanding		1 097	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	110	110	46	265	55	210	382%	110
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		339 479	356 512	376 281	20 275	179 043	188 141	(9 098)	-5%	376 281
Other revenue		272	-	-	-	-	-	-	-	-
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		341 058	357 422	378 591	20 351	180 834	189 296	(8 461)	-4%	378 591
Expenditure By Type										
Employee related costs		189 131	204 095	204 095	15 615	98 342	102 048	(3 705)	-4%	204 095
Remuneration of councillors		19 504	19 558	19 558	1 747	11 203	9 779	1 424	15%	19 558
Debt impairment		-	-	-	-	-	-	-	-	-
Depreciation & asset impairm		2 695	6 300	6 300	-	1	3 150	(3 149)	-100%	6 300
Finance charges		772	500	500	-	16	250	(234)	-93%	500
Bulk purchases		-	-	-	-	-	-	-	-	-
Other materials		103	510	1 250	1	203	625	(422)	-68%	1 250
Contracted services		31 746	11 196	19 977	782	8 519	9 989	(1 470)	-15%	19 977
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Other expenditure		37 525	46 079	49 884	2 409	14 791	24 942	(10 151)	-41%	49 884
Losses		1 708	-	-	-	-	-	-	-	-
Total Expenditure		283 185	288 237	301 563	20 554	133 075	150 782	(17 707)	-12%	301 563
Surplus/(Deficit)		57 872	69 185	77 028	(203)	47 759	38 514	9 245	0	77 028

FINANCIAL PERFORMANCE

Operational Revenue

For the 2020/21 financial year Division of Revenue allocated an amount of **R 376 281 000** and for the year to date municipality received an amount of **R 179 043 000** which is (47.58%) The Municipality is 100% dependent on equitable share. To date two tranches (July and partially of December allocation) have been received by the municipality. The Financial Management Grant, Expanded Public

works programmes, and Rural Roads Asset Management Grant are also being received according to the payment schedule.

Directors are advised to improve on the expenditure rate as the current performance is a serious call for concern and also to implement the signed plan submitted to national and provincial department on the conditional grant, the municipality must take into consideration the fact that if the conditional grant is not fully spent the money must be paid back to National Treasury`s account

Other income

Other income is made up of by-laws from Health and Environmental Services as well as Fire Services. Other income has been projected to **R 110 000** and for the month ending 31 December 2020 the municipality has collected an amount of **R 265 000** more than the projection. Adjustment budget will have to be made on this item.

Employee Related Costs

Employee related costs for the period ending December amounted to **R 98 342 000**. Which is 48% expenditure to date of the annual budget of **R 204 095 000**. The municipality implies that the salary costs have overburdened the budget, impeding the municipality in executing its legislative mandate

Remuneration of Councillors

Councillors remuneration for the period ending 31 December amounted to **R 11 203 000** which is 57% of the allocated annual budget of **R 19 558 000**. Municipality need to monitor this line item very close to avoid over expenditure. An adjustment will have to be done on vote`s items to reduce under expenditure and increase where projections show there will be over expenditure.

Depreciation

Depreciation should run automatically on the financial system, but due to the technical challenges during the period ending December the spending is at 0% (R0) of the **R 6 300 000** annual budget. This provision is made for the depreciation of the council assets.

Repairs and Maintenance.

In terms of MSCOA Repairs and Maintenance is divided in various components. The municipality has spent **R 203 000** which is 16% of the annual budget of **R1 250 000** during the first 6 months. The repairs and maintenance is mainly on vehicle and building. The municipality does not have any infrastructure project; therefore, the spending or projected is below the guideline of 8% of total operating.

General Expenditure/Other Expenditure

Other expenditure for period ending December 2020 is **R 14 791 000**. The total expenditure which is 30% of the annual budgeted amount of **R 49 884 000** when compared to the expected rate of 50%. Adjustment will have to be considered on this item expenditure as there are services that have spent above 50% and others even more than 100%. There services that have spent below the average. Those services will have to be reduced also during the adjustment budget.

DC37 Bojanala Platinum - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	2019/20	Budget Year 2020/21								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands	1										
Multi-Year expenditure appropriation	2										
Vote 1 - Municipal manager		-	-	-	-	-	-	-	-	-	-
Vote 2 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Health & environmental Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Executive		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 6 - Local economic development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 8 - Technical		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical 2		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2										
Vote 1 - Municipal manager		-	-	-	-	-	-	-	-	-	-
Vote 2 - Community and Social Services		4 221	-	-	-	-	-	-	-	-	-
Vote 3 - Health & environmental Services		94	-	200	-	-	100	(100)	-100%	200	
Vote 4 - Executive		-	-	-	-	-	-	-	-	-	
Vote 5 - Finance		54 409	620	1 830	26	(150)	915	(1 065)	-116%	1 830	
Vote 6 - Local economic development		-	-	50	-	-	25	(25)	-100%	50	
Vote 7 - Corporate Services		22 069	-	100	-	-	50	(50)	-100%	100	
Vote 8 - Technical		10 452	2 383	3 533	-	1 281	2 958	(1 677)	-57%	5 916	
Vote 9 - Technical 2		-	-	-	-	-	-	-	-	-	
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	
Total Capital single-year expenditure	4	91 245	3 003	5 713	26	1 131	4 048	(2 917)	-72%	8 096	
Total Capital Expenditure		91 245	3 003	5 713	26	1 131	4 048	(2 917)	-72%	8 096	
Capital Expenditure - Functional Classification											
Governance and administration		76 478	620	1 930	26	(150)	965	(1 115)	-116%	1 930	
Executive and council		-	-	-	-	-	-	-	-	-	
Finance and administration		76 478	620	1 930	26	(150)	965	(1 115)	-116%	1 930	
Internal audit		-	-	-	-	-	-	-	-	-	
Community and public safety		4 314	-	250	-	-	125	(125)	-100%	250	
Community and social services		4 221	-	-	-	-	-	-	-	-	
Sport and recreation		-	-	-	-	-	-	-	-	-	
Public safety		-	-	-	-	-	-	-	-	-	
Housing		94	-	200	-	-	100	(100)	-100%	200	
Health		-	-	50	-	-	25	(25)	-100%	50	
Economic and environmental services		2 835	2 383	2 383	-	1 223	1 191	32	3%	2 383	
Planning and development		2 835	2 383	2 383	-	1 223	1 191	32	3%	2 383	
Road transport		-	-	-	-	-	-	-	-	-	
Environmental protection		-	-	-	-	-	-	-	-	-	
Trading services		7 617	-	1 150	-	57	1 767	(1 709)	-97%	3 533	
Energy sources		3 153	-	1 150	-	-	575	(575)	-100%	1 150	
Water management		4 464	-	-	-	57	1 191	(1 134)	-95%	2 383	
Waste water management		-	-	-	-	-	-	-	-	-	
Waste management		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Total Capital Expenditure - Functional Classification	3	91 245	3 003	5 713	26	1 131	4 048	(2 917)	-72%	8 096	
Funded by:											
National Government		2 878	-	-	-	-	-	-	-	-	
Provincial Government		-	-	-	-	-	-	-	-	-	
District Municipality		-	-	-	-	-	-	-	-	-	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations,		-	-	-	-	-	-	-	-	-	
Transfers recognised - capital		2 878	-	-	-	-	-	-	-	-	
Borrowing	6	-	-	-	-	-	-	-	-	-	
Internally generated funds		88 367	3 003	5 713	26	1 131	4 048	(2 917)	-72%	8 096	
Total Capital Funding		91 245	3 003	5 713	26	1 131	4 048	(2 917)	-72%	8 096	

For the month of December, the municipality has spent an amount of **R 1 131 000** on capital expenditure against the total budget of **R 5 713 000**, is unfavourable. The municipality does not have the infrastructure project. The budget is for RAMS, computer equipment and IT application for internal audit

DC37 Bojanala Platinum - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		6 586	747 129	787 246	25 087	(25 298)
Call investment deposits		-	-	-	10 000	-
Consumer debtors		-	-	-	-	-
Other debtors		38 543	700	700	1 845	700
Current portion of long-term receivables		(13)	-	-	-	-
Inventory		-	-	-	-	-
Total current assets		45 116	747 829	787 946	36 931	(24 598)
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		-	-	-	-	-
Investments in Associate		-	-	-	-	-
Property, plant and equipment		48 667	119 999	59 118	1 268	61 501
Biological		-	-	-	-	-
Intangible		244	775	775	-	775
Other non-current assets		-	-	-	-	-
Total non current assets		48 911	120 774	59 893	1 268	62 276
TOTAL ASSETS		94 028	868 603	847 839	38 199	37 678
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		-	-	-	-	-
Trade and other payables		112 316	10 000	(10 000)	(9 436)	(10 000)
Provisions		-	-	-	-	-
Total current liabilities		112 316	10 000	(10 000)	(9 436)	(10 000)
Non current liabilities						
Borrowing		-	-	-	-	-
Provisions		62 105	28 440	(28 440)	-	(28 440)
Total non current liabilities		62 105	28 440	(28 440)	-	(28 440)
TOTAL LIABILITIES		174 421	38 440	(38 440)	(9 436)	(38 440)
NET ASSETS	2	(80 393)	830 163	886 279	47 635	76 118
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		(30 503)	-	-	-	-
Reserves		11 545	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	(18 958)	-	-	-	-

CASH FLOW STATEMENT

Municipality has budgeted an amount of **R 380 974 000** on revenue including capital. To date municipality recorded a total expenditure paid to date of **R 133 075 000** for both employees and suppliers:

- The cash payments for the month of December 2020 was **R 20 554 000**;
- The total cash and cash equivalent on the 31 December 2020 is **R 33 007 389**;
- An amount of **R 20 000 000** was invested in standard bank fixed deposit account; and
- Current account balance **R 13 007 389**.

Under the cash flow from operating activities category:

Operating grants and subsidies show an amount of **R 180 834 000**

DC37 Bojanala Platinum - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year: 2020/21										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days			
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1920	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	-	-	-	-	-	-	-	-	-	-	-	-	-
Total By Income Source	2000	-	-	-	-	-	-	-	-	-	-	-	-	-
2019/20 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial	2300	-	-	-	-	-	-	-	-	-	-	-	-	-
Households	2400	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	-	-	-	-	-	-	-	-	-	-	-	-	-

The Municipality has no billing and as a result, there are no receivables. The Municipality has other debtors to the value of **R 1 253 308** of which **R 28 308** relates to staff debtors and **R 1,225,000** relates to a fine to Ferrochrome mine. The fine was issued due to noncompliance with air quality requirements.

The amount due from Ferrochrome has subsequently been fully impaired as the possibility of recovering the monies is improbable as a result of the mine not being operational.

Therefore the total carrying amount of receivables is **R 28 308**.

DC37 Bojanala Platinum - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2020/21									Total	Prior year totals for chart (same period)
		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			
R thousands												
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	3 365	-	-	-	-	-	-	-	-	3 365	3 365
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	55	-	80	-	-	-	2 613	10 769	-	13 516	13 516
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	-
Other	0900	779	117	(172)	124	(301)	4	4 385	20 360	-	25 295	25 295
Total By Customer Type	1000	4 199	117	(93)	124	(301)	4	6 996	31 129	-	42 176	42 176

The Municipality has **R 42 176 000** owed to different creditors, Creditors should be paid within 30 days as stipulated by the MFMA except where there disputes between the municipality and the creditors of which the municipality has. Of the total outstanding amount **R 26 590 000** is in dispute while the remaining balance of **R 15 586 000** will be fully settled within the current financial year.

Investment portfolio analysis

The municipality has invested **R 214 768 000** for salaries and other day to day operations of the municipality. The money has been withdrawn monthly. The municipality received an amount of **R 1 526 000** to date which is 69% of interest on investment.

Grant allocation, receipts and expenditure

NO	GRANT	RECEIVED	SPENT	UNSPENT	Spent %
1	Financial Management Grant	R1,402,000	R 259,633	R1,142,367	19%
2	Expanded public works	R1,257,000	R1,328,251	-R 71,251	106%
3	Rural Roads Assistance Grant	R1,668,000	R1,163,655	R 504,345	70%
		R 4,327,000	R 2,751,539	R 1,575,461	64%

Expenditure on the Finance Management Grant and Rural Asset Management grants needs urgent attention to ensure that the grants are spent in full.

CONCLUSION

Based on the above institutional performance and financial assessment on the annual budget on the first (6) six months ended 31st December 2020 of the 2020/21 financial year, it is recommended that an adjustment budget for the 2020/21 is required.