



PROVINCIAL TREASURY

Provincial Government of the Western Cape

CONSOLIDATED MUNICIPAL BUDGETS

PERFORMANCE REPORT

FOR THE PERIOD ENDING:

31 OCTOBER 2011

DUE: 30 NOVEMBER 2011

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GLOSSARY

NO	ABBREVIATION	DESCRIPTION
1	AC	Aged Creditors
2	AD	Aged Debtor
3	BS	Statement of Financial Position
4	BSA	Statement of Financial Position Audited
5	BSAC	Statement of Financial Position Actual
6	CA	Budgeted Capital Acquisition
7	CAA	Capital Acquisition Actual
8	CAAA	Capital Acquisition Audited
9	CAR	Budgeted Capital Acquisition Revised
10	CFA	Cash Flow Actual
11	CFB	Cash Flow Budget
12	IYM	In Year Monitoring
13	MBRR	Municipal Budget and Reporting Regulations
14	MFMA	Municipal Finance Management Act
15	OSA	Statement of Financial Performance Actual
16	OSAA	Statement of Financial Performance Audited
17	OSB	Statement of Financial Performance Budget
18	PT	Provincial Treasury
19	QC	Quality Certificate
20	SDBIP	Service Delivery Budget Implementation Plan

A. Introduction

1. Section 71 of the Municipal Finance Management Act (MFMA) requires all municipalities to submit monthly budget statements to the Provincial Treasury by the 10th working day of each month. The MFMA and the Budget Reporting Regulations further indicate a set of required reports to be submitted in a prescribed format and in this regard the Provincial Treasury monitors the level of compliance by municipalities on this date.
2. The Provincial Treasury had issued a circular on the reporting requirements to all municipalities during September 2011 in which further clarity is also provided for municipalities to implement and comply with the reporting requirements. Challenges are however still experienced by the lower capacitated municipalities to fully implement and comply with the current legislative requirements and financial reforms.
3. As part of the oversight and support role of the Provincial Treasury, the department is in the process of rolling out a set of training workshops to municipalities which will amongst other cover the annual budgeting and in-year reporting requirements.
4. The Provincial Treasury is using the Local Government Database of the National Treasury as the primary source for the assessment of the in-year monitoring reports it should furthermore be noted that this consolidated report excludes the indirect and internal charges.
5. The quality of the report is affected by municipalities which did not submit all the required reports and accordingly the Provincial Treasury will indicate such cases where applicable in the report. The quality of the report further also depends on the credibility of the information contained in the reports submitted by the municipalities.
6. Section 71(6) of the MFMA further requires the Provincial Treasury to consolidate the monthly budget statements of the municipalities in the province and submit such report to the National Treasury by the 22nd working day of each month. This report is accordingly held to serve the required purpose.
7. A detailed and comprehensive report on the In-Year Monitoring of municipalities will follow this report and will be submitted to the National Treasury within three (3) weeks after this report.
8. On a quarterly basis the Provincial Treasury also publish this report in the form of an extraordinary gazette which is tabled in the Provincial Legislature along with a quarterly report on the budget performance of municipalities in the Western Cape which is submitted to the Western Cape Cabinet. A copy of this publication is attached hereto for your information.

B. Executive Summary: Total Consolidated Overview for the Western Cape Province

Table 1: Total Actual YTD against the Annual Budget for the Province at 31 October 2011.

Total Actual YTD against the Total Annual Budget for the Province at 31 October 2011							
Description R thousands	Operating Revenue (excl. Capital trfs)	Transfers Recognised- Capital	Total Operating Revenue	Total Operating Expenditure	Total Capital Expenditure	Total Capital Funding	Cash & Equivalents Closing Balance
Total Annual Adjusted Budget	32 199 584	3 545 353	35 744 936	32 897 790	7 914 851	7 914 851	3 905 716
Total Actuals YTD	11 128 307	408 979	11 537 286	9 222 862	959 905	959 893	7 867 290
Actuals YTD as % of Total Annual Budget	34.6%	11.5%	32.3%	28.0%	12.1%	12.1%	201.4%
Total Actual YTD against the Total Annual YTD Budget for the Province at 31 October 2011							
Description R thousands	Operating Revenue	Transfers Recognised- Capital	Total Operating Revenue	Total Operating Expenditure	Total Capital Expenditure	Total Capital Funding	Cash & Equivalents Closing Balance
Total YTD Budget	10 733 195	1 181 784	11 914 979	10 965 930	2 638 284	2 638 284	3 809 451
Total Actuals YTD	11 128 307	408 979	11 537 286	9 222 862	959 905	959 893	7 867 290
Variance - YTD Budget v YTD Actuals	395 113	(772 806)	(377 693)	(1 743 068)	(1 678 378)	(1 678 391)	4 057 839
Variance %	3.7%	-65.4%	-3.2%	-15.9%	-63.6%	-63.6%	106.5%

Source: PT generated based on the C1 Summary Report – October 2011

1. Consolidated Overview: Analysis

a) Total Operating Revenue and Expenditure

The total actual operating revenue recorded for the Province as at 31 October 2011 exceeded the total actual operating expenditure by R2.3 billion (20 per cent) and is primarily influenced by the annual levying of property rates during July each year. The variance is further compounded by the annual processing of depreciation and the periodic processing of other charges like insurance, finance costs, repairs and maintenance and debt impairment by most of the municipalities.

In comparison to the year-to-date budget, the total operating revenue (incl. capital transfers) and the total operating expenditure recorded an under performance of 3.2 per cent and 15.9 per cent respectively. It should however be noted that the total operating revenue (excl. capital transfers) recorded an over recovery of 3.7 per cent against the total year-to-date budget.

b) Total Capital Expenditure and Funding

The year-to-date capital expenditure and funding is very low at 12.1 per cent and is significantly behind schedule by R1.68 billion or 63.6 per cent when compared to the total year-to-date budget.

c) Transfers Recognised - Capital

The year-to-date performance recorded an unfavourable variance of 65.4 per cent against the total adjusted budget of R1.18 billion which is mainly due to grant funding not yet receipted as was projected.

d) Total Cash and Cash Equivalents Closing Balances

The actual closing balance is significantly higher (at 201.4 per cent) than the projected closing balance for the period under review which was mainly influenced by the significant opening balance of R5.21 billion. It should be noted that the total adjusted budget amount is understated as a result of the outstanding cash flow budgets for the Laingsburg, Cape Agulhas and Saldanha Bay Municipalities.

C. In-Year Reporting: Compliance Monitoring

Table 2: Submission of monthly return forms as per legislative due date – 14 November 2011

Municipality	SUBMISSION OF APP. B - INPUT FORMS ELECTRONIC COPIES						Quality Certificate	Comments
	OSA	CAA	CFA	AD	AC	Submission Date		
Beaufort West	0	0	0	0	0	15-Nov-11	0	Non compliance iro Quality Certificate.
Bergivier	1	1	1	1	1	14-Nov-11	1	Full compliance
Bitou	1	1	1	1	1	14-Nov-11	0	Non compliance iro Quality Certificate.
Breede Valley	1	1	1	1	1	14-Nov-11	1	Full compliance
Cape Agulhas	1	1	1	1	1	11-Nov-11	0	Non compliance iro Quality Certificate.
Cape Winelands District	1	1	1	1	1	11-Nov-11	1	Full compliance
Cederberg	1	1	1	1	1	09-Nov-11	1	Full compliance
Central Karoo District	1	1	1	1	1	14-Nov-11	1	Full compliance
City of Cape Town	1	1	1	1	1	08-Nov-11	1	Full compliance
Drakenstein	1	1	1	1	1	14-Nov-11	0	Non compliance iro Quality Certificate.
Eden District	1	1	1	1	1	14-Nov-11	1	Full compliance
George	1	1	1	1	1	14-Nov-11	1	Full compliance
Hessequa	1	1	1	1	1	14-Nov-11	0	Non compliance iro Quality Certificate.
Kannaland	1	1	1	1	1	14-Nov-11	0	Non compliance iro Quality Certificate.
Knysna	1	1	1	1	1	10-Nov-11	1	Full compliance
Laiingsburg	1	1	1	1	1	11-Nov-11	0	Non compliance iro Quality Certificate.
Langeberg	1	1	1	1	1	14-Nov-11	1	Full compliance
Matzikama	1	1	1	1	1	11-Nov-11	0	Non compliance iro Quality Certificate.
Mossel Bay	1	1	1	1	1	09-Nov-11	0	Non compliance iro Quality Certificate.
Oudtshoorn	1	1	1	1	1	14-Nov-11	1	Full compliance
Overberg District	1	1	1	1	1	14-Nov-11	1	Full compliance
Overstrand	1	1	1	1	1	14-Nov-11	0	Non compliance iro Quality Certificate.
Prince Albert	1	1	1	1	1	14-Nov-11	0	Non compliance iro Quality Certificate.
Saldanha Bay	1	1	1	1	1	14-Nov-11	0	Non compliance iro Quality Certificate.
Stellenbosch	1	1	1	1	1	14-Nov-11	0	Non compliance iro Quality Certificate.
Swartland	1	1	1	1	1	11-Nov-11	0	Non compliance iro Quality Certificate.
Swellendam	1	1	1	1	1	14-Nov-11	1	Full compliance
Theewaterskloof	1	1	1	1	1	10-Nov-11	0	Non compliance iro Quality Certificate.
West Coast District	1	1	1	1	1	03-Nov-11	1	Full compliance
Witzenberg	1	1	1	1	1	09-Nov-11	0	Non compliance iro Quality Certificate.
Total No of Returns & Average level of compliance	29	29	29	29	29	145	14	
Average Compliance Level¹ per Return.	97%	97%	97%	97%	97%	97%	47%	
LEVEL OF COMPLIANCE AT DATE OF REPORTING (30 NOVEMBER 2011)								
No. returns received	30	30	30	30	30	150	23	Beaufort West sent returns on 15 November 2011
% compliance level	100%	100%	100%	100%	100%	100%	77%	9 Municipalities sent Quality Certificates after 14 November 2011

Source: Based on submissions to the PT's MFMA Mailbox

1. Compliance Analysis:

- a) The table above indicates that the Beaufort West Municipality was the only municipality that failed to submit the monthly Appendix-B forms by the due date and that sixteen (16) of the municipalities did not submit the Quality Certificate with the In Year Monitoring reports by the legislative due date. The Beaufort West Municipality however submitted all the required reports on 15 November 2011 (1 day later) and indicated that the non-compliance was due to technical problems with their data network on the day of submission.
- b) Although a notable improvement is noted in the submission of the Quality Certificates, it remains a concern to the Provincial Treasury. The current status as at 30 November 2011 indicates that all municipalities had since submitted all the Appendix - B forms and that only seven (7) Quality Certificates are still outstanding.

D. Budget Performance of Municipalities

Table 3: Consolidated Budget Performance Report for the Municipalities in the Western Cape.

Western Cape - Table C1 Schedule - Budget Statement Summary for period ended 31 October 2011										
Description	2010/11	Budget year 2011/12								
R thousands	Audited Outcome	Original Budget	Adjusted Budget	M04 Oct Actual	YTD Actual	YTD Actual %	YTD Budget	YTD Variance	YTD Variance %	Comments
Financial Performance										
Property rates	6 337 175	7 341 016	7 341 016	525 646	3 193 133	43.5	2 447 005	(145 805)	30.5	Over the YTD Budget
Service charges	11 924 044	16 862 410	16 862 401	1 257 650	5 474 996	32.5	5 620 800	(23 316)	-2.6	Under the YTD Budget
Investment revenue	400 080	354 873	354 873	35 122	94 975	26.8	118 291	(80 443)	-19.7	Under the YTD Budget
Transfers recognised - operational	2 465 994	3 819 171	3 839 309	97 282	1 199 327	31.2	1 279 770	(101 451)	-6.3	Under the YTD Budget
Other own revenue	3 265 781	3 807 183	3 801 984	165 688	1 165 877	30.7	1 267 328	395 113	-8.0	Under the YTD Budget
Total Revenue (excluding capital transfers and contributions)	24 393 073	32 184 653	32 199 584	2 081 388	11 128 307	34.6	10 733 195	44 098	3.7	Over the YTD Budget
Employee costs	7 731 221	10 213 075	10 253 167	740 531	2 874 176	28.0	3 417 722	(543 547)	-15.9	Under the YTD Budget
Remuneration of councillors	168 926	280 430	280 430	21 661	83 489	29.8	93 477	(9 988)	-10.7	Under the YTD Budget
Depreciation & asset impairment	1 808 994	2 409 402	2 409 447	173 933	622 855	25.9	803 149	(180 294)	-22.4	Under the YTD Budget
Finance charges	886 087	1 078 276	1 078 276	56 709	247 737	23.0	359 425	(111 688)	-31.1	Under the YTD Budget
Materials and bulk purchases	6 039 389	8 795 162	8 795 799	611 221	2 825 344	32.1	2 931 933	(106 589)	-3.6	Under the YTD Budget
Transfers and grants	175 340	383 092	382 686	28 999	85 614	22.4	127 562	(41 948)	-32.9	Under the YTD Budget
Other expenditure	7 297 612	9 723 957	9 697 985	679 590	2 483 647	25.6	3 232 662	(749 015)	-23.2	Under the YTD Budget
Total Expenditure	24 107 568	32 883 393	32 897 790	2 312 645	9 222 862	28.0	10 965 930	(1 743 068)	-15.9	Under the YTD Budget
Surplus/(Deficit)	285 505	(698 740)	(698 206)	(231 257)	1 905 445	-272.9	(232 735)	2 138 180	-918.7	Under the YTD Budget
Transfers Recognised - Capital	1 617 150	3 405 715	3 545 353	187 987	408 979	11.5	1 772 676	(1 363 698)	-76.9	Under the YTD Budget
Contributions recognised - capital & contributed assets	-	(9 710)	(9 710)	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions	1 902 655	2 697 265	2 837 437	(43 270)	2 314 424	81.6	1 539 941	774 483	50.3	Over the YTD Budget
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	N/A
Surplus/(Deficit) for the year	1 902 655	2 697 265	2 837 437	(43 270)	2 314 424	81.6	1 539 941	774 483	50.3	Over the YTD Budget
Capital Expenditure & Funds Sources										
Capital Expenditure	3 757 465	7 305 845	7 914 851	400 202	959 905	12.1	3 957 425	(2 997 520)	-75.7	Under the YTD Budget
Transfers Recognised - Capital	1 540 032	3 424 291	3 556 933	198 105	461 285	13.0	1 185 644	(724 360)	-61.1	Under the YTD Budget
Public contributions & donations	84 475	146 777	173 729	10 045	36 132	20.8	57 910	(21 777)	-37.6	Under the YTD Budget
Borrowing	1 261 944	1 933 237	2 159 328	120 051	250 945	11.6	719 776	(468 832)	-65.1	Under the YTD Budget
Internally generated funds	870 703	1 801 541	2 024 861	71 988	211 531	10.4	674 954	(463 423)	-68.7	Under the YTD Budget
Total Sources of Capital Funds	3 757 154	7 305 845	7 914 851	400 189	959 893	12.1	2 638 284	(1 678 391)	-63.6	Under the YTD Budget
Financial Position										
Total current assets	2 697 684	2 956 252	2 956 756	1 946 371	21 245 686	718.5	985 585	20 260 101	N/A	N/A
Total non current assets	15 810 140	20 210 366	20 229 420	19 095 099	95 235 071	470.8	6 743 140	88 491 931	N/A	N/A
Total current liabilities	1 147 516	1 390 083	1 390 278	1 203 587	10 761 294	774.0	463 426	10 297 868	N/A	N/A
Total non current liabilities	2 671 479	3 624 546	3 625 903	2 739 715	19 765 360	545.1	1 208 634	18 556 726	N/A	N/A
Community wealth/Equity	14 688 828	18 231 173	18 249 178	17 098 168	86 333 505	473.1	6 083 059	80 250 446	N/A	N/A
Cash Flows										
Net cash from (used) operating	5 511 736	5 630 388	5 114 827	223 043	3 029 961	59.2	1 704 942	1 325 019	77.7	Over the YTD Budget
Net cash from (used) investing	(4 016 321)	(6 447 121)	(6 496 050)	(372 549)	(1 844 776)	28.4	(2 165 350)	320 574	-14.8	Under the YTD Budget
Net cash from (used) financing	300 068	885 630	888 313	2 914	(88 422)	-10.0	296 104	(384 526)	-129.9	Under the YTD Budget
Cash/ Cash Equivalents at year end (end of period)	3 390 417	4 633 441	3 905 716	8 027 706	7 867 290	201.4	1 301 905	6 565 384	504.3	Over the YTD Budget

Source: NT Database - C1 Quarterly Summary October 2011

1. Consolidated Budget Performance Report: Analysis

- a) The data set for the 2010/11 audited outcomes in the table above is understated as fifteen (15) out of the thirty (30) municipalities have not yet submitted the relevant Appendix-B forms mainly due to the audit on the annual financial statements not being finalised yet. This is however expected to significantly improve by the end of the second quarter when all municipalities have submitted all the required return forms.
- b) The table above indicates the year-to-date performance against the year-to-date budget with total operating revenue at 36.9 per cent above the budget and the total operating expenditure relatively on par with the year-to-date budget. The capital spending is still low and slow with 23.4 per cent below the year-to-date budget as at 31 October 2011.

Table 4: Total Operating Revenue

Total Financial Performance (Operating Revenue) for the 1st Quarter of 2011/12 as at 31 October 2011											
Description	2010/11	Budget year 2011/12 in R thousands									
	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	M04 Oct Actual	YTD Actual	YTD Actual %	YTD Budget	YTD Variance	YTD Variance %	Comments
Property rates	6 233 822	7 237 030	7 237 030	2 640 602	516 585	3 157 188	43.6	2 412 343	744 844	30.88	Over YTD Budget
Property rates - penalties and collection charges	103 353	103 987	103 987	26 885	9 060	35 945	34.6	34 662	1 283	3.7	Over YTD Budget
Service charges - electricity revenue	8 423 294	12 202 859	12 202 859	3 015 180	934 559	3 949 739	32.4	4 067 620	(117 881)	-2.9	Under YTD Budget
Service charges - water revenue	2 155 170	2 803 295	2 803 295	588 416	204 188	792 604	28.3	934 432	(141 827)	-15.2	Under YTD Budget
Service charges - sanitation revenue	1 182 272	1 554 493	1 554 493	543 326	101 635	644 961	41.5	518 164	126 797	24.5	Over YTD Budget
Service charges - refuse revenue	966 017	1 267 692	1 267 692	404 340	95 617	499 957	39.4	422 564	77 393	18.3	Over YTD Budget
Service charges - other	(802 710)	(965 929)	(965 938)	(333 917)	(78 349)	(412 265)	42.7	(321 979)	(90 286)	28.0	Under the budget
Rental of facilities and equipment	351 730	427 787	427 787	124 393	45 958	170 350	39.8	142 596	27 754	19.5	Over YTD Budget
Interest earned - external investments	400 080	354 873	354 873	59 853	35 122	94 975	26.8	118 291	(23 316)	-19.7	Under the Budget
Interest earned - outstanding debtors	263 256	275 276	275 276	73 689	26 482	100 171	36.4	91 759	8 412	-	Over YTD Budget
Dividends received	2	40	40	3	-	3	-	13	(10)	-	Under YTD Budget
Fines	226 906	313 951	313 951	63 840	20 369	84 209	26.8	104 650	(20 442)	-19.5	Under YTD Budget
Licences and permits	55 188	68 223	68 232	24 044	8 279	32 323	47.4	22 744	9 578	42.1	Over YTD Budget
Agency services	299 639	271 650	271 650	54 045	23 413	77 458	28.5	90 550	(13 092)	-14.5	Under YTD Budget
Transfers recognised - operational	2 465 994	3 819 171	3 839 309	1 102 045	97 282	1 199 327	31.2	1 279 770	(80 443)	-6.3	Under YTD Budget
Other own revenue	2 022 195	2 311 976	2 306 768	658 962	40 961	699 922	30.3	768 923	(69 000)	-9.0	Under YTD Budget
Gains on disposal of PPE	46 864	138 280	138 280	1 213	228	1 441	1.0	46 093	(44 652)	-96.9	Under YTD Budget
Total Revenue (excl. capital transfers and contributions)	24 393 073	32 184 653	32 199 584	9 046 920	2 081 388	11 128 307	34.6	10 733 195	395 113	3.7	Over YTD Budget

Source: NT Database C4 - Operating Statement - October 2011

2. Total Operating Revenue: Analysis

As indicated previously, the total amount for the 2010/11 audit outcomes are understated as not all municipalities have submitted the relevant return forms to the Local Government Database. These municipalities are Drakenstein, Langeberg, Beaufort West, Central Karoo District, Laingsburg, Prince Albert, Bitou, Eden, Kannaland, Mossel Bay, Oudtshoorn, Cape Agulhas, Swellendam, Matzikama and Saldanha Bay.

The total revenue budgeted amounts for the Laingsburg Municipality which is included in the report, is incorrect as the municipality reported an amount of R38.78 million instead of R14.88 million. The municipality committed to correct the report and resubmit it to the Local Government Database once completed.

The year-to-date performance amounts to R11.13 billion or 34.6 per cent against the adjusted budget and shows an improvement of 23 per cent from R9.05 billion reported at the end of September 2011.

a) Total Operating Revenue: Property Rates

The actual year-to-date revenue for property rates is notably high at 43.6 per cent against the adjusted budget of R7.24 billion which is mainly due to the annual billing of property rates at the beginning of the financial year. In addition, municipalities in the Eden District embarked on data cleansing and revenue enhancement projects which resulted in additional revenues to these municipalities. In this respect, adjustments to the operating budgets will be passed by the respective municipalities during the mid-year review process.

b) Total Operating Revenue: Service Charges

Revenue from service charges are the largest source of municipal revenue and the total year-to-date revenue generated for service charges from Water, Electricity and Other against the adjusted budgets are at 28.3 per cent, 32.4 per cent and 42.7 per cent respectively as at 31 October 2011.

Total operating revenue generated for service charges from Sanitation and Refuse are the only trading services that exceeded the total year-to-date budgets by 24.5 per cent and 18.3 per cent respectively.

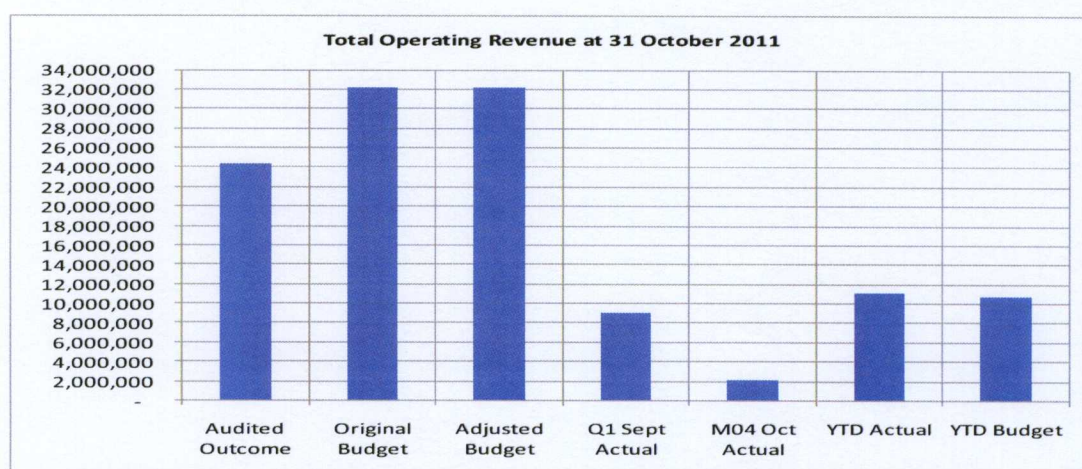
c) **Total Operating Revenue: Interest Earned**

Interest earned on investments recorded an unfavourable variance of 19.7 per cent against the year-to-date budget which indicates that municipalities were unable to invest as was projected.

d) **Total Operating Revenue: Transfers Recognised**

The actual year-to-date total of R1.2 billion for this source of revenue exceeds the year-to-date budget by 5.8 per cent mainly as a result of the receipt of the annual Equitable Share Allocations to the municipalities during quarter one.

Graph 1: Total Operating Revenue



Source: NT Database C4 - Operating Statement October 2011 (15 Municipalities Audited Outcomes not included)

e) The above graph illustrates the comparative totals for the operating revenue for the period year-to-date. It indicates that the actual year-to-date performance (excluding capital transfers) is slightly higher by 3.7 per cent compared to the year-to-date budget.

Table 5: Total Operating Expenditure

Total Financial Performance (Operating Expenditure) at 31 October 2011											
Description	2010/11	Budget year 2011/12 in R thousands									
	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	M04 Oct Actual	YTD Actual	YTD Actual %	YTD Budget	YTD Variance	YTD Variance %	Comments
Expenditure By Type											
Employee related costs	7 731 221	10 213 075	10 253 167	2 133 645	740 531	2 874 176	28.03	3 417 722	(543 547)	-15.9	Under YTD Budget
Remuneration of councillors	168 926	280 430	280 430	61 828	21 661	83 489	29.77	93 477	(9 988)	-10.7	Under YTD Budget
Debt impairment	884 073	1 181 957	1 181 992	284 374	88 839	373 213	31.57	393 997	(20 785)	-5.3	Under YTD Budget
Depreciation and asset impairment	1 808 994	2 409 402	2 409 447	448 922	173 933	622 855	25.85	803 149	(180 294)	-22.4	Under YTD Budget
Finance charges	886 087	1 078 276	1 078 276	191 028	56 709	247 737	22.98	359 425	(111 688)	-31.1	Under YTD Budget
Bulk purchases	5 658 318	8 332 562	8 332 562	2 132 930	581 724	2 714 653	32.58	2 777 521	(62 867)	-2.3	Under YTD Budget
Other Materials	381 071	462 600	463 237	81 194	29 497	110 691	23.90	154 412	(43 722)	-28.3	Under YTD Budget
Contracted services	2 168 858	2 583 910	2 663 826	405 701	173 953	579 654	21.76	887 942	(308 288)	-34.7	Under YTD Budget
Transfers and grants	175 340	383 092	382 686	56 615	28 999	85 614	22.37	127 562	(41 948)	-32.9	Under YTD Budget
Other expenditure	4 238 072	5 952 627	5 846 704	1 114 098	416 830	1 530 928	26.18	1 948 901	(417 973)	-21.4	Under YTD Budget
Loss on disposal of PPE	6 609	5 463	5 463	(116)	(32)	(148)	-	1 821	(1 969)	-	N/A
Total Expenditure	24 107 568	32 883 393	32 897 790	6 910 217	2 312 645	9 222 862	28.03	10 965 930	(1 743 068)	-15.9%	Short of YTD Budget

Source: NT Database C4 - Operating Statement - October 2011

3. **Total Operating Expenditure: Analysis**

The year-to-date operating performance amounts to R9.22 billion equating to 28 per cent against the adjusted budget of R32.90 billion. This represents an increase of 33.5 per cent from the R6.91 billion reported at the end of September 2011.

a) Total Employee related costs (incl. Remuneration of Councillors)

Employee related cost constitutes the largest component of the operating expenditure at 31.9 per cent of the total adjusted budget. The total employee related costs expenditure to-date amounts to R2.96 billion or 28.1 per cent against the total adjusted budget and overall result in a negative variance of R543.55 million or 15.9 per cent against the year-to-date budget. The under-performance mainly refers to vacancies that exist at municipalities.

b) Total Depreciation and Asset Impairment

The Provincial Treasury has noted that the provision for depreciation and asset impairment are increasing steadily as municipalities implement GRAP 17. The year-to-date performance is at 25.9 per cent against the adjusted budget and has grown by R88.8 million from September 2011. The year-to-date performance of 22.4 per cent is however below the year-to-date budget as a result of a number of municipalities that process these transactions during the last period of the financial year.

c) Total Finance Charges

The year-to-date finance charges indicated an under-performance of 31.1 per cent below the year-to-date budget which could mainly be attributed to municipalities delaying the taking up of external loan funding and certain municipalities accounting for finance charges quarterly and bi-annually.

d) Total Bulk Purchases

Bulk Purchases reported the highest year-to-date performance at R2.71 billion or 32.6 per cent against the budget and further shows a slight unfavourable variance of 2.3 per cent when compared to the year-to-date budget. It should be noted that bulk purchases are driven by demand and is based on the consumption of water and electricity by the citizens.

e) Total Contracted Services

The contracted services recorded a performance of R579.65 million or 21.8 per cent against the adjusted budget which resulted in an unfavourable variance of 34.7 per cent against the year-to-date budget. The performance is affected by administrative constraints experienced by municipalities as a result of delays in the processing of claims from service providers.

f) Total Transfers and grants

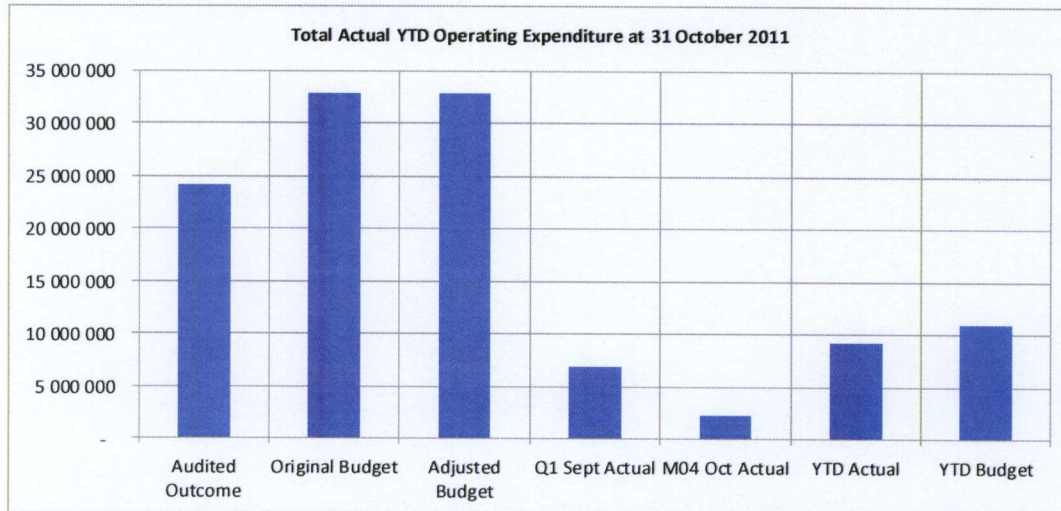
A low year-to-date performance of R86.61 million or 22.4 per cent against the adjusted budget is reported for transfers and grants. This is mainly as a result of municipalities experiencing delays in the submission of claims to transferring departments.

g) Total Other Operating Expenditure

Other operating expenditure comprises of various line items relating to the daily operations of municipalities and includes amongst other operational costs such as telephone, fuel,

travelling and subsistence and overtime, etc. The actual year-to-date performance amounts to R1.53 billion or 26.2 per cent against the total adjusted budget.

Graph 2: Total Operating Expenditure



Source: NT Database C4 - Operating Statement - October 2011 (15 Municipalities Audited Outcomes not included)

h) The above graph illustrates the comparative totals for the operating expenditure for the period year-to-date. It should be noted that the year-to-date performance is considerably lower than the year-to-date budget by 15.9 per cent which is mainly as a result of the periodic processing of some expenditure like depreciation and others.

Table 6: Total Capital Expenditure

Total Consolidated - Capital Expenditure by Standard Classification and Funding for the period ended 31 October 2011										
Standard Classification Description	Budget year 2011/12 in R thousands									
	2010/11 Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	YTD Actual	YTD Actual %	YTD Budget	YTD Variance	YTD Variance %	Comments
Governance and Administration	242 463	531 666	559 817	19 296	54 053	9.66	186 606	(132 553)	(71.0)	Under YTD Budget
Executive & Council	9 106	21 675	27 038	1 830	3 020	11.17	9 013	(5 992)	(66.5)	Under YTD Budget
Budget & Treasury Office	22 074	26 883	29 192	1 308	3 196	10.95	9 731	(6 534)	(67.2)	Under YTD Budget
Corporate Services	211 283	483 108	503 588	16 158	47 836	9.50	167 863	(120 026)	(71.5)	Under YTD Budget
Community and Public Safety	753 086	1 370 390	1 466 210	127 068	223 667	15.25	488 737	(265 069)	(54.2)	Under YTD Budget
Community & Social Services	66 575	116 844	142 691	15 961	22 356	15.67	47 564	(25 207)	(53.0)	Under YTD Budget
Sport And Recreation	191 402	191 704	323 578	20 241	30 014	9.28	107 859	(77 845)	(72.2)	Under YTD Budget
Public Safety	82 031	100 254	123 724	8 211	13 818	11.17	41 241	(27 423)	(66.5)	Under YTD Budget
Housing	400 498	937 388	852 636	80 869	155 025	18.18	284 212	(129 187)	(45.5)	Under YTD Budget
Health	12 580	24 199	23 581	1 787	2 454	10.41	7 860	(5 407)	(68.8)	Under YTD Budget
Economic and Environmental Services	922 236	2 221 588	2 311 627	162 338	274 085	11.86	1 961 112	(496 458)	(25.3)	Under YTD Budget
Planning and Development	40 794	76 071	80 082	12 606	20 115	25.12	26 694	(6 579)	(24.6)	Under YTD Budget
Road Transport	874 291	2 109 501	2 189 758	147 535	250 773	11.45	729 919	(479 146)	(65.6)	Under YTD Budget
Environmental Protection	7 151	36 016	41 787	2 197	3 197	7.65	13 929	(10 732)	(77.0)	Under YTD Budget
Trading Services	1 838 869	3 178 674	3 571 709	250 911	407 690	11.41	1 190 570	(782 879)	(65.8)	Under YTD Budget
Electricity	841 823	1 137 125	1 391 517	108 201	186 564	13.41	463 839	(277 275)	(59.8)	Under YTD Budget
Water	416 477	697 470	719 718	43 902	71 236	9.90	239 906	(168 670)	(70.3)	Under YTD Budget
Waste Water Management	358 097	969 934	1 068 193	78 784	119 282	11.17	356 064	(236 782)	(66.5)	Under YTD Budget
Waste Management	222 472	374 144	392 281	20 024	30 609	7.80	130 760	(100 152)	(76.6)	Under YTD Budget
Other	811	3 527	5 487	90	410	7.47	65 842	(65 432)	(99.4)	Under YTD Budget
Total Capital Expenditure - Standard	3 757 465	7 305 845	7 914 851	559 704	959 905	12.13	2 638 284	(1 678 378)	(63.6)	Under YTD Budget

Source: NT Database C5 - Capital Statement - October 2011

4. Total Capital Expenditure: Analysis

a) In aggregate, municipalities have spent R959.91 million or 12.1 per cent of the adjusted capital expenditure budget of R7.91 billion as at 31 October 2011. This is R400.21 million more compared to the performance recorded at 30 September 2011. For the same period in the previous financial year, municipalities spent R984.36 million or 14 per cent of the

adjusted capital expenditure budget of R6.70 billion. This reflects a decline in the spending performance both in real terms and percentage points.

- b) The month-on-month increase is due to capital expenditure of R262.37 million incurred by the City of Cape Town and expenditure in the West Coast District which increased by 116 per cent, while the performance in the Cape Winelands District increased by 98 per cent.
- c) The year-to-date spending however remains significantly below the year-to-date budget and accordingly recorded an unfavourable variance of 63.2 per cent for the period under review. The first quarter of the financial year has passed and whilst supply chain processes are still underway, expenditure is expected to accelerate towards the end of December 2011. If however a repetition of objections, delays and legal processes re-occurs as in the previous financial years, it is envisaged that the in-year performance will be adversely affected.
- d) It is also noted that the Central Karoo District Municipality reported a spending of 143 per cent against the budget of R100 000 allocated for the purchases of office furniture. The municipality on enquiry indicated that an adjustment budget will be passed in this respect.
- e) Other municipalities that had reported capital spending above 20 per cent of the adjusted budget are Swartland at 37 per cent, Matzikama at 27.6 per cent, Knysna at 25.8 per cent, Laingsburg at 24.4 per cent and Bergrivier at 23.1 per cent.
- f) The performance of the individual capital services items are as follows: Governance and Administration at 9.7 per cent, Community and Public Safety at 15.3 per cent, Economic and Environmental Services at 11.9 per cent, Trading Services at 11.4 per cent and Other expenditure at 7.5 per cent of the total capital expenditure.
- g) Road Transport, Electricity and Waste Water Management represent the biggest line items which reflect expenditure performances of 11.5 per cent, 13.4 per cent and 11.2 per cent respectively.

Table 7: Total Capital Funding

Total Consolidated - Capital Expenditure by Standard Classification and Funding for the period ended 31 October 2011.										
Standard Classification Description	2010/11	Budget year 2011/12 in R thousands								
Capital Funding	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	YTD Actual	YTD Actual %	YTD Budget	YTD Variance	YTD Var. %	Comments
Funded by:										
National Government	1 136 848	2 965 854	3 010 773	187 087	325 875	10.82	1 003 591	(677 716)	(67.5)	Under YTD Budget
Provincial Government	392 981	454 047	541 078	71 345	129 428	23.92	180 359	(50 931)	(28.2)	Under YTD Budget
District Municipality	2 258	-	1 542	1 298	1 298	84.21	514	784	152.6	Over YTD Budget
Other transfers and grants	7 945	4 390	3 540	3 449	4 683	132.29	1 180	3 503	296.9	Over YTD Budget
Transfers recognised - capital	1 540 032	3 424 291	3 556 933	263 180	461 285	12.97	1 185 644	(724 360)	(61.1)	Under YTD Budget
Public contributions and donations	84 475	146 777	173 729	26 088	36 132	20.80	57 910	(21 777)	(37.6)	Under YTD Budget
Borrowing	1 261 944	1 933 237	2 159 328	130 893	250 945	11.62	719 776	(468 832)	(65.1)	Under YTD Budget
Internally generated funds	870 703	1 801 541	2 024 861	139 543	211 531	10.45	674 954	(463 423)	(68.7)	Under YTD Budget
Total Capital Funding	3 757 154	7 305 845	7 914 851	559 704	959 893	12.13	2 638 284	(1 678 391)	(63.6)	Under YTD Budget

Source: NT Database C5 – Capital Statement – October 2011

- h) The table above indicates that both grant funding and borrowings are below the year-to-date budget with variances of 67.5 per cent, 28.2 per cent and 65.1 per cent respectively being recorded for the period under review. Borrowings of only R250.95 million or 11.6 per cent of the budgeted amount have been accessed to date which resulted in the

unfavourable variance of 65.1 per cent against the year-to-date budget as municipalities are still in the process of taking up planned external loans.

Table 8: Consolidated Cash flow Report

	Total Cash Receipts					Total Cash Expenditure					Net increase (decrease) in cash held	YTD Net increase (decrease) in cash held	Cash/ cash equivalents at the month/year begin	Cash/ cash equivalents at the month/year end	Monthly Cash Coverage
	Monthly Actuals	Actuals YTD (4 months)	Original Budget 2011/12	Adjusted Budget 2011/12	% YTD	Monthly Actuals	Actuals YTD (4 months)	Original Budget 2011/12	Adjusted Budget 2011/12	% YTD					
City	1 781 527	9 583 439	24 254 897	24 253 897	40%	1 700 473	8 290 553	23 961 717	23 961 717	35%	81 053	1 292 884	6 424 962	6 506 016	1.05
West Coast District	251 184	1 075 750	1 312 828	1 312 828	82%	339 065	1 180 120	1 336 444	1 336 414	88%	-87 881	-104 370	559 707	471 824	0.74
Cape Winelands District	181 602	1 022 712	4 044 430	4 049 431	25%	228 226	1 007 187	4 203 181	4 216 539	24%	-46 624	15 525	515 920	469 297	0.80
Overberg District	125 682	523 217	1 403 397	1 403 397	37%	144 310	512 796	1 450 898	1 450 898	35%	-18 628	10 421	152 236	133 606	0.87
Eden District	286 181	1 418 803	3 428 601	3 510 374	40%	359 050	1 381 409	3 426 860	4 062 079	34%	-72 869	37 394	488 166	415 300	0.80
Central Karoo District	20 620	92 135	330 592	330 592	28%	22 260	90 551	330 407	330 407	27%	-1 640	1 584	13 162	11 520	0.93
District Grand total	865 269	4 132 617	10 619 848	10 606 622	39%	1 092 911	4 172 063	10 747 790	11 396 337	37%	-227 642	-39 446	1 729 191	1 501 547	0.79
	Total Operating Revenue					Total Operating Expenditure					Variance Cash vs Revenue %	Variance Cash vs Expenditure %	Income vs Expenditure	YTD Cash Coverage	
City	1 649 549	7 363 361	24 696 594	24 800 960	30%	1 575 518	6 342 143	22 141 875	22 130 856	29%	130.15%	130.72%	1.05	1.16	
West Coast District	127 215	653 976	1 796 847	1 796 847	36%	122 949	431 126	1 836 291	1 836 271	23%	164.49%	273.73%	1.03	0.91	
Cape Winelands District	212 588	1 344 223	3 897 642	3 917 204	34%	278 520	1 121 735	3 915 283	3 928 719	29%	76%	89.79%	0.76	1.02	
Overberg District	96 626	512 498	1 398 915	1 398 915	37%	95 751	514 375	1 386 105	1 386 105	37%	102.09%	99.69%	1.01	1.02	
Eden District	167 093	1 561 676	3 467 913	3 500 924	45%	221 442	872 876	3 307 084	3 319 131	26%	90.85%	158.26%	0.75	1.03	
Central Karoo District	16 303	101 553	330 087	330 087	31%	18 466	72 106	298 876	298 876	24%	90.73%	125.58%	0.88	1.02	
District Grand total	619 825	4 173 926	10 891 404	10 943 977	38%	737 128	3 012 218	10 743 639	10 769 102	28%	99.01%	138.60%	0.84	0.99	

Source: NT Database October 2011

5. Total Cash Flow Analysis

City of Cape Town

- It should be noted that the table above is based on the Appendix-B return forms and not on the C-Schedules. The year-to-date actual cash inflows as at the end of October 2011 is 40 per cent against the adjusted budgeted cash inflow. The cash inflows compared to the billed revenue for October 2011 amounts to 108 per cent and the year-to-date cash inflows compared with the year-to-date billed revenue amounts to 130.15 per cent.
- The year-to-date cash outflows as at the end of October 2011 against the budgeted cash outflows is 35 per cent. The cash outflows compared to the expenditure for October 2011 amounts to 107.94 per cent and year-to-date cash outflows compared to the year-to-date expenditure amounts to 130.72 per cent.
- The total actual cash receipts coverage over total actual cash payments at the end of October 2011 is 1.16 times compared to 1.18 times recorded in September 2011. The total budgeted cash receipts coverage over total adjusted budgeted cash payments is 1.01 times.

District Cash Flow balances for the period ending October 2011

- The year-to-date actual cash inflows of R4.13 billion against the adjusted budgeted cash inflows of R10.61 billion is 39 per cent as at October 2011.
- The overall district cash inflows compared to the district billed revenue for October 2011 amounts to 139.60 per cent compared to 179.30 per cent reported in September 2011. The year-to-date cash inflows compared to the year-to-date billed revenue amounts to 99.01 per cent compared to the 90 per cent in September 2011.

- c) Payments from outstanding debtors could be one contributing factor to increase the cash inflows and increases in electricity and water consumption as well as other revenue also impact on the increases in cash flows.
- d) The year-to-date cash outflows as at end of October 2011 against the budgeted cash outflows are 37 per cent. The overall cash outflows for the district compared to the expenditure for October 2011 amounts to 148.27 per cent and the year-to-date cash outflows compared to the year-to-date billed expenditure amounts to 138.50 per cent.
- e) The year-to-date unfavourable variance of 38.50 per cent is a clear indication that the generation of actual cash inflows is 39.49 per cent under recoverable for the period to date.
- f) The year-to-date total cash receipts coverage over the year-to-date total actual cash payments at the end of September 2011 is 0.99 times compared to the total budgeted cash receipts coverage over total budgeted cash payments of 0.92 times.
- g) Drakenstein, Hessequa and Laingsburg Municipalities are experiencing challenges with the submission of the monthly cash flow reports due to the use of incorrect formats of the reporting template and as a result of the misalignment of transaction coding by their accounting system. The municipalities have been informed to revise their input to the 2011/12 CFA format for July, August, September and October 2011 and to resubmit the CFA return forms to the National Treasury database.

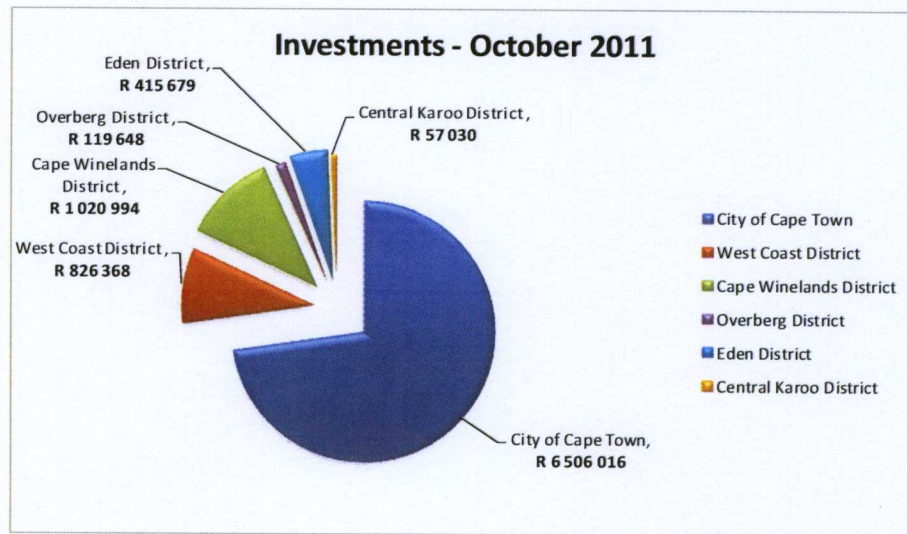
Table 9: Consolidated Investment portfolio balances as at 31 October 2011.

CONSOLIDATED INVESTMENTS	Opening Balance	Investments Matured	Investments Made	Interest Capitalised	Cost and Fees	Interest Earned for the month	Interest Earned Year to date	Closing Balance	Budgeted Interest	Budgeted Interest YTD %
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
City of Cape Town	R 6 424 961	R 2 136 462	R 2 195 000	R 22 913	R 396	R 32 390	R 121 031	R 6 506 016	192 426	62.90%
West Coast District	R 732 836	R 79 404	R 172 000	R 934	R 0	R 809	R 2 111	R 826 368	R 26 652	8%
Cape Winelands District	R 987 515	R 147 017	R 179 582	R 914	R 0	R 2 728	R 15 277	R 1 020 994	R 66 147	23%
Overberg District	R 138 998	R 87 505	R 67 530	R 625	R 0	R 552	R 1 550	R 119 648	R 8 680	18%
Eden District	R 373 129	R 153 330	R 195 900	R 244	R 0	R 716	R 5 195	R 415 679	R 33 955	15%
Central Karoo District	R 57 873	R 5 108	R 4 229	R 36	R 0	R 35	R 189	R 57 030	R 420	45%
	R 8 715 312	R 2 608 826	R 2 814 241	R 25 666	R 396	R 37 230	R 145 353	R 8 945 735	R 328 280	44.28%

Source: NT Database - October 2011

- a) Table 9 indicates the consolidated investment portfolio balances per district and for the month under review, 28 municipalities have reported on the movement of its investment portfolios.
- b) Total investments matured for the month of October 2011 amounted to R2.61 billion and investments made amounted to R2.81 billion, representing an increase of R205.42 million in investments matured.
- c) The interest capitalised at 31 October 2011 amount to R25.67 million compared to the R21.98 million reported in September 2011 which represent an increase of R3.69 million. The interest earned as at 31 October 2011 is R37.23 million compared to R34.01 million as at 30 September 2011, representing an increase of R3.22 million or 9.47 per cent.

Graph 3 Investments October 2011



- d) Based on the graph above, the largest portion of the total investments is held by the City of Cape Town at R6.51 billion followed by the Cape Winelands and West Coast Districts at R1.02 billion and R826.37 million respectively. Municipalities in the Overberg District hold a cumulative investment of R119.65 million for the period to date.

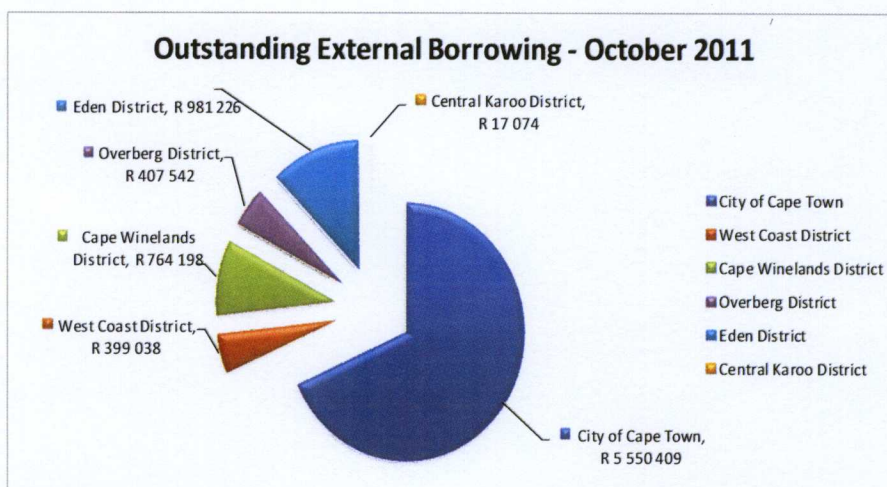
Table 10: Total outstanding borrowings at 31 October 2011

CONSOLIDATED EXTERNAL BORROWINGS	Opening Balance R'000	Interest Capitalised R'000	Repayments R'000	Loans Received R'000	Closing Balance R'000	Sinking funds
City of Cape Town	5 550 409	-	-	-	5 550 409	538 483
West Coast District	399 353	232	547	-	399 038	
Cape Winelands District	764 198	-	-	-	764 198	
Overberg District	408 309	-	767	-	407 542	
Eden District	981 074	362	210	-	981 226	
Central Karoo District	17 074	-	-	-	17 074	
GRAND TOTAL	8 120 417	594	1 524	-	8 119 487	538 483

Source: Municipality QBMR – NT and PT

- e) The total closing balance of external borrowings as at 31 October 2011 amounted to R8.11 billion and represent a decrease of R930 000 compared to the balance as at 30 September 2011.
- f) The interest capitalised at the end of October 2011 amounted to R594 000 and the total repayments for the month amounts to R1.52 million compared to the total repayments of R26.09 million during September 2011. The City of Cape Town is the only municipality making provision for capital redemption in a sinking fund with a closing balance of R538.48 million at the end of October 2011, which represent an increase of R3.4 million compared to September 2011.

Graph 4: External Borrowing October 2011



- g) With the exception of the City of Cape Town, the Eden District municipalities has the largest total outstanding external loans amounting to R981.12 million followed by the Cape Winelands District at R764.20 million.

Table 11: Total Outstanding Debtors Balances per Month per District per Main Categories

Amounts in R'000	TOTAL OUTSTANDING DEBTORS / ACCOUNTS RECEIVABLE - 31 OCTOBER 2011 - PER DISTRICT										
	Outstanding Total					Monthly Outstanding Totals					Prior Year
District	0-30 days	31 - 60 days	61 - 90 days	over 90 days	Total	Oct'11	Sept'11	Aug'11	Jul'11	Jun'11	Oct 10
City of Cape Town	1 087 496	249 598	212 327	4 342 038	5 891 459	5 891 459	5 887 551	5 842 506	5 890 935	5 761 346	5 392 064
Cape Winelands	202 669	38 963	17 996	330 269	589 897	589 897	607 219	662 398	683 228	516 119	602 593
Central Karoo	8 713	2 253	7 203	33 392	51 561	51 561	53 598	55 656	55 443	45 339	49 805
Eden	110 074	66 826	18 482	265 309	460 691	460 691	561 637	633 121	605 691	466 195	483 667
Overberg	70 573	11 029	4 362	173 577	259 541	259 540	269 056	274 601	272 202	231 475	220 489
West Coast	92 712	22 407	13 052	160 868	289 039	289 040	305 399	318 329	318 823	255 657	266 349
Total	1 572 237	391 076	273 422	5 305 453	7 542 188	7 542 188	7 684 460	7 786 611	7 826 322	7 276 131	7 014 967
Change in month-on-month totals						-142 272	-102 151	-39 711	550 191	261 164	527 221
% change in month-on-month totals						-1.9%	-1.3%	-0.5%	7.0%	3.6%	7.5%
Category	0-30 days	30 days+	61 - 90 days	over 90 days	Total	Oct'11	Sept'11	Aug'11	Jul'11	Jun'11	Oct 10
Water	475 547	157 377	118 828	2 804 270	3 556 022	3 556 022	3 569 394	3 536 578	3 460 014	3 404 875	3 180 469
Electricity	697 063	63 690	27 208	256 239	1 044 200	1 044 199	1 097 352	1 078 648	1 021 974	968 103	956 179
Property Rates	519 007	138 564	91 726	1 307 012	2 056 309	2 056 309	2 105 824	2 153 553	2 219 009	1 889 854	1 988 876
Other	-119 379	31 444	35 659	937 936	885 660	885 657	911 890	1 017 831	1 125 324	1 013 299	889 443
Total	1 572 237	391 076	273 422	5 305 453	7 542 188	7 542 187	7 684 460	7 786 610	7 826 321	7 276 131	7 014 967

Source: NT Database (Standard Financial Report Analysis)- October 2011

Total Outstanding Debtors Balances - Analysis:

- a) The total outstanding debtors of municipalities in the Western Cape amounted to R7.54 billion as at 31 October 2011. Of this total R5.31 billion or 70 per cent is outstanding for periods longer than 90 days. The substantial outstanding amount is further compounded by the annual levies of property rates which are only payable during October and November each year.
- b) For the same period in the previous financial year, outstanding debtors amounted to R7.01 billion which reflects a year-on-year increase of R527 million or 7.5 per cent. The largest increase is noted for outstanding service accounts for water services which increased by 12 per cent from the same period last year, followed by debt owed for electricity service which increased by 9 per cent from last year.

- c) In terms of a month-on-month comparison, the total outstanding debtors decreased by R142 million or 1.9 per cent from the R7.68 billion reported at 30 September 2011 to R7.54 billion at 31 October 2011.
- d) It should be noted that the Oudtshoorn Municipality incorrectly submitted an incorrect debtors' age return reflecting a nil balance instead of reporting a total outstanding of R88 million for the period under review. This resulted in the understating of the consolidated report but the municipality committed to correct the report and resubmit it to the National Treasury.
- e) The bulk of the total outstanding debt total is owed to the City of Cape Town which constitutes R5.89 billion or 78 per cent of the total outstanding total and the total outstanding debtors are in respect of Water at 47 per cent; Property rates at 27 per cent; Electricity at 14 per cent and Other at 12 per cent.

Table 12: Total Outstanding Creditors Balances per Month per District per Main Categories

Amounts in R'000	TOTAL OUTSTANDING CREDITORS / ACCOUNTS PAYABLE									
	Total as at 31 October 2011					Previous months in current year				Prior Year
District	0-30 days	31 - 60 days	61 - 90 days	over 90 days	Total	Oct'11	Sept'11	Aug'11	Jul'11	Oct'10
City of Cape Town	62 358	2 641	1 544	9 175	75 718	75 718	92 006	116 218	88 195	103 814
Cape Winelands	83 338	2 430	980	332	87 080	87 079	18 707	23 899	7 980	99 418
Central Karoo	2 649	69	4	117	2 839	2 839	1 811	1 784	2 479	2 910
Eden	9 566	1 366	47	41	11 020	11 019	8 803	10 585	9 044	21 869
Overberg	66 267	277	654	8 631	75 829	75 829	98 464	76 793	68 216	61 357
West Coast	57 283	2 896	69	205	60 453	60 453	65 725	61 003	46 925	46 393
Total	281 461	9 679	3 298	18 501	312 939	312 937	285 516	290 282	222 839	335 761
Description	0-30 days	31 - 60 days	61 - 90 days	over 90 days	Total	Oct'11	Sept'11	Aug'11	Jul'11	Oct'10
BULK-Electricity	41 221				41 221	41 221	47 746	50 192	17 465	45 351
BULK-Water	7 655				7 655	7 655	5 633	4 543	1 227	6 543
PAYE Deductions	10 136				10 136	10 356	7 011	6 045	4 824	7 544
VAT	19 904	2 123	17	-17	22 027	22 027	7 264	11 789	4 620	20 554
Pensions/ Retirement	7 758			311	8 069	8 069	8 445	7 648	6 547	8 475
Loan Repayments	1 253				1 253	1 253	5 300	3 211	3 105	1 140
Trade Creditors	179 798	7 312	3 275	17 344	207 729	207 831	190 523	194 147	178 540	151 986
Auditor General	3 292				3 292	3 292	1 581	815	53	2 707
Other	10 443	244	5	863	11 555	11 234	12 008	11 892	6 458	91 461
Total	281 460	9 679	3 297	18 501	312 937	312 938	285 511	290 282	222 839	335 761

Source: NT Database (Standard Financial Report Analysis)- October 2011

6. Total Outstanding Creditors: Analysis

- a) The total accounts payable at 31 October 2011 amounted to R312.94 million, which is R26.95 million or 9.4 per cent less than the R285.51 million reported at the end of September 2011.
- b) Accounts older than 30 days amount to R31.48 million in which regard municipalities reported that the reasons for creditors older than 30 days included amongst others are disputed invoices and retention monies.
- c) The analysis indicates that the overdue outstanding creditors are mainly for Trade Creditors which contributes to 66.38 per cent of the total outstanding total.

E. Conclusion:

- a) The total capital budget performance for the period to date is at 12.3 per cent against the total adjusted budget which raises a concern to the Provincial Treasury. Cognisance is taken that the finalisation of tender processes relating to capital projects will start to pick up as from the second quarter.
- b) In aggregate the operating revenue performance is slightly above the year-to-date budget mainly as a result of annual billings of property rates and service charges at the beginning of the financial year. The year-to-date operating expenditure is 15.9 per cent below the year-to-date budget and is influenced by vacancies at municipalities and the periodic processing of some transactions and cost items.
- c) Although the total outstanding debtors declined by R142.72 million from September 2011, it remains a concern.
- d) The Provincial Treasury had established task teams within the department to probe into some of the key risks that have been identified through the monthly analysis and reporting in terms of progress is done on a monthly basis. Other support initiatives are included in the operational plans of the respective units and are managed on a continuous basis.